Risk Factors Comparison 2024-03-08 to 2023-03-29 Form: 10-K

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The following discussion of risk factors contains forward- looking statements (see " Cautionary Statement on Forward- Looking Information "). These risk factors are important to understanding other statements in this Report. The following information should be read in conjunction with Item 7 " Management' s Discussion and Analysis of Financial Condition and Results of Operations " and Item 8 " Financial Statements and Supplementary Data " found elsewhere in this Report, which may include additional factors that could adversely affect our business. References to " Notes " relate to the Notes to our Consolidated Financial Statements (" Financial Statements ") in Item 8. Our business, prospects, financial condition, operating results, cash flows, liquidity and stock price may be affected materially and adversely, in whole or in part, by a number of factors, whether currently known or unknown, including but not limited to those described below, any one or more of which could, directly or indirectly, cause our actual financial condition, operating results, liquidity and cash flows to vary materially from historical results or those anticipated, projected or assumed in our forward- looking statements. Further, new risks emerge from time to time. In addition, our business, prospects, financial condition, operating results, cash flows, liquidity and stock price could be affected by additional factors that apply to all companies generally which are not specifically mentioned below. Business and Industry Risks Our revenue and profitability continues to be dependent on the offshore oil and gas industry, which is a historically cyclical industry. Our business continues to be significantly dependent on the level of capital expenditures by oil and gas producers, processors and their contractors, as well as alternative energy companies, operating in the GOM and along the Gulf Coast. The level of capital expenditures by these companies can be impacted by oil and gas and associated commodity prices. In recent years, the price of oil and gas has experienced significant volatility, which resulted in reductions in capital spending and drilling activities from our traditional offshore oil and gas customer base. Consequently, our operating results and cash flows were negatively impacted from reductions in revenue, lower margins due to competitive pricing, and under- utilization of our operating facilities and resources. Although oil and gas prices have recovered from the historic lows seen in 2020, due in part to ~~the~~ **geopolitical** ~~conflict~~ **conflicts** ~~in Ukraine and related European energy crisis~~ , there are no assurances that the increase in prices will be sustained or that our business will **continue to** benefit from such increase in prices. In addition to commodity prices, the levels of our customers' capital expenditures are influenced by, among other things: • availability and cost of capital; • the cost of exploring for, producing and delivering oil and gas and the sufficiency of any returns on capital investments; • the sale and expiration dates of offshore leases in the U. S. and overseas; • the discovery rate, size and location of new oil and gas reserves; • demand for energy, including hydrocarbon production, which is affected by worldwide economic activity and uncertainty and population growth, as well as ~~the~~ **geopolitical** ~~conflict~~ **conflicts** ~~in Ukraine and related European energy crisis~~ ; • the ability of the Organization of the Petroleum Exporting Countries (" OPEC ") to set and maintain production levels for oil and the level of production by non- OPEC countries; • political events and conditions, including socio- political unrest, any government shutdown, instability or hostilities, ~~including the conflict in Ukraine,~~ and trade and monetary sanctions in response to such developments; • demand for, availability of and technological viability of, alternative sources of energy; • technological advances affecting energy exploration, production, transportation and consumption; • weather conditions, natural disasters, and global or regional public health crises ~~(such as COVID- 19)~~ and other catastrophic events; and • uncertainty regarding the U. S. energy policy, including local, state and federal laws and regulations that would negatively impact or restrict the oil and gas industry. We are unable to predict future oil and gas prices or the level of oil and gas industry activity for the services we provide. Further, the current relative stabilization in oil and gas prices and increase in bidding activity may not necessarily translate into long- term increased activity. Even during periods of relatively high oil and gas prices, our customers may cancel or curtail capital expenditure programs for exploration and production and repair and maintenance of their offshore assets due to uncertainty regarding oil and gas prices and other priorities for cash flows, including investment in energy transition projects. Advances in onshore exploration and development technologies, ~~particularly with respect to large, onshore shale production areas,~~ or energy transition projects **,** could result in our historical customers allocating a higher percentage of their capital expenditure budgets to such activities and we may not be successful securing new project awards related to these activities. See risk factor below titled " Our efforts to strategically reposition the Company to diversify our service offerings and customer base may not result in increased shareholder value. " In addition, an increase in gas prices could also negatively impact future investments in petrochemical and other facilities that benefit from lower gas prices. These factors could cause our revenue and margins to ~~remain~~ **be** depressed and limit our future growth opportunities. See **Note 1 and** " Overview " in Item 7 for further discussion of the impacts of oil and gas price volatility. The impacts on our business of the volatility of oil and gas prices and other factors that have influenced our customers' capital spending have included, or may continue to include, among other things, reduced bidding activity; suspension or termination of backlog; deterioration of customer financial condition; and unanticipated project costs and schedule delays due to supply chain disruptions, labor and material price increases, lower labor productivity, increased employee and contractor absenteeism and turnover, craft labor hiring challenges, increased safety incidents, lack of performance by subcontractors and suppliers, and contract disputes. For example, in February 2023, we received direction from our customer to suspend all activities on our offshore jackets project ~~. No duration of~~ **, and in July 2023,** the **customer cancelled** ~~suspension or timing of potential recommencement of~~ the **contract** ~~project was provided~~ . See Note 2 and " New Project Awards and Backlog " in Item 7 for further discussion of the project ~~suspension~~ **cancellation** . We service industries that are highly competitive among service providers. The onshore refining, petrochemical, LNG and industrial fabrication industries and the offshore oil and gas fabrication and services industry are highly competitive and influenced by events largely outside of our control. In addition, as we seek fabrication opportunities related to ~~rapidly growing~~ energy transition initiatives, including in support of our customers who are making energy transitions away from fossil fuels, opportunities related to offshore wind developments and potential future onshore support structures to provide electricity from renewable and green sources, we expect to face increased competition. Contracts for our fabrication and services projects are often awarded on a competitively bid basis, and our customers consider many factors when awarding a project. These factors include price, ability to meet the customer' s schedule, the availability and capacity of personnel, equipment and facilities, and the reputation, experience, and safety record of the contractor. We can provide no assurances that we will be able to maintain our current competitive position or that we will be able to successfully compete with other companies as the green energy transition progresses. In addition, we often compete with companies that have greater resources, which may make them more competitive for certain projects. Competition with foreign fabricators can also be challenging as such competitors often have lower operating costs and lower wage rates, and foreign governments often use subsidies and incentives to create local jobs and impose import duties and fees on products. In addition, technological innovations have lowered transportation costs, increasing the competitiveness of foreign competitors when exporting structures from foreign locations to the GOM and Gulf Coast, which may hinder our ability to successfully secure new awards for projects destined for the GOM and Gulf Coast from foreign locations. See " Competition " ~~within~~ **in** Item 1 for further discussion of the competitive nature of our industry. A small number of customers may represent a significant portion of our revenue. We derive a significant amount of our revenue from a small number of customers in any given year. For our Services Division, our services for such customers are generally subject to master services agreements, and accordingly, such customers tend to be consistent each year; however, the amount of revenue may vary between years because the level of services that we may provide depends on, among other things, the amount of that customer' s capital expenditure budget, our labor availability and our ability to meet the customer' s schedule requirements. For our Fabrication Division, our services for such customers are generally project specific, and accordingly, may account for a significant portion of our revenue in one year, but represent a smaller or even immaterial portion of our revenue in subsequent years, or vice- versa. We define significant customers as those that individually comprise 10 % or more of our