Risk Factors Comparison 2023-10-25 to 2022-10-31 Form: 10-K

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

The following risks could materially and adversely affect our business, financial condition, operating results, liquidity and cash flows, prospects, and stock price. These risks do not identify all risks that we face; other factors, events, or uncertainties currently unknown to us or that we currently do not consider to present significant risks to our business or that emerge in the future could affect us adversely. Risks Related to Our Business An economic downturn and economic uncertainty may adversely affect demand for our products and services. Our customers are often able to delay replacing rail equipment during economic downturns. Factors affecting the level of customer spending for our products and services include general economic conditions, such as inflation, and other factors such as business confidence in future economic conditions, fears of recession, and the availability and cost of efficient capital, among other factors. Worldwide economic conditions remain uncertain. As global economic conditions continue to be volatile or economic uncertainty increases, trends in business spending may become increasingly unpredictable and subject to reductions and fluctuations. Unfavorable economic conditions may lead our customers to delay or reduce purchases of our products and services, result in lower sales volumes, lower prices, lower lease utilization rates, and decreased revenues and profits. ~~Increases in the price of materials and components used in the production of our products could negatively impact our profit margin on the sale of our products. A significant portion of our business depends on the adequate supply of steel, other raw materials, and energy, as well as numerous specialty parts and components, such as brakes, wheels, side frames, bolsters, and bearings for the railcar business, at cost- effective prices. During 2022, we experienced significantly elevated commodity and supply chain costs including the costs of labor, raw materials, energy, fuel, materials and other inputs necessary for the production and distribution of our products, and we expect elevated levels of inflation to continue in 2023. The cost of steel and all other materials used in the production of our railcars represents more than half of our direct manufacturing costs per railcar and in the production of our marine barges represents more than 30 % of our direct manufacturing costs per marine barge. If we are not able to purchase materials and energy at competitive prices, our ability to produce and sell our products on a cost- effective basis could be adversely impacted which, in turn, could adversely affect our revenue and profitability. Our fixed- price contracts generally anticipate material price increases and surcharges. If we are unable to adjust our selling prices or have adequate protection in our contracts against changes in material prices, our margins could be adversely affected. Further, although a portion of the costs we must incur to meet our contractual obligations are subject to escalation clauses which allow us to pass through costs to our customers, we will absorb some cost increases thereby decreasing margin on some of our customer contracts. Disruptions in the supply of materials and components used in the production of our products could negatively impact our business and results of operations. Supply chains were severely disrupted by the COVID- 19 global pandemic. Armed conflict in Ukraine has also severely disrupted supply chains for the materials and components that we use in manufacturing our products. Certain materials for our products are currently available from a limited number of suppliers and, as a result, we may have limited control over pricing, availability, and delivery schedules. Additionally, factors beyond our control, including adverse political conditions, trade embargoes, increased tariffs or import duties, inclement weather, natural disasters, terrorism and labor disputes may adversely impact our supply chain, particularly if these conditions or disputes result in work slowdowns, lockouts, strikes, facility closures, or related disruptions. The inability to purchase a sufficient quantity of materials on a timely basis could create disruptions in our production and result in delays while we attempt to engage alternative suppliers. Any such disruption or conditions could harm our business and adversely impact our results of operations. The loss of suppliers or their inability to meet our price, quality, quantity and delivery requirements could have an adverse effect on our ability to manufacture and sell our products on a cost- effective basis.~~ Shortages of skilled labor, increased labor costs, or failure to maintain good relations with our workforce could adversely affect our operations. We depend on skilled labor in all areas of our business. Some of our facilities are located in areas where demand for skilled labor often exceeds supply. Shortages of some types of skilled labor such as welders and machine operators could restrict our ability to maintain or increase production rates, lead to production inefficiencies and increase our labor costs. Due to the competitive nature of the labor markets in which we operate and the cyclical nature of the railcar industry, the resulting employment cycle increases our risk of not being able to recruit, train and retain the employees we require at efficient costs and on reasonable terms, particularly when the economy expands, production rates are high or competition for such skilled labor increases. We are a party to collective bargaining agreements with various labor unions at some of our operations. Disputes with regard to the terms and conditions of these agreements or our potential inability to negotiate acceptable contracts with these unions in the future could result in, among other things, strikes, work stoppages or other slowdowns by the affected workers. We cannot be assured that our relations with our workforce will remain positive. If our workers were to engage in a strike, work stoppage or other slowdown, or other employees were to become unionized or the terms and conditions in future labor agreements were renegotiated, or if union representation is implemented at such sites and we are unable to agree with the union on reasonable employment terms, including wages, benefits, and work rules, we could experience a significant disruption of our operations and incur higher ongoing labor costs. If we are unable to recruit, train and retain adequate numbers of qualified employees and third party labor providers on a timely basis or at a reasonable cost or on reasonable terms, our business and results of operations could be adversely affected. ~~Our~~ **Increases in the price of materials and components used in the production of our products could negatively impact our profit margin on the sale of our products. A significant portion of our** business **depends on the adequate supply of steel, other raw materials, and energy, as well as numerous specialty parts and components, such as brakes, wheels, side frames, bolsters, and bearings for the railcar business, at cost-**

effective prices. During 2023, we experienced elevated commodity and supply chain costs including the costs of labor, raw materials, energy, fuel, materials and other inputs necessary for the production and distribution of our products, and elevated levels of inflation may **continue in 2024. The cost of steel and all other materials used in the production of our railcars represents more than half of our direct manufacturing costs per railcar. If we are not able to purchase materials and energy at competitive prices, our ability to produce and sell our products on a cost- effective basis could** be **adversely impacted which, in turn, could adversely affect our revenue and profitability. Disruptions in the supply of materials and components used in the production of our products could** negatively ~~impacted~~ -- **impact our business and results of operations. Supply chains were severely disrupted by the COVID- 19 global pandemic. The war in Ukraine has also severely disrupted supply chains for the materials and components that we use in manufacturing our products. Certain materials for our products are currently available from a limited number of suppliers and,** as a result ~~of armed conflict in Ukraine. In February 2022~~ , **we may have limited control over pricing, availability, and delivery schedules. Additionally, factors beyond our control, including adverse political conditions, trade embargoes, increased tariffs or import duties, inclement weather, natural disasters, terrorism and labor disputes may adversely impact our supply chain, particularly if** ~~the~~ **these** ~~Russian Federation commenced~~ **conditions or disputes result in work slowdowns, lockouts, strikes, facility closures, or related disruptions. The inability to purchase** a ~~military invasion~~ **sufficient quantity** of ~~Ukraine~~ **materials on a timely basis could create disruptions in our production and result in delays while we attempt to engage alternative suppliers** . ~~We cannot predict the full~~ **Any such disruption or conditions could harm our business and adversely** impact ~~of the war in Ukraine, the economic sanctions imposed on Russia, and the related economic and geopolitical instability, including instability in the manufacturing and freight rail markets. Some of~~ our **results of** operations **. The loss of suppliers