Risk Factors Comparison 2024-02-28 to 2023-03-01 Form: 10-K

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

Our future results may be affected by a number of factors over which we have little or no control. The following discussion of risk factors contains forward- looking statements as discussed in" Cautionary Note Regarding Forward- Looking Statements" above. The following issues, uncertainties, and risks, among others, should be considered in evaluating our business and growth outlook. If any of the following risk factors, as well as other risks and uncertainties that are not currently known to us or that we currently believe are not material, actually occur, our business, financial condition, and results of operations could be materially adversely affected and you may lose all or a significant part of your investment. STRATEGIC RISKS Our business is subject to economic, credit, business, and regulatory factors affecting the trucking industry that are largely out of our control, any of which could have a materially adverse effect on our operating results. The truckload industry is highly cyclical, and our business is dependent on a number of factors that may have a materially adverse effect on our results of operations, many of which are beyond our control. We believe that some of the most significant of these factors are economic changes that affect supply and demand in transportation markets, such as: • recessionary economic cycles, which are characterized by weak demand and downward pressure on freight rates; • downturns in customers' business cycles, including as a result of declines in consumer spending; • changes in customers' inventory levels and practices, including shrinking product / package size, and in the availability of funding for their working capital; • excess tractor and trailer capacity in the trucking industry in comparison with shipping demand; • changes in the way our customers choose to source or utilize our services; • the rate of unemployment and availability of and compensation for alternative jobs for truck drivers, which may exacerbate driver shortages and increase driver compensation costs; • the availability and price of new revenue equipment and / or declines in the resale value of used revenue equipment; • the impact of the **public health crises, epidemics, pandemics or similar events, such as** COVID- 19 ~~pandemic~~ ; • activity in key economic indicators such as manufacturing of automobiles and durable goods, and housing construction; • supply chain disruptions due to weather, pandemics, congestion, strikes, work stoppages, or work slowdowns at our facilities, or at a customer, port, border crossing, or other shipping related facilities **, including related reductions in demand** ; • increases in interest rates, inflation, fuel taxes, insurance, tolls, and license and registration fees; and • rising costs of healthcare. Economic conditions that decrease shipping demand and increase the supply of available tractors and trailers can exert downward pressure on rates and equipment utilization, thereby decreasing asset productivity. The risks associated with these factors are heightened when the U. S. economy is weakened. Some of the principal risks during such times are as follows: • we may experience a reduction in overall freight levels, which may impair our asset utilization; • certain of our customers may face credit issues and could experience cash flow problems that may lead to payment delays, increased credit risk, bankruptcies and other financial hardships that could result in even lower freight demand and may require us to increase our allowance for ~~doubtful accounts~~ **credit losses** ; • freight patterns may change as supply chains are redesigned, resulting in an imbalance between our capacity and our customers' freight demand; • customers may solicit bids for freight from multiple trucking companies or select competitors that offer lower rates from among existing choices in an attempt to lower their costs and we might be forced to lower our rates or lose freight; • we may be forced to accept freight from freight brokers, where freight rates are typically lower, or may be forced to incur more non- revenue miles to obtain loads; and • the resale value of our equipment may decline, which could negatively impact our earnings and cash flows. We also are subject to potential increases in various costs and other events that are outside of our control that could materially reduce our profitability if we are unable to increase our rates sufficiently. Further, we may be unable to appropriately adjust our costs and staffing levels to changing market demands. In addition, events outside our control, such as deterioration of U. S. transportation infrastructure and reduced investment in such infrastructure, ~~further developments in the~~ **public health crises, epidemics, pandemics or similar events, such as** COVID- 19 outbreak, strikes or other work stoppages at our facilities or at customer, vendor, port, border or other shipping locations, armed conflicts, including ~~the conflict~~ **conflicts** in Ukraine **and the Middle East** , terrorist attacks, efforts to combat terrorism, military action against a foreign state or group located in a foreign state or heightened security requirements could lead to wear, tear and damage to our equipment, lack of availability of new equipment, driver dissatisfaction, reduced economic demand and freight volumes, reduced availability of credit, increased prices for fuel, or temporary closing of the shipping locations or U. S. borders. Such events or enhanced security measures in connection with such events could impair our operating efficiency and productivity and result in higher operating costs. Our growth may not continue at historical rates, if at all, and any decrease in revenues or profits may impair our ability to implement our business strategy, which could have a materially adverse effect on our results of operations. Historically, we have experienced significant growth in revenue and profits, although there have been times, particularly after acquisitions, when our revenue and / or profitability decreased **. While our acquisitions of CFI and Smith Transport during 2022 resulted in revenue growth in 2023, other metrics such as operating ratio were impaired** . There can be no assurance that our business will grow in ~~a similar fashion in~~ the future, or at all, or that we can effectively adapt our management, administrative, and operational systems to respond to any future growth. Further, there can be no assurance that **we will be able to successfully implement cost controls and improve** our operating **ratio** ~~margins will not be adversely affected by future changes in and expansion of our business or by changes in economic conditions~~ . We have established terminals throughout the contiguous U. S. in order to serve markets in various regions. These regional operations require the commitment of additional personnel and revenue equipment, as well as management resources, for future development and establishing terminals and operations in new markets could require more time, resources or a more substantial financial commitment than anticipated. Should the growth in our regional operations stagnate or decline, the results of our operations could be adversely affected. If we seek to further expand, it may become more difficult to identify large cities that can support a terminal and we may expand into smaller cities where there is insufficient economic activity, fewer opportunities for growth and fewer drivers and non- driver personnel to support the terminal. We may encounter operating conditions in these new markets, as well as our current markets, that differ substantially from our current operations and customer relationships and appropriate freight rates in new markets could be challenging to attain. We may not be able to duplicate or sustain our operating strategy and establishing service centers or terminals and operations in new markets could require more time or resources, or a more substantial financial commitment than anticipated. These challenges may negatively impact our growth, which could have a materially adverse effect on our ability to execute our business strategy and our results of operations. We operate in a highly competitive and fragmented industry, and numerous competitive factors could impair our ability to improve our profitability, limit growth opportunities, and could have a materially adverse effect on our results of operations. Numerous competitive factors present in our industry could impair our ability to maintain or improve our current profitability, limit our prospects for growth, and could have a materially adverse effect on our results of operations. These factors include the following: • we compete with many other truckload carriers of varying sizes and, to a lesser extent, with less- than- truckload carriers, railroads, intermodal companies, and other transportation and logistics companies, many of which have access to more equipment and greater capital resources than we do; • many of our competitors periodically reduce their freight rates to gain business, especially during times of reduced growth rates in the economy, which may limit our ability to maintain or increase freight rates or to maintain or expand our business or may require us to reduce our freight rates in order to maintain business and keep our equipment productive; • some of our customers are other transportation companies or also operate their own private trucking fleets, and they may decide to transport more of their own freight; • we may increase the size of our fleet during periods of high