consolidated revenue. For **2023, we had two customers that accounted for 53 % of our consolidated revenue (excluding the negative revenue charge associated with the resolution of our MPSV Litigation for our Shipyard Division), and for** 2022, we had two customers that accounted for 48 % of our consolidated revenue ~~, and for 2021, we had two customers that accounted for 54 % of our consolidated revenue~~ . The loss of a significant customer in any given year for any reason, including a sustained decline in that customer' s capital expenditure budget or competitive factors, could result in a substantial loss of revenue. See " Customers " in Item 1 for further discussion of our customers. Competitive pricing common in the industries we serve could negatively impact our operating results. **We** ~~The industries we serve are highly competitive, and as a result, we~~ have not always been successful in fully recovering our project and overhead costs or realizing a profit, even when industry conditions are favorable **, due in part to the competitive environment for new project awards** . While we have recently experienced an increase in bidding activity for fabrication projects and demand for our services remains high, this trend may not continue. Additionally, as it relates to our fabrication business, during periods of increased market demand, new fabrication service capacity may enter the market, which could place **additional** pressure on the pricing of our fabrication projects. Furthermore, during periods of declining pricing for our fabrication projects and services, we may not be able to reduce our costs accordingly, which could impact our ability to compete. Operational Risks Our business depends on the award of new contracts and the timing and execution of those awards. It is difficult to predict whether or when we will be awarded new contracts due to complex bidding and selection processes, changes in existing or forecast market conditions, governmental regulations, permitting and environmental matters. In the case of our Fabrication Division, while we have seen an increase in bidding activities ~~and we secured a large new project award for offshore jacket foundations in 2022~~ , we can provide no assurances that the higher level of bidding activity will continue during ~~2023~~ **2024** and beyond or that we will be successful in securing any ~~additional~~ large project awards. Our results of operations and cash flows can fluctuate materially from period to period based on our success in securing new project awards **.** Our short- term profitability may be affected from time to time as we balance our current capacity with expectations of future project awards and the timing of execution of new project awards. If an expected new project award is delayed or not received, or project execution is delayed subsequent to an award, we may incur costs to maintain an idle workforce and facilities, or alternatively, we may determine that our long- term interests are best served by reducing our workforce and incurring increased costs associated with termination benefits. For example, in February 2023, we received direction from our customer to suspend all activities on our offshore jackets project ~~. No duration of~~ **, and in July 2023,** the **customer cancelled** ~~suspension or timing of potential recommencement of~~ the **contract** ~~project was provided~~ . See Note 2 and " New Project Awards and Backlog " in Item 7 for further discussion of the project ~~suspension~~ **cancellation** . A reduction in our workforce could also impact our results of operations if customers are hesitant to award new contracts based upon our staffing levels or if we are unable to adequately increase our labor force and staff projects that are awarded following our workforce reductions over recent years. See the risk factor below titled " We may be unable to employ a sufficient number of skilled personnel to execute our projects ~~.~~ " ~~our operations.~~ The nature of our contracting terms for our contracts could adversely affect our operating results.A substantial number of our projects are performed on a fixed- price or unit- rate basis in any given year.Under fixed- price contracts,our contract price is fixed,and is generally only subject to adjustment for changes in scope by the customer.Accordingly,we retain cost savings realized on a project but are also responsible for cost overruns.Under unit- rate contracts,material items or labor tasks are assigned unit rates of measure.The unit rates of measure will generally be a reimbursable value per ton,per foot or square foot or per item installed.A typical unit- rate contract can contain hundreds to thousands of unit rates of measure.Profit margins are incorporated into the unit- rates and,similar to a fixed- price contract,we retain cost savings realized on a project but are also responsible for cost overruns.In many cases,our fixed- price and unit- rate contracts involve complex design and engineering,significant procurement of materials and equipment,and extensive project management.In addition,as projects increase or decrease in scope,the resulting changes in contract price or unit- rates could be less than the actual costs incurred associated with such changes in scope.We employ our best efforts to properly estimate the cost to complete our projects;however,our actual costs incurred could materially exceed our estimates.The revenue,costs and profit realized on a contract will often vary from the estimated amounts on which such contract was originally estimated due to the following:• unanticipated changes in,or failure to properly estimate the costs of,engineering,materials,components,equipment,labor or subcontractors;• failure to properly estimate the impact of engineering delays or errors on the construction of a project,including productivity,schedule and rework;• difficulties in engaging third- party subcontractors,equipment manufacturers or materials suppliers,or failures by such third- parties to perform,resulting in project delays and additional costs;• late delivery of materials by vendors or the inability of subcontractors to deliver contracted services on schedule or at the agreed upon price;• increased costs due to poor project execution or productivity and / or weather conditions;• unanticipated costs or claims,including costs for project modifications,delays,errors or changes in specifications or designs,regulatory changes or contract termination;• unrecoverable costs associated with customer changes in scope and schedule;• payment of liquidated damages due to a failure to meet contractual delivery dates;• changes in labor conditions,including the availability,wage and productivity of labor;• termination,temporary suspension or significant reduction in scope of our projects by our customers;• unanticipated technical problems with the structures,equipment or systems we supply;• unforeseen costs or delays related to equipment that is not operable or does not adequately function;and • under- utilization of our facilities and an idle labor force.These variations and risks are inherent within our industry and may result in revenue and profit that differ from amounts originally estimated or result in losses on projects.Depending on the size and duration of a project,variations from estimated contract performance can have a significant impact on our operating results.In addition,substantially all of our contracts require us to continue work in accordance with the contractually agreed schedule,and thus,continue to incur expenses for labor and materials,notwithstanding the occurrence of a disagreement with a customer over changes in scope,increased pricing and / or unresolved change orders or claims. ~~We could be exposed to potentially significant liability and costs due to limits on our insurance coverage and losses for which we do not have third- party insurance coverage.The fabrication of structures and the services we provide involves operating hazards that can cause accidents,resulting in personal injury or loss of life,severe damage to and destruction of property and equipment,and suspension of operations.In addition,due to the proximity to the GOM,our facilities are subject to the possibility of physical damage caused by hurricanes or flooding.For example,in 2021,Hurricane Ida damaged our buildings,equipment and vessels under construction and in our possession,at our Houma Facilities,which resulted in repair and replacement costs in excess of our deductible amounts.See the risk factor below titled " We are susceptible to adverse weather conditions in our market areas " for further discussion of the impacts of adverse weather conditions to our operations.Further,our employees may engage in certain activities that are covered by the provisions of the Jones Act or USL & H,including services conducted on offshore platforms,services performed on barges owned or chartered by us,and fabrication activities that are performed at our Houma Facilities.These laws make the liability limits established under state workers' compensation laws inapplicable to these employees and,instead,permit them or their representatives to pursue actions against us for damages or job- related injuries,with generally no limitations on our potential liability.Our ownership and operation of vessels can also give rise to large and varied liability risks,such as risks of collisions with other vessels or structures,sinking,fires and other marine casualties,which can result in significant claims for damages against both us and third parties.Litigation arising from any such occurrences may result in our being named as a defendant in lawsuits asserting large claims.We may be exposed to future losses through our use of deductibles and self- insured retentions for our exposures related to property and equipment damage,builder' s risk,third- party liability and workers' compensation and USL & H claims.For any such exposures,we will rely on existing liquidity and cash flows to meet obligations that would arise from an incident or series of events.The occurrence of a significant incident,series of events,or unforeseen liability for which we are self- insured or not fully insured,or for which insurance recovery is significantly delayed,could have a material adverse effect on our results of operations or financial condition.There can be no assurance that we will be able to maintain adequate insurance at rates we consider reasonable or that our insurance coverages will be adequate to cover claims that may arise.Changes in the insurance industry have generally led to higher insurance costs and decreased availability of coverage.The availability of insurance that covers risks we typically insure against may decrease,and the insurance that we are able to obtain may have higher deductibles,higher premiums and more restrictive policy terms.In connection with our insurance coverage renewal for our property and equipment during 2023,we determined that the benefits of maintaining insurance coverage for our property and equipment were limited due to high premium costs and deductibles and increased coverage limitations.Accordingly,we did not renew all of our property and equipment coverage and are now generally self- insured for exposures resulting from any future damage to our property and equipment.To the extent we are self- insured,reserves are recorded based upon our estimates,with input from legal and insurance advisors.Changes in assumptions,as well as changes in actual experience,could cause these estimates to change.See Note 7 for further discussion of our insurance coverages.