or** ~~,~~ ~~particularly in Europe, have experienced higher energy costs, an increase in the~~ **their inability to meet our** price ~~and decrease in the availability of steel and certain other materials and components~~ , **quality** ~~disruptions in transportation and supply chains~~ , **quantity** and **delivery requirements** ~~higher manufacturing and borrowing costs. Not all of these costs are subject to escalation and related clauses which allow us to pass through costs to our customers, and there is a risk we will not be successful in renegotiating or managing the implementation of existing agreements to allow us to pass through these increased prices of manufacturing. As a result of these impacts and due to the lack of new railcar orders in Europe during the third quarter of 2022, we have slowed down production at our European manufacturing facilities. These negative factors may continue to occur along with other risks to our business that may emerge which include, among others, prolonged heightened inflation, macroeconomic interventions in response to inflation, cyber disruptions or attacks, and disruptions in credit markets. All of these factors and others could disrupt our business directly and could disrupt the business of our customers thereby reducing or delaying orders of our goods and services. Prolonged civil unrest, political instability or uncertainty, military activities, or broad- based sanctions~~ could have an adverse effect on our **ability to manufacture and sell our products on a cost- effective basis. If we or our joint ventures fail to complete capital expenditure projects on time and within budget, or if these projects, once completed, fail to operate as anticipated, or fail to improve the efficiencies of our** operations ~~and~~ **, or to generate additional revenue as anticipated, such failure could adversely affect our** business ~~outlook~~ **, financial condition and results of operations** . ~~The COVID~~ **From time** - ~~19 coronavirus pandemic~~ **to- time** , **we, or our joint ventures, undertake strategic capital projects in order to enhance, expand** and ~~potential future~~ **/ or upgrade facilities and operational capabilities including by insourcing production of certain components in our manufacturing operations. Our ability, and our joint ventures' respective abilities, to complete these projects on time and within budget, and for us to realize the anticipated increased revenues or lower costs, as applicable, or otherwise realize acceptable returns on these investments or other strategic capital projects that may be undertaken are subject to a number of risks. Many of these risks are beyond our control, including a variety of market, operational, permitting, and labor** related **factors. In addition** ~~decline in global economic activity~~ , **the cost to implement any given strategic capital project ultimately may prove to be greater than originally anticipated. If we, or our joint ventures, are not able to achieve the anticipated results from the implementation of any of these strategic capital projects, or if unanticipated implementation costs are incurred, our business, financial condition and results of operations may be adversely affected. In addition, if we are unable to perform insourced functions better than, or at least** as well as **, our third- party providers,** ~~governmental reaction to the pandemic could continue to negatively impact~~ our business ~~, liquidity and financial position, results of operations, stock price, and ability to convert backlog to revenue. We currently identify the following factors as the most significant risks to our business due to COVID- 19, governmental actions, and economic conditions. • We~~ may be ~~prevented~~ **harmed. Our business and operations could be materially and adversely impacted if we fail to adequately manage and respond to events that cause an interruption in our business operations. Business resiliency is important to our success. Natural and human- made events and circumstances may delay our ability to deliver products and services to our customers. Such events include, but are not limited to, security breaches, disruptions or failures in our information- technology systems, physical damage to our facilities (including fires, structural failures, power outages or other events), or the unavailability of labor. The impact of such disruptions to our business and results of operations may vary based on the length and severity of the disruption. Our failure to create and implement systems for monitoring, mitigating, managing, and recovering** from **such events could increase the length and severity of such disruptions, and could subject us to losses including penalties, cancellation of orders, and / or other losses. We face risks related to cybersecurity threats and incidents that increase our costs and could disrupt our business and** ~~operating~~ **operations . We face attempts by malicious hackers, state- sponsored organizations, intruders and potentially terrorists, employees, and third- party service providers into** our ~~manufacturing~~ **physical** facilities **to gain unauthorized access** , ~~maintenance shops, wheel shops~~ **or introduce malicious software to** ~~or~~ **our network or those of our customers to, among** other ~~worksites due~~ **things, steal proprietary information related** to ~~the illness of~~ our **business, products,** employees, ~~" stay our business,products,employees,~~ and customers;interrupt our systems and services or those of our customers **;corrupt the processes used to operate our businesses and to design and manufacture our products** ;or demand ransom to return control of such systems and services.Such attempts are increasing in number and in technical sophistication,and if successful,would expose us and the affected parties to risk of loss or misuse of proprietary or confidential information ~~or~~ **,and could significantly** ~~disruptions~~ ---- **disrupt** ~~of~~ our business operations.Our information technology infrastructure also includes products and services provided by third parties,and these providers can experience breaches of their systems and products that affect the security of our systems and our proprietary or confidential information.Our reliance on information technology increases ~~as~~ **to the extent** working remotely increases among our employees. ~~Addressing~~ **The theft,loss,or misuse of third party data collected,used,stored,or transferred by us to run our business,and our attempts to address** cybersecurity threats and incidents,whether or not successful,could result in our incurring significant costs related to,for example,disruptions in our operations,rebuilding internal systems,implementing additional threat protection measures,defending against litigation,responding to regulatory inquiries or actions,paying damages,or taking other remedial steps with respect to third parties,as well as reputational harm.In addition,these threats are constantly evolving,thereby increasing the difficulty of successfully defending against them or implementing adequate preventative measures.While we seek to detect and investigate unauthorized attempts and attacks against our network,products,and services,and to prevent their recurrence where practicable through changes to our internal processes and tools,we remain potentially vulnerable to additional known or unknown threats.In some instances,we,our customers,and the users of our products and services can be unaware of an incident or its magnitude and effects. ~~The theft~~ **In addition** , ~~loss,or misuse of third party data collected,used,stored,or transferred by us to run our business could result in significantly increased business and security costs or costs related to defending legal claims.Global~~ **global** privacy legislation,enforcement,and policy activity in this area are rapidly expanding and creating a complex regulatory compliance environment.Costs to comply with and implement these privacy ~~- related and data~~ - ~~at~~ **related and data protection measures could be significant, and noncompliance could expose us to significant monetary penalties, damage to our reputation, and even criminal sanctions. Even our inadvertent failure to comply with federal, state, or international privacy** - ~~home "~~ **related or data- protection laws and** regulations ~~, and employee reluctance to appear for work for many different reasons including the implementation of any government- imposed vaccination or testing mandates. Extended closure of one or more of our large facilities or a material decrease in our available workforce~~ could ~~have a material negative impact on our financial position and results~~ - **result** ~~of operations. Labor shortages~~ in ~~the geographies where we operate could prevent~~ **audits, regulatory inquiries, or proceedings against** us **by governmental entities** ~~from converting backlog to revenue. • Risks associated with inflation, currency volatility, increases in interest rates, and a mismatch of supply and demand, each as discussed further in this section. • Risks associated with the disruptions of the operations of one or more of our~~ - **or** ~~customers or suppliers, as discussed further in this section. • Our indebtedness may increase due to our need to increase borrowing to fund operations during a period of reduced revenue. • The market price of our common stock may drop or remain volatile. • We may incur significant employee health care costs under our self- insurance programs. The longer the pandemic continues, the more likely that more of the foregoing risks will be realized and that~~ other **third parties** ~~negative impacts on our business will occur, some of which we cannot now foresee~~ . A material disruption in the movement of rail traffic could impair our ability to deliver railcars and other products to our customers in a timely manner which could prevent us from meeting customer demand, reduce our sales, and negatively impact our results of operations. Once a railcar or other product is manufactured in one of our plants, it must be moved by rail to a customer delivery point. In many cases, the manufacturing plant and the delivery point are in different countries. Many different and unrelated factors could cause a delay in our ability to move our goods in a timely manner from the manufacturing plant to the delivery point including physical disruptions such as armed conflict, natural disasters and power outages, strikes, labor stoppages or shortages hindering the operation of railroads and related transportation infrastructure, regulatory and bureaucratic inefficiency and unresponsiveness, and other causes. **In addition, our manufacturing facilities often purchase raw materials from different countries. The same factors affecting the movement of our completed railcars can disrupt the movement of these raw materials to our manufacturing facilities.