freight demand during which our competitors also increase their capacity, and we may experience losses in greater amounts than such competitors during subsequent cycles of softened freight demand if we are required to dispose of assets at a loss to match reduced customer demand; • a significant portion of our business is in the retail industry, which continues to undergo a shift away from the traditional brick and mortar model towards e- commerce, and this shift could impact the manner in which our customers source or utilize our services; • many customers reduce the number of carriers they use by selecting so- called" core carriers" as approved service providers or by engaging dedicated providers, and we may not be selected; • the trend toward consolidation in the trucking industry may create large carriers with greater financial resources and other competitive advantages relating to their size, and we may have difficulty competing with these larger carriers; • the market for qualified drivers is increasingly competitive, and our inability to attract and retain drivers could reduce our equipment utilization or cause us to increase compensation to our drivers, both of which would adversely affect our profitability; • advances in technology may require us to increase investments in order to remain competitive, and our customers may not be willing to accept higher freight rates to cover the cost of these investments; • competition from freight logistics and freight brokerage companies may adversely affect our customer relationships and freight rates; and • the Heartland, Millis Transfer, Smith Transport, and CFI brand names are valuable assets that are subject to the risk of adverse publicity (whether or not justified) which could result in the loss of value attributable to our brand and reduced demand for our services. We may not make acquisitions in the future, or if we do, we may not be successful in integrating the acquired company, either of which could have a materially adverse effect on our business. Historically, acquisitions have been a part of our growth. There is no assurance that we will be successful in identifying, negotiating, or consummating any future acquisitions. If we fail to make any future acquisitions, our historical growth rate could be materially and adversely affected. If we succeed in consummating future acquisitions, our business, financial condition and results of operations, may be materially adversely affected because: • some of the acquired businesses may not achieve anticipated revenue, earnings, or cash flows; • we may assume liabilities that were not disclosed to us or otherwise exceed our estimates; • we may be unable to integrate acquired businesses successfully, or at all, and realize anticipated economic, operational and other benefits in a timely manner, which could result in substantial costs and delays or other operational, technical, or financial problems; • acquisitions could disrupt our ongoing business, distract our management, and divert our resources; • we may experience **an increase in our customer concentration; • we may experience** difficulties operating in markets in which we have had no or only limited direct experience; • we may incur transaction costs and acquisition- related integration costs; • we could lose customers, employees, and drivers of any acquired company; • we may experience potential future impairment charges, write- offs, write- downs, or restructuring charges; and • we may issue dilutive equity securities, incur indebtedness, and / or incur large one- time expenses. The ~~conflict~~ **conflicts in** ~~between Russia and~~ Ukraine **and the Middle East**, expansion of such ~~conflict~~ **conflicts** to other areas or countries or similar conflicts could adversely impact our business and financial results. Although we do not have any direct operations in Russia, Belarus, ~~or~~ Ukraine **, or the Middle East**, we may be affected by the broader consequences of **conflicts in** ~~the Russia and~~ Ukraine ~~conflict~~ **or the Middle East** or expansion of such ~~conflict~~ **conflicts** to other areas or countries or similar conflicts elsewhere, such as, increased inflation, supply chain issues, including access to parts for our revenue equipment, embargoes, geopolitical shift, access to diesel fuel, higher energy prices, potential retaliatory action by the Russian or other governments, including cyber- attacks, and the extent of the conflict' s effect on the global economy. The magnitude of these risks cannot be predicted, including the extent to which the conflict may heighten other risks disclosed herein. Ultimately, these or other factors could materially and adversely affect our results of operations. OPERATIONAL RISKS Increases in driver compensation or difficulties in attracting and retaining qualified drivers, including independent contractors, may have a materially adverse effect on our profitability and the ability to maintain or grow our fleet. Like many truckload carriers, we experience substantial difficulty in attracting and retaining sufficient numbers of qualified drivers which includes to a lesser extent, our engagement of independent contractors. Independent contractors currently represent a small portion of our fleet. The truckload industry is subject to a shortage of qualified drivers. Such shortage is exacerbated during periods of economic expansion, in which alternative employment opportunities, such as those in the construction and manufacturing industries, are more plentiful and freight demand increases. Furthermore, capacity at driving schools may be limited by future outbreaks of COVID- 19 or other similar ~~outbreaks~~ **contagious diseases** . Regulatory requirements, including those related to safety ratings, ELDs and HOS changes, drug and alcohol testing national database, government imposed measures related to future outbreaks of COVID- 19 or other ~~similar outbreaks~~ **contagious diseases** , an improved economy, and aging of the driver workforce, could further reduce the pool of eligible drivers or force us to increase driver compensation to attract and retain drivers. We have seen evidence that CSA, the drug and alcohol clearing house, and stricter HOS regulations adopted by the DOT in the past have tightened, and, to the extent new regulations are enacted, may continue to tighten, the market for eligible drivers. The lack of adequate tractor parking along some U. S. highways and congestion caused by inadequate highway funding may make it more difficult for drivers to comply with HOS regulations and cause added stress for drivers, further reducing the pool of eligible drivers. Further, the compensation we offer our drivers is subject to market conditions, and we may find it necessary to increase driver compensation in future periods. In addition, we and many other truckload carriers suffer from a high turnover rate of drivers that is inherent within our industry. This high turnover rate requires us to continually recruit a substantial number of drivers in order to operate existing revenue equipment. We also employ driver hiring standards which we believe are more rigorous than the hiring standards employed in general in our industry and could further reduce the pool of available drivers from which we would hire. If we are unable to continue to attract and retain a sufficient number of drivers, we could be forced to, among other things, adjust our compensation packages, increase the number of our tractors without drivers, or operate with fewer tractors and face difficulty meeting shipper demands, any of which could adversely affect our profitability and results of operations. We are highly dependent on a few major customers, the loss of one or more of which could have a materially adverse effect on our business. We generate a significant portion of our operating revenue from a small number of our major customers. Generally, we do not have long- term contracts with our major customers. A substantial portion of our freight is from customers in the retail industry. As such, our volumes are largely dependent on consumer spending and retail sales, and our results may be more susceptible to trends in unemployment and retail sales than carriers that do not have this concentration. In addition, our major customers engage in bid processes and other activities periodically (including currently) in an attempt to lower their costs of transportation. We may not choose to participate in these bids or, if we participate, may not be awarded the freight, either of which could result in a reduction of our freight volumes with these customers. In this event, we could be required to replace the volumes elsewhere at uncertain rates and volumes, suffer reduced equipment utilization, or reduce the size of our fleet. In addition, the size and market concentration of some of our customers may allow them to exert increased pressure on the prices, margins and non- monetary terms of our contracts. Failure to retain our existing customers, or enter into relationships with new customers, each on acceptable terms, could materially impact our business, financial condition, results of operations, and ability to meet our current and long- term financial forecasts. Our customers' financial difficulties can negatively impact our results of operations and financial condition, especially if they were to delay or default on payments to us. If any of our major customers experience financial hardship, the demand for our services could decrease which could negatively affect our operating results. Further, if one or more of our major customers were to seek protection under bankruptcy laws, we might not receive payment for a significant