~~ Our backlog is subject to change as a result of delay,suspension,termination or an increase or decrease in scope for projects currently in backlog.The revenue projected in our backlog may not be realized or,if realized,may not be profitable.Projects included in our backlog are generally subject to delay,suspension,termination,or an increase or decrease in scope at the option of the customer.Depending on the size of the project,the delay,suspension,termination,increase or decrease in scope of any project could significantly impact our backlog and change the expected amount and timing of revenue recognized. **Further** ~~For example~~ , **for certain projects** ~~in February 2023,~~ we ~~received direction from~~ **may be at greater risk of delays (** ~~our~~ **or further delays** ~~customer to suspend all activities on our offshore jackets project~~ , **as applicable)** ~~and in July 2023~~ , **suspensions and cancellations in light of** the ~~customer cancelled~~ **current global macroeconomics,including** the ~~contract~~ **conflict in the Ukraine and resulting European energy crisis** .In addition,whether a project proceeds as scheduled,is suspended or terminated,it is possible that the customer may default by failing to pay amounts owed to us,including reimbursement to us for third- party costs we have committed or incurred on the customer' s behalf. **For example,in February 2023,we received direction from our customer to suspend all activities on our offshore jackets project.No duration of the suspension or timing of potential recommencement of the project was provided.** Accordingly,our backlog as of any date is an uncertain indicator of future results of operations.See Note 2 and " New Project Awards and Backlog " in Item 7 for further discussion of our new project awards and backlog and the project ~~cancellation.Our project execution and operations may be negatively affected if our equipment is not operable or does not adequately function.Our project execution and operations are heavily dependent on the use of owned and leased equipment.Accordingly,equipment that is not operable or that does not adequately function could negatively impact our project execution and operations.As our equipment ages,the costs associated with maintaining such equipment typically increases,and in some instances,such equipment may require full replacement.In recent years we have not made significant investments in new equipment or the refurbishment of owned equipment,and accordingly,future repair or replacement costs could be significantly higher than those recently experienced.Further,equipment that becomes non- operable or that does not properly function may result in the temporary~~ suspension ~~of our operations until the equipment is repaired or replaced,and such impacts may be compounded by limitations on the availability and timely receipt of replacement equipment or component parts.See the risk factor below titled " We depend on third parties to provide services and supply raw materials,equipment and components necessary to perform our contractual obligations,and any increase in the price or constraints on the supply of such raw materials,equipment or components could negatively affect our profitability " for discussion of the availability of equipment and component parts~~ .We depend on third parties to provide services and supply raw materials,equipment and components necessary to perform our contractual obligations,and any increase in the price or constraints on the supply of such raw materials,equipment or components could negatively affect our profitability.The price and availability of the raw materials required to execute our projects are subject to volatility and disruptions caused by global economic factors that are beyond our control,including,but not limited to,supply chain disruptions,labor shortages,wage pressures,rising inflation and potential economic slowdown or recession,increases in fuel and energy costs,the impact of natural disasters,public health crises **(such as COVID- 19)** ,geopolitical conflicts **(such as the conflict in Ukraine)** ,foreign currency exchange rate fluctuations,and other matters that have or could impact the global economy.We rely on third parties to provide raw materials,equipment and components,and depend upon subcontractors for a variety of reasons,including performing work we would otherwise perform with our employees but are unable to do so as a result of scheduling demands,performing certain aspects of a contract more efficiently considering the conditions of the contract,and performing certain services that we are unable to do or which we believe can be performed at a lower cost by subcontractors. **Recently** ~~During 2023~~ ,supplier and subcontractor delays negatively affected our completion of ~~the Ferry Projects~~ **certain of our Active Retained Shipyard Contracts** , ~~which prolonged~~ **thus prolonging** the wind down of our Shipyard Division operations and ~~resulted~~ **resulting** in ~~further~~ losses ~~on~~ **in excess of our previous estimates for** the ~~projects~~ **Active Retained Shipyard Contracts** .See Note 2 for further discussion of the impacts of supplier and subcontractor delays on our projects.Ensuring continuity of supply of such raw materials to our operations is critical to our business.We also rely on the availability of equipment and components for key equipment from our suppliers,which may be impacted by competition demands as well as the availability of input materials in the creation of such equipment and components for key equipment.Failure of suppliers and subcontractors to deliver raw materials,equipment and components and provide services,or perform under their contracts on a timely basis,or at all,has had and may continue to have an adverse impact on our operations.The impact of global macroeconomics on our suppliers and subcontractors has resulted in,and may continue to result in,scheduling delays and higher costs,including as a result of inflation,for subcontracted services and raw materials,equipment and components. **For example,certain deliverables from third- party engineering firms supporting our projects have been delayed.** Further,there continue to be global shipping and logistics challenges,which began during the COVID- 19 pandemic.A supplier' s failure to supply raw materials,equipment or components in a timely manner or to meet our quality,quantity or cost requirements or technical specifications,or our inability to obtain alternative sources of raw materials,equipment or components on a timely basis or on terms acceptable to us,could adversely affect our operations.The inability of our suppliers or subcontractors to perform could result in the need to transition to alternative suppliers or subcontractors,which could result in significant incremental costs and delay,or the need for us to provide other supplemental means to support our existing suppliers and subcontractors.Disruptions and performance problems caused by our suppliers and subcontractors,or a misalignment between our contractual obligations to our customers and our agreements with our subcontractors and suppliers,could have an adverse effect on our ability to meet our commitments to customers.We may be protected from increases in material costs through cost escalation provisions in some of our contracts.However,the difference between our actual material costs and these escalation provisions may expose us to cost uncertainty.In addition,we may experience significant delays in deliveries of key raw materials,which may occur as a result of availability or price,including higher costs due to inflation. **While** ~~During 2023,~~ delays and shortages of raw materials,equipment and components **did not significantly impact our results in 2022,these issues may continue in 2023 and such shortages and delays may become material.The limits on our insurance coverage could expose us to potentially significant liability and costs.The fabrication of structures and the services we provide involves operating hazards that can cause accidents resulting in personal injury or loss of life,severe damage to and destruction of property and equipment,and suspension of operations.In addition,due to the proximity to the GOM,our facilities are subject to the possibility of physical damage caused by hurricanes or flooding.For example,in 2021,Hurricane Ida damaged our buildings,equipment and vessels under construction and in our possession,at our Houma Facilities,which resulted in repair and replacement costs in excess of our deductible amounts.We may incur additional costs beyond such amounts if damages are determined to be in excess of insurance coverage amounts or if costs we believed to be covered by our insurance coverages are ultimately not covered.See the risk factor below titled " We are susceptible to adverse weather conditions in our market areas " for further discussion of the impacts of adverse weather conditions to our operations.Further,our employees may engage in**

