Risk Factors Comparison 2024-02-27 to 2023-02-24 Form: 10-K

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Business Environment and Competition Risks A significant portion of our revenue is derived from intermodal **and** transportation ~~services~~ **solutions** and from our significant customers. We derived **59 % of our revenue from our intermodal and transportation solutions in 2023,** 62 % ~~of our revenue from our intermodal services~~ in 2022 ~~,~~ **and** 63 % in 2021 ~~and 66 % in 2020~~. As a result, any decrease in demand for intermodal transportation services could have a material adverse effect on our results of operations. Our 10 largest customers accounted for approximately **42 % of our total revenue in 2023,** 43 % ~~of our total revenue~~ in 2022 ~~,~~ **and** 42 % in 2021 ~~and 46 % in 2020~~. In each of the years ended December 31, **2023,** 2022 ~~,~~ **and** 2021 ~~and 2020~~, one customer accounted for more than 10 % of our annual revenue **in both segments**. While our dedicated and logistics businesses may involve long- term customer contracts, those contracts may contain cancellation clauses, and there is no assurance that our current customers will continue to utilize our services or continue at the same levels. A reduction in or termination of our services by one or more of our largest customers could have a material adverse effect on our revenue and business. While we continue to focus our efforts on diversifying our customer base, we may not be successful in doing so. Because we depend on railroads for our operations, our operating results and financial condition are likely to be adversely affected by any increase in rates, reduction or deterioration in rail service or change in the railroads' reliance on us to market their intermodal transportation services. We depend on major railroads in North America for the intermodal services we provide. In many regions, rail service is provided by one or a limited number of railroads. We primarily rely on contractual relationships with two railroads to support our intermodal business. Consequently, a reduction in, or elimination of, rail service to a particular market is likely to materially adversely affect our ability to provide intermodal transportation services to some of our customers. Rate increases to our customers may reduce the attractiveness of intermodal transportation compared to truck or other transportation modes, which could cause a decrease in demand for our services. Further, our ability to continue to expand our intermodal transportation business is dependent upon the railroads' ability to increase capacity for intermodal freight and provide consistent and reliable service. Our business has, at times, been adversely affected by situations impacting one or more railroads, including labor shortages, slowdowns or stoppages, adverse weather conditions, changes to rail operations, or other factors that hinder the railroads' ability to provide reliable transportation services and these situations may occur again in the future. To date, our primary railroad providers have chosen to rely on us and other intermodal ~~competitors~~ **providers** to market their intermodal services rather than fully developing their own marketing capabilities. If one or more of the major railroads reduced their dependence on us or decreased the capacity that they made available to us, including by servicing additional intermodal marketing companies, the volume of intermodal shipments we arrange would likely decline, which could have a material adverse effect on our results of operations and financial condition. Our ability to expand our business or maintain our profitability is adversely affected by a shortage of drivers and capacity. We derive significant revenue from our transportation services and depend on qualified drivers to provide these services. There is significant competition for qualified drivers in the transportation industry. Additionally, interventions and ~~enforcements~~ **enforcement** under the Federal Motor Carrier Safety Administration (" FMCSA ") Compliance, Safety, Accountability program or other programs may shrink the industry' s pool of drivers as those drivers with unfavorable scores may no longer be eligible to drive for us. Driver shortages and reliance on third- party companies for the operation of our services has, and in the future could, adversely affect our profitability and limit our ability to expand our business or retain customers. Most drayage, truckload, final mile, and certain less- than- truckload companies operate relatively small fleets and have limited access to capital for fleet expansion. Particularly during recent and future periods of economic expansion, it is difficult for our trucking operations and third- party trucking companies, to expand their fleets due to chronic driver shortages. Driver shortages have resulted in increases to drivers' compensation that we may be unable to fully pass on to our customers and have left trucks sitting idle and created difficulty meeting customer demands, all of which could adversely affect our growth and profitability. We operate in a highly competitive industry and our business may suffer if we are unable to adequately address potential downward pricing pressures and other competitive factors. The transportation and logistics industry is highly competitive and cyclical. We face competition in all geographic markets and each industry sector in which we operate. Increased competition or our inability to compete successfully may lead to a reduction in our volume, reduced revenues, reduced profit margins, increased pricing pressure, or a loss of customer relationships, any one of which could affect our business and financial results. Numerous competitive factors could impair our ability to maintain our current profitability, including the following: • our competitors may periodically reduce their prices to gain business, especially