amount of services rendered and, under certain circumstances, might have to return certain payments made by such customers, which may cause an adverse impact on our profitability and operations. Generally, we do not have contractual relationships that guarantee any minimum volumes with our customers, and we cannot assure you that our customer relationships will continue as presently in effect. Certain services we provide customers are subject to longer term written contracts. However, certain of these contracts contain cancellation clauses, including our " evergreen " contracts, which automatically renew for one year terms but that can be terminated more easily. There is no assurance any of our customers, including those with longer term contracts, will continue to utilize our services, renew our existing contracts, **maintain their current rates (including customary rate increases),** or continue at the same volume levels. Despite the existence of contractual arrangements with our customers, certain of our customers may nonetheless engage in competitive bidding processes that could negatively impact our contractual relationship. In addition, certain of our major customers may increasingly use their own truckload and delivery fleets, which would reduce our freight volumes **and increase competition for qualified drivers** . A reduction in or termination of our services by one or more of our major customers, including our customers with longer term contracts, could have a material adverse effect on our business, financial condition and results of operations. Our acquisition of CFI presents certain additional risks to our business and operations. The acquisition of CFI is the largest acquisition we have made in our history. Given the nature and size of CFI, as well as the structure of the acquisition as a carveout from the seller, the acquisition of CFI presents the following risks. **We are still in the process of integrating CFI into our operations.** Although we anticipate achieving synergies in connection with the acquisition of CFI, we also expect to incur costs to implement such cost savings measures. Additionally, these synergies could be delayed and may not be achieved. ~~The integration~~ **Integration** ~~could result in significant unexpected costs. Transaction costs and integration~~ costs related to the acquisition of CFI could adversely affect our results of operations in the period in which such charges are recorded. The acquisition of CFI involves numerous **ongoing** risks, including: • management' s attention may be diverted from other areas of the Company, especially given the size of CFI and the complexity of integrating CFI into the Company ~~; • many services, including certain aspects of benefits, payroll, human resources, and information technology, were shared among CFI and other divisions of the seller. Following the acquisition, CFI continues to provide certain services to the seller and the seller continues to provide certain services to CFI until such services can be transferred to the applicable party and our inability to provide or receive such transition services could cause disruptions to our employees, drivers, business, and integration~~ ; • prior to the acquisition, our management team had limited experience with temperature- controlled freight and brokerage operations and no experience with Mexican operations and therefore may be challenged in managing the temperature- controlled freight, brokerage operations, and Mexican operations, particularly if there were a loss of the CFI management team; • ~~potential adverse reactions or changes to business relationships, including with customers, employees, drivers, and vendors, resulting from the completion of the acquisition; •~~

increased risk of significant deficiencies or material weaknesses in internal controls over financial reporting related to CFI’ s internal controls; • the potential loss of professional drivers of CFI or our historical operations due to differences in pay, policies or culture, or other factors, or an increase in costs of recruiting and retaining professional drivers; • the challenges and unanticipated costs associated with integrating complex organizations, systems, operating procedures, information technology, compliance programs, technology, networks, and other assets; • the inability to successfully combine our respective businesses in a manner and on a timeline that permits us to achieve the cost savings and other anticipated benefits from the acquisition; • the challenges associated with known and unknown legal or financial liabilities associated with the acquisition, for which there is no escrow or representation and warranty insurance under the purchase agreement; • the difficulties in retaining **and integrating** key management and other key employees; and • the challenge of managing the expanded operations of a larger and more complex company. These disruptions and difficulties ~~, if they occur,~~ may cause us to fail to realize the cost savings, synergies, revenue enhancements, and other benefits that we expect to result from integrating CFI and may cause material adverse short- and long- term effects on our operating results, financial condition, and liquidity **. During 2023, we experienced difficulties in controlling costs and improving profitability at CFI** . Further, integrating Smith Transport, which was acquired shortly before CFI, could cause further disruptions and difficulties on efforts to integrate CFI, or vice- versa. Even if we are able to **successfully** integrate CFI’ s operations into our operations, we may not realize the full benefits of the cost savings, synergies, revenue enhancements, or other benefits that we may have expected at the time of acquisition. Also, the cost savings and other benefits from this acquisition may be offset by unexpected costs incurred in integrating CFI, increases in other expenses, or problems in the business unrelated to this acquisition. In addition, CFI’ s Mexican operations subject us to general international business risks, including: • foreign currency fluctuation; • changes in Mexico' s economic strength; • difficulties in enforcing contractual obligations and intellectual property rights; • burdens of complying with a wide variety of international and ~~US~~ **U. S.** export, import, business procurement, transparency, and corruption laws, including the ~~US~~ **U. S.** Foreign Corrupt Practices Act; • changes in trade agreements and ~~US~~ **U. S.** - Mexico relations; • theft or vandalism of our revenue equipment; and • social, political, and economic instability If fuel prices increase significantly, our results of operations could be adversely affected. Our operations are dependent upon fuel. Prices and availability of petroleum products are subject to political, economic and geographic events, cyber attacks, global conflicts, and market factors, as well as weather- related events and other natural disasters (foreign and domestic), which could increase in frequency and severity due to climate change, each of which are outside our control and may lead to fluctuations in the cost and availability of fuel. Fuel prices also are affected by the rising demand for fuel in developing countries, and could be materially adversely affected by the use of crude oil and oil reserves for purposes other than fuel production and by diminished drilling activity. Such events may lead not only to increases in fuel prices, but also to fuel shortages and disruptions in the fuel supply chain ~~. In 2022, certain regions of the United States experienced short- term shortages of diesel fuel~~ . Fuel also is subject to regional pricing differences and is often more expensive in certain areas where we operate. Because our operations are dependent upon fuel, significant increases in fuel costs, as well as widespread or long- term fuel shortages, rationings, or supply disruptions of diesel fuel could materially and adversely affect our results of operations and financial condition, particularly if we are unable to pass increased costs on to customers through rate increases or fuel surcharges. Even if we are able to pass some increased costs on to customers, fuel surcharge programs generally do not protect us against all of the increases in fuel prices. Moreover, in times of rising fuel prices, the lag between purchasing the fuel, and the billing for the surcharge (which typically is based on the prior week' s average price), can negatively impact our earnings and cash flows and lead to fluctuations in our levels of reimbursement, which have occurred in the past. In addition, the terms of each customer' s fuel surcharge agreement vary, and certain customers have sought to modify the terms of their fuel surcharge agreements to minimize recoverability for fuel price increases. During periods of low freight volumes, customers may use their negotiating leverage to impose fuel surcharge policies that provide a lower reimbursement of our fuel costs. There is no assurance that our fuel surcharge programs can be maintained indefinitely or will be sufficiently effective. Our results of operations would be negatively affected to the extent we cannot recover higher fuel costs or fail to improve our fuel price protection through our fuel surcharge programs. We depend on third- party providers for our brokerage services, and service instability from these providers could increase our operating costs and reduce our ability to offer such services, which could adversely affect our revenue, results of operations, and customer relationships. Our brokerage operations are dependent upon the services of third- party capacity providers, including other truckload