Risk Factors Comparison 2023-03-01 to 2022-03-04 Form: 10-K

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There are many factors that could have a material adverse effect on our business, financial condition, results of operations and cash available for dividends. New risks may emerge at any time **,** and we cannot predict those risks or estimate the extent to which they may affect financial performance. Each of the risks described below could adversely impact the value of our common stock. Summary Risk Factors Our business is subject to numerous risks and uncertainties, including those described in this Item 1A " Risk Factors. " These risks include the following: • The Company' s ability to declare and pay dividends, and repurchase shares is subject to certain conditions. • We ~~will~~ **expect to** derive substantially all our revenues from six customers in ~~2022~~ **2023** , ~~five~~ **four** of which are located in Europe. If we fail to continue to diversify our customer base, our results of operations, business and financial position, and ability to pay dividends to our stockholders could be materially adversely affected. • Changes in laws or government policies, incentives and taxes related to low- carbon and renewable energy may affect customer demand for our products. • Challenges to or delays in the issuance of air permits, or our failure to comply with our permits, could impair our operations and ability to expand our production. • Federal, state, and local legislative and regulatory initiatives relating to forestry products and the potential for related litigation could result in increased costs, and additional operating restrictions and delays, which could cause a decline in the demand for our products and negatively impact our business, financial condition **,** and results of operations. • Increasing attention to environmental, social, and governance (" ESG ") matters, including our net- zero goals or our failure to successfully achieve such goals, could adversely affect our business. • We may be unable to complete our construction projects on time, and our construction costs could increase to levels that make the return on our investment less than expected. • The satisfactory delivery of substantially all of our production is dependent on continuous access to infrastructure at our owned, leased **,** and third- party- operated terminals. Loss of access to our ports of shipment and destination, including through failure of terminal equipment and port closures, could adversely affect our financial results and cash flows. • Failure to maintain effective quality control systems at our production plants and deep- water marine terminals could have a material adverse effect on our business and operations. • Our business is subject to operating hazards and other operational risks, which may have a material adverse effect on our business and results of operations. We may also not be adequately insured against such events. • Significant increases in the cost, or decreases in the availability, of raw materials or sourced wood pellets could result in lower revenue, operating profits, and cash flows, or impede our ability to meet commitments to our customers. • We are exposed to the credit risk of our contract counterparties, including the customers for our products, and any material nonpayment or nonperformance by our customers could adversely affect our business and results of operations. • The international nature of our business subjects us to a number of risks, including foreign exchange risk and unfavorable political, regulatory, and tax conditions in foreign countries. • Changes to applicable tax laws and regulations or exposure to additional ~~income~~ tax liabilities could affect our business, cash flows, and future profitability. • We may issue additional shares without stockholder approval, which would dilute existing stockholder ownership interests. **• System security vulnerabilities, data breaches, and cyber- attacks could compromise proprietary or otherwise sensitive information or disrupt operations, which could adversely affect our business, reputation, and stock price.** Risks Related to Our Business We ~~will~~ **expect to** derive substantially all our revenues from six customers in ~~2022~~ **2023** , ~~five~~ **four** of which are located in Europe. If we fail to continue to diversify our customer base, our results of operations, business and financial position and ability to pay dividends to our stockholders could be materially adversely affected. Our contracts with Drax, Lynemouth Power, MGT, ~~RWE,~~ Ørsted, ~~and~~ Sumitomo, ~~five~~ **and Mitsubishi, four** of which are located in Europe, ~~will~~ represent substantially all of our **expected** product sales volumes in ~~2022~~ **2023** ; as a result, we face counterparty and geographic concentration risk. The ability of each of our customers to perform its obligations under a contract with us will depend on a number of factors that are beyond our control and may include the overall financial condition of the counterparty, the counterparty' s access to capital, the condition of the regional and global power, heat **,** and combined heat and power generation industry, continuing regulatory and economic support for wood pellets as a fuel source, **pricing trends in the** spot market ~~pricing trends~~ **for wood pellets** and general economic conditions. In addition, in depressed market conditions, our customers may no longer need the amount of our products they have contracted for or may be able to obtain comparable products at a lower price ~~. If economic, political, regulatory or financial market conditions in Europe deteriorate and / or our customers experience a significant downturn in their business or financial condition, they may attempt to renegotiate, reject or declare force majeure under our contracts~~ . Should any counterparty fail to honor its obligations under a contract with us, we could sustain losses, which could have a material adverse effect on our business, financial condition, results of operations **,** and cash available for dividends. ~~We~~ **Currently, we derive a majority of our revenues from customers in Europe. If economic, political, regulatory, or financial market conditions in Europe deteriorate and / or our customers experience a significant downturn in their business or financial condition, they** may **attempt** ~~also decide~~ to renegotiate **, reject,** ~~our -~~ **or** ~~existing~~ **declare force majeure under our** contracts ~~on less favorable terms and /~~ **. If we fail to continue to diversify** ~~or~~ **our** ~~at reduced volumes in order to preserve our relationships with our customers -~~ **customer base geographically within and outside of Europe in the future, our results of operations, business and financial position, and ability to pay dividends to our stockholders could be materially adversely affected** . Upon the expiration of our off- take contracts, our customers may decide not to recontract on terms as favorable to us as our current contracts, or at all. For example, our current customers may acquire wood pellets from other providers that offer more competitive pricing or logistics or develop their own sources of wood pellets. Some of our customers could also exit their current business or be acquired by other companies that purchase wood pellets from other providers. The demand for wood pellets or their prevailing prices at the times at which our current off - take contracts expire may also render entry into new long- term- off- take contracts difficult or impossible. **We may also decide to renegotiate our existing contracts on less favorable terms and / or at reduced volumes in order to preserve our relationships with our customers.** Any reduction in the amount of wood pellets purchased by our customers or our inability to renegotiate or replace our existing contracts on economically acceptable terms, or our failure to successfully penetrate new markets within and outside of Europe in the future, could have a material adverse effect on our results of operations, business and financial position, as well as our ability to pay dividends to our stockholders. Termination penalties within our off- take contracts may not fully compensate us for our total economic losses. Certain of our off- take contracts provide the customer with a right of termination for various events of convenience or changes in law or policy. Although some of these contracts are subject to certain protective termination payments, the termination payments made by our customers may not fully compensate us for losses. We may be unable to re-contract our production at favorable prices or at all, and our results of operations, business and financial position, and our ability to pay dividends to our stockholders, may be materially adversely affected as a result ~~. Currently, we derive substantially all of our revenues from customers in Europe. If we fail to continue to diversify our customer base geographically within and outside of Europe in the future, our results of operations, business and financial position and ability to pay dividends to our stockholders could be materially adversely affected~~ . Our long- term off- take contracts with our customers may only partially offset certain increases in our costs or preclude us from taking advantage of relatively high wood pellet prices in the broader markets. Our long- term off- take contracts typically set base prices subject to annual price escalation and other pricing adjustments for changes in certain of our underlying costs of operations, including, in some cases, for stumpage or diesel fuel. However, such cost pass- through mechanisms may only pass a portion of our total costs through to our customers. If our