** A material disruption in the movement of ~~rail traffic~~ **our completed cars or raw materials, especially between countries and across borders,** could negatively impact our business and results of operations. Equipment failures, technological failures, costs and inefficiencies associated with changing of production lines, or transfer of production between facilities, could lead to production, delivery, or service curtailments or shutdowns, loss of revenue or higher expenses. We operate a substantial amount of equipment at our production facilities. An interruption in production capabilities or maintenance and repair capabilities at our facilities, as a result of equipment or technology failure, acts of nature, terrorism, costs and inefficiencies associated with changing of production lines or transfer of production between facilities, could reduce or prevent our production, delivery, service, or repair of our products and increase our costs and expenses. A halt of production at any of our manufacturing facilities could severely affect delivery times to our customers. Any significant delay in deliveries not otherwise contractually mitigated could result in cancellation of all or a portion of our orders, **the** ~~cause us to lose~~ **loss of** future sales, and negatively affect our reputation and our results of operations ~~we~~ are not able to procure specialty components or services on commercially reasonable terms or on a timely basis,our business,financial condition and results of operations would be adversely affected.Our manufacturing operations depend in part on our ability to obtain timely deliveries of materials,components and services in acceptable quantities and quality from our suppliers.In ~~2023~~ **2022** ,the top ten suppliers for all inventory purchases accounted for approximately ~~42~~ **49** % of total purchases.The top **two** ~~supplier~~ **suppliers** accounted for ~~approximately~~ 16 **% and 10** % of total inventory purchases in ~~2023~~ **2022** .No other suppliers accounted for more than 10 % of total inventory purchases.Certain components of our products,particularly specialized components like castings,bolsters,trucks,wheels and ~~axles~~ - **axels** ,and certain services,such as lining capabilities,are currently only available from a limited number of suppliers.If any one or more of our suppliers cease to provide us with sufficient quantities of our components or services in a timely manner or on terms acceptable to us,or cease to provide services or manufacture components of acceptable quality,or go out of business,we could incur disruptions or be limited in our production of our products and may ~~not be~~ . We depend on our senior management team and other key employees, and significant attrition within our management team or unsuccessful succession planning for members of our senior management team and other key employees who are at or nearing retirement age, could adversely affect our business. Our success depends in part on our ability to attract, retain and motivate senior management and other key employees. Achieving this objective may be difficult due to many factors, including fluctuations in global economic and industry conditions, competitors' hiring practices, cost reduction activities, and the effectiveness of our compensation programs. Competition for qualified personnel can be very intense. We must continue to recruit, retain and motivate senior management and other key employees sufficient to maintain our current business and support our future projects and growth objectives. We are vulnerable to attrition among our current senior management team and other key employees. Some members of our senior management team and other key employees are at or nearing retirement age. If we are unsuccessful in our succession planning efforts, the continuity of our business and results of operations could be adversely affected. A loss of any such personnel, or the inability to recruit and retain qualified personnel in the future, could have an adverse effect on our business, financial condition and results of operations. ~~Our backlog is not necessarily indicative of the level of our future revenues. Our manufacturing backlog represents future production for our customers in various periods, and estimated potential revenue attributable to such production. Our backlog of railcar units and marine vessels is not necessarily indicative of future results of operations. Certain orders in backlog are subject to customary documentation and completion of terms which may not occur. Some backlog is subject to certain conditions, including potential adjustment to prices due to changes in prevailing market prices, or due to lower prices for new orders accepted by us from other customers for similar cars on similar terms and conditions during relevant time periods. Our reported backlog may not be converted to revenue in any particular period and some of our contracts permit cancellations with limited compensation that would not replace lost revenue or margins. In addition, some customers may attempt to delay orders, cancel or modify a contract even if the contract does not allow for such cancellation or modification, and we may not be able to recover all revenue or earnings lost due to a breach of contract or a contract may be found to be unenforceable. The likelihood of cancellations, modifications, rejection and non- payment for our products generally increases during periods of market weakness. The timing of converting backlog to revenue is also materially impacted by our decision whether to lease railcars, sell railcars, or syndicate railcars with a lease attached to an investor. Actual revenue may not equal our anticipated revenues based on our backlog.~~ We derive a significant amount of our revenue from a limited number of customers, the loss of or reduction of business from one or more of which could have an adverse effect on our business. A significant portion of our revenue is generated from a few major customers **. In 2023, revenue from two customers accounted for approximately 30 % of total revenue. No other customers accounted for greater than 10 % of total revenue** . Although we have some long- term contractual relationships with our major customers, we cannot be assured that we will continue to have good relations with our customers, or that our customers will continue to purchase or lease our products or services, or will continue to do so at historical levels, or will renew their existing contracts with us. A reduction in the purchasing or leasing of our products, a termination of our services by one or more of our major customers, a decline in the financial condition of a major customer, or our failure to replace expiring customer contracts with new customer contracts on satisfactory terms could result in a loss of business and have an adverse effect on our business and operating results. **Our business may be negatively impacted as a result of war in Ukraine. In February 2022, the Russian Federation commenced a military invasion of Ukraine.