carriers. For this business, we do not own or control the transportation assets that deliver our customers' freight, and we do not employ the people directly involved in delivering the freight. This reliance could also cause delays in reporting certain events, including recognizing revenue and claims. These third- party providers may seek other freight opportunities and may require increased compensation in times of improved freight demand or tight truckload capacity. If we are unable to secure the services of these third parties or if we become subject to increases in the prices we must pay to secure such services, our business, financial condition, and results of operations may be materially adversely affected, and we may be unable to serve our customers on competitive terms. Our ability to secure sufficient equipment or other transportation services may be affected by many risks beyond our control, including equipment shortages increased equipment prices, interruptions in service due to labor disputes, driver shortages, changes in regulations impacting transportation, and changes in transportation rates. We depend on the proper functioning and availability of our management information and communication systems and other technology assets (and the data contained therein) and a system failure or unavailability, including those caused by cybersecurity breaches **internally or with third parties** , or an inability to effectively upgrade such systems and assets **, including operating system integration of acquired companies,** could cause a significant disruption to our business and have a materially adverse effect on our results of operations. Our business depends on the efficient and uninterrupted operation of our information and communications systems and other technology assets, including the data contained therein and our communication system with our fleet of revenue equipment. We currently use centralized computer networks within each operating company and regular communication to achieve system-wide load coordination. We are actively working to further integrate our computer networks. Our operating systems are critical to understanding customer demands, accepting and planning loads, dispatching equipment and drivers, and billing and collecting for our services. Our financial reporting system is critical to producing accurate and timely financial statements and analyzing business information to help us manage effectively. Furthermore, data privacy laws, which provide data privacy rights for consumers and operational requirements for companies, may result in increased liability and amplified compliance and monitoring costs, any of which could have a material adverse effect on our financial performance and business operations. Our operations and those of our technology and communications service providers are vulnerable to interruption by natural disasters, such as fires, storms, and floods, which may increase in frequency and severity due to climate change, as well as power loss, telecommunications failure, terrorist attacks, cyberattacks, internet failures, computer viruses, deliberate attacks of unauthorized access to systems, denial- of- service attacks on websites, and other events beyond our control. More sophisticated and frequent cyberattacks in recent years have also increased security risks associated with information technology systems. We also maintain information security policies to protect our systems, networks, and other information technology assets (and the data contained therein) from cybersecurity breaches and threats, such as hackers, malware, and viruses; however, such policies cannot ensure the protection of our systems, networks, and other information technology assets (and the data contained therein). If any of our critical information systems fail or become otherwise unavailable, whether as a result of a system upgrade project or otherwise, we would have to perform the functions manually, which could temporarily impact our ability to **dispatch and** manage our fleet efficiently, to respond to customers' requests effectively, to maintain billing and other records reliably, and to bill for services and prepare financial statements accurately or in a timely manner. We do not carry a corporate- wide cybersecurity insurance policy. Any significant system failure, upgrade complication, security breach (including cyberattacks), or other system disruption could interrupt or delay our operations, damage our reputation, cause us to lose customers, or impact our ability to manage our operations and report our financial performance, any of which could have a materially adverse effect on our business **. Such risks related to system failure, upgrade complication, security breach (including cyberattacks), or other system disruption may also impact our customers, vendors, third party capacity providers, and other counterparties, which could result in declines and volatility in customer demand and unavailability of products and services from vendors and third- party capacity providers, any of which would have a material adverse effect on our business. In addition, the adoption of artificial intelligence (" AI ") and other emerging technologies may become significant to operating results in the future. While AI and other technologies may offer substantial benefits, they may also introduce additional risk. If we are unable to successfully implement and utilize such emerging technologies as effectively as competitors, our results of operation may be negatively affected. We do not currently use AI in any material capacity** . If we are unable to retain our key employees or find, develop and retain a core group of managers, our business, financial condition, and results of operations could be materially adversely affected. We are highly dependent upon the services of several executive officers and key management employees. The loss of any of their services could have a negative impact on our operations and profitability. We currently do not have employment agreements with any of our key employees or executive officers. Turnover, planned or otherwise, in these or other key leadership positions may materially adversely affect our ability to manage our business efficiently and effectively, and such turnover can be disruptive and distracting to management, may lead to additional departures of existing personnel, and could have a material adverse effect on our operations and future profitability. We must continue to develop and retain a core group of managers if we are to realize our goal of expanding our operations and continuing our growth. Failing to develop and retain a core group of managers could have a materially adverse effect on our business. Seasonality and the impact of weather and **climate change and** other catastrophic events affect our operations and profitability. Weather and other seasonal events could adversely affect our operating results. Our tractor productivity decreases during the winter season because inclement weather impedes operations, and some shippers reduce their shipments after the winter holiday season. Revenue can also be affected by bad weather, holidays, and the number of business days that occur during a given period, since revenue is directly related to available working days of shippers. At the same time, operating expenses increase and fuel efficiency ~~declines~~ **decline** because of engine idling, while harsh weather creates higher accident frequency, increased claims, and more equipment repairs. In addition, many of our customers, particularly those in the retail industry where we have a large presence, demand additional capacity during the fourth quarter, which limits our ability to take advantage of more attractive market rates that generally exist during such periods. Further, despite our efforts to meet such demands, we may fail to do so, which may result in lost future business opportunities with such customers, which could have a materially adverse effect on our operations. ~~Recently, the duration of this increased period of demand~~ **Demands** ~~in~~ **during** the fourth quarter **may be muted** ~~has shortened, with certain customers requiring the same volume of shipments over a more condensed timeframe, resulting in increased stress and demand on our network, people, and systems. If this trend continues, it could make satisfying our customers and maintaining the quality of our service~~ during **soft freight environments, like we experienced in** the **last two years** ~~fourth quarter increasingly difficult~~ . We may also suffer from natural disasters and weather- related events, such as tornadoes, hurricanes, blizzards, ice storms, floods, and fires, which may increase in frequency and severity due to climate change, as well as other man- made disasters. These events may disrupt fuel supplies, increase fuel costs, disrupt freight shipments or routes, affect regional economies, destroy our assets, or adversely affect the business or financial condition of our customers, any of which could have a materially adverse effect on our results of operations or make our results of operations more volatile **. We could incur significant costs to improve the climate resiliency of our equipment and properties and otherwise prepare for, respond to, and mitigate such physical effects of climate change. We are not able to accurately predict the materiality of any potential losses or costs associated with the physical effects of climate change. Concern over climate change, including the impact of global warming, has led to significant legislative and regulatory efforts to limit carbon and other greenhouse gas emissions. Emission- related regulatory actions have historically resulted in increased costs related to revenue equipment, diesel fuel, equipment maintenance, and**