operating costs increase significantly during the terms of our long- term off- take contracts beyond the levels of pricing and cost protection afforded to us under the terms of such contracts, our results of operations, business and financial position, and ability to pay dividends to our stockholders, could be adversely affected **. Continued and increased inflation could decrease the profitability of our long- term off- take contracts** . Moreover, during periods when the prevailing market price of wood pellets exceeds the prices under our long- term off- take contracts, our revenues could be significantly lower than they otherwise would have been were we not party to such contracts for substantially all our production. In addition, our current and future competitors may be in a better position than we are to take advantage of relatively high prices during such periods. The growth of our business depends in part on locating, developing, and acquiring interests in additional wood pellet production plants and marine terminals at favorable prices. Our business strategy includes growing our business through ~~construction~~ - **constructing new** ~~, and~~ greenfield **and brownfield facilities, capacity expansion of existing** facilities, and third- party acquisitions that increase our cash generated from operations. **Our ability to successfully achieve our organic growth plan will require us to acquire or construct several additional plants over the next five years.** Various factors could affect ~~the availability of attractive projects~~ **our ability to achieve our organic growth plan and continue** to grow our business, including: • **inability to identify** ~~our~~ - **or** ~~failure to complete development~~ ---- **develop attractive** projects ~~in a timely manner or at all~~ , which could result from, among other things, **inability to identify communities with optimal proximity to feedstock and access to labor and transportation, competition for attractive locations, regulatory challenges or reputational risks; • our failure to complete development projects in a timely manner or at all, which could result from, among other things,** permitting challenges, failure to procure requisite financing or equipment, construction difficulties **,** or an inability to obtain off - take contracts on acceptable terms; and • fewer accretive third - party acquisition opportunities than we expect, which could result from, among other things, available projects having less desirable economic returns, competition, anti - trust concerns, or higher risk profiles than we believe suitable for our business plan and investment strategy. **In addition, changes to our business plans, financial condition or other factors could result in changes or delays to our organic growth plan. For example, in late 2022, we updated the standard plant design to improve plant utilization to execute the Design One, Build Many strategy, which has delayed the planned commencement dates of our new Epes and Bond plants by roughly a year.** Any of these factors could prevent us from executing our growth strategy or otherwise could have a material adverse effect on our results of operations, business and financial position, and our ability to pay dividends to our stockholders. We may be unable to make attractive acquisitions, and any acquisitions we make will be subject to substantial risks that could adversely impact our business. We may consummate acquisitions **that** we believe will be attractive ~~,~~ but **that ultimately** result in a decrease in our ~~cash flow from~~ **financial condition and results of** ~~operating~~ **operations** ~~activities per share~~ . Any acquisition involves potential risks, some of which are beyond our control, including: • mistaken assumptions about revenues and costs, including synergies; • the inability to successfully integrate businesses we acquire; • the inability to hire, train **,** or retain qualified personnel to manage and operate our business and newly acquired assets; • the assumption of unknown liabilities; • limitations on our access to indemnification from the seller; • incorrect assumptions about the overall costs of equity or debt; • the diversion of management' s attention ~~to~~ **from** other business concerns; • unforeseen difficulties in connection with operating newly acquired assets or in new geographic areas; • customer or key employee losses at acquired businesses; and • the inability to meet obligations in off - take or other contracts associated with acquisitions. If we consummate any future acquisitions, our capitalization and results of operations may change significantly, and our stockholders ~~will~~ **may** not have the opportunity to evaluate the economic, financial, and other relevant information that we will consider in determining the application of our funds ~~,~~ and other resources to acquisitions. The Company ~~'~~**'** s ability to declare and pay dividends, and **to** repurchase shares **,** is subject to certain considerations. Dividends are authorized and determined by the Company ~~'~~**'** s board of directors in its sole discretion. Decisions regarding the payment of dividends and the repurchase of shares are subject to a number of considerations, including: • cash available for dividends or repurchases; • the Company ~~'~~**'** s results of operations and anticipated future results of operations; • the Company ~~'~~**'** s financial condition, especially in relation to ~~the~~ anticipated future capital needs; • the level of cash reserves the Company may establish to fund future capital expenditures **, including potential acquisitions or**

development projects ; • the Company ~~'~~ **' s ability to access other sources of financing to fund potential acquisitions and development projects; • the Company'** s stock price **; • excise taxes that may be imposed on the Company with respect to certain repurchases of the Company' s stock** ; and • other factors the board of directors deems relevant. The Company can provide no assurance that it will continue to pay dividends or authorize ~~share~~ **stock** repurchases at the current rate or at all. Any elimination of or downward revision in the Company ~~'~~ **'** s dividend payout or stock repurchase program could have a material adverse effect on the market price of the Company ~~'~~ **'** s common stock. Regulatory and Litigation Risks **Our business is subject to risks related to legal proceedings and governmental inquiries. Our business is subject to litigation, regulatory investigations, and claims arising in the normal course of operations. The risks associated with these matters often may be difficult to assess or quantify and the existence and magnitude of potential claims often remain unknown for substantial periods of time. Our involvement in any investigations and lawsuits would cause us to incur additional legal and other costs and, if we were found to have violated any laws, we could be required to pay fines, damages, and other costs, perhaps in material amounts. Regardless of final costs, these matters could have an adverse effect on our business by exposing us to negative publicity, reputation damage, or diversion of personnel and management resources. Changes in laws or government policies, incentives, and taxes related to low- carbon and renewable energy may affect customer demand for our products.** Consumers of utility- grade wood pellets currently use our products either as part of a binding obligation to generate a certain percentage of **renewable** ~~low- carbon~~ energy or because they receive direct or indirect financial support or incentives to do so. Financial support is often necessary to cover the generally higher costs of wood pellets compared to conventional fossil fuels like coal. In most countries, once the government implements a tax (e. g., the U. K.' s carbon price floor tax) or a preferable tariff or specific renewable energy policy either supporting a renewable energy generator or the energy generating sector as a whole, such tax, tariff **,** or policy is guaranteed for a specified period of time, sometimes for the investment lifetime of a generator' s project. However, governmental policies that currently support the use of biomass may adversely modify their tax, tariff **,** or incentive regimes, and the future availability of such taxes, tariffs **,** or incentive regimes, either in current jurisdictions beyond the prescribed timeframes or in new jurisdictions, is uncertain. Demand for wood pellets could be substantially lower than expected if government support is removed, reduced **,** or delayed or, in the future, is insufficient to enable successful deployment of biomass power at the levels currently projected. In addition, regulatory changes such as new requirements to install additional pollution control technology could require us to curtail or amend operations to meet new ~~greenhouse gas ("~~ GHG ~~")~~ **and other** emission limits. This may also affect demand for our products in addition to increasing our operational costs. ~~Biomass energy generation~~ **Regulatory directives may** ~~requires~~ - **require certain biomass standards to be satisfied in order for our customers to capture any available direct or indirect regulatory incentives from** the use of **our products** ~~biomass that is derived from acceptable sources and is demonstrably sustainable~~ . This typically is implemented through biomass sustainability criteria, which either are a mandatory element of eligibility for financial subsidies to biomass energy generators or ~~will~~ **may be expected to** become mandatory in the future. For more information, see our risk factor titled " Changes in the treatment of biomass could adversely impact our business. " As a biomass fuel