certain activities that are covered by the provisions of the Jones Act or USL & H,including services conducted on offshore platforms,services performed on barges owned or chartered by us,and construction activities associated with marine vessels that are performed at our facilities.These laws make the liability limits established under state workers' compensation laws inapplicable to these employees and,instead,permit them or their representatives to pursue actions against us for damages or job- related injuries,with generally no limitations on our potential liability.Our ownership and operation of vessels and our fabrication of customer vessels can also give rise to large and varied liability risks,such as risks of collisions with other vessels or structures,sinking,fires and other marine casualties,which can result in significant claims for damages against both us and third parties.Litigation arising from any such occurrences may result in our being named as a defendant in lawsuits asserting large claims.We may be exposed to future losses through our use of deductibles and self- insured retentions for our exposures related to third- party liability and workers' compensation.We expect liabilities in excess of any deductible to be covered by insurance.Although we believe that our insurance coverages are adequate,there can be no assurance that we will be able to maintain adequate insurance at rates we consider reasonable or that our insurance coverages will be adequate to cover claims that may arise.To the extent we are self- insured,reserves are recorded based upon our estimates,with input from legal and insurance advisors.Changes in assumptions,as well as changes in actual experience,could cause these estimates to change.Changes in the insurance industry have generally led to higher insurance costs and decreased availability of coverage.The availability of insurance that covers risks we typically insure against may decrease,and the insurance that we are able to obtain may have higher deductibles,higher premiums and more restrictive policy terms.For example,in 2022,our property and equipment insurance premiums increased significantly following Hurricane Ida and could increase further,particularly following any future major storm event.See Note 2 for further discussion of the impacts of Hurricane Ida.Our project execution and operations may be negatively affected **if our equipment is not operable** ~~our~~ **or** ~~completion of the Ferry~~ **does not adequately function.Our** ~~Projects~~ **project execution and** ~~,which prolonged the wind down of our Shipyard Division~~ operations **are heavily dependent on the use of owned** and ~~resulted~~ **leased equipment.Accordingly,equipment that is not operable or that does not adequately function could negatively impact our project execution and operations.As our equipment ages,the costs associated with maintaining such equipment typically increases,and** in **some instances,such equipment may require full replacement.In recent years we have not made significant investments in new equipment or the refurbishment of owned equipment,and accordingly,future repair or replacement costs could be significantly higher than those recently experienced.** ~~further~~ **Further ,equipment that becomes non- operable or that does not properly function may result in the temporary suspension of our operations until the equipment is repaired or replaced,and such impacts may be compounded by limitations on the availability and timely receipt of replacement equipment or component parts.See the risk factor above titled " We depend on third parties to provide services to perform our contractual obligations and supply raw materials and components and any increase in the price or constraints on the supply of raw materials or components could negatively affect our profitability " for discussion of the availability of equipment and component parts.** We may be unable to successfully defend against claims made against us by customers, subcontractors or other parties, or recover claims made by us against customers, subcontractors or other parties. We are, and may in the future become, involved in various legal proceedings and subject to other contingencies that have arisen or may arise in the ordinary course of our business. Our projects are generally complex, and we may encounter difficulties in design, engineering, schedule changes and other factors, some of which may be beyond our control, that affect our ability to complete projects in accordance with contractual delivery dates or to otherwise meet contractual performance obligations. We may bring claims against customers for additional costs incurred by us resulting from customer- caused delays or changes in project scope initiated by our customers that are not part of the original contract scope. In addition, claims may be brought against us by customers relating to, among other things, alleged defective or incomplete work, breaches of warranty and / or late completion of work. We may also have disputes with our subcontractors and other parties, related to, among other things, indemnification obligations. These claims may be subject to lengthy and / or expensive litigation or arbitration proceedings and may require us to invest significant working capital in projects to cover cost increases pending resolution of the claims. The outcome of litigation is inherently uncertain and adverse developments or outcomes can result in significant monetary damages, penalties, other sanctions or injunctive relief against us, limitations on our property rights, or regulatory interpretations that increase our operating costs. A material adverse outcome in any uninsured litigation could result in our liabilities exceeding our assets. See ~~" Legal Proceedings " in Item 3 and~~ Note ~~9~~ **2** for discussion of our **ongoing customer disputes** ~~MPSV Litigation. We have certain continuing obligations in connection with the Shipyard Transaction. If there were any indemnification or other claims arising out of the Shipyard Transaction that are not resolved in our favor, we may not realize the full economic value we expect to derive from the Shipyard Transaction~~ . Regardless of the merit of particular claims, defending against litigation or responding to investigations can be expensive, time- consuming, disruptive to our operations and distracting to management. In recognition of these considerations, we may enter into agreements or other arrangements to settle litigation and resolve such challenges. There can be no assurance such agreements can be obtained on acceptable terms or that litigation will not occur or that we will not incur charges resulting from any such agreements or settlements. The nature of our contracting terms for...... availability of equipment and component parts. Systems and information technology interruption or failure and data security breaches could adversely impact our ability to operate or expose us to significant financial losses and reputational harm. We rely heavily on computer information, communications technology and related systems in order to properly operate our business. From time to time, we experience occasional system interruptions and delays. In the event we are unable to deploy software and hardware, effectively upgrade our systems and network infrastructure, and take other steps to maintain or improve the efficiency and efficacy of our systems, the operation of such systems could be interrupted or result in the loss, corruption or release of data. In addition, our computer and communications systems and operations could be damaged or interrupted by natural disasters, force majeure events, telecommunications failures, power loss, acts of war or terrorism, physical or electronic security breaches, intentional or inadvertent user misuse or error, or similar events or disruptions. Any of these or other events could cause interruptions, delays, loss of critical and / or sensitive data or similar effects. In addition, we face the threat to our computer systems of unauthorized access, computer hackers, computer viruses, malicious code, organized cyber- attacks and other security problems and system disruptions. If we were to be subject to a cyber incident or attack, it could result in the disclosure of confidential or proprietary customer information, theft, loss, corruption or misappropriation of intellectual property, damage to our reputation with our customers and the market, failure to meet customer requirements or customer dissatisfaction, theft, exposure to litigation, damage to equipment and other financial costs and losses. We rely on industry accepted security measures and technology to securely maintain all confidential and proprietary information on our computer systems, but these systems are still vulnerable to such threats. In addition, as cybersecurity threats continue to evolve, we may be required to expend significant resources to protect against the threat of these system disruptions and security breaches or to alleviate problems caused by these disruptions and breaches **. See " Cybersecurity " in Item 1C for further discussion of our cybersecurity governance, risk management and strategy** . We may conduct a portion of our operations through joint ventures and strategic alliances over which we may have limited control, and our partners in such arrangements may not perform. We may conduct a portion of our operations through joint ventures and strategic alliances with business partners. In any such arrangement, differences in views among the participants may result in delayed decisions or in failures to reach agreement on certain matters, or to do so in a timely manner. In any joint venture or strategic alliance in which we hold a non- controlling interest, we may have limited control over many decisions relating to joint venture operations and internal controls relating to operations. We also cannot control the actions of our partners, including any non- performance, default, or bankruptcy of our partners, and we would likely share liability or have joint and / or several liability with our partners for joint