environmental monitoring or reporting requirements, and future legislation, if any, could impose substantial costs that may adversely affect our results of operations. In addition, any such legislation may require changes in our operating practices, impair equipment productivity, or require additional reporting disclosures, and compliance with any such legislation may increase our risk of litigation or governmental investigations or proceedings. Weather, climate change, and other seasonal events could adversely affect our operating results. The effects of a widespread outbreak of an illness or disease, or any other public health crisis, as well as regulatory measures implemented in response to such events, could negatively impact the health and safety of our workforce and / or adversely impact our business, results of operations, financial condition, and cash flows. We face a wide variety of risks related to public health crises, epidemics, pandemics, or similar events, such as COVID- 19. If a new health epidemic or outbreak were to occur, we could experience broad and varied impacts similar to the impact of COVID- 19, including adverse impacts to our workforce, our operations, and financial impacts, such as increased costs, tightening of credit markets, market volatility and a weakened freight environment. If any of these were to occur, our operations, financial condition, liquidity, results of operations, and cash flows could be adversely impacted . COMPLIANCE RISKS We self- insure for a significant portion of our claims exposure, which could significantly increase the volatility of, and decrease the amount of, our earnings. Our future insurance and claims expense might exceed historical levels, which could reduce our earnings. Our business results in a substantial number of claims and litigation related to workers' compensation, auto liability, general liability, cargo and property damage claims, personal injuries, and employment issues as well as employees' health insurance. We self- insure for a portion of our claims, which could increase the volatility of, and decrease the amount of, our earnings, and could have a materially adverse effect on our results of operations. See Note 8 of the consolidated financial statements for more information regarding our self- insured retention amounts. We are also responsible for our legal expenses relating to such claims. We reserve currently for anticipated losses and related expenses. We periodically evaluate and adjust our claims reserves to reflect trends in our own experience as well as industry trends. However, ultimate results may differ from our estimates due to a number of uncertainties, including evaluation of severity, legal costs, and claims that have been incurred but not reported, which could result in losses over our reserved amounts. Due to our high retained amounts, we have significant exposure to fluctuations in the number and severity of claims. If we are required to reserve or pay additional amounts because our estimates are revised or the claims ultimately prove to be more severe than originally assessed or if our self- insured retention levels change, our financial condition and results of operations may be materially adversely affected. We maintain insurance for most risks above the amounts for which we self- insure with licensed insurance carriers. We do not currently maintain directors' and officers' insurance coverage, although we are obligated to indemnify them against certain liabilities they may incur while serving in such capacities. If any claim is not covered by an insurance policy, exceeds our coverage, or falls outside the aggregate coverage limit, we would bear the excess or uncovered amount, in addition to our other self- insured amounts. **Certain** ~~Insurance~~ **insurance** carriers that provide excess insurance coverage to us currently and for past claim years have encountered financial issues. In recent years there have been several insurance carriers that have exited the excess reinsurance market. Insurance carriers have ~~recently~~ raised premiums and collateral requirements for many businesses, including trucking companies. This trend is expected to continue. As a result, our insurance and claims expense could likely increase if we have a similar experience at renewal, or we could find it necessary to raise our self- insured retention or decrease our aggregate coverage limits when our policies are renewed or replaced. ~~At~~ **In April 2023, we renewed our primary auto liability insurance with a three year program. Under the April 2023 renewal, our auto liability retention limit across all operating entities was increased to $ 3. 0 million for any individual claim, subject to a $ 3. 5 million corridor for any one accident** ~~our~~ **or combination of accidents that exceed $ 3. 0 million, based on the insured party, accident date, and circumstances of the loss event. Prior to the April 2023 renewal, Heartland Express, Millis Transfer, and CFI had a retention limit of $ 2. 0 million and Smith Transport had a retention limit of $ 0. 5 million. In addition to the $ 2. 0 million base retention limit, Heartland Express, Millis Transfer, and CFI were subject to a $ 1. 0 million corridor for any one accident or combination of accidents that exceeded $ 2. 0 million. For the April 2023 renewal, liabilities in excess of the $ 3. 0 million deductible and $ 3. 5 million corridor are covered by insurance up to $ 80. 0 million. We retain any liability in excess of $ 80. 0 million. Prior to the April 2023 renewal, our excess limit was $ 60. 0 million, including retention of 50 % of exposure from $ 5. 0 million to $ 10. 0 million. Furthermore, under the April 2023 renewal, our premiums are subject to upward or downward adjustments based on claims experience in the $ 3. 0 million to $ 10. 0 million** policy ~~renewal~~ **during the three year program. The elevated retention limit and the premium adjustment feature could lead to increased volatility** in ~~April 2020, we reduced~~ our ~~excess~~ insurance ~~coverage~~ **and claims expense, depending on the frequency and magnitude of claims** . Should these expenses increase, we become unable to find excess coverage in amounts we deem sufficient, we experience a claim in excess of our coverage limits, we experience a claim for which we do not have coverage, or we have to increase our reserves or collateral, there could be a materially adverse effect on our results of operations and financial condition. We operate in a highly regulated industry, and changes in existing regulations or violations of existing or future regulations could have a materially adverse effect on our operations and profitability. We, our drivers, and our equipment are regulated by the DOT, the EPA, the DHS ~~,~~ and other agencies in the ~~states in which we operate~~ **U. S. and Mexico** . The sections of included in " Regulation " under " Item 1. Business. " discuss several proposed, pending, suspended, and final regulations that could materially impact our business and operations. Future laws and regulations may be more stringent and require changes in our operating practices, influence the demand for transportation services, or require us to incur significant additional costs. Higher costs incurred by us or by our suppliers who pass the costs on to us through higher prices could adversely affect our results of operations. If our independent contractors are deemed by regulators or judicial process to be employees, our business, financial condition and results of operations could be adversely affected. In connection with our acquisition of CFI, our use of independent contractors has increased, but they still represent a small portion of our fleet. Tax and other regulatory authorities, as well as independent contractors themselves, have increasingly asserted that independent contractors in the trucking industry are employees rather than independent contractors, for a variety of purposes, including income tax withholding, workers' compensation, wage and hour compensation, unemployment, and other issues. Federal legislators have introduced legislation in the past to make it easier for tax and other authorities to reclassify independent contractor drivers as employees, including legislation to increase the recordkeeping requirements for those that engage independent contractor drivers and to heighten the penalties of companies who misclassify their employees and are found to have violated employees' overtime and / or wage requirements. Additionally, federal legislators have sought to abolish the current safe harbor allowing taxpayers meeting certain criteria to treat individuals as independent contractors if they are following a long- standing, recognized practice, extend the Fair Labor Standards Act to independent contractors, and impose notice requirements based upon employment or independent contractor status and fines for failure to comply. Some states have put initiatives in place to increase their revenues from items such as unemployment, workers’ compensation, and income taxes, and a reclassification of independent contractors as employees would help states with these initiatives. Additionally, courts in certain states have issued recent decisions that could result in a greater likelihood that independent contractors would be judicially classified as employees in such states. Further, class actions and other lawsuits have been filed against certain members of our industry seeking to reclassify independent contractors as employees for a variety of purposes, including