** We ~~rely~~ **cannot predict the full impact of the war in Ukraine, the economic sanctions imposed** on ~~limited suppliers for~~ **Russia, and the related economic and geopolitical instability, including instability in the manufacturing and freight rail markets. Some of our operations, particularly in Europe, have experienced higher energy costs, an increase in the price and decrease in the availability of steel and** certain **other materials and** components **, disruptions** ~~and services needed~~ in ~~our production~~ **transportation and supply chains, and higher manufacturing and borrowing costs** . ~~If~~ **Not all of these costs are subject to escalation and related clauses which allow us to pass through costs to our customers, and there is a risk** we **will** are not able to procure specialty components...... our production of our products and may not be **successful in renegotiating** ~~able to promptly identify alternative sources for~~ - **or managing the implementation of existing agreements to allow us to pass through** these **increased prices** ~~components or services. In addition, we are increasing the number~~ of ~~components and services we manufacture or provide ourselves, directly or through joint ventures. If we are not successful at~~ manufacturing **. These negative factors** ~~such components or providing such services or have production problems after transitioning to self- produced supplies, we~~ may not be able to replace such components...... the operation of our businesses. We continue to ~~evaluate and implement upgrades and changes to information technology systems that support substantially all of our~~ **occur along** ~~operating and financial functions. We could experience problems in connection with such implementations, including compatibility issues, training requirements, higher than expected implementation costs and other integration challenges and delays. A significant problem with an implementation, integration~~ with other **risks to** ~~systems or ongoing management and operation of our systems could negatively impact~~ our business ~~by~~ **that may emerge which include, among others, prolonged heightened inflation, macroeconomic interventions in response to inflation, cyber** ~~disrupting~~ **disruptions** ~~operations~~ **or attacks, and disruptions in credit markets** . ~~Such a problem~~ **These factors and others** could ~~also~~ **disrupt our business directly and could disrupt the business of our customers thereby reducing or delaying orders of our goods and services. Prolonged civil unrest, political instability or uncertainty, military activities, or broad- based sanctions could** have an adverse effect on our **operations** ~~ability to generate~~ and ~~interpret accurate management and financial reports and other information on a timely basis, which could have a material adverse effect on our financial reporting system and internal controls and adversely affect our ability to manage our~~ business **outlook** . A failure to design or manufacture...... a customer and / or other losses . Our debt could have negative consequences to our business or results of operations. We face several risks due to our debt and debt service obligations including our potential inability to satisfy our financial obligations related to our consolidated indebtedness; potential breach of the covenants in our credit agreements **(including our revolving credit facility, asset- backed facilities and other facilities)** ;

our ability to borrow additional amounts or refinance existing indebtedness in the future to fund operating needs may be limited or costly; our availability of cash flow may be inadequate because a portion of our cash flow is needed to pay principal and interest on our debt; we may be at a disadvantage relative to our competitors that have greater financial resources than us or more flexible capital structures than us; we face additional exposure to the risk of increased interest rates as certain of our borrowings are at variable rates of interest, which could result in higher interest expense in the event of an increase in interest rates; restrictions under debt agreements may adversely interfere with our financial and operating flexibility; and exposure to the possibility that we may suffer a material adverse effect on our business and financial condition if we are unable to service our debt or obtain additional financing, as needed. We, our subsidiaries, and our joint ventures may incur additional indebtedness, including secured indebtedness, and other obligations and liabilities that do not constitute indebtedness. This could increase the risks associated with our debt. Some of our credit facilities and existing indebtedness use variable rates ~~including the London Interbank Offered Rates (LIBOR), the Secured Overnight Financing Rate (SOFR), and other prime rates of reference banks. Replacement reference rates,~~ which **may** ~~includes SOFR, are relatively new with a limited history, and changes in SOFR have, on occasion, been more volatile than changes in other benchmark or market~~ -- **make** ~~rates. As a result,~~ the amount of interest we ~~may~~ pay on our variable rate indebtedness ~~is~~ difficult to predict .A failure to design or manufacture products or technologies or to achieve timely certification or market acceptance of new products or technologies could have an adverse effect on our profitability.We continue to introduce new railcar product innovations and technologies ~~as well as develop and offer information- technology- based services~~ .We occasionally accept orders prior to receiving railcar certification or proving our ability to manufacture a quality product that meets customer standards.We could be unable to successfully design or manufacture new railcar product innovations or technologies.Our ~~software products and information- technology- based services may contain design defects,software errors,hardware failures or other computer system failures that are difficult to detect and correct.Our~~ inability to develop and manufacture new ~~products~~ - **product innovations** or technologies in a timely and profitable manner,or to obtain timely certification,or to achieve market acceptance,or to **avoid quality problems in our new products,could have a material adverse effect on our revenue and results of operations and subject us to losses including penalties,cancellation of orders,rejection of railcars by a customer and / or other losses** . Our product and service warranties could expose us to significant claims. We offer our customers limited warranties for many of our products and services. Accordingly, we may be subject to significant warranty claims in the future, such as multiple claims based on one defect repeated throughout our production or servicing processes, claims for which the cost of repairing the defective part is highly disproportionate to the original cost of the part or defects in railcars or services which we discover in the future resulting in increased warranty costs or litigation. Warranty and product support terms may expand beyond those which have traditionally prevailed in the rail supply industry. These types of warranty claims could result in costly product recalls, customers seeking monetary damages, significant repair costs and damage to our reputation. If warranty claims attributable to actions of third party component manufacturers are not recoverable from such parties due to their poor financial condition or other reasons, we could be liable for warranty claims and other risks for using these materials in our products . Our financial performance and market value...... and judgment costs and harm our reputation . Insurance coverage could be costly, unavailable or inadequate. The ability to insure our businesses, facilities and rail assets is an important aspect of our ability to manage risk. As there are only limited providers of this insurance to the railcar industry, there is no guarantee that such insurance will be available on a cost-effective basis in the future. In addition, we cannot assure that our insurance carriers will be able to pay current or future claims. Additionally, the nature of our business subjects us to physical damage, business interruption and product liability claims, especially in connection with the repair and manufacture of products that carry hazardous or volatile materials. Although we maintain liability insurance coverage at commercially reasonable levels compared to similarly sized heavy equipment manufacturers, an unusually large physical damage, business interruption or product liability claim or a series of claims based on a failure repeated throughout our production process could exceed our insurance coverage or result in damage to our reputation, which could materially adversely impact our financial condition and results of operations. ~~Risks Related~~ **If we are unable** to **protect our intellectual property** ~~Market and Economic Factors Weak economic conditions and inflation in the global economy could negatively impact our~~ - **or if third parties assert that** ~~business and results of operations. Customer demand for~~ our products ~~and~~ **or** services **infringe their intellectual property rights, our ability to compete in the market** may be ~~impacted by weak economic~~ **harmed, and our business and financial** ~~conditions~~ - **condition may be adversely affected. If our intellectual property rights are not adequately protected** , ~~recession~~ **we may not be able to commercialize our technologies** , ~~equity~~ **products or services and our competitors could commercialize our technologies, which could result in a decrease in our sales and** market ~~volatility~~ **share and could materially adversely affect our business, financial condition and results of operations. Conversely, third parties might assert that our products, services,** or other **business activities infringe** ~~negative economic factors in the~~ **their patents** ~~U. S.~~ or other ~~nations~~ **intellectual property rights** . **Infringement** ~~General inflation in the United States, Europe~~ and other ~~geographies~~ **intellectual property claims and proceedings brought against us,whether successful or not,could result in substantial litigation and judgment costs and harm our reputation** .Our financial performance and market value could cause future write- downs of goodwill or intangibles or other long- lived assets in future periods.We are required to perform an annual impairment test of goodwill and other indefinite lived assets which could result in an impairment charge if it is determined that the carrying value of the asset exceeds its fair value.We perform a goodwill impairment test ~~annually~~ at the reporting unit level **annually** ~~during the third quarter of each year,~~ or whenever events or circumstances indicate that the carrying value of these assets may exceed their fair value **.In addition,we periodically review our intangible and other long- lived assets for impairment when events or changes in circumstances,such as a divestiture,indicate the carrying value may not be recoverable** .If indicators suggest it is more likely than not that the fair value of a reporting unit is less than its carrying value **or that the carrying amount of intangible or long- lived assets may not be recoverable** ,it may result in an impairment ~~of goodwill.As of August 31,2022,we had $ 84.3~~