during times of weak economic conditions, which may limit our ability to maintain or increase prices or impede our ability to maintain or grow our customer relationships; • our inability to achieve expected customer retention levels or sales growth targets; • we compete with many other transportation and logistics service providers, some of which have greater capital resources or lower cost structures than us; • our inability to compete with new entrants in the transportation and logistics market that may offer similar services at lower cost or have greater technological capabilities, including capabilities offering lower greenhouse gas (" GHG ") emissions with competitive pricing; • customers may choose to provide for themselves the services that we now provide; • many customers periodically accept proposals from multiple carriers for their shipping needs, and this process may depress rates or result in the loss of some of our business to competitors; • consolidation in the trucking industry may result in larger competitors with greater financial resources than we have; • disruptions to the supply chain or other market factors may limit our ability to purchase equipment from our suppliers; • advances in technology require increased investments to remain competitive, and our customers may not be willing to accept higher prices to cover the cost of these investments; and •

because cost of capital is a significant competitive factor, any increase in either the cost of our debt or equity as a result of increases in our level of credit risk or stock price volatility could have a significant impact on our competitive position. Our customers' and suppliers' businesses may be negatively affected by various economic and other factors such as recessions, downturns in the economy, global uncertainty and instability, the effects of pandemics, the effects of climate change, changes in United States social, political, and regulatory conditions ~~and /~~ or a disruption of financial markets, which may decrease demand for our services or increase our costs. Our primary business is to transport, and arrange for the transport of, goods and, as a result, our business levels are directly tied to the purchase and production of goods and the rate of growth or decline in domestic and global trade, which are key macroeconomic measurements influenced by, among other things, inflation and deflation, supply chain disruptions, interest rates and currency exchange rates, labor costs and unemployment levels, regulatory initiatives and other government activity, fuel and energy prices, public health crises, inventory levels, buying patterns and disposable income, debt levels, and credit and capital availability. When companies purchase and produce fewer goods, we transport and arrange for the transport of fewer goods. Any broad decline in the activity of our customers could result in a decline in our revenue and our ability to maintain our profitability unless we are able to continue growing our business and replace such declining customer demand with new customers and demand. In general, while we endeavor to prepare for changes in macroeconomic conditions, we have limited ability to foresee macroeconomic changes, including the drivers influencing such changes. Nonetheless, we believe certain trends will likely affect the economy, and by extension our business, in the near and long term. Among these are, uncertainty and instability in the global or domestic economy, geopolitical events, and any other action that governments may take to withdraw from or materially modify international trade arrangements or decrease economic production, consumption and inflation. Significant weather events or patterns, which may become more frequent or common as a result of climate- change, could also affect market conditions in ways that we cannot foresee and impact the volume or health of our customers' business or our suppliers' ability to provide us with goods or services. The United States government and foreign governments may take other actions that may impact the purchase and production of goods, including imposing tariffs or other regulations on certain goods shipped by our customers, that may increase costs for goods transported globally and reduce end- user demand for these products. Demand for, or production of, goods could also decline due to capital constraints, increased interest rates, and non- trade related regulatory actions such as regulations to address climate change **.** Customers encountering adverse economic or other conditions **, including a high interest rate environment,** may be unable to obtain additional financing or financing under acceptable terms. These customers represent a greater potential for bad debt losses, which may require us to increase our reserve for bad debt. Economic conditions resulting in bankruptcies of one or more of our large customers could have a significant impact on our financial position, results of operations or liquidity in a particular year or quarter. Further, when adverse economic times arise, customers may select competitors that offer lower rates in an attempt to lower their costs and we might be forced to lower our rates or lose freight volumes. Our suppliers' business levels also may be negatively affected by adverse economic and other conditions, which could lead to disruptions in the supply and availability of equipment, parts and services critical to our operations. A significant interruption in our normal supply chain could disrupt our operations, increase our costs and negatively impact our ability to serve our customers. We are also subject to cost increases outside of our control that could materially reduce our profitability if we are unable to increase our rates sufficiently. Such cost increases include ~~, but are not limited to,~~ capital expenditures to update our tractor fleet to meet climate change- focused regulatory requirements or market