supplier, the viability of our business is therefore dependent on our ability to comply with such requirements. ~~This~~ **These requirements** may restrict the types of biomass we can use and the geographic regions from which we source our raw materials ~~,~~ and may require us to reduce ~~the~~ GHG emissions associated with our supply and production processes. Currently, some ~~elements of the~~ criteria with which we must comply, including rules relating to forest management practices and carbon accounting, are under revision ~~. Certain requirements, such as the regulations in place in jurisdictions from which we source biomass, may be beyond our ability to control~~ . If different sustainability requirements are adopted in the future, demand for our products could be materially reduced in certain markets, and our results of operations, business and financial position, and our ability to pay dividends to our stockholders, may be materially adversely affected. Our plants are subject to the requirements of the Clean Air Act and must either receive minor source permits from the states in which they are located or a major source permit, which **the U. S. Environmental Protection Agency has the right to object to if it determines any proposed permit** is **not in compliance with applicable requirements** ~~subject to the approval of the EPA~~ . In general, our facilities are eligible for minor source permits following the application of pollution control technologies. However, we could experience substantial delays with respect to obtaining such permits, including as a result of any challenges to the issuance of our permits or other factors, which could impair our ability to operate our wood pellet production plants or expand our production capacity. In addition, any new air permits we receive could require that we incur additional expenses to install emissions control technologies ~~,~~ **or** limit our operations ~~and~~ **. Such new permits could also** impede our ability to satisfy emission limitations and / or stringent testing requirements to demonstrate compliance therewith. Failure to meet such requirements could have a material adverse effect on our results of operations, business and financial position, and our ability to pay dividends to our stockholders. Federal, state, and local legislative and regulatory initiatives relating to forestry products and the potential for related litigation could result in increased costs and additional operating restrictions and delays, which could cause a decline in the demand for our products and negatively impact our business, financial condition, and results of operations. Our raw materials are byproducts of traditional timber management and harvesting, principally ~~low~~ **the parts of the harvested wood that are not utilized in higher** - value ~~wood materials~~ **markets,** such as ~~thinnings and~~ the tops and limbs of trees ~~that are generated in a harvest and industrial residuals (chips~~ , ~~sawdust~~ **crooked or diseased trees, slash, understory,** and **thin tree lengths** ~~other wood industry byproducts)~~ . Commercial forestry is regulated by complex regulatory frameworks at the federal, state **,** and local levels. Among other federal laws, the Clean Water Act and the Endangered Species Act have been applied to commercial forestry operations through agency regulations and court decisions, as well as through the delegation to states to implement and monitor compliance with such laws. State forestry laws, as well as land- use regulations and zoning ordinances at the local level, are also used to manage forests in the Southeastern United States, as well as other regions from which we may need to source raw materials in the future. Any new or modified laws or regulations at any of these levels could have the effect of reducing forestry operations in areas where we procure our raw materials and consequently may prevent us from purchasing raw materials in an economic manner, or at all. In addition, future regulation of, or litigation concerning, the use of timberlands, the protection of endangered species, the promotion of forest biodiversity and the response to and prevention of wildfires, as well as litigation, campaigns or other measures advanced by special interest groups, could also reduce the availability of the raw materials required for our operations. ~~Multiple regulatory~~ **Various rules have been issued or may be issued in the future by government** agencies, including in **the** jurisdictions where we sell our products, ~~have noted that biomass can support a transition away from fossil fuels and towards a more sustainable energy sector. However, when poorly managed, use of biomass can be related to land conversion, biodiversity and GHG emissions. Therefore, various rules have been issued~~ to regulate the sustainability ~~claims~~ **criteria** associated with the use of biomass, which in turn may require us to adopt certain practices in our operations. ~~For example~~ **Biomass and our wood products are considered renewable under RED II. However** , the ~~European Union has promulgated~~ **EU is currently in the process of negotiating RED III and will determine whether the use of woody biomass will continue to be considered renewable in the EU and, therefore, can be used in meeting the EU' s climate targets. The EU' s** directives **establish** ~~on renewable energy that~~ , among other things, ~~establish~~ targets for renewable energy supply and ~~establish~~ certain sustainability requirements for biomass, including requirements related to carbon stocks and land use. If the wood pellets we produce do not conform to these or future requirements, our customers would not be able to count energy generated therefrom towards these renewable energy goals, which could decrease demand for our products. Biomass has been under additional regulatory scrutiny in recent years to develop standards to safeguard against adverse environmental effects from its use ~~. Although regulators continue to consider biomass harvested with certain practices to be sustainable~~ , **and** certain special interest groups that focus on environmental issues have expressed their opposition to the use of biomass, both publicly and directly, to domestic and foreign regulators, policy makers, power, heat or combined heat **,** and power generators (" generators ") and other industrial users of biomass. These groups are also actively lobbying, litigating **,** and undertaking other actions domestically and abroad in an effort to increase the regulation of, reduce or eliminate the incentives and support for, or otherwise delay, interfere with **,** or impede the production and use of biomass for or by generators. In response to such concerns, the Biden Administration withdrew from pre-publication review a pending rulemaking to characterize biomass as carbon- neutral for CAA purposes in the United States. While we do not currently sell a significant portion of our products in the United States, any changes in the treatment of biomass in jurisdictions where we sell or plan to sell our products could materially adversely affect our results of operations, business and financial condition, and our ability to pay dividends to our stockholders. **Notwithstanding the above, we cannot guarantee that our products will continue to be considered renewable in all jurisdictions where our customers consume them or meet future standards or the expectations of third parties, governmental authorities, and stakeholders, related to the same, especially with respect to potential regulatory changes. This may adversely impact our business, harming our reputation, restricting or limiting access to and the cost of capital, and subjecting us to potential litigation risk.** Our operations are subject to stringent environmental and occupational health and safety laws and regulations that may expose us to significant costs and liabilities. Our operations are subject to stringent federal, regional, state **,** and local environmental, health **,** and safety laws and regulations. These laws and regulations govern environmental protection, occupational health and safety, the release or discharge of materials into the environment, air emissions, wastewater discharges, the investigation and remediation of contaminated sites **,** and allocation of liability for cleanup of such sites. These laws and regulations may restrict or impact our business in many ways, including by requiring us to acquire permits or other approvals to conduct regulated activities, limiting our air emissions or wastewater discharges or requiring us to install costly equipment to control, reduce **,** or treat such emissions or discharges and impacting our ability to modify or expand our operations. We may be required to make significant capital and operating expenditures to comply with these laws and regulations. Failure to comply with these laws and regulations may result in the assessment of administrative, civil **,** and criminal penalties, imposition of investigatory or remedial obligations, suspension or revocation of permits **,** and the issuance of orders limiting or prohibiting some or all of our operations. Adoption of new or modified environmental laws and regulations may impair the operation of our business, delay or prevent expansion of existing facilities or construction of new facilities **,** and otherwise result in increased costs and liabilities, which may be material. The actions of certain special interest groups could adversely impact our business. Certain special interest groups that focus on environmental issues have expressed their opposition to the use of biomass, both publicly and directly to domestic and foreign regulators, policy makers, power, heat or combined heat and