~~million of goodwill in our Manufacturing segment and $ 43.0 million in our Maintenance Services segment~~ .Impairment charges ~~to our goodwill or other indefinite lived intangible assets~~ would impact our results of operations **in the period in which they are identified** . ~~Future~~ **Further,** write- downs of goodwill and other assets could affect certain of the financial covenants under debt instruments and could restrict our financial flexibility. **In 2023,** ~~Our business will suffer if~~ we **recorded** ~~are unsuccessful in making,integrating,and~~ - **an impairment related to certain assets at** ~~maintaining acquisitions,joint ventures and other strategic investments.We have acquired businesses and invested in or~~ **our former Gunderson Facility which** ~~entered into joint ventures in past periods.We may in the future acquire other businesses or invest in or enter into~~ has **since been disposed of** ~~risen to levels not experienced in recent decades~~ . ~~General~~ **See Note 5 to our Consolidated Financial Statements for additional** ~~inflation~~ **information . Our business will suffer if we are unsuccessful in making, integrating, and maintaining acquisitions, joint ventures and other strategic investments. We have acquired businesses and invested in or entered into joint ventures in past periods. We may in the future acquire other businesses or invest in or enter into other joint ventures. Our failure to identify future acquisition or joint venture opportunities, or to complete potential acquisitions or joint ventures on favorable terms, could hinder our ability to grow our business. These transactions create risks to our ongoing business** , including ~~rising prices~~ **loss of management focus on existing operations, the time and effort required to integrate new** ~~for~~ - **or** ~~energy~~ **acquired businesses into our existing business** , ~~metals, components,~~ and ~~other~~ -- **the** ~~inputs~~ **challenges of coordinating geographically dispersed organizations,** as well as ~~rising wages negatively impact~~ **risks to the new** ~~our~~ - **or acquired** business **, such as** ~~by increasing our operating costs. General inflation also negatively impacts our business by decreasing~~ the **retention** ~~capital for our customers to deploy to purchase our goods and services. Inflation may cause our customers to reduce or delay orders for our goods and services thereby causing a decrease in sales~~ of ~~our goods~~ **key personnel** and ~~services~~ **unanticipated expenses** . In addition, **we might need to issue additional equity securities, spend our cash, or incur debt, contingent liabilities, or amortization expenses related to intangible assets in connection with effecting an acquisition or joint venture, any of which could reduce our profitability and harm our business or only be available on unfavorable terms,** if ~~the U~~ **at all** . **Risks Related** ~~S. economy enters a recession, we may experience sales declines and may have~~ to **Market and Economic Factors Inflation as well as** ~~decrease prices, either of which could have a material adverse impact on our financial results. Monetary~~ **monetary** and other policy interventions by governments and central banks **in response to inflation** , including the increase of interest rates, as well as uncertainly about governmental macroeconomic policies, could negatively impact our business and results of operations. **General inflation in the United States, Europe and other geographies has risen to levels not experienced in recent decades. General inflation also negatively impacts our business by decreasing the capital for our customers to deploy to purchase our goods and services. Inflation may cause our customers to reduce or delay orders for our goods and services thereby causing a decrease in sales of our goods and services.** The United States Federal Reserve, the European Central Bank, and several other central banks, have undertaken or signaled increases in benchmark interest rates. Rising interest rates increases our borrowing costs potentially decreasing our profitability. Additionally, increased borrowing costs faced by our customers could result in decreased demand for our products. Monetary interventions also risk a sustained decline in aggregate demand, either globally or within one **or** more geographic ~~market~~ **markets** . A decline in demand for our products would ~~most likely~~ have a negative impact on our business and results of operations. The types of rail equipment we sell and the services we provide significantly impact our revenue and our margin and are dependent on broad economic trends over which we have little or no control. We manufacture, lease, maintain and refurbish a broad range of railcars and related rail equipment. The demand for specific types of railcars and the mix of repair and refurbishment work varies over time. Changes in the global economy and the industries and geographies that we serve cause shifts in demand for specific products and services. These shifts in demand could affect our results of operations and could have an adverse effect on our revenue and our profitability. Demand for specific types of railcars increases and decreases with the demand for goods such as grains, metals, construction aggregates, fertilizer, perishables and general merchandise, plastic pellets, oil and gas, bio- fuels, chemicals, and automobiles, among others, which is beyond our control. Cyclical economic downturns in our industry usually result in decreased demand for our products and services and reduced revenue. The industry in which we operate is subject to periodic economic cycles, and the purchasing trends of customers in our industry have a significant impact on demand for our products and services. As a result, during downturns, the rate at which we convert backlog to revenue usually decreases and we may slow down or halt production at some of our facilities. **An** ~~The current~~ economic downturn in our industry ~~has~~ **would** ~~impacted~~ -- **impact** the demand for our products and services, and **would** ~~will continue to~~ result in one or more of the following: lower sales volumes, lower prices, lower lease utilization rates and decreased revenues and profits. Demand for our railcar equipment and services is dependent on the future of rail transportation and the manner in which railroads operate. Demand for our rail equipment and services may decrease if freight rail decreases as a mode of freight transportation used by customers to ship their products, or if governmental policies favor modes of freight transportation other than rail. If rail freight transportation becomes more efficient or dwell times decrease, demand for our rail equipment and services may decrease. If the rail freight industry becomes oversupplied, prices for our railcars, lease rates, and demand for our products and services may decrease. The industries in which our customers operate are driven by dynamic market forces and trends, which are in turn influenced by economic, regulatory, and political factors. Features and functionality specific to certain railcar types could result in those railcars becoming obsolete as customer requirements for freight delivery change. Risks related to our operations outside of the U. S. could adversely affect our operating results. We own, lease, operate or have invested in businesses that have manufacturing facilities in Mexico, Brazil and Europe, and have customers and suppliers located outside the United States. Instability in the macroeconomic, political, military, legal, trade, financial, labor or market conditions in or relating to the countries where we, or our customers or suppliers, operate could negatively impact our business activities and operations. Some foreign countries in which we operate or may operate have authorities that regulate railroad safety and rail equipment design and manufacturing. If we do not have appropriate certifications, we could be unable to market and sell our rail equipment in those markets. Adverse changes in foreign regulations applicable to us or our customers, such as labor, environment, trade, tax, currency and price regulations, could limit our operations, make the manufacture and distribution of our products difficult, and delay or limit our ability to repatriate income derived from foreign markets. Our business benefits from free trade agreements between the United States and foreign governments, and from various U. S. corporate tax provisions related to international commerce. Any changes in trade or tax policies by the U. S. or foreign governments in jurisdictions in which we do business, as well as any embargoes, quotas or tariffs imposed on our products and services, could adversely and significantly affect our financial condition and results of operations. Among the political risks we