demands for lower emission equipment, increases in wage rates, fuel prices, interest rates, taxes, tolls, license and registration fees, insurance, equipment and healthcare for our employees **. We also rely on the timely and free flow of goods through open and operational international shipping lanes and ports. Disruptions of these shipping lanes, such as the drought impacting the Panama Canal and ongoing geopolitical conditions, including terrorist acts, impacting the Suez Canal, could create significant risks for our business or provide opportunities with changes to shipping patterns** . Our business could be adversely affected by strikes or work stoppages by truck drivers, warehouse employees, port employees and railroad employees, or the decision of our employees to unionize. There may be labor unrest, including strikes and work stoppages, among workers at various transportation providers and in industries affecting the transportation industry, such as warehousing and ports. We could lose business due to any significant work stoppage or slowdown and, if labor unrest results in increased rates for transportation providers, we may not be able to pass these cost increases on to our customers. Strikes, work slowdowns, or labor shortages among longshoremen and other workers at ports may result in reduced activity at the ports for a time, creating an impact on the transportation industry. Work stoppages occurring among owner- operators in a specific market have increased our operating costs periodically in the past. Strikes, work slowdowns, or labor shortages among railroad employees in the United States, Canada or anywhere else that our customers' freight travels by railroad would impact our operations. Any significant work stoppage, slowdown or other disruption, including disruption due to restrictions imposed as a result of a pandemic, involving port employees, railroad employees, warehouse employees or truck drivers could adversely affect our business and results of operations. Currently, none of our employees are represented by a collective bargaining agreement. If in the future our employees decide to unionize, this would increase our operating costs and force us to alter the way we operate causing an adverse effect on our operating results. Relatively small increases in our transportation and warehouse costs **, including fuel,** that we are unable to pass through to our customers are likely to have a significant adverse effect on our ~~gross margin and~~ operating income. **Purchased** ~~Transportation~~ **transportation** and ~~warehouse~~ **warehousing** costs represented ~~83~~ **75** % of our consolidated revenue in **2023, 76 % in** 2022 ~~, 86~~ **and 75** % in 2021 ~~and 88 % in 2020~~ . Because transportation and warehouse costs represent such a significant portion of our costs, any increases in the operating costs of railroads, warehouse vendors, and other transportation providers can be expected to result in higher rates that we pay to such providers. Transportation costs may increase if we are unable to contract with owner- operators or recruit Company employee drivers as this may increase the costs we pay for drivers or force us to use more expensive purchased transportation. Any inability to pass cost increases to our customers is likely to have a significant adverse effect on our gross margin and operating income and cash flows. Our business depends on the availability of fuel. Fuel availability and cost are affected by natural or man- made disasters, adverse weather conditions, political events, disruption or failure of technology or information systems, price and supply decisions by oil producing countries and cartels, government actions including climate change regulations, terrorist activities, armed conflict and world supply and demand imbalance. We do not maintain fuel storage and pumping stations at all of our facilities. Therefore, a disruption in the global fuel supply resulting from factors outside of our control, that increases the demand for fuel traditionally used by trucks, could have a material adverse effect on our business, results of operations, financial condition and cash flows. Fuel costs can be very volatile and fuel price fluctuations occur due to factors outside our control. Significant increase in fuel prices or fuel taxes that we are unable to offset by any fuel surcharges or freight rate increases could have an adverse impact on our business operations. We have a fuel surcharge program in place with many of our customers that typically allows us to recover the costs associated with volatile fuel prices. Our inability to time the fuel surcharges billed to customers with the change in fuel costs could affect our operations. Rapid increases in fuel costs could also have a material adverse effect on our operations or future profitability. Additionally, proposed and potential new legislation intended to encourage the adoption of alternative fuel technologies, including electric vehicles (“ EVs ”), as well as potential customer demand driven by similar legislation and market- driven expectations, could accelerate or expand our plans for a transition to EVs. The Company has piloted the use of EVs but has no immediate plans for a broad transition to EVs. The Company’ s broader usage of EVs will depend on several factors including availability of EVs, access to charging infrastructure, consistent availability of electrical supply, and availability of tax **or other** incentives to mitigate the required capital expenditures for EV fleet purchases, charging, maintenance, replenishment and expansion. If legislative or market forces require the accelerated deployment of EVs before other cost and operational factors are adequately addressed, then such transition could have a material adverse effect on our operations and future profitability. Extreme or unusual weather conditions can disrupt our operations, impact freight volumes, and increase