power generators **,** ~~(" generators ")~~ and other industrial users of biomass. These groups are also actively lobbying, litigating **,** and undertaking other actions domestically and abroad in an effort to increase the regulation of, reduce or eliminate the incentives and support for, or otherwise delay, interfere with **,** or impede the production and use of biomass for or by **heat and power** generators. Such efforts, if successful, could materially adversely affect our results of operations, business and financial condition, and our ability to pay dividends to our stockholders. Increasing attention to ESG matters, including our net- zero goals or our failure to achieve such goals, could adversely affect our business. Increasing social and political attention to climate change and other environmental and social impacts may result in increased costs, changes in demand for certain types of products or means of production, enhanced compliance obligations, or other negative impacts to our business or our financial condition. Although we may participate in various voluntary frameworks and certification programs to improve the ESG profile of our operations and product, we cannot guarantee that such participation or certification will have the intended results on our ESG profile. We create and publish voluntary disclosures regarding ESG matters from time to time, but many of the statements in those voluntary disclosures are based on our expectations and assumptions, which may require substantial discretion and forecasts about costs and future developments. Such expectations and assumptions are also complicated by the lack of an established framework for identifying, measuring, and reporting on many ESG matters. Moreover, in February 2021, we announced our intention to **reduce, eliminate,** ~~become carbon- neutral in our~~ **or** ~~operations~~ **offset our direct (Scope 1) GHG emissions** by 2030 and to publicly report our progress against this goal **. We have also made commitments to aim to source 100 % renewable energy (Scope 2 GHG emissions) for our operations and to**

work with our partners to adopt clean energy solutions . For more information, see " Recent Developments — Commitment to Achieve Carbon Neutral Operations. " Our estimates concerning the timing and cost of implementing our goals are subject to risks and uncertainties, some of which are outside of our control **. Given the evolving nature of GHG emissions accounting methodologies and climate science, we cannot guarantee that such factors may not give rise to the need to restate or revise our emissions reduction goals, cause us to miss them altogether, or limit the impact of success of achieving our goals. Additionally, we cannot guarantee that there will be sufficient offsets available for purchase given the increased demand from numerous businesses implementing net zero goals, or that, notwithstanding our reliance on any reputable third party registries, that the offsets we do purchase will successfully achieve the emissions reductions they represent** . We also may face greater scrutiny as a result of our announcement and publication of our progress, and ~~our~~ **any** failure to successfully achieve our voluntary net- zero goals, or the manner in which we achieve some or any portion of our goals, could lead to adverse press coverage or other public attention. Moreover, despite ~~these~~ the voluntary nature of our net- zero ~~goal~~ **goals** , we may receive pressure from external sources, such as lenders, investors, or other groups, to adopt more aggressive climate or other ESG- related goals; however, we may not agree that such goals will be appropriate for our business, and we may not be able to implement such goals because of potential costs or technical or operational obstacles. In ~~addition~~ **March 2022, the SEC released a proposed rule that would establish a framework for the reporting of climate risks, targets, and metrics. A final rule is expected in April 2023, but we cannot predict what any such final rule may require. As proposed, the SEC climate rule would impose burdensome and potentially costly emissions and other data gathering and reporting requirements on our operations, including, but not limited to, those related to the risks of our operations arising from the physical impacts of climate change (e. g., flooding and water stress). Separately, the SEC has announced that it is scrutinizing existing climate- change related disclosures in public filings, increasing the potential for enforcement if the SEC were to allege an issuer' s climate disclosures are misleading or deficient. Relatedly** , organizations that provide information to investors on corporate governance and related matters have developed rating processes on evaluating companies on their approach to ESG matters. Such ratings are used by some investors to inform their investment and voting decisions. Unfavorable ESG ratings could lead to increased negative investor sentiment toward us, our customers, or our industry, which could negatively impact our share price as well as our access to and cost of capital. Finally, to the extent ESG matters negatively impact our reputation, we may not be able to compete as effectively to recruit or retain employees, which may adversely affect our operations. **Further, public statements with respect to ESG matters, such as emissions reduction goals, other environmental targets, or other commitments addressing certain social issues, are becoming increasingly subject to heightened scrutiny from public and governmental authorities related to the risk of potential " greenwashing, " i. e., misleading information or false claims overstating potential ESG benefits. For example, in March 2021, the SEC established the Climate and ESG Task Force in the Division of Enforcement to identify and address potential ESG-related misconduct, including greenwashing. Certain non- governmental organizations and other private actors have also filed lawsuits under various securities and consumer protection laws alleging that certain ESG- related statements, goals, or standards were misleading, false, or otherwise deceptive. As a result, we may face increased litigation risks from private parties and governmental authorities related to our ESG efforts. We could also face increasing costs as we attempt to comply with and navigate further regulatory focus and scrutiny. Finally, any alleged claims of greenwashing against us or others in our industry may lead to further negative sentiment and diversion of investments. For example, on November 3, 2022, a putative securities class action lawsuit was filed in federal district court in the District of Maryland against Enviva, John Keppler, and Shai Even. The lawsuit asserts claims under Sections 10 (b) and 20 (a) of the Exchange Act and Rule 10b- 5 thereunder based on allegations that the Company made materially false and misleading statements regarding the Company' s business, operations, and compliance policies, particularly relating to its ESG practices. Specifically, the lawsuit alleges that the Company' s statements were misleading as to the environmental sustainability of the Company' s wood pellet production and procurement and the impact such statements would have on the Company' s financials and growth potential. The lawsuit seeks unspecified damages, equitable relief, interest and costs, and attorneys' fees. Lead plaintiff and lead counsel were appointed on January 31, 2023, and their amended complaint is due to be filed on or before April 3, 2023. Enviva believes the case is without merit and intends to vigorously defend the matter.** Operational Risks We may face delays or unexpected developments in completing our current or future construction projects, including as a result of **ongoing supply chain issues,** our failure to timely obtain the equipment, services **,** or access to infrastructure necessary for the operation of our projects at budgeted costs, maintain all necessary rights to land access and use and / or obtain and / or maintain environmental and other permits or approvals. These circumstances could prevent our construction projects from commencing operations or from meeting our original expectations concerning timing, operational performance, the capital expenditures necessary for their completion **,** and the returns they will achieve. Our inability to complete and transition our construction projects into financially successful operating projects on time and within budget could have a material adverse effect on our results of operations, business, and financial position, and cash flows. The satisfactory delivery of substantially all of our production is dependent on continuous access to infrastructure at our owned, leased **,** and third- party- operated terminals. Loss of access to our ports of shipment and destination, including through failure of terminal equipment and port closures, could adversely affect our financial results and cash available for dividends. Substantially all of our production is dependent on infrastructure at our owned, leased **,** and third- party- operated ~~ports~~ **terminals** . Should we suffer a catastrophic failure of the equipment at these ~~ports~~ **terminals** or otherwise experience port closures, including for security or weather- related reasons **, or suffer the effects of ongoing supply chain issues** , we could be unable to fulfill off - take obligations or incur substantial additional transportation costs, which would reduce our cash flow. Moreover, we rely on various ports of destination, as well as third parties who provide stevedoring or other services at our ports of shipment and destination or from whom we charter oceangoing vessels and crews, to transport our product to our customers.