face outside the U. S. are governments nationalizing our business or assets, or repudiating or renegotiating contracts with us, our customers or our suppliers. In our cross- border business activities, we could experience longer customer payment cycles, difficulty in collecting accounts receivable or an inability to protect our intellectual property. We could be adversely affected by violations of the U. S. Foreign Corrupt Practices Act and similar worldwide anti- corruption laws, which may conflict with local business customs in certain jurisdictions. The failure to comply with laws governing international business may result in substantial penalties and fines and reputational harm. Transactions with non- U. S. entities expose us to business practices, local customs, and legal processes with which we may not be familiar, as well as difficulty enforcing contracts and international political and trade tensions. If we are unable to successfully manage the risks associated with our foreign and cross- border business activities, our results of operations, financial condition, liquidity and cash flows could be negatively impacted. Fluctuations in foreign currency exchange rates could lead to increased costs and lower profitability. Outside of the U. S., we primarily conduct business in Mexico, Europe and Brazil and our non- U. S. businesses conduct their operations in local currencies. We also source materials worldwide. Fluctuations in exchange rates may affect demand for our products in foreign markets or our cost competitiveness and may adversely affect our profitability. Although we attempt to mitigate a portion of our exposure to changes in currency rates through currency rate hedge contracts and other activities, these efforts cannot fully eliminate the risks associated with the foreign currencies. In addition, some of our borrowings are in foreign currency, giving rise to risk from fluctuations in exchange rates. A material or adverse change in exchange rates could result in significant deterioration of profits or in losses for us. The deterioration of conditions in the global capital markets,weakening of macroeconomic conditions and changes in the credit markets and the financial services industry could negatively impact our business,results of operations,financial condition or liquidity.Our leasing subsidiaries' operations relies in large part upon banks and capital markets to fund ~~their~~ **its** operations and contractual commitments and refinance existing debt.These markets can experience high levels of volatility and access to capital can be constrained for extended periods of time.In addition to conditions in the capital markets,a number of other factors could cause us to incur increased borrowing costs and have greater difficulty accessing public and private markets for both secured and unsecured debt.The credit markets and the financial services industry may experience volatility which can result in tighter availability of credit on more restrictive terms and limit our ability to sell railcar assets or to syndicate railcars to investors with leases attached.Our liquidity,financial condition and results of operations could be negatively impacted if our ability to borrow money to finance operations,obtain credit from trade creditors,obtain credit to maintain our hedging programs,offer leasing products to our customers or sell railcar assets were to be impaired.In addition,scarcity of capital could also adversely affect our customers’ ability to purchase,lease,or pay for products from us or adversely affect our suppliers’ ability to provide us with product.Any of these conditions or events could result in reductions in our revenues,increased price competition,or increased operating costs,which could adversely affect our business,financial condition and results of operations. We could be unable to lease railcars at satisfactory rates, remarket leased railcars on favorable terms upon lease termination, or realize the expected residual values for end of life railcars due to changes in scrap prices, each of which could reduce our revenue and decrease our overall return or affect our ability to sell leased assets in the future. The profitability of our railcar leasing business depends on our ability to lease railcars at satisfactory rates, sell railcars with sufficiently profitable leases to investors, and to remarket, sell or scrap railcars we own or manage upon the expiration of leases. The rent we receive during the initial railcar lease term typically covers only a small portion of the railcar acquisition or production costs. Thus, we are exposed to a remarketing risk throughout the life of the railcar because we must obtain lease rates or a sale price sufficient to cover our acquisition or production costs related to the railcar. Our ability to lease or remarket leased railcars profitably is dependent on several factors, including, but not limited to, market and industry conditions, cost of, and demand for, competing used or newer models, availability of credit and the credit- worthiness of potential customers, costs associated with the refurbishment of the railcars, the market demand or governmental mandates for refurbishment, customers not defaulting on their leases, as well as market perceptions of residual values and interest rates. A downturn in the industries in which our lessees operate and decreased demand for railcars could also increase our exposure to remarketing risks because lessees may demand shorter lease terms, requiring us to remarket leased railcars more frequently. Furthermore, the resale market for previously leased railcars has a limited number of potential buyers. Our inability to lease, remarket or sell leased railcars on favorable terms could result in an adverse impact to our consolidated financial statements or affect our ability to sell leased railcars to investors in the future. Additionally, when the price of scrap steel declines, our revenues and margins in such businesses decrease **. Notwithstanding the terms of the leases we enter into, our lessees may misuse, abuse, improperly install components or improperly or inadequately maintain or repair the railcars we have leased to them. These actions could result in a diminution in the value of the railcars, as well as our potential exposure to claims that could increase our costs and weaken our financial condition** . A limited availability of financing or higher interest rates could increase the cost of, or potentially deter, new leasing arrangements with our customers, reduce our ability to syndicate railcars under lease to financial institutions, or impact the sales price we may receive on such syndications, any of which could materially adversely affect our business, financial condition and results of operations. Some of our competitors are owned or financially supported by foreign governments and may sell products below cost or otherwise compete unfairly. The markets in which we participate are intensely competitive and we expect them to remain intensely competitive into the foreseeable future. Some of our competitors are owned or financially supported by foreign governments or sovereign wealth funds, and may potentially sell products and services below cost, or otherwise compete unfairly, in order to gain market share. The relative competitiveness of our manufacturing facilities and products affects our performance. A number of competitive factors challenge or affect our ability to compete successfully including the introduction of competitive products and new entrants into our markets, a limited customer base and price pressures from unfair competition and increases in raw materials and labor costs. If we do not compete successfully, our market share, margin and results of operations may be adversely affected. Fires, natural disasters, pandemics, terrorism, or severe or unusual weather conditions could disrupt our business and result in loss of revenue or higher expenses or decreased demand. Any serious disruption at any of our facilities due to pandemic, terrorism, fire, hurricane, earthquake, flood, other severe weather events or any other natural disaster could impair our ability to use our facilities and have a material adverse impact on our revenues and increase our costs and expenses. If there is a natural disaster or other serious disruption at any of our facilities, particularly at any of our Mexican or Arkansas facilities, it could impair our ability to adequately supply our customers, cause a significant disruption to our operations, cause us to incur significant costs to relocate or reestablish these functions and negatively impact our operating results. While we insure against certain business interruption risks, such insurance may not adequately compensate us for any losses incurred as a result of natural or other disasters. Additionally, seasonal fluctuations in weather conditions may lead to greater variation in our quarterly operating results as unusually mild weather conditions will generally lead to lower demand for our wheel- related products and services. Unusually mild weather conditions throughout the year may reduce overall demand for our wheel- related products and maintenance services. If occurring for prolonged periods, such weather could have an adverse effect on our business, results of operations and financial condition. The deterioration of conditions in the global...... financial condition and results of operations. Risks Related to Legal, Compliance and Regulatory Matters Risks related to potential misconduct by employees......, systems, property or equipment. Train