our costs, all of which could have a material adverse effect on our business results. Our operations are affected by external factors such as severe weather and other natural occurrences, which may increase in frequency and severity due to climate change, that adversely impact operating locations where we have vehicles, warehouses and other facilities. These events may disrupt fuel supplies, increase fuel costs, affect the performance of our vehicles, disrupt freight shipments or routes, restrict the availability of our workforce, affect regional economies, destroy our assets, interrupt our business, adversely affect the business or financial condition of our customers, or limit or interrupt the availability of goods or services from our suppliers. While we have been able to avoid or mitigate the impact of these events by, for example, re- routing our equipment or passing on increased costs associated with these events, we may not be able to do so in the future. Insurance to protect against loss of business and other related consequences resulting from these natural occurrences is subject to coverage limitations, depending on the nature of the risk insured. Such insurance may not be sufficient to cover all of our damages or damages to others and this insurance may not continue to be available at commercially reasonable rates. Even with insurance, if any natural occurrence leads to a catastrophic interruption of service, we may not be able to mitigate a significant interruption in operations. Our insurance program may not be sufficient to cover all anticipated risks and liabilities associated with our operations. We are partially self- insured for certain employee medical coverage losses, excluding employees covered by health maintenance organizations. We generally have an individual stop loss deductible per enrollee unless specific exposures are separately insured. We accrue a contingent liability based upon examination of historical trends, historical actuarial analysis, our claims experience, total plan enrollment (including employee contributions), population demographics, and other various estimates. Self- insurance reserves, net income, and cash flows could be materially affected if future claims differ significantly from our historical trends and assumptions. We are partially self- insured for vehicle liability and workers’ compensation claims. Our self- insurance accruals are based on actuarially estimated, undiscounted cost of claims, which includes claims incurred but not reported. While we believe that our estimation processes are well designed and comply with generally accepted accounting principles and other accounting and finance best practices, any projection of losses concerning workers’ compensation and vehicle liability is subject to a considerable degree of variability. The causes of this variability include litigation trends, changes in medical costs, claim settlement patterns and fluctuations in the frequency or severity of accidents. If actual losses incurred are greater than those anticipated, our self- insurance reserves may be insufficient and additional costs could be recorded in our consolidated financial statements. If we suffer a substantial loss in excess of our self- insured limits, the loss and attendant expenses may be covered by traditional insurance and excess insurance the Company has in place, but if not covered or above such coverages, losses could harm our business, financial condition or results of operations. We also are exposed to various other types of claims, including cargo loss and damage, property damage, and personal injury. We maintain insurance coverage with third- party insurance carriers for these types of claims as well as for other business and operational risks (including cybersecurity, data privacy, directors & officers), but we assume a significant portion of the risk associated with these claims due to high self- insured retention (“ SIR ”) and deductibles. Our operating results could be adversely affected if any of the following were to occur: (i) the number or the severity of claims increases; (ii) we are required to accrue or pay additional amounts because claims prove to be more severe than our original assessment; or (iii) claims exceed our coverage amounts. If the number or severity of claims increases, our operating results could also be adversely affected if the cost to renew our insurance was increased when our current coverage expires. If these expenses increase, and we are unable to offset the increase with higher rates to our customers, our earnings could be materially and adversely affected. In addition, insurance companies generally require us to collateralize our SIR or deductible levels. At December 31, ~~2022~~ **2023** , we had insurance- related **surety bonds totaling $ 46. 9 million and** letters of credit totaling $ ~~42~~ **0** . ~~7~~ **2** million. If these collateralization requirements increase, our borrowing capacity could be adversely affected ~~. Our business, financial condition, and results of operations have been adversely affected and could in the future be materially adversely affected by the COVID- 19 pandemic. The global outbreak of COVID- 19 and variants of the virus continue to rapidly evolve. While business interruption due to COVID- 19 began to abate during 2022, businesses have~~