workers’ compensation and health care coverage. Taxing and other regulatory authorities and courts apply a variety of standards in their determination of independent contractor status. Our classification of independent contractors has been the subject of audits by such authorities from time to time. While we have been successful in continuing to classify our independent contractor drivers as independent contractors and not employees, we may be unsuccessful in defending that position in the future. If our independent contractors are determined to be our employees, we would incur additional exposure under federal and state tax, workers’ compensation, unemployment benefits, labor, employment, and tort laws, including for prior periods, as well as potential liability for employee benefits and tax. For further discussion of the laws impacting the classification of independent contractors, please see" Regulation" under “ Item 1. Business. ” Developments in labor and employment law and any unionizing efforts by employees could have a materially adverse effect on our results of operations. We face the risk that Congress, federal agencies, or one or more states could approve legislation or regulations significantly affecting our businesses and our relationship with our employees, which would have substantially liberalized the procedures for union organizations. None of our employees are currently covered by a collective bargaining agreement, but any attempt by our employees to organize a labor union could result in increased legal and other associated costs. Additionally, given the National Labor Relations Board’ s “ speedy election ” rule, our ability to timely and effectively address any unionizing efforts would be difficult. If we entered into a collective bargaining agreement with our domestic employees, the terms could materially adversely affect our costs, efficiency, and ability to generate acceptable returns on the affected operations. Failure to comply with existing or future labor and employment laws could have a materially adverse effect on our business and operating results. For further discussion of the labor and employment laws, please see" Regulation" under “ Item 1. Business. ” The CSA program adopted by the FMCSA could adversely affect our profitability and operations, our ability to maintain or grow our fleet, and our customer relationships. Under CSA, fleets are evaluated and ranked against their peers based on certain safety- related standards. As a result, our fleet could be ranked poorly as compared to peer carriers, which could have an adverse effect on our business, financial condition, and results of operations. The occurrence of future deficiencies could affect driver recruitment by causing high- quality drivers to seek employment with other carriers, limit the pool of available drivers, or could cause our customers to direct their business away from us and to carriers with higher fleet safety rankings, either of which would adversely affect our results of operations. Further, we may incur greater than expected expenses in our attempts to improve unfavorable scores. We have in the past, and currently, exceeded the FMCSA' s established intervention thresholds in certain of the seven CSA safety- related categories among our respective operating authorities. Based on these unfavorable ratings, we may be prioritized for an intervention action or roadside inspection, either of which could adversely affect our results of operations. In addition, customers may be less likely to assign loads to us. We have put procedures in place in an attempt to address areas where we have exceeded the thresholds. However, we cannot assure you these measures will be effective. For further discussion of the CSA program, please see “ Regulation ” under “ Item 1. Business. ” Insofar as any changes in the CSA program increase the likelihood of the Company receiving unfavorable scores or mandate FMCSA to restore public access to the scores, it could adversely affect our results of operation and profitability. Receipt of an unfavorable DOT safety rating could have a materially adverse effect on our operations and profitability. All of our motor carriers currently have satisfactory DOT ratings, which is the highest available rating under the current safety rating scale. If any of our motor carriers were to receive a conditional or unsatisfactory DOT safety rating, it could materially adversely affect our business, financial condition, and results of operations as customer contracts may require a satisfactory DOT safety rating, and a conditional or unsatisfactory rating could materially adversely affect or restrict our operations. Furthermore, any changes to the DOT safety rating could make it more difficult for us to receive a satisfactory rating. For further discussion of the DOT safety rating system, please see “ Regulation ” under “ Item 1. Business. ” **Ineffective internal controls could have a negative impact on our business, results of operations, and our reputation. Our internal controls over financial reporting may not prevent or detect misstatements because of its inherent limitations, including the possibility of human error, failure or interruption of information technology systems, the circumvention or overriding of controls, or fraud. Even effective internal controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements. If we fail to maintain the adequacy of our internal controls, including any failure to implement required new or improved controls, or if we experience difficulties in their implementation, including with the implementation of our internal controls in acquired companies, our business and operating results could be harmed and we could fail to meet our financial reporting obligations, which also could have a negative impact on our reputation.** Compliance with various environmental laws and regulations may increase our costs of operations and non- compliance with such laws and regulations could result in substantial fines or penalties. In addition to direct regulation under the DOT and related agencies, we are subject to various environmental laws and regulations dealing with the hauling and handling of hazardous materials, waste oil, fuel storage tanks, air emissions from our vehicles and facilities, engine idling, and discharge and retention of storm water. Our truck terminals often are located in industrial areas where groundwater or other forms of environmental contamination may have occurred or could occur. Our operations involve the risks of fuel spillage or seepage, environmental damage, and hazardous waste disposal, among others. Certain of our facilities have waste oil or fuel storage tanks and fueling islands. A small percentage of our freight consists of low- grade hazardous substances, which subjects us to a wide array of regulations. Although we have instituted programs to monitor and control environmental risks and promote compliance with applicable environmental laws and regulations, if we are involved in a spill or other accident involving hazardous substances, if there are releases of hazardous substances we transport, if soil or groundwater contamination is found at our facilities or results from our operations, or if we are found to be in violation of applicable laws or regulations, we could be subject to cleanup costs and liabilities, including substantial fines or penalties or civil and criminal liability, any of which could have a materially adverse effect on our business and operating results. For further discussion of environmental laws and regulations, please see" Regulation" under " Item 1. Business. " Governmental agencies continue to enact more stringent laws and regulations to reduce engine emissions. These laws and regulations are applicable to engines used in our revenue equipment. We have incurred and continue to incur costs related to the implementation of these more rigorous laws and regulations. Additionally, in certain locations governments have banned or may in the future ban internal combustion engines for some types of vehicles. To the extent these bans affect our revenue equipment, we may be forced to incur substantial expense to retrofit existing engines or make capital expenditures to update our fleet. As a result, our business, results of operations, and financial condition could be negatively affected. **As the environmental laws and regulations to which we are subject become more stringent, we may experience increased costs related to compliance, and if such laws and regulations take effect faster than we anticipate or are prepared for, we may experience difficulty complying. In addition, certain environmental laws and regulations may require us to disclose certain metrics or other data related to our operations that have historically been confidential. Failure to comply with these laws and regulations may result in fines or penalties, a decrease in productivity, and other constraints that could impair our financial and operational position and have a negative impact on our stock price and reputation." Environmental Regulation" in Part I, Item 1 of this Annual Report, provides a discussion of the environmental laws and regulations applicable to our business and operations.