derailments or other accidents or claims could subject us to legal claims that adversely impact our business, financial condition and our results of operations. We provide a number of services which include the manufacture and supply of new railcars, wheels **, new and refurbished axles** , components and parts and the lease and maintenance of railcars for our customers that transport a variety of commodities, including tank railcars that transport hazardous materials such as crude oil, ethanol **, chlorine, anhydrous ammonia** and other products. In addition, we have a Regulatory Services Group ~~which~~ **that** offers regulatory, engineering, process consulting and advocacy support to the tank car and petrochemical rail shipper community, among other services. We could be subject to various legal claims, including claims of negligence, personal injury, physical damage and product or service liability, or in some cases strict liability, as well as potential penalties and liability under environmental laws and regulations, in the event of a derailment or other accident involving railcars, including tank railcars whether resulting from natural disasters, human error, terrorism, or other causes. If we become subject to any such claims and are unable **to** successfully ~~to~~ resolve them or maintain inadequate insurance for such claims, our business, financial condition and results of operations could be materially adversely affected. The products we manufacture are designed to work optimally when properly operated, installed, repaired, maintained and used to transport the intended cargo. Our products may be sold to third parties who may misuse, improperly install or improperly or inadequately maintain or repair such products, which may result in us being subjected to claims or litigation associated with product damage, injuries or property damage that could increase our costs and weaken our financial condition. Risks related to potential misconduct by employees may adversely impact us.Our employees may engage in misconduct,fraud or other improper activities,including noncompliance with our policies or regulatory standards and requirements,which could subject us to regulatory sanctions and reputational damage and materially harm our business.It is not always possible to deter employee misconduct,and the precautions we take to prevent and detect this activity may not be effective in controlling unknown or unmanaged risks or losses,including risks associated with harassment,as well as whistleblower complaints and litigation.There can be no assurance that we will succeed in preventing misconduct by employees in the future.In addition,the investigation of alleged misconduct disrupts our operations and may harm the public' s perception of our company,which may be costly.Any such events in the future may have a material adverse impact on our financial condition or results of operations.Changes in,or failure to comply with,applicable regulations may adversely impact our business,financial condition and results of operations.Our company and the other participants in our industry are subject to regulation by governmental agencies.These authorities establish,interpret,and enforce rules and regulations for the railcar industry.New rules and regulations and shifting enforcement priorities of regulators could increase our operating costs and the operating costs of our customers.Changes to the process for obtaining regulatory approval in Europe for the operation of new or modified railcars may make it more difficult for us to deliver products timely and to comply with our sales contracts.We cannot guarantee that we or our suppliers will be in compliance at all times and compliance may prove to be more costly and limiting than we currently anticipate and compliance requirements could increase in future years.If we or our suppliers fail to comply with applicable requirements and regulations,we could face sanctions and penalties that could negatively affect our financial results.We have potential exposure to environmental liabilities,which could increase our operating costs or have an adverse effect on our results of operations.We are subject to extensive national,state,foreign,provincial and local environmental laws and regulations concerning,among other things,air emissions,water discharge,solid waste and hazardous substances handling and disposal and employee health and safety.These laws and regulations are complex and frequently change.We could incur unexpected costs,penalties and other civil and criminal liabilities if we,or in certain circumstances others,fail to comply with environmental laws or permits issued pursuant to those laws.We also could incur costs or liabilities related to off- site waste disposal or remediating soil or groundwater contamination at our properties,including as set forth in Item 3," Legal Proceedings." In addition,future environmental laws and regulations may require significant capital expenditures or changes to our operations,or may impose liability on us in the future for actions that complied with then applicable laws and regulations when the action was taken.Business,regulatory,and legal developments regarding climate change may affect the demand for our products or the ability of our critical suppliers to meet our needs.Scientific studies have suggested that emissions of certain gases,commonly referred to as greenhouse gases (GHGs) including carbon dioxide and methane,may be contributing to warming of the Earth' s atmosphere and other climate changes.Legislation and new rules to regulate emission of GHGs have been introduced in numerous state legislatures,the U.S.Congress,and by the EPA ~~,as well as in Europe and other geographies in which we operate~~ .Some of these proposals would require industries to meet stringent new standards that may require substantial reporting of GHGs and other carbon intensive activities in addition to potentially mandating reductions in our carbon emissions.While we cannot assess the direct impact of these or other potential regulations,we recognize that new climate change reporting or compliance protocols could affect our operating costs,the demand for our products and / or affect the price of materials,input factors and manufactured components which could impact our margins.Other adverse consequences of climate change could include an increased frequency of severe weather events and rising sea levels that could affect operations at our manufacturing facilities,the price of insuring company assets,or **other unforeseen disruptions of our operations,systems,property or equipment.** We have identified a material weakness in our internal control over financial reporting. If we fail to properly remediate the material weakness or to maintain an effective system of internal controls, we may not be able to accurately report our financial results or prevent fraud. During its evaluation of the effectiveness of disclosure controls and procedures as of August 31, ~~2022~~ **2023** , management determined that our internal control over financial reporting was not effective, because we did not have effective controls ~~over change management of system configurations~~ in one IT environment ~~to ensure all~~ **as a result of deficiencies in** ~~changes~~ **change** ~~were logged~~ **management, program development,** and ~~approved~~ **user access controls. The material weakness related primarily to the implementation of a new Enterprise Resource Planning (ERP) system** . Management has determined that this deficiency constitutes a material weakness in our internal control over financial reporting. We ~~have identified and~~ are **in the process of identifying and** implementing remedial measures to address the control ~~deficiency~~ **deficiencies** that led to the material weakness. However, there can be no assurance that our remedial measures will correct the deficiency. If we are unable to remediate the material weakness, or are otherwise unable to maintain effective internal control over financial reporting or disclosure controls and procedures, it may result in material misstatements, as well as adversely affect the reliability of our financial statements, our reputation, our business, and the trading price of our common stock **. During 2023, we began to implement in stages a new ERP system at our primary North America manufacturing and services businesses. We expect each implementation will impact our internal controls over financial reporting** . More information regarding the material weakness and our remediation efforts is provided in " Item 9A. Controls and Procedures. " Changes in or the implementation of accounting standards or inaccurate estimates or assumptions in the application of accounting policies could adversely affect our financial results. Our accounting policies and methods are fundamental to how we record and report our financial condition and results of operations. Some of these policies require use of estimates and assumptions that may affect the reported value of our assets or liabilities and financial results and are critical because they require management to make difficult, subjective, and complex judgments about matters that are inherently uncertain. Estimates, judgments and assumptions underlying the accompanying consolidated financial statements include **impairment of long- lived assets, goodwill** , income taxes **and** ~~, warranty accruals,~~ environmental costs ~~, and goodwill~~ , among others. If our accounting policies, methods, judgments, assumptions, estimates and allocations prove to be incorrect, or