~~continued to be subject to intermittent closures and countries around the world have continued to sporadically limit travel. The extent to which COVID- 19 may impact our business, financial condition or results of operations will depend on future developments, which are highly uncertain and cannot be predicted with confidence, such as the ultimate impact of the disease on specific geographies, the duration of the outbreak, travel restrictions and social distancing, business closures or business disruptions and the effectiveness of actions taken to contain and treat the disease. The COVID- 19 pandemic has resulted in significant adverse effects for our customers and suppliers, including, among others, those in the retail, travel, hospitality and food and beverage industries, which can result in volatility in customers' need for our services or suppliers' availability to provide products and services to us. Certain of our customers have been, and may in the future be, required to close or operate at a lower capacity. As such, there can be no assurance that any decrease in revenues or volume resulting from the COVID- 19 pandemic will be offset by increased revenues or volume in the future. Although certain COVID- 19 restrictions have been relaxed, significant uncertainty remains as to the potential impact of the COVID- 19 pandemic on our operations, and on the global economy as a whole. Further spread of the COVID- 19 virus, as well as ongoing or new governmental, regulatory and private sector responses to the pandemic, may materially disrupt economic activity generally and in the areas in which we operate. This could result in further decline in demand for our services, and could negatively affect, among other things, our liquidity, regulatory capital and our growth strategy. Any one or more of these developments could have a material adverse effect on our business, financial condition and results of operations. To the extent the COVID- 19 pandemic adversely affects our business, financial condition or results of operations, it may also have the effect of heightening many of the other risks described in this Part I, Item 1A of this Form 10- K~~ . Technology and Cybersecurity Risks If we fail to maintain and enhance our information technology systems, or if we fail to successfully implement new technology or enhancements, we may be at a competitive disadvantage and lose customers. Technology is critical to our operations and our ability to compete effectively as a transportation and logistics provider. We expect our customers to continue to demand more sophisticated technology- driven solutions from their suppliers and we must enhance or replace our information technology systems in response. This may involve significant research and development costs, implementation costs and potential operational challenges. To keep pace with changing technologies and customer demand, we continue to make investments in our technology, as well as invest in emerging technology to further drive innovation and efficiency. Recent investments include implementing new order management, transportation management, warehouse automation, contract management and financial management processes and systems. Technology and new market entrants may also disrupt the way we and our competitors operate. As technology improves and new companies enter the freight brokerage sector, our customers may be able to find alternatives to our services for matching shipments with available freight hauling capacity. We must continue to develop innovative emerging technologies to source, track and provide visibility to capacity to further improve customer outcomes. If we fail to successfully implement critical technology, if our technology does not provide the anticipated benefits or it does not meet market demands, we may be placed at a competitive disadvantage and could lose customers, materially adversely impacting our financial condition and results of operations. Our information technology systems also depend upon the internet, third- party service providers, global communications providers, satellite- based communications systems, the electric utilities grid, electric utility providers and telecommunications providers as well as their respective vendors. The services and service providers have all experienced significant system failures and outages at some point in the past. We have minimal control over the operation, quality, or maintenance of these services or whether vendors will improve their services or continue to provide services that are essential to our business. Disruptions due to transitional challenges in upgrading or enhancing our technology systems; failures in the services upon which our information technology platforms rely, including those that may arise from adverse weather conditions or natural calamities, such as floods, hurricanes, earthquakes or tornadoes; illegal acts, including terrorist attacks; human error or systems modernization initiatives; ~~and /~~ or other disruptions, may adversely affect our business, which could increase our costs or result in a loss of customers that could have a material adverse effect on our results of operations and financial position. Our information technology systems are subject to cyber and other risks some of which are beyond our control. A security breach, failure or disruption of these services could have a material adverse effect on our business, results of operations and financial position. We rely heavily on the proper functioning and availability of our information systems for our operations as well as for providing value- added services to our customers. Our information systems, including our accounting, communications and data processing systems, are integral to the efficient operation of our business. It is critical that the data processed by these systems remain secure, as it often includes competitive customer information, confidential transaction data, employee records and key financial and operational results and statistics. The sophistication of efforts by hackers, foreign governments, cyber- terrorists, and cyber- criminals, acting individually or in coordinated groups, to launch distributed denial of service attacks, ransomware or other coordinated attacks that may cause service outages, gain inappropriate or block legitimate access to systems or information, or result in other business interruptions has continued to increase in recent years. We utilize third- party service providers who have access to our systems and certain sensitive