Loss of access to these ports for any reason, or failure of such third- party service providers to uphold their contractual obligations, may impact our ability to fulfill our obligations under our off- take contracts, cause interruptions to our shipping schedule and cause us to incur substantial additional transportation or other costs, all of which could have a material adverse effect on our business, financial condition **,** and results of operations. Our customers require a reliable supply of wood pellets that meet stringent product specifications. We have built our operations and assets to consistently deliver and certify the highest levels of product quality and performance, which is critical to the success of our business and depends significantly on the effectiveness of our quality control systems, including the design and efficacy of **such** ~~our quality control~~ systems, the success of our quality training program and our ability to ensure that our employees and contract counterparties adhere to our quality control policies and guidelines. Moreover, any significant failure or deterioration of our quality control systems could impact our ability to deliver product that meets our customers' specifications and, in turn, could lead to rejection of our product by our customers, which could have a material adverse effect on our business, financial condition **,** and results of operations. Our business could be materially adversely affected by operating hazards and other risks to our operations. We produce a combustible product that may under certain circumstances present a risk of fires and explosions or other hazards. Moreover, severe weather, such as floods, earthquakes, hurricanes **,** or other natural disasters, climatic phenomena, such as drought, and other catastrophic events, such as plant or shipping disasters, could impact our operations by causing damage to our facilities and equipment, affecting our ability to deliver our product to our customers and impacting our customers' ability to take delivery of our products. Such events may also adversely affect the ability of our suppliers or service providers to provide us with the raw materials or services we require or the ability to load, transport **,** and unload our product. In addition, the scientific community has concluded that severe weather will increase in frequency and intensity as result of increasing concentrations of GHGs in the Earth' s atmosphere, and that climate change will have significant physical effects, including sea- level rise, increased frequency and severity of hurricanes and other storms, flooding, drought **,** and forest fires. We and our suppliers operate in coastal and wooded areas in geographic regions that are susceptible to such climate impacts. We maintain insurance policies to mitigate against certain risks related to our business, in types and amounts that we believe are reasonable depending on the circumstances surrounding each identified risk; however, we may not be fully insured against all operating hazards and other operational risks incident to our business. Furthermore, we may be unable to maintain or obtain insurance of the type and amount we desire at reasonable rates, if at all. As a result of market conditions and certain claims we may make under our insurance policies, premiums and deductibles for certain of our insurance policies could escalate. In some instances, insurance could become unavailable or available only for reduced amounts of coverage or at unreasonable rates. If we were to incur a significant liability for which we are not fully insured, it could have a material adverse effect on our financial condition, results of operations **,** and cash available for dividends to our stockholders. We may be required to make substantial capital expenditures to maintain and improve our facilities. Although we currently use a portion of our cash generated from our operations to maintain, develop **,** and improve our assets and facilities, such investment may, over time, be insufficient to preserve the operating profile required for us to meet our planned profitability or meet the evolving quality and product specifications demanded by our customers. Moreover, our current and future construction and other capital projects may be capital- intensive or suffer cost ~~-~~overruns. Accordingly, if we exceed our budgeted capital expenditures and / or additional capital expenditures become necessary in the future and we are unable to execute our construction, maintenance **,** or improvement programs successfully, within budget, and in a timely manner, our results of operations, business and financial position, and our ability to generate cash flows, may be materially adversely affected **. Our future success depends on our ability to continuously improve and upgrade our existing plants to meet customer demands while at the same time maintaining the reliability and integrity of our existing plants. We may not be able to maintain or replace key technology and infrastructure at our existing plants as quickly as we would like or in a cost- effective manner. The profitability of our business is dependent on the continuous improvement of both our supply and maintenance costs. We may not be able to continuously reduce costs as effectively as we need to increase profitability** . Our business and operating results are subject to seasonal fluctuations. Our business is affected by seasonal fluctuations. The cost of producing wood pellets tends to be higher in the winter months because of increases in the cost of delivered raw materials, primarily due to a reduction in accessibility during cold and wet weather conditions. Our raw materials typically have higher moisture content during this period, resulting in a lower product yield; moreover, the cost of drying wood fiber increases during periods of lower ambient temperatures. The increase in demand for power and heat during the winter months drives greater customer demand for wood pellets. As some of our wood pellet supply to our customers are sourced from third- party purchases, we may experience higher wood pellet costs and a reduction in our gross margin during the winter months. These seasonal fluctuations could have an adverse effect on our business, financial condition **,** and results of operations and cause comparisons of operating measures between consecutive quarters to not be as meaningful as comparisons between longer reporting periods. We are exposed to construction and development risks related to our projects. Historically, we acquired wood pellet production plants and marine export terminals that had either already commenced commercial operations or received financial support from our former sponsor to mitigate the risk associated with the construction and ramp of such assets. Following the Simplification Transaction **(as defined below)** , we ~~will~~ **have** ~~receive~~ **received** certain fixed payments from certain owners of our former sponsor associated with its ~~existing~~ obligations related to prior drop- downs and other transactions; however, such payments may be insufficient to fully compensate us for cost overruns, production delays, **supply chain disruptions,** or other adverse developments. Furthermore, we remain exposed to the risks associated with our organic growth initiatives and will be fully exposed to the risks associated with any new development or construction activities. We expect to experience an increase in capital expenditures and general and administrative expenses related to our development and construction activities, which may be substantial. We may face delays or unexpected developments in completing our current or future construction projects, including as a result of our failure to timely obtain the equipment, services **,** or access to infrastructure necessary for the operation of our projects at budgeted costs, maintain all necessary rights to land access and use **,** and obtain and maintain environmental and other permits or approvals. These circumstances could prevent our construction projects from commencing operations or meeting our original expectations concerning timing, operational performance, the capital expenditures necessary for their completion **,** and the returns they will achieve. Moreover, design, development **,** and construction activities associated with a project may occur over an extended period of time ~~,~~ but may generate little or no revenue or cash flow until the project is placed into commercial service. This mis- match in timing could reduce our available liquidity. Our inability to complete and transition our construction projects into financially successful operating projects on time and within budget or the failure of our projects to generate expected returns could have a material adverse impact our liquidity, results of operations, business **,** and financial position, as well as our ability to pay dividends to our stockholders. Market and Credit Risks ~~Significant increases in the cost, or decreases in the availability, of raw materials or sourced wood pellets could result in lower revenue, operating profits and cash flows, or impede our ability to meet commitments to our customers.~~ We purchase wood fiber from third- party landowners and other suppliers for use at our plants. Our reliance on third parties to secure wood fiber exposes us to potential price volatility and unavailability of such raw materials, and the associated costs may exceed our ability to pass through such price increases under our contracts with our customers. Further, delays or disruptions in obtaining wood fiber may result from a number of factors affecting our suppliers, including extreme weather, production or delivery disruptions, inadequate logging capacity, labor disputes, impaired financial condition of a particular supplier, the inability of suppliers to comply with regulatory or sustainability requirements **,** or decreased availability of raw materials. In addition, other companies, whether or not in our industry, could procure wood fiber within our procurement areas and adversely change regional market dynamics, resulting in insufficient quantities of raw material or higher prices. Any interruption or delay in the supply of wood fiber, or our inability to obtain wood fiber at acceptable prices in a timely manner, could impair our ability to meet the demands of our customers and expand our operations In addition to our production, we purchase wood pellets produced by other suppliers to fulfill our obligations under our portfolio of long- term off- take contracts or take advantage of market dislocations on an opportunistic basis. Any reliance on other wood pellet producers exposes us to the risk that such suppliers will fail to satisfy their obligations to us pursuant to the associated off- take contracts, including by failing to timely meet quality