venture matters. Major public health crises ~~, including the COVID- 19 pandemic,~~ may have a negative impact on our operations. Pandemics, epidemics, widespread illness or other health crises ~~, such as the COVID- 19 pandemic (including any new variants)~~ , that interfere with the ability of our employees, suppliers, customers, financing sources or others to conduct business have and could adversely affect the global economy and our operations and business, including our backlog and bidding activities. See the risk factors above titled " Our revenue and profitability continues to be dependent on the offshore oil and gas industry, which is a historically cyclical industry " and " We depend on third parties to provide services ~~to perform our contractual obligations~~ and supply raw materials **, equipment and components necessary to perform our contractual obligations,** and any increase in the price or constraints on **the** supply of **such** raw materials **, equipment or components** could negatively affect our profitability " for further discussion of the impacts of major public health crises on our operations. Our business and results of operations could be adversely affected if significant portions of our workforce are unable to work effectively, including because of illness, quarantines, government actions or other restrictions. For example, our operations (as well as the operations of our customers, subcontractors and other counterparties) were **previously** negatively impacted by the physical distancing, quarantine and isolation measures recommended by national, state and local authorities on large portions of the population, and mandatory business closures that were enacted in an attempt to control the spread of COVID- 19, and which could be reenacted in response to any future major public health crisis (including any new and emerging strains and variants of COVID- 19). Financial Risks We may need additional capital in the future for working capital, capital expenditures, contract commitments and / or acquisitions, and we may not be able to obtain or raise such capital (whether debt or equity) or do so on favorable terms, which would impair our ability to operate our business or execute our strategy. Our primary sources of liquidity are our cash, cash equivalents and scheduled maturities of short- term investments. If such amounts and cash flows from operating activities are not sufficient to fund our working capital requirements, capital expenditures, contract commitments and obligations, and / or acquisition opportunities, we would be required to reduce our capital expenditures and / or forego certain contracts and / or acquisition opportunities, or we would be required to fund such needs through debt or equity issuances or through other financing alternatives, including the sale of assets. See risk factor below titled " We may not be able to obtain letters of credit or surety bonds if and when needed on favorable terms, if at all, and we may not have sufficient liquidity to satisfy any indemnification obligations owed to a surety should the surety have to make payments under the performance bonds to the beneficiary thereof " for further discussion of the impacts that potential indemnification obligations may have on our liquidity. We may be required to make capital investments in our existing or new facilities and increase our working capital to support our backlog or new project awards. The capital outlays and working capital required by us to execute such projects could exceed our existing ~~,~~ cash, cash equivalents, scheduled maturities of short- term investments and cash flows from operating activities, and we may not be able to obtain debt financing or credit facilities to fund any such capital investment or working capital requirements. Our ability to successfully obtain debt financing or credit facilities or raise equity capital in the future will depend in part upon prevailing capital market conditions, as well as conditions in our business and our operating results, and those factors may affect our efforts to obtain additional capital on terms that are satisfactory to us. There are a number of potential negative consequences for the energy sector that may result if oil and gas prices ~~remain~~ **become** volatile ~~(which has been exacerbated by the conflict in Ukraine and related European energy crisis)~~ or decline or if oil and gas companies continue to de-prioritize investments in exploration, development and production, including the continued or worsening of outflow of credit and capital from the energy sector and / or energy focused companies and further efforts by lenders to reduce their exposure to the energy sector, including the imposition of increased lending standards for the energy sector, higher borrowing costs and collateral requirements, or a refusal to extend new credit or amend existing credit facilities in the energy sector. These potential negative consequences may be exacerbated by the pressure exerted on financial institutions by regulatory agencies to respond quickly and decisively to credit risk that develops in distressed industries. All of these factors may complicate our ability to achieve a favorable outcome in obtaining debt financing or credit facilities. In order to secure debt financing or credit facilities with borrowing capacity, if available, we may be required to provide significant collateral, pay high interest rates and otherwise agree to restrictive terms. Collateral requirements and higher borrowing costs may limit our long- and short- term financial flexibility, and any failure to secure debt financing or credit facilities on terms that are acceptable to us could jeopardize our ability to fund, among other things, capital expenditures and general working capital needs or meet our other financial commitments. For example, in **connection with the resolution of our MPSV Litigation on October 4,** ~~2021~~ **2023** , we entered into a **promissory note (" Note Agreement ") and amended the** multiple indebtedness mortgage (" Mortgage Agreement ") ~~and a restrictive covenant arrangement (" Restrictive Covenant Agreement ")~~ with one of our Sureties to secure our obligations **under the Note Agreement** and ~~liabilities~~ under our general indemnity agreement with such Surety associated with its outstanding surety ~~bond~~ **bonds** ~~obligations~~ for our ~~MPSV projects and two~~ forty- vehicle ferry projects. ~~We could be required to provide additional collateral to such Surety in support of these performance bonds or other performance bonds issued by such Surety or other Sureties.~~ See **Note 4 and** " Liquidity and Capital Resources " in Item 7 ~~and Note 6~~ for further discussion of ~~our~~ **the Note Agreement and** Mortgage ~~Agreement and Restrictive Covenant~~ Agreement. If adequate capital is not available, or not available on beneficial terms, we may not be able to make future investments, take advantage of acquisitions or other investment opportunities, or respond to competitive challenges. This could limit our ability to bid on new project opportunities, thereby limiting our potential growth and profitability. We may not be able to generate sufficient cash flow to meet our obligations. Our ability to fund operations depends on our ability to generate future cash flows from operations. This, to a large extent, is subject to conditions in the oil and gas industry, including commodity prices, demand for our services and the prices we are able to charge for our services, general economic and financial conditions, competition in the markets in which we operate, the impact of legislative and regulatory actions on how we conduct our business and other factors, all of which are beyond our control. During 2022 ~~and 2021~~ , we experienced negative cash flows from operations, **which** ~~and this trend~~ could ~~continue~~ **occur again** if global macroeconomic conditions ~~continue or~~ **were to** worsen or oil and gas prices decline significantly resulting in delayed or suspended capital expenditures by customers, or if we were to experience losses on our projects ~~or in any pending litigation~~ . See " Liquidity and Capital Resources " in Item 7 for further discussion of our business outlook **. On April 17, 2020, we entered into an unsecured loan in the aggregate amount of $ 10. 0 million (" PPP Loan ") with Whitney Bank pursuant to the Paycheck Protection Program under the Coronavirus Aid, Relief, and Economic Security Act, as amended. An aggregate principal amount of $ 8. 9 million of the PPP Loan was forgiven and we repaid the remaining outstanding balance of $ 1. 1 million in July 2021. Because the amount borrowed exceeded $ 2. 0 million, we are required by the Small Business Administration (" SBA ") to retain all records relating to the PPP Loan for six years from the date the loan was forgiven and permit authorized representatives of the SBA to access such records upon request. While we believe we are a qualifying business and have met the eligibility requirements of the PPP Loan, and believe we have used the loan proceeds only for expenses which may be paid using proceeds from the PPP Loan, we can provide no assurances that any potential SBA review or audit will verify the amount forgiven, in whole or in part. If we are later determined to have been ineligible to receive the PPP Loan or loan forgiveness, we may be subject to significant penalties, including significant civil, criminal and administrative penalties, and we could be required to repay the PPP Loan in its entirety, which could negatively impact our liquidity, and have an adverse impact on our reputation** . We may not be able to obtain letters of credit or surety bonds if and when needed on favorable terms, if at all, and we may not have sufficient liquidity to satisfy any indemnification obligations owed to a surety should the surety have to make payments under the performance bonds to the beneficiary thereof. Certain of our projects require that we issue letters of credit or surety bonds to our customers in order to secure advance payments or guarantee performance under our contracts. Our LC Facility currently provides for letters of credit, which are subject to cash securitization. With