** Changes to trade regulation, quotas, duties, or tariffs, caused by the changing U. S. and geopolitical environments or otherwise, may increase our costs and materially adversely affect our business. The imposition of additional tariffs or quotas or changes to certain trade agreements, including tariffs applied to goods traded between the United States and China, could, among other things, increase the costs of the materials and decrease the availability of certain materials used by our suppliers to produce new revenue equipment or increase the price of fuel. Such cost increases for our revenue equipment suppliers would likely be passed on to us, and to the extent fuel prices increase, we may not be able to fully recover such increases through rate increases or our fuel surcharge program, either of which could have a material adverse effect on our business. Litigation may adversely affect our business, financial condition, and results of operations. Our business is subject to the risk of litigation by employees, independent contractors, customers, vendors, government agencies, stockholders, and other parties through private actions, class actions, administrative proceedings, regulatory actions, and other processes **related to personal injury, labor and employment, property damage, cargo claims, safety and contract compliance, environmental liability, and other matters, and we have been subject to litigation regarding these matters in the past. The number and severity of litigation claims may be worsened by various factors, including, among others, weather and distracted driving by both truck drivers and other motorists. These legal proceedings have resulted, and may result in the future, in the payment of substantial settlements or damages and increases in our insurance costs** . Recently, trucking companies, including us, have been subject to lawsuits, including class action lawsuits, alleging violations of various federal and state wage and hour laws regarding, among other things, employee meal breaks, rest periods, overtime eligibility, and failure to pay for all hours worked. A number of these lawsuits have resulted in the payment of substantial settlements or damages by the defendants. The outcome of litigation, particularly class action lawsuits and regulatory actions, is difficult to assess or quantify, and the magnitude of the potential loss relating to such lawsuits may remain unknown for substantial periods of time. The cost to defend litigation may also be significant. Not all claims are covered by our insurance, and there can be no assurance that our coverage limits will be adequate to cover all amounts in dispute. To the extent we experience claims that are uninsured, exceed our coverage limits, involve significant aggregate use of our self- insured retention amounts, or cause increases in future premiums, the resulting expenses could have a significant materially adverse effect on our business, results of operations, financial condition, or cash flows ~~. In addition, we may be subject, and have been subject in the past, to litigation resulting from trucking accidents. The number and severity of litigation claims may be worsened by distracted driving by both truck drivers and other motorists. These lawsuits have resulted, and may result in the future, in the payment of substantial settlements or damages and rising risk of higher insurance costs~~ . Increasing attention on environmental, social and governance (" ESG ") matters may have a negative impact on our business, impose additional costs on us, and expose us to additional risks. Companies are facing increasing attention from stakeholders relating to ESG matters, including environmental stewardship, social responsibility, and diversity and inclusion. Organizations that provide information to investors on corporate governance and related matters have developed ratings processes for evaluating companies on their approach to ESG matters. Such ratings are used by some investors to inform their investment and voting decisions. Unfavorable ESG ratings may lead to negative investor sentiment toward the Company, which could have a negative impact on our stock price. Our Environmental and Sustainability Mission and other disclosures regarding our environmental initiatives reflect some of our initiatives and are not a guarantee that we will be able to achieve them. Our ability to successfully execute these initiatives and accurately report our progress presents numerous operational, financial, legal, reputational and other risks, many of which are outside our control, and all of which could have a material negative impact on our business. Additionally, the implementation of these initiatives imposes additional costs on us. If our ESG initiatives fail to satisfy our stakeholders, then our reputation, our ability to attract or retain employees, and our attractiveness as an investment and business partner could be negatively impacted. Similarly, our failure, or perceived failure, to pursue or fulfill our goals, targets and objectives or to satisfy various reporting standards within the timelines we announce, or at all, could also have similar negative impacts and expose us to government enforcement actions and private litigation **.** FINANCIAL RISKS Our existing and future indebtedness could limit our flexibility in operating our business or adversely affect our business and our liquidity position. We have significant indebtedness following our acquisition of CFI and Smith Transport. Our indebtedness may fluctuate from time to time in the future for various reasons, including fluctuations in results of operations, capital expenditures, and potential acquisitions. Our current indebtedness, as well as any future indebtedness, could, among other things: • require us to dedicate a substantial portion of our cash flow to payments on our debt, reducing our ability to use our cash flow to fund capital expenditures and working capital and other general operational requirements; • expose us to the risk of increased interest rates relating to any of our indebtedness at variable rates; • limit our flexibility to plan for and react to changes in our business and / or changing market conditions; • place us at a competitive disadvantage relative to some of our competitors that have less, or less restrictive, debt than us; • limit our ability to pursue acquisitions or cause us to make non- strategic divestitures; and • increase our vulnerability to general adverse economic and industry conditions, including changes in interest rates or a downturn in our business or the economy. The occurrence of any one of these events could have a material adverse effect on our business, financial condition and results of operations or cause a significant decrease in our liquidity and impair our ability to pay amounts due on our indebtedness. The Credit Facilities contain usual and customary events of default and negative covenants for a facility of this nature including, among other things, restrictions on our ability to incur certain additional indebtedness or issue guarantees, to create liens on our assets, to make distributions on or redeem equity interests (subject to certain exceptions, including that (a) we may pay regularly scheduled dividends on our common stock not to exceed $ 10. 0 million during any fiscal year and (b) we may make any other distributions so long as we maintain a net leverage ratio not greater than 2. 50 to 1. 00), to make investments and to engage in mergers, consolidations, or acquisitions. In addition, the Credit Facilities contain usual and customary financial covenants, including (i) a maximum net leverage ratio of 2. 75 to 1. 00, measured quarterly on a trailing twelve- month basis, and (ii) a minimum interest coverage ratio of 3. 00 to 1. 00, measured quarterly on a trailing twelve- month basis. Our profitability may be materially adversely impacted if our capital investments do not match customer demand or if there is a decline in the availability of funding sources for these investments. Our operations require significant capital investments. The amount and timing of such investments depend on various factors, including anticipated freight demand and the price and availability of assets. If anticipated demand differs materially from actual usage, we may have too many or too few assets. Moreover, resource requirements vary based on customer demand, which may be subject to seasonal or general economic conditions. During periods of decreased customer demand, our asset utilization may suffer, and we may be forced to sell equipment on the open market or turn in equipment under certain equipment leases, if any, in order to right size our fleet. This could cause us to incur losses on such sales or require payments in connection with the return of such equipment, particularly during times of a softer used equipment market, either of which could have a materially adverse effect on our profitability. Our ability to select profitable freight and adapt to changes in customer transportation requirements is important to efficiently deploy resources and make capital investments in tractors and trailers **. Volatility in equity markets could also impair our financial position in general terms and our ability to effectively capitalize on potential merger and acquisition opportunities** . Our historical policy of operating newer equipment requires us to expend significant amounts annually to maintain a newer average age for our fleet of revenue equipment. We expect to pay for projected capital expenditures with cash flows from operations, proceeds from sales of equipment being replaced, and with proceeds of borrowings if necessary. If we are unable to generate sufficient cash from operations, or proceeds from sales of equipment being replaced, or utilize borrowing capacity on our Credit Facilities, we would need to seek alternative sources of capital, including additional financing, to meet our capital requirements. In the event that we are unable to generate sufficient cash from operations or obtain additional financing on favorable terms in the future, we may have to limit our fleet size, enter into less