specifications and volume requirements. Any such failure could increase our costs or prevent us from meeting our commitments to our customers. The materialization of any of the foregoing risks could have an adverse effect on our results of operations, business, and financial position, and cash generated from our operations. We are exposed to the credit risk of our contract counterparties, including the customers for our products, and any material nonpayment or nonperformance by our customers could adversely affect our financial results ~~,~~ and cash generated from our operations. We are subject to the risk of loss resulting from nonpayment or nonperformance by our contract counterparties, including our long- term off- take customers and suppliers. Our credit procedures and policies may not be adequate to fully eliminate counterparty credit risk. If we fail to adequately assess the creditworthiness of existing or future customers or suppliers, or if their creditworthiness deteriorates unexpectedly, any resulting nonpayment or nonperformance by them could have an adverse impact on our results of operations, business and financial position, and cash generated from our operations. Impacts to the cost or availability of transportation and other infrastructure could reduce our revenues. Disruptions to or increases in the cost of local or regional transportation services and other forms of infrastructure, such as electricity, due to shortages of vessels, barges, railcars **,** or trucks, weather- related problems, flooding, drought, accidents, mechanical difficulties, bankruptcy, **inflationary pressures,** strikes, lockouts, bottlenecks **,** or other events could increase our costs, temporarily impair our ability to deliver products to our customers **,** and might, in certain circumstances, constitute a force majeure event under our customer contracts, permitting our customers to suspend taking delivery of and paying for our products. In addition, persistent disruptions in our access to infrastructure may force us to halt production as we reach storage capacity at our facilities. Accordingly, if the primary transportation services we use to transport our products are disrupted, and we are unable to find alternative transportation providers, it could have a material adverse effect on our results of operations, business and financial position, and cash generated from our operations. We compete with other wood pellet producers and, if growth in domestic and global demand for wood pellets meets or exceeds management' s expectations, the competition within our industry may grow significantly. We compete with other wood pellet production companies for the customers to whom we sell our products. Other current producers of utility - grade wood pellets include **Drax Biomass Inc.,** AS Graanul Invest, ~~Drax Biomass Inc.,~~ Fram Renewable Fuels, LLC **, An Viet Phat Energy Co., LTD** , and Highland Pellets LLC. Competition in our industry is based on price, consistency and quality of product, site location, distribution and logistics capabilities, customer service, creditworthiness and reliability of supply. Some of our competitors may have greater financial and other resources than we do, may develop technology superior to ours **,** or may have production plants sited in more advantageous locations from a logistics, procurement **,** or other cost perspective. In addition, we expect global demand for solid biomass to increase significantly in the coming years. This demand growth may lead to a significant increase in the production levels of our existing competitors and may incentivize new, well - capitalized competitors to enter the industry, both of which could reduce the demand **for our products** and the prices we are able to obtain under future off - take contracts. Significant price decreases or reduced demand could have a material adverse effect on our results of operations, business and financial position, and cash generated from our operations. **A portion of our product sales are based on spot prices for wood pellets. Extended periods of low market prices, or high prices at a time that we need to supplement our production, could adversely affect our financial condition, results of operations, and cash flows. In addition to generating cash flow from long- term, take- or- pay off- take contracts, we generate cash flows through spot or short term sales when pricing dynamics and our contract terms allow it. Enviva has the opportunity to flex down or delay a certain percentage of contracted shipments and sell on spot. Conversely, when the spot market dynamics shift, Enviva may have the opportunity to purchase third- party volumes and deliver under its long- term contracts. Spot prices are subject to wide fluctuations in response to relatively minor changes in supply and demand, and our ability to capitalize on higher spot prices and contract flexibility is dependent upon such fluctuations in pricing and demand.**

However, such cash flows may not be sustainable during periods of lower demand or pricing, which may adversely affect our financial results on a period- over- period basis. Similarly, under certain circumstances, we purchase pellets on the spot market to supplement our production. If we need to purchase pellets at a time when prices are elevated, this could adversely affect our gross margins and our financial results. Financial Risks Our level of indebtedness may increase, thereby reducing our financial flexibility. As of December 31, ~~2021~~ **2022** , our total debt was $ 1. ~~3~~ **6** billion, which primarily consisted of $ **750.** 0 ~~. 750 billion~~ **million aggregate principal amount** outstanding under our 6. 5 % senior unsecured notes due 2026 **, $ 436. 0 million aggregate principal outstanding under our senior secured credit facility, and $ 350. 0 million aggregate principal amount of municipal notes issued in July and November 2022 to fund the construction of our plant in Epes, Alabama and our plant near Bond, Mississippi** . In **addition, in** January ~~2022~~ **2023** , we **entered into a** ~~issued common stock and used the net proceeds of~~ $ **105.** 0 ~~. 346 billion~~ **million** ~~to reduce our total debt~~ **senior secured term loan facility, which matures in June 2027** . In the future, we may incur additional indebtedness in order to make acquisitions or to develop our properties. Our level of indebtedness could affect our operations in several ways, including the following: • a significant portion of our cash flows could be used to service our indebtedness; • the covenants contained in the agreements governing our outstanding indebtedness may limit our ability to borrow additional funds, dispose of assets, pay dividends, and make certain investments; • our debt covenants may also affect our flexibility in planning for, and reacting to, changes in the economy and in our industry; • a high level of debt would increase our vulnerability to general adverse economic and industry conditions **, including increasing interest rates and inflationary pressures** ; • a high level of debt may place us at a competitive disadvantage compared to our competitors that may be less leveraged and therefore may be able to take advantage of opportunities that our indebtedness would prevent us from pursuing; and • a high level of debt may impair our ability to obtain additional financing in the future for working capital, capital expenditures, debt service requirements, acquisitions, or general corporate or other purposes. In addition, ~~revolving~~ borrowings under our senior secured ~~revolving~~ credit facility bear, and potentially other **debt instruments and** credit facilities we or our subsidiaries may enter into in the future will bear, interest at variable rates. If market interest rates **continue to** increase, such variable ~~-~~ **-** rate debt will create higher debt service requirements **. Additionally** , ~~which~~ **higher market interest rates can also increase borrowing costs on fixed rate debt instruments to be issued in the future, or the refinancing of existing fixed- rate debt. As such higher interest rate** could adversely affect our cash flow **and reduce funds available for organic growth or to return capital to investors** . In addition to our debt service obligations, our operations require substantial expenditures on a continuing basis. Our ability to make scheduled debt payments, to refinance our obligations with respect to our indebtedness **,** and to fund capital and non - capital expenditures necessary to maintain the condition of our operating assets and properties, as well as to provide capacity for the growth of our business, depends on our financial and operating performance. General economic conditions and financial, business **,** and other factors affect our operations and our future performance. Many of these factors are beyond our control. We may not be able to generate sufficient cash flows to pay the interest on our debt, and future working capital borrowings or debt or equity financing may not be available to pay or refinance such debt. Our exposure to risks associated with foreign currency and interest rate fluctuations, as well as the hedging arrangements we may enter into to mitigate those risks, could have an adverse effect on our financial condition and results of operations. We may experience foreign currency exchange and interest rate volatility in our business. We use hedging transactions with respect to certain of our off- take contracts which are, in part or in whole, denominated in foreign currencies, and are party to interest rate swaps with respect to a portion of our variable **-** rate debt, in an effort to achieve more predictable cash flow and to reduce our exposure to foreign currency exchange and interest rate fluctuations. In addition, there may be instances in which costs and revenue will not be matched with respect to currency denomination. As a result, to the extent that existing and future off- take contracts are not denominated in U. S. Dollars, it is possible that increasing portions of our revenue, costs, assets **,** and liabilities will be subject to fluctuations in foreign currency valuations. Our hedging transactions involve cost and risk and may not be effective at mitigating our exposure to fluctuations in foreign currency exchange and interest rates. Although the use of hedging transactions limits our downside risk, their use may also limit future revenues. Risks inherent in our hedging transactions include the risk that counterparties to hedging contracts may be unable to perform their obligations and the risk that the terms of such contracts will not be legally enforceable. Likewise, our hedging activities may be ineffective or may not fully offset the financial impact of foreign currency exchange or interest rates fluctuations, which could have an adverse impact on our results of