respect to letters of credit under our LC Facility, any advance in the event of non- performance under a contract would become a direct obligation and reduction in our cash. With respect to surety bonds, ~~including the construction contracts associated with our MPSV Litigation,~~ payments by the Surety pursuant to a bond in the event of non- performance are subject to reimbursement to the Surety by us under a general indemnity agreement. Such indemnification obligations may include the face amount of the surety bond, or portions thereof, as well as other reimbursable items such as interest and certain investigative expenses and legal fees of the Surety. Such indemnification obligations would require us to use our cash, cash equivalents or short- term investments, and we may not have sufficient liquidity to satisfy such indemnification obligations. When a contract is complete, the contingent obligation terminates, and letters of credit or surety bonds are returned. It has been increasingly difficult to obtain letters of credit and bonding capacity and identify potential financing sources, due to, among other things, losses from our operations in recent years, including charges on projects within our Shipyard Division and discontinued operations. We can provide no assurances that necessary letters of credit or bonding capacity will be available to support future project requirements or that we will have sufficient liquidity to satisfy any future indemnification obligations. See **Note 4 and** " Liquidity and Capital Resources " in Item 7 ~~and Note 6~~ for further discussion of our LC Facility and surety bonds ~~, and " Legal Proceedings " in Item 3 and Note 9 for further discussion of our MPSV Litigation~~ . We are exposed to the credit risks of our customers, including nonpayment and nonperformance by our customers. The oil and gas industry continues to face significant challenges due to the prolonged period of depressed and / or volatile oil and gas prices from 2014 to 2018 and subsequent ~~ongoing~~ volatility in oil and gas prices ~~, which have been impacted by the conflict in Ukraine and related European energy crisis~~ . The concentration of our customers in the oil and gas industry may impact our overall exposure to credit risk as customers may be similarly affected by negative changes in industry conditions. We believe certain of our customers finance their activities through cash flows from operations and debt or equity financing. Many of these customers have faced significant challenges since 2008 due to the volatility in the price of oil and gas, including decreased cash flows, reductions in borrowing capacity, the inability to access capital or credit markets, and reductions in liquidity. While the prices of oil and gas have **somewhat stabilized** recently ~~increased~~ , the **duration of such stability is uncertain** ~~price remains volatile, due in part to the conflict in the Ukraine~~ and **difficult to predict** ~~related European energy crisis~~ . If the price of oil and gas significantly declined or the returns on capital investments by our customers are insufficient, our operations could be impacted due to nonpayment or nonperformance by our customers. We perform ongoing credit evaluations of our customers and do not generally require collateral in support of our trade receivables. While we maintain reserves for potential credit losses, we can provide no assurances that such reserves will be sufficient to cover uncollectible receivable amounts or that our losses from such receivables will be consistent with our expectations. **See Note 2 for further discussion of our reserves for potential credit losses.** Furthermore, some of our customers may be highly leveraged and subject to their own operating and regulatory risks, which increases the risk that they may default on their obligations to us. To the extent one or more of our key customers is in financial distress or commences bankruptcy proceedings, contracts with, or obligations from, these customers may be subject to renegotiation or rejection under applicable provisions of the U. S. Bankruptcy Code and similar international laws ~~. During 2021, Hornbeck emerged from Chapter 11 bankruptcy; however, our MPSV Litigation is ongoing. See " Legal Proceedings " in Item 3 and Note 9 for further discussion of our MPSV Litigation~~ . Our method of accounting for revenue using the percentage- of- completion method could have a negative impact on our results of operations. Revenue and gross profit for contracts accounted for using the percentage- of- completion method can be significantly affected by changes in estimated cost to complete such contracts. Significant estimates impacting the cost to complete a contract include: forecast costs of engineering, materials, equipment and subcontracts; forecast costs of labor and labor productivity; schedule durations, including subcontractor and supplier progress; contract disputes, including claims; achievement of contractual performance requirements; and contingency, among others. The cumulative impact of revisions in total cost estimates during the progress of work is reflected in the period in which these changes become known, including, to the extent required, the reversal of profit recognized in prior periods and the recognition of losses expected to be incurred on contracts. Due to the various estimates inherent in our contract accounting, actual results could differ from those estimates, which could result in material changes to our Financial Statements and related disclosures. Further, our time and materials (" T & M "), cost- reimbursable and unit- rate contracts generally have more variability in the scope of work than fixed- price contracts and provide our customers with greater influence over the timing of when we perform our work. Accordingly, such contracts often result in less predictability with respect to the timing of when our revenue is recognized. See **Notes 1 and 2 and** " Critical Accounting Policies " in Item 7 ~~and Note 2~~ for further discussion of our contracting and revenue recognition. Disruptions at the regional bank in which we deposit our funds could have an adverse impact on our business and financial condition. We hold substantially all of our cash deposits with a single regional bank and we rely on our deposits with the bank to fund our operations. Any disruption in the bank' s ability to process payments or maintain our deposits would significantly disrupt our business and could materially affect our operations. In addition, we currently have cash and cash equivalents deposited in excess of federally insured levels with the bank, and if the bank were to fail, we could lose our deposits in excess of insured levels. ~~Recently~~ **During 2023** , federal governmental agencies **took** ~~have taken~~ action to protect uninsured deposits at certain U. S. banks; however, if the regional bank in which we hold funds for operations were to fail, we cannot provide any assurances that such governmental agencies will take similar actions. Workforce Risks **We may be unable to employ a sufficient number of skilled personnel to execute our projects.** Our productivity and profitability are significantly dependent upon our ability to attract and retain skilled construction supervision and craft labor, primarily welders, pipe fitters and equipment operators. The fabrication and services industries have lost a significant number of experienced professionals over the years due to the aging of the workforce and the cyclical nature of the oil and gas industry, which is attributable, among other reasons, to the volatility of oil and gas prices and a more generalized concern about the overall future prospects of the oil and gas industry. See risk factor above titled " Our revenue and profitability continues to be dependent on the offshore oil and gas industry, which is a historically cyclical industry. " Many companies, including us, have reduced their skilled workforce in response to decreases in utilization. However, with the current ~~increase in~~ oil and gas prices, we ~~have~~ **continue to** ~~experienced~~ - **experience** an increase in bidding activity. The current competitive labor market may make it more difficult to increase our labor force to desirable levels **if we realize a significant** ~~based on our expanding customer demand and increases~~ - **increase** in **our new project awards** ~~our~~ - **or** backlog. We cannot be certain that we will be able to attract and retain the qualified labor force required to meet current or future needs at a reasonable cost, or at all. With the recent increased demand for construction and services labor, the supply of skilled labor has become increasingly limited resulting in higher costs of labor, including increases in wage rates and the costs of recruiting or training to attract and retain qualified personnel, which could have a materially adverse impact on our business, financial condition and results of operations. Further, due to the higher demand for our services, if we cannot employ the necessary skilled labor to execute our backlog, we have had, and may have to continue, to increase our use of contract labor, which may have a higher cost and lower levels of productivity. If we are unable to hire and retain necessary skilled labor, we may be unable to secure new project awards, execute our backlog and expand our operations. Further, any shortage of skilled labor or ongoing challenges hiring and retaining skilled labor could negatively affect the quality, safety, timeliness and profitability of our projects. Our success is dependent on key personnel. Our success is dependent upon the abilities of our executives, management, and other key employees who have significant and relevant industry experience. Our success also depends on our ability to attract, retain and motivate highly- skilled personnel in various areas, including construction supervision, project management, procurement, project controls and finance. The loss of one or more key personnel or our inability to attract, retain and motivate necessary personnel could impact our operations. If we continue to have insufficient utilization levels for our facilities or personnel, our results of operations