if circumstances change, our business, financial condition, results of operations, liquidity, ability to pay dividends or stock price may be materially adversely affected. Accounting standard setters and those who interpret the accounting standards (such as the Financial Accounting Standards Board, the SEC, and independent registered public accounting firms) may amend or even reverse their previous interpretations or positions on how these standards should be applied. In some cases, we could be required to apply a new or revised standard retrospectively, resulting in the revision of prior period financial statements. Changes in accounting standards can be hard to predict and can materially impact how we record and report our financial condition and results of operations. Some of our customers place orders for our products in reliance on their ability to utilize tax benefits or tax credits any of which benefits or credits could be discontinued thereby reducing incentives for our customers to purchase our rail products. There is no assurance that tax authorities will reauthorize, modify, or prevent the expiration of tax benefits, tax credits, or other policies aimed to incentivize the purchase of our products. If such incentives are discontinued or diminished, the demand for our products could decrease, thereby creating the potential for a material adverse effect on our financial condition or results of operations. Risks Related to our Common Stock Our stock price has been volatile and may continue to experience large fluctuations. The price of our common stock has experienced rapid and significant price fluctuations. The price for our common stock is likely to continue to be volatile and subject to price and volume fluctuations in response to market and other factors, including the factors discussed elsewhere in these risk factors. A material decline in the price of our common stock may result in the assertion of certain claims against us, and / or the commencement of inquiries and / or investigations against us. A prolonged decline in the price of our common stock could result in a reduction in the liquidity of our common stock, a reduction in our ability to raise capital, and the inability of investors to obtain a favorable selling price for their shares. Following periods of volatility in the market price of their stock, historically many companies have been the subject of securities class action litigation. If we became involved in securities class action litigation in the future, it could result in substantial costs and diversion of our management' s attention and our resources and could harm our stock price, business, prospects, financial condition and results of operations. Our **.Our** business and operations could be negatively affected if we become subject to shareholder activism,which could cause us to incur significant expense,hinder execution of our business strategy and impact our stock price.Shareholder activism ~~,~~ which could take many forms,including potential proxy contests and public information campaigns ~~,~~ continues to increase.Shareholder activism could result in substantial costs to the Company,give rise to perceived uncertainties as to our future,adversely affect our relationships with suppliers,customers,and regulators,make it more difficult to attract and retain qualified personnel,and adversely impact our stock price current shareholders could experience dilution. We require substantial working capital to fund our business. If additional funds are raised through the issuance of equity securities or convertible securities, the percentage ownership held by our shareholders would be reduced and the equity securities we issue may have rights, preferences or privileges senior to those of our common stock. Additionally, we have the option to settle outstanding convertible notes in cash, although if we opt not to or do not have the ability to settle outstanding convertible notes in cash, the conversion of some or all of our convertible notes may dilute the ownership interests of existing shareholders. Any sales in the public market of the common stock issuable upon the conversion of the notes could adversely affect prevailing market prices of our common stock. In addition, the existence of the notes may encourage short selling by market participants ~~,~~ because the conversion of the notes could depress the price of our common stock. Certain provisions in our charter documents, Oregon law, and our debt instruments could make an acquisition of our company more difficult, limit attempts by our shareholders to replace or remove members of our Board of directors and may adversely affect the market price of our common stock. Our Articles of Incorporation and Bylaws, Oregon law, and contracts and debt instruments to which we are a party, contain certain provisions that could delay, defer or prevent an acquisition proposal that some, or a majority, of our shareholders might believe to be in their best interests or in which shareholders might receive a premium for their common stock over the then- prevailing market price. These provisions could also dissuade shareholders or third parties from contesting director elections and could cause investors to view our securities as less attractive investments and reduce the market price of our common stock. Certain relevant provisions of our Articles of Incorporation and Bylaws, as well as Oregon law, are described in further detail in “ Description of the Registrant’ s Securities Under Section 12 of the Securities Exchange Act of 1934 ” annexed as Exhibit 4. 3 to this Annual Report. Payments of cash dividends on our common stock may be made only at the discretion of our Board of Directors and may be restricted by Oregon law. Any decision to pay dividends will be at the discretion of our Board of Directors and will depend upon our operating results, strategic plans, capital requirements, financial condition, provisions of our borrowing arrangements and other factors our Board of Directors considers relevant. Furthermore, Oregon law imposes restrictions on our ability to pay dividends. Accordingly, we may not be able to continue to pay dividends in any given amount in the future, or at all . Our business and operations could be......, and adversely impact our stock price . Our share repurchase program is intended to enhance long- term shareholder value although we cannot guarantee this will occur and this program may be suspended or terminated at any time. The Board of Directors has authorized our company to repurchase our common stock through a share repurchase program. Our share repurchase program may be modified, suspended or discontinued at any time without prior notice. Although the share repurchase program is intended to enhance long- term shareholder value, we cannot provide assurance that this will occur. General Risk Factors Unanticipated changes in our tax provisions or exposure to additional income tax liabilities could affect our financial condition and profitability and we may take tax positions that the Internal Revenue Service or other tax authorities may contest. We are subject to income taxes in both the United States and foreign jurisdictions. Significant judgments and estimates are required to be made in determining our worldwide provision for income taxes. Changes in estimates of projected future operating results, loss of deductibility of items, recapture of prior deductions (including related to interest on convertible notes), limitations on our ability to utilize tax net operating losses in the future or changes in assumptions regarding our ability to generate future taxable income could result in significant increases to our tax expense and liabilities that could adversely affect our financial condition and profitability. We have in the past and may in the future take tax positions that the Internal Revenue Service (IRS) or other tax authorities may contest. We are required by an IRS regulation to disclose particular tax positions to the IRS as part of our tax returns for that year and future years. If the IRS or other tax authorities successfully contests a tax position that we take, we may be required to pay additional taxes, interest or fines that may adversely affect our results of operations and financial position. The use of social and other digital media to disseminate false, misleading and / or unreliable or inaccurate data and information could create unwarranted volatility in our stock price and losses to our shareholders and could adversely affect our reputation, products, business, and operating results. A substantial number of people are relying on social and other digital media to receive news, data, and information. Social and other digital media can be used by anyone to publish data and information without regard for factual accuracy. The use of social and other digital media to publish inaccurate, offensive, and disparaging data and information coupled with the frequent use of strong language and hostile expression, may influence the public’ s inability to distinguish between what is true and what is false and could obstruct an effective and timely response to correct inaccuracies or falsifications. Such use of social and other digital media could result in unexpected and unsubstantiated claims concerning our business in general or our products, our leadership or our reputation among customers and the public at large, thereby making it more difficult for us to compete effectively, and potentially having a material adverse effect on our business, operations, or financial condition.