operations, business and financial position, and our ability to pay dividends to our stockholders. General Risk Factors Our business may suffer if we lose, or are unable to attract and retain, key personnel **, or if we are unable to successfully adapt to the new leadership team** . We depend to a large extent on the services of our senior management team and other key personnel. Members of our senior management and other key employees collectively have extensive expertise in designing, building **,** and operating wood pellet production plants or marine terminals, negotiating long - term off- take contracts and managing businesses such as ours. Competition for management and key personnel is intense, and the pool of qualified candidates is limited. The loss of any of these individuals or the failure to attract additional personnel, as needed, could have a material adverse effect on our operations and could lead to higher labor costs or reliance on less qualified personnel. In addition, if any of our executives or other key employees were to join a competitor or form a competing company, we could lose customers, suppliers, know- how **,** and key personnel. Our success is dependent on our ability to continue to attract, employ **,** and retain highly skilled personnel **. In November 2022, our co- founder, Chief Executive Officer and board Chairman, John K. Keppler stepped down from his responsibilities for medical reasons. In connection with Mr. Keppler' s departure and consistent with the succession plan developed by the Board, Thomas Meth was appointed as Chief Executive Officer and Ralph Alexander assumed Mr. Keppler' s role as Chairman of the Board. Although Mr. Meth and Mr. Alexander have extensive experience with the Company, this leadership transition may result in changes to our management style, operations, and strategies. Any significant leadership change or senior management transition involves inherent risk and could hinder our strategic planning,**

business execution and future performance. In particular, this or any future leadership transition may result in a loss of personnel with deep institutional or technical knowledge and changes in business strategy or objectives, and has the potential to disrupt our operations and relationships with employees and customers due to added costs, operational inefficiencies, changes in strategy, decreased employee morale and productivity, and increased turnover. Failure to successfully transition to the new leadership team could affect our ability to attract and retain skilled personnel and may have an adverse effect on our results of operations, business, and financial position . The international nature of our business subjects us to a number of risks, including foreign exchange risk and unfavorable political, regulatory and tax conditions in foreign countries. Substantially all of our current product sales are to customers that operate outside of the United States. As a result, we face certain risks inherent in maintaining international operations that include foreign exchange movements, restrictions on foreign trade and investment, including currency exchange controls imposed by or in other countries and trade barriers such as export requirements, tariffs, taxes and other restrictions and expenses, which could increase the prices of our products and make our products less competitive in some countries. ~~Changes to applicable tax laws and regulations or exposure to additional income tax liabilities could affect our business, cash flows and future profitability.~~ We are subject to various complex and evolving U. S. federal, state **,** and local and non- U. S. taxes. U. S. federal, state **,** and local and non- U. S. tax laws, policies, statutes, rules, regulations **,** or ordinances could be interpreted, changed, modified **,** or applied adversely to us, in each case, possibly with retroactive effect, and may have an adverse effect on our business, cash flows and future profitability. ~~For example, several tax proposals have been set forth that would, if enacted, make significant changes to U. S. tax laws. Such proposals include, but are not limited to, (i) an increase in the U. S. income tax rate applicable to corporations (such as us) from 21 % to 28 %, (ii) the imposition of a minimum tax on book income for certain corporations and (iii) the imposition of an excise tax on certain corporate stock repurchases that would be borne by the corporation repurchasing such stock. The U. S. Congress may consider, and could include, some or all of these proposals in connection with tax reform that may be undertaken. In addition, state and local and non- U. S. tax authorities may impose changes to their tax laws, regulations, policies, or ordinances that impact us. It is unclear whether these or similar changes will be enacted and, if enacted, how soon any such changes could take effect. The passage of any legislation as a result of these proposals and other similar changes in tax laws could adversely affect our business, cash flows and future profitability.~~ Labor strikes or work stoppages by our employees could harm our business. **As of December 31, 2022, none of our employees were represented by a labor union. However,** ~~Unionization~~ **unionization** activities could occur among **our** ~~non- union~~ employees. If ~~union~~ employees strike, participate in a work stoppage or slowdown or engage in other forms of labor strike, it could lead to disruptions in our business, increases in our operating costs and constraints on our operating flexibility. Strikes, work stoppages or an inability to negotiate ~~future~~ collective bargaining agreements on commercially reasonable terms could have a material adverse effect on our business, results of operations, financial condition **,** and cash flows. ~~Uncertainty relating~~ **Borrowings under our senior secured credit facility exposes us** to **interest rate risk. Borrowings under our senior secured credit facility bear interest at a rate derived from** the **Secured Overnight Financing** ~~London Inter- bank Offered~~ Rate (" ~~LIBOR~~ **SOFR** ") ~~calculation process~~ **. SOFR is a relatively new reference rate** and ~~potential phasing out~~ **has a very limited history. The future performance** of **SOFR cannot be predicted based on its limited historical performance. Since the initial publication of SOFR in April 2018, changes in SOFR have, on occasion, been more volatile than changes in other benchmark or market rates, such as United States dollar** LIBOR **. Additionally** ~~in 2023 may adversely affect our current or future debt obligations~~ , ~~including~~ **any successor rate to SOFR under** our senior secured **credit facility may not have the same characteristics as SOFR or LIBOR. As a result, the amount of interest we may pay on our** revolving credit facility ~~. On July 27, 2017, the Chief Executive of the U. K. Financial Conduct Authority (the " FCA "), which regulates LIBOR, announced that the FCA will no longer persuade or compel banks to submit rates for the calculation of LIBOR after 2021, which was extended through June 2023 for U. S. dollar LIBOR values. At this time, it~~ is **difficult** ~~not possible~~ to predict ~~what such phase out, alternative reference rates or other reforms, if they occur, will have on the amount of interest paid on, or the market value of, our current or future debt obligations, including our senior secured revolving credit facility~~ . Our business is subject to cybersecurity risks. As is typical of modern businesses, we are reliant on the continuous and uninterrupted operation of our information technology (" IT ") systems. User access and security of our sites and IT systems **are** ~~can be~~ critical elements of our operations, as are cloud security and protection against cybersecurity incidents. Any IT failure pertaining to availability, access **,** or system security could potentially result in disruption of our activities and personnel, and could adversely affect our reputation, operations **,** or financial performance **. The energy industry has become increasingly dependent on digital technologies to conduct day- to- day operations, and the use of mobile communication devices has rapidly increased. Industrial control systems such as supervisory control and data acquisition (" SCADA ") systems now control large- scale processes that can include multiple sites across long distances. The Company' s technologies, systems, networks, including its SCADA system, and those of its business partners may become the target of cybersecurity attacks or security breaches. We have experienced attempted cybersecurity attacks, but have not suffered any material adverse impacts to our business and operations as a result of such unsuccessful attempts. We have implemented security measures that are designed to detect and protect against cyberattacks. No security measure is infallible. Despite these measures and any additional measures we may implement or adopt in the future, our facilities and systems, and those of our third- party service providers, have been and are vulnerable to security breaches, computer viruses, lost or misplaced data, programming errors, scams, burglary, human errors, misdirected wire transfers, and other adverse events. Our efforts to improve security and protect data may also identify previously undiscovered instances of security breaches or bad actors with present access to our systems** . Potential risks to our IT systems could include unauthorized attempts to extract business- sensitive, **proprietary,** confidential **,** or personal information, **unauthorized attempts to perpetrate** denial of ~~access~~ **service attacks** , extortion, corruption of information, or disruption of business processes. A cybersecurity incident resulting in a security breach or failure to identify a security threat could disrupt our business and could result in the loss of sensitive, confidential information or other assets, as well as litigation, **including individual claims or class actions,** regulatory enforcement, violation of privacy or securities laws and regulations, and remediation costs, all of which could materially impact our reputation, operations **,** or financial performance **. Our business is subject to privacy and data protection legislation compliance risks. The European Union has enacted the General Data Protection Regulation (EU 2016 / 679) (the " EU GDPR "), and the United Kingdom has implemented the Data Protection Act 2018 and the EU GDPR as it forms part of the laws of England and Wales, Scotland, and Northern Ireland by virtue of section 3 of the European Union (Withdrawal) Act 2018 (the " UK GDPR "), each of which (to the extent such laws apply) broadly impacts businesses that handle various types of personal data, including employee personal data. The EU GDPR and UK GDPR impose stringent legal and operational obligations on businesses, as well as the potential for fines, sanctions, or other penalties, which could materially and adversely affect operations and business, as well as adversely impact the reputation of the Company. Additionally, as a result of recent case law and regulatory guidance in the EU, organizations with a nexus to the UK or the EU will likely need to dedicate compliance costs and resources to implement appropriate mechanisms and safeguards (e. g., standard contractual clauses, pseudonymization techniques, encryption, or impact assessments) to legitimize transfers of personal data from the EU and the UK to third countries that have not been deemed by the European Commission or the Secretary of State of the UK (as applicable) to provide adequate protection for personal data. This includes transfers to the United States. As a result of the UK' s departure from the EU, the EU GDPR and the UK GDPR are now dual regimes and may diverge over time. Any such divergence may lead to an increase in compliance costs and may require the dedication of additional time and resources** . A terrorist attack or armed conflict could harm our business. Terrorist activities and armed conflicts could adversely affect the U. S. and global economies and could prevent us from meeting financial and other obligations or prevent our customers from meeting their obligations to us. **The war in Ukraine impacted our operations in the year ended December 31, 2022, resulting in $ 5. 