and financial condition would be adversely affected. In recent years we have experienced an under- utilization of our facilities and personnel and have not fully recovered our overhead costs, due in part to the high fixed costs of our operations ~~and the impact of the COVID- 19 pandemic and volatile oil and gas prices~~ . This has resulted in losses from our operations **in certain periods** . If current or future facility and personnel capacity fails to match current or future customer demands for our services, our facilities would continue to be under- utilized, which could result in less profitable operations or ongoing losses from our operations. Our employees and subcontractors work on projects that are inherently dangerous. If we fail to maintain safe work sites, we can be exposed to significant financial losses and reputational harm. We work on projects with large, mechanized equipment, moving vehicles, and dangerous processes, which can place our employees and subcontractors in challenging environments. We maintain a safety assurance program designed to ensure the safety of our employees and subcontractors and to ensure that we remain in compliance with all applicable federal and state mandated safety regulations. If our safety assurance program fails, our employees, subcontractors and others may become injured, disabled or lose their lives, and our projects may be delayed, causing exposure to litigation or investigations by regulators. Unsafe conditions at project work sites also have the potential to increase employee turnover, increase project costs and increase our operating costs. In addition, our customers often require that we meet certain safety criteria to be eligible to bid contracts. Our failure to maintain adequate safety standards could result in lost project awards and customers or preclude us from tendering future bids. Strategic Risks Our operations have historically been focused on fabrication and services for the offshore oil and gas industry. We have begun to diversify our business through the pursuit of onshore fabrication opportunities and sustainable energy and other projects that are not related to our traditional offshore oil and gas markets. While the ~~sale of our~~ Shipyard **Transaction** ~~Division assets and a majority of our long- term construction contracts~~ resulted in a less diversified business portfolio such that we have a greater dependency on the performance of our remaining operations for our financial results, during 2021, we expanded our offshore services offerings and further diversified our offshore customer base through the ~~DSS Acquisition~~ **acquisition of a services and industrial staffing business** . In addition, during 2022, we made capital and other investments to expand our offshore services offering to include welding enclosures, which provides a safe environment for welding, cutting and burning without the need to shut down operations. Entry into, or further development of, new lines of business may expose us to risks that are different from those we have experienced historically. We may not be able to effectively manage these additional risks or implement successful business strategies and our cash flows derived from any new lines of business may not be consistent with our expectations or be insufficient to fully recover our investment. Additionally, our competitors in these expanded lines of business may possess greater operational knowledge, resources and experience than we do. These diversification initiatives may not increase shareholder value and could result in a reduction in shareholder value depending upon our required capital investment and success. Any future rationalization of under- utilized assets or facilities to improve our asset or facility utilization could result in future losses or impairments and may not produce our desired results. We may take actions to relocate assets, consolidate operations and rationalize under- utilized assets and facilities to improve our utilization. Such actions may include the sale of assets or the closure or consolidation of one or more of our facilities and the termination of facility employees. During **2023, we further consolidated our fabrication operations within our Houma Facilities, and in February 2024, we sold certain property of our Fabrication Division that was part of our Houma Facilities that was no longer deemed necessary for such operations. The property sold was classified as an asset held for sale (" Houma AHFS ") on our Balance Sheet at December 31, 2023. Further, during** 2022, we sold ~~the Harvey~~ **a purchase** ~~Option~~ **option entered into** ~~associated with the Harvey Option Facility, and during 2021, we sold our Shipyard Facility~~ in connection with **a previous acquisition** ~~the Shipyard Transaction and consolidated certain operations within our Houma Facilities. In connection therewith, during 2021 we recorded impairments of certain assets and recorded losses on the sale of certain assets and on the Shipyard Transaction~~ . A future sale of assets or facility closure or consolidation could result in ~~further~~ impairments of facility assets and other restructuring or exits costs, including retention, severance or other costs associated with terminated personnel. Further, we can provide no assurances that any asset sales or facility closure or consolidation will result in an improvement in our overall utilization or that the costs of doing so will not exceed the benefits expected to be gained from the asset sales or closure or consolidation of a facility. In addition, any decisions made regarding our deployment or use of any sales proceeds we receive involves risks and uncertainties. As a result, our decisions with respect to such proceeds may not lead to increased long- term shareholder value. See Note 3 for further discussion of **our Houma AHFS and** the ~~Shipyard~~ **sale of the purchase option. We cannot guarantee that our share repurchase program will enhance shareholder value, and share repurchases could affect the price of our common stock. In December 2023, our Board of Directors (" Board ") authorized the repurchase of up to $ 5. 0 million of our outstanding common stock from time to time through a share repurchase program (" Share Repurchase Program "). Under our Share Repurchase Program, we may make repurchases of stock through** ~~Transaction~~ **transactions in the open market, in privately negotiated transactions or by other means in accordance with applicable laws. The timing** and **amount of any share repurchases will be at the discretion of management and will depend on a variety of factors, including capital availability, our financial results, cash requirements, business, market, industry and global economic conditions, changes in laws, contractual restrictions and other factors deemed relevant by management. The Share Repurchase Program expires on December 15, 2024, does not obligate us to repurchase any shares and may be modified, increased, suspended or terminated at any time at the discretion of the Board. A suspension or termination of our share repurchases could have a negative effect on the price of our common stock. In addition, as part of the Inflation Reduction Act of 2022, the U. S. implemented a 1 % excise tax on the value of certain stock repurchases by publicly traded companies. This tax could increase the costs to us of any share repurchases. There are a number of ways in which the Share Repurchase Program could fail to result in enhanced shareholder value. For example, any failure to repurchase stock after we have announced our intention to do so may negatively impact our stock price. The existence of the share repurchase program could also cause our stock price to trade higher than it otherwise would and could potentially reduce the market liquidity for our stock. The market price of our common stock could decline below the levels at which we repurchased shares and short- term stock price fluctuations could reduce the effectiveness of the program. Additionally, repurchasing our common stock will reduce the amount of cash and cash equivalents we have available to fund working capital, capital expenditures, capital preserving investments, strategic acquisitions or business opportunities, and other general corporate purposes, and there are no guarantees that the share repurchase program will result in increased shareholder value. See** Note ~~4~~ **8 and Item 5** for further discussion of **our Share Repurchase Program** ~~the sale of the Harvey Option~~ . Legal, Regulatory and Environmental Risks Any changes in U. S. trade policies and retaliatory responses from other countries may significantly increase the costs or limit supplies of materials and products used in our fabrication projects. In the past few years, the federal government has imposed new or increased tariffs or duties on an array of imported materials and products used in connection with our fabrication business, which raised our costs for these items (or products made with them), and threatened to impose further tariffs, duties and / or trade restrictions on imports. Foreign governments, including China and Canada, and trading blocs, such as the European Union, responded by imposing or increasing tariffs, duties and / or trade restrictions on U. S. goods. For example, in response to Russia' s invasion of Ukraine, the U. S. and other countries have imposed sanctions and / or other restrictive actions against Russia. These developments ~~have~~ caused global economic disruptions, including increases in energy prices and the related European energy crisis. Any trading conflicts and related escalating governmental actions that result in additional tariffs, duties and / or trade restrictions could increase our costs, cause disruptions or shortages in our supply chains and / or negatively impact the U. S., regional or local economies. We are susceptible to adverse weather conditions in our market areas. Our operations may be subject to seasonal variations due to weather conditions and daylight hours, and to the extent climate change results in an increase in extreme adverse weather conditions, the likelihood of a negative impact on our operations may increase. Although we have large covered