favorable financing arrangements, or operate our revenue equipment for longer periods, any of which could have a materially adverse effect on our profitability. Increased prices for new revenue equipment, design changes of new engines, decreased availability of new revenue equipment, and decreased demand for and value of used equipment could have a materially adverse effect on our business, financial condition, results of operations, and profitability. We are subject to risk with respect to higher prices for new tractors and trailers. We have at times experienced an increase in prices for new tractors and trailers, including significant increases in recent quarters, and the resale values of the tractors and trailers have not always increased to the same extent. Prices have increased and may continue to increase, due to, among other reasons, (i) increases in commodity prices, (ii) government regulations applicable to newly manufactured tractors, trailers, and diesel engines, and (iii) the pricing discretion of equipment manufacturers. In addition, we have ~~recently~~ equipped our tractors with safety, aerodynamic, and other options that increase the price of new equipment. Compliance with governmental regulations has increased the cost of our new tractors, may increase the cost of new trailers, could impair equipment productivity, in some cases, result in lower fuel mileage, and increase our operating expenses. Our business could be harmed if we are unable to continue to obtain an adequate supply of new tractors and trailers for these or other reasons, and the future use of autonomous tractors **and alternative fuel** could increase the price of new tractors and decrease the value of used, non- autonomous tractors. As a result, we expect to continue to pay increased prices for equipment and incur additional expenses for the foreseeable future. In addition, reduced equipment efficiency may result from new engines designed to reduce emissions, thereby increasing our operating expenses. Tractor and trailer vendors may reduce their manufacturing output in response to lower demand for their products in economic downturns or shortages of raw materials, other key components or labor. A decrease in vendor output may have a materially adverse effect on our ability to purchase **or take possession of** a quantity of new revenue equipment that is sufficient to sustain our desired growth rate and to maintain a late- model fleet. Some tractor and trailer manufacturers ~~are still~~ **have recently** ~~experiencing~~ **experienced periodic** shortages of certain component parts and supplies, including semiconductor chips, forcing such manufacturers to curtail or suspend their production. This could lead to a lower supply of tractors and trailers, higher prices, and lengthened trade cycles. An inability to obtain an adequate supply of new tractors or trailers could have a materially adverse effect on our business, financial condition, and results of operation, particularly our maintenance expense and driver retention. The market for used equipment is cyclical and can be volatile, and any downturn in the market could negatively impact our earnings and cash flows. During periods of higher used equipment values, we have recognized significant gains on the sale of our used tractors and trailers, in part because of a strong used equipment market and our historical practice of capitalizing on changes in the used equipment market. Conversely, during periods of lower used equipment values, we may generate lower gains on sale, or even losses, or we may have to record impairments of the carrying value of our equipment, any of which would reduce our earnings and cash flows, and could adversely impact our liquidity and financial condition. Alternatively, we could decide, or be forced, to operate our equipment longer, which could negatively impact maintenance and repairs expense, customer service, and driver satisfaction. If there is a deterioration of resale prices, it could have a material adverse effect on our business, financial condition, and results of operations. ~~We have seen~~ **In 2022 and 2023, we experienced** a **softened** ~~slight softening of the~~ used equipment market ~~recently~~ . We could determine that our goodwill and other intangible assets are impaired, thus recognizing a related loss. As of December 31, ~~2022~~ **2023** , we had goodwill of $ ~~320~~ **322** . ~~7~~ **6** million and other intangible assets of $ ~~103~~ **98** . ~~7~~ **5** million. We evaluate our goodwill and other intangible assets for impairment. We could recognize impairments in the future, and we may never realize the full value of our intangible assets. If these events occur, our profitability and financial condition will suffer. Concentrated ownership of our stock can influence stockholder decisions, may discourage a change in control, and may have an adverse effect on share price of our stock. Investors who purchase our common stock may be subject to certain risks due to the concentrated ownership of our common stock. The Gerdin family, our directors, and our executive officers, as a group, own or control approximately 41 % of our common stock, and their interests may conflict with the interests of our other stockholders. This ownership concentration may have the effect of discouraging, delaying, or preventing a change in control, and may also have an adverse effect on the market price of our shares. As a result of their ownership, the Gerdin family, the executive officers and directors, as a group, may have the ability to influence the outcome of any matter submitted to our stockholders for approval, including the election of directors. This concentration of ownership could limit the price that some investors might be willing to pay for our common stock, and could allow the Gerdin family to prevent or could discourage or delay a change of control, which other stockholders may favor. Further, our bylaws have been amended to " opt out " of the Nevada control share statute. Accordingly, an acquisition of more than a majority of our common stock by the Gerdin family will not result in certain shares in excess of a majority losing their voting rights and may enhance the Gerdin family' s ability to exercise control over decisions affecting us. The interests of the Gerdin family may conflict with the interests of other holders of our common stock, and they may take actions affecting us with which other stockholders disagree. The market price of our common stock may be volatile. The price of our common stock may fluctuate widely, depending upon a number of factors, many of which are beyond our control. In addition, stock markets generally experience significant price and volume volatility from time to time which may adversely affect the market price of our common stock for reasons unrelated to our performance. Changes in taxation could lead to an increase of our tax exposure and could affect the Company' s financial results. President Biden has provided some informal guidance on what federal tax law changes he supports, such as an increase in the corporate tax rate from its current top rate of 21 %. If an increase in the corporate tax rate is passed by Congress and signed into law, it could have a materially adverse effect on our financial results and financial position. At December 31, ~~2022~~ **2023** , the Company had a total deferred income tax liability of $ ~~207~~ **189** . ~~5~~ **1** million. The amount of deferred tax liability is determined by using the enacted tax rates in effect for the year in which differences between the financial statement and tax basis of assets and liabilities are expected to reverse. Accordingly, our net current tax liability has been determined based on the currently enacted rate of 21 %. If the current rate were increased due to legislation, it would have an immediate revaluation of our deferred tax assets and liabilities in the year of enactment. ~~COVID- 19 RISKS We could be negatively impacted by the COVID- 19 pandemic or other similar outbreaks. We have experienced an increase in absences or terminations among our driver and non- driver personnel due to the outbreak of COVID- 19, including its variants, which have disrupted our operations. Furthermore, government vaccine, testing, and mask mandates could increase our turnover and make recruiting more difficult, particularly among our driver personnel. Negative financial results, operational disruptions, and a tightening of credit markets, caused by COVID- 19, other similar outbreaks, or a recession, could have a material adverse effect on our liquidity, adversely impact the financial position of our customers and their ability to pay for our services, and adversely impact our ability to effectively meet our short- and long- term obligations. The outbreak of COVID- 19 has significantly increased uncertainty. Risks related to a slowdown or recession are described in our risk factor titled " Our business is subject to economic, credit, business, and regulatory factors affecting the trucking industry that are largely out of our control, any of which could have a materially adverse effect on our operating results. " Developments related to COVID- 19 have been unpredictable and the extent to which further developments could impact our operations, financial condition, liquidity, results of operations, and cash flows is highly uncertain. Such developments may include the duration of the outbreak, variants of the virus, the distribution and availability of vaccines and treatments for the virus, the severity of the disease and the actions that may be taken by various governmental authorities and other third parties in response to the outbreak.~~