1 million of incremental costs during the first quarter of 2022, due to severe dislocations within our third- party shipping partners' operations related to demurrage and to loading, transporting, and unloading our wood pellets and the immediate spike in energy prices that impacted the cost of our operations including incremental costs to support continued services from our third- party fiber suppliers and trucking service providers.** We could experience loss of business, delays **,** or defaults in payments from customers or disruptions of fuel supplies and markets, including if domestic and global generators are direct targets or indirect casualties of an act of terror or war. Terrorist activities ~~and~~ **,** the threat of potential terrorist activities **, global conflict,** and any resulting economic downturn could adversely affect our results of operations, impair our ability to raise capital **,** or otherwise adversely impact our ability to realize certain business strategies. If the price of our common stock fluctuates significantly, your investment could lose value. Although our common stock is listed on the ~~NYSE~~ **New York Stock Exchange** , we cannot assure you that an active public market will continue for our common stock. If an active public market for our common stock does not continue, the trading price and liquidity of our common stock will be materially and adversely affected. If there is a thin trading market or " float " for our stock, the market price for our common stock may fluctuate significantly more than the stock market as a whole. Without a large float, our common stock would be less liquid than the stock of companies with broader public ownership and, as a result, the trading prices of our common stock may be more volatile. In addition, in the absence of an active public trading market, investors may be unable to liquidate their investment in us. Furthermore, the stock market is subject to significant price and volume fluctuations, and the price of our common stock could fluctuate widely in response to several factors, including ~~;~~ **:** our quarterly or annual operating results; changes in our earnings estimates; investment recommendations by securities analysts following our business or our industry; additions or departures of key personnel; changes in the business, earnings estimates **,** or market perceptions of our competitors; our failure to achieve operating results consistent with securities analysts' projections; changes in industry, general market **,** or economic conditions; and announcements of legislative or regulatory changes. The stock market has experienced extreme price and volume fluctuations in recent years that have significantly affected the quoted prices of the securities of many companies, including companies in our industry. The changes often appear to occur without regard to specific operating performance. The price of our common stock could fluctuate based upon factors that have little or nothing to do with our company and these fluctuations could materially reduce our stock price. If securities or industry analysts do not publish research or reports about our business, if they adversely change their recommendations regarding our stock **,** or if our operating results do not meet their expectations, our stock price could decline. The trading market for our common stock will be influenced by the research and reports that industry or securities analysts publish about us or our business. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline. Moreover, if one or more of the analysts who cover our company downgrade our stock or if our operating results do not meet their expectations, our stock price could decline. Our certificate of incorporation and bylaws, as well as Delaware law, contain provisions that could discourage acquisition bids or merger proposals, which may adversely affect the market price of our common stock. Our certificate of incorporation authorizes our board of directors to issue preferred stock without stockholder approval. If our board of directors elects to issue preferred stock, it could be more difficult for a third party to acquire us. In addition, some provisions of our certificate of incorporation and bylaws could make it more difficult for a third party to acquire control of us, even if the change of control would be beneficial to our stockholders, including: • advance notice provisions for stockholder proposals and nominations for elections to the board of directors to be acted upon at meetings of stockholders; and • limitations on the ability of our stockholders to call special meetings. Delaware law prohibits us from engaging in any business combination with any " interested stockholder, " meaning generally that a stockholder who beneficially owns more than 15 % of our stock cannot acquire us for a period of three years from the date this person became an interested stockholder, unless various conditions are met, such as approval of the transaction by our board of directors. The corporate opportunity provisions in our certificate of incorporation could enable affiliates of ours to benefit from corporate opportunities that might otherwise be available to us. Subject to the limitations of applicable law, our certificate of incorporation, among other things; permits us to enter into transactions with entities in which one or more of our officers or directors are financially or otherwise interested; permits any of our stockholders, officers or directors **,** to conduct business that competes with us and to make investments in any kind of property in which we may make investments; and provides that if any director or officer of one of our affiliates who is also one of our officers or directors becomes aware of a potential business opportunity, transaction **,** or other matter (other than one expressly offered to that director or officer in writing solely in his or her capacity as our director or officer), that director or officer will have no duty to communicate or offer that opportunity to us, and will be permitted to communicate or offer that opportunity to such affiliates and that director or officer will not be deemed to have (i) acted in a manner inconsistent with his or her fiduciary or other duties to us regarding the opportunity or (ii) acted in bad faith or in a manner inconsistent with our best interests. These provisions create the possibility that a corporate opportunity that would otherwise be available to us may be used for the benefit of one of our affiliates. **Effects of COVID- 19 pandemic and other health epidemics and outbreaks, including economic, regulatory, legal, workforce, and cybersecurity risks, could adversely impact our financial condition. Our business is subject to ongoing risks associated with the COVID- 19 pandemic and novel variants. Our contractors and supply chain partners have experienced labor- related and other challenges associated with COVID- 19 that had a more pronounced than anticipated impact on our operations and project execution schedule. In addition, the prevalence of certain variants of COVID- 19 and increased rates of infection across areas in which we operate affected the availability of healthy workers from time to time at our facilities and we experienced increased rates of absence in our hourly workforce as workers who contracted COVID- 19 quarantined at home. These absences contributed to reduced facility availability and, in some cases, reduced aggregate production levels. At this time, we cannot predict the extent or duration of the COVID- 19 pandemic or its effects on the economy, including the impact on demand for our services and workforce, nor can we estimate the ongoing potential adverse impact from COVID- 19 on our financial condition, results of operations, cash flows, and liquidity. We have identified a material weakness in our internal control over financial reporting as of December 31, 2022. If we are unable to develop and maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results in a timely manner. In the fourth quarter of 2022, management identified a material weakness in our internal control over financial reporting whereby the Company did not design and execute controls to assess the recoverability of recognized customer assets in accordance with U. S. generally accepted accounting principles. The existence of material weaknesses in internal control over financial reporting could adversely affect our reputation or investor perceptions of us, which could have a negative effect on the trading price of our shares. We can give no assurance that the measures we have taken and plan to take in the future will remediate the material weakness identified or that any additional material weaknesses or restatements of financial results will not arise in the future due to a failure to implement and maintain adequate internal control over financial reporting or circumvention of these controls. Even if we are successful in strengthening our controls and procedures, in the future those controls and procedures may not be adequate to prevent or identify irregularities or errors or to facilitate the fair presentation of our financial statements. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented, or detected and corrected on a timely basis. Effective internal controls are necessary for us to provide reliable financial reports and prevent fraud. 25**