fabrication facilities, a significant amount of our fabrication activities continues to take place outdoors, and accordingly, the number of labor hours worked may decline during the winter months due to unfavorable weather conditions and a decrease in daylight hours. In addition, the seasonality of oil and gas industry activity in the GOM also affects our operations. Our offshore oil and gas customers often schedule the completion of their projects during the summer months in order to take advantage of more favorable weather during such months. Further, rainy weather, tropical storms, hurricanes and other storms prevalent in the GOM and along the Gulf Coast may also affect our operations. For example, in 2021, we experienced damage to our Houma Facilities due to Hurricane Ida, which made landfall as high- end Category 4 hurricane. Beyond financial and regulatory impacts, climate change poses potential physical risks. Scientific studies forecast that these risks include increases in sea levels, stresses on water supply, rising average temperatures and other changes in weather conditions, such as increases in precipitation and extreme weather events, such as floods, heat waves, hurricanes and other tropical storms and cyclones. The projected physical effects of climate change have the potential to directly affect the operations we conduct for customers and result in increased costs related to our operations. However, because the nature and timing of changes in extreme weather events (such as increased frequency, duration, and severity) are uncertain, it is not possible for us to estimate reliably the future financial risk to our operations caused by these potential physical risks. The impact of severe weather conditions or natural disasters has included and may continue to include the disruption of our workforce; curtailment of services; weather- related damage to our facilities and equipment **for which we are generally self- insured** , including impacts from infrastructure challenges in the surrounding areas, resulting in suspension of operations; inability to deliver equipment, personnel and products to project sites in accordance with contract schedules; and loss of productivity. Our suppliers and subcontractors are also subject to severe weather and natural or environmental disasters that have in the past and could in the future affect their ability to deliver products or services or otherwise perform under their contracts. Furthermore, our customers' operations have been and in the future may be materially and adversely affected by severe weather and seasonal weather conditions, ~~including Hurricane Ida,~~ resulting in reduced demand for our services. See **Note 2 and** " Overview " in Item 7 ~~and Note 2~~ for further discussion of the impacts of adverse weather conditions to our operations **and the risk factor above titled " We could be exposed to potentially significant liability and costs due to limits on our insurance coverage and losses for which we do not have third- party insurance coverage** . **"** The nature of the industries that we serve subjects us to compliance with regulatory and environmental laws. Our operations and properties are subject to a wide variety of existing foreign, federal, state and local laws and other regulations. See " Government and Environmental Regulation " in Item 1 for further discussion. Compliance with many of these laws is becoming increasingly complex, stringent and expensive. These laws may impose " strict liability " for damages to natural resources or threats to public health and safety, rendering a party liable for the environmental damage without regard to its negligence or fault. Certain environmental laws provide for strict, joint and several liability for remediation of spills and other releases of hazardous substances, as well as damage to natural resources. In addition, we could be subject to claims alleging personal injury or property damage as a result of alleged exposure to hazardous substances. Such laws and regulations may also expose us to liability for the conduct of others or conditions caused by others, or acts for which we were in compliance with applicable laws at the time such acts were performed. To date, compliance with such laws has not resulted in a material adverse effect on our operations. However, we cannot predict when and whether any new or additional regulations may become effective, such as the regulatory response to climate change, and what their effect will be on us or our customers. The demand for our services may be impacted by the regulatory response to climate change. Due to concern over the risk of climate change, several countries have adopted, or are considering the adoption of, regulatory frameworks to reduce the emission of carbon dioxide, methane and other gases (greenhouse gas emissions). These regulations include adoption of cap and trade regimes, carbon taxes, restrictive permitting, increased efficiency standards, and incentives or mandates for renewable energy. For example, the ~~recently adopted~~ Inflation Reduction Act of 2022 imposes a federal fee on the emission of greenhouse gases. Existing and future regulatory response to climate change may potentially result in delays or prevent customers' projects from going forward and could adversely affect demand for the oil and natural gas that some of our customers produce, thereby potentially limiting demand for our services. The demand for our services is also affected by changing taxes, price controls and other laws and regulations related to the oil and gas, chemicals, commodities and alternative energy industries. We may not be able to pass any resulting cost increases on to our customers. Offshore construction and drilling in certain areas is opposed by many environmental groups and, in certain areas, has been restricted. To the extent laws are enacted or other governmental actions are taken that prohibit or restrict offshore construction and drilling or impose environmental protection requirements that result in increased costs to the oil and gas industry in general and the offshore construction industry, our business and prospects could be adversely affected. We cannot determine to what extent future operations and results of operations may be affected by new legislation, new regulations or changes in existing regulations. Actions of activist shareholders could create uncertainty about our future strategic direction, be costly and divert the attention of our management and board. In addition, some institutional investors may be discouraged from investing in the industries that we service. In recent years, activist shareholders have placed increasing pressure on publicly- traded companies to effect changes to corporate governance practices, executive compensation practices or social and environmental practices, or to undertake certain corporate actions or reorganizations. Responding to challenges from activist shareholders, such as proxy contests, media campaigns or other public or private means, could be costly and time consuming and could have an adverse effect on our reputation and divert the attention and resources of management and our board, which could have an adverse effect on our business and operational results. Additionally, shareholder activism could create uncertainty about our leadership or our future strategic direction, resulting in loss of future business opportunities, which could adversely affect our business, future operations, profitability and our ability to attract and retain qualified personnel. As of December 31, ~~2022~~ **2023** , based on our review of public filings with the SEC, we believe over one- third of our stock is held by a combination of institutional investors, pooled investment funds, and certain other investors with a history of shareholder activism. One such investor has a Schedule 13D on file with the SEC that reserves that investor' s rights to pursue corporate governance changes, board structure changes, changes to capitalization, potential business combinations or dispositions involving the Company or certain of our businesses, or suggestions for improving the Company' s financial and / or operational performance. In addition to risks associated with activist shareholders, some institutional investors are increasingly focused on environmental, social and governance (" ESG ") factors when allocating their capital. These investors may be seeking enhanced ESG disclosures and actions or may implement policies that discourage investment in certain of the industries, including the oil and gas industry, that we service. To the extent that certain institutional investors implement policies that discourage investments in industries that we service, it could have an adverse effect on our financing costs and access to sources of capital. Further, we may not succeed in implementing or communicating an ESG message that is well understood or received. As a result, we may experience diminished reputation or sentiment, reduced access to sources of capital, an inability to attract and retain qualified personnel and loss of customers, suppliers or subcontractors. Our business is highly dependent on our ability to utilize the navigation canals adjacent to our facilities. Our Houma Facilities are located on the Houma Navigation Canal approximately 30 miles from the GOM ~~and on a slip adjacent to the Houma Navigation Canal~~ . The Houma Navigation Canal provides the shortest and least restrictive means of access from our facilities to open waters. These waterways are navigable waterways of the U. S. and, as such, are protected by federal law from unauthorized obstructions that would hinder water- borne traffic. Federal law also authorizes maintenance of these waterways by the U. S. Army Corps of Engineers. These waterways are dredged from time to time to maintain water depth and, while federal funding for dredging has historically been provided, there is no assurance that Congressional appropriations sufficient for adequate dredging and other maintenance of these waterways will be continued. If funding were not appropriated for that purpose, some or all of these waterways could become impassable by barges or other vessels required to transport many of our products.