data, which exposes us to additional security risks, particularly given the complex and evolving laws and regulations regarding privacy and data protection. While we and our third- party service providers have experienced cyber- attacks and attempted breaches of our and their information technology systems and networks or similar events from time to time, no such incidents have been, individually or in the aggregate, material to us. Cyber incidents that impact the security, availability, reliability, speed, accuracy or other proper functioning of our systems, information and measures, including outages, computer viruses, theft or misuse by third parties or insiders, break- ins and similar disruptions, could have a significant adverse impact on our operations. It is difficult to fully protect against the possibility of power loss, telecommunications failures, cyber- attacks, ransomware and other cyber incidents in every potential circumstance that may arise. **In addition, the rapid evolution and increased adoption of artificial intelligence technologies may intensify our cybersecurity risks.** A significant cyber incident, including system failure, security breach, disruption by malware or ransomware, or other damage, could interrupt or delay our operations, damage our reputation and brand, cause a loss of customers, expose us to a risk of loss or litigation, result in regulatory scrutiny, investigations, actions, fines or penalties ~~and /~~ or cause us to incur significant time and expense to remedy such an event, any of which could have a material adverse impact on our results of operations and financial position. Furthermore, any failure to comply with data privacy, biometric privacy, data security or other laws and regulations could result in claims, legal or regulatory proceedings, inquiries or investigations. To comply with this changing landscape, we may be required to further segregate our systems and operations, implement additional controls, or adopt new systems, all of which could increase the cost and complexity of our operations. In addition, our insurance intended to address costs associated with aspects of cyber incidents, network failures and privacy- related concerns, may not sufficiently cover all types of losses or claims that may arise. Operational Risks We depend on third parties for equipment and services essential to operate our business, and if we fail to secure sufficient equipment and services, we could lose customers and revenue. We depend on third parties for transportation equipment, such as tractors, containers, chassis, and trailers and certain services such as transportation, warehousing and cross docks necessary for the operation of our business. Our industry has experienced equipment, transportation and warehouse capacity shortages in the past, particularly during the peak shipping season leading up to the December holidays ~~. Market disruptions related to the COVID- 19 pandemic have contributed to recent shortages of such equipment and services and this situation may continue~~ . A substantial amount of intermodal freight originates at or near major West Coast ports, which have historically had the most severe equipment shortages. If we cannot secure sufficient transportation equipment and warehouse services at a reasonable price from third parties to meet our customers' needs, our customers may seek to have their transportation and warehousing needs met by other providers with their own assets. This could have a material adverse effect on our business, results of operations and financial position. Our residential final mile delivery service exposes us to risks associated with **our and our** vendors **' trucks and drivers** delivering to residential customers. While we ~~do not~~ operate ~~any~~ **limited** equipment ~~or~~ **and** employ ~~any~~ **limited** drivers that are used in the provision of final mile services, our **and our** vendors' trucks and drivers operate in residential environments **, including the in- home installation of appliances and other over- the- threshold services,** that expose **them** ~~such vendors (~~ and ~~potentially~~ us ~~)~~ to the risk of property damage, personal injury and other claims including from operating on residential streets and from entering into end- consumers' homes. If **we or** any of these vendors do not reliably and safely perform their obligations, **we and** our vendors ~~and us~~ could be exposed to liability or reputational harm. The ability to hire or retain management and other employees is critical to our continued success, and the loss of or inability to hire such personnel could have a material adverse effect on our business, financial condition and results of operations. There is substantial competition for qualified personnel in the transportation and logistics services industry. **The** ~~As all key employees devote their full time to our business, the~~ loss of any member of our management team, or other key persons, or the inability to hire key persons, could have an adverse effect on us. We do not have written employment agreements with any of our executive officers and do not maintain key ~~man~~ **person** insurance on any of our executive officers, although we do have restrictive covenant agreements with all of them. Many individuals in the industry are subject to non- competition agreements, reducing the immediate availability of some qualified candidates for job openings. A proposed rulemaking by the Federal Trade Commission (" FTC "), if it is made effective and ~~sustains~~ **withstands** effective legal challenges, would prevent the use of non- competition agreements in most circumstances in the future. We cannot predict the impact this proposed rule, or potential future rulemaking at the state level, might have on the recruiting and retention of management and other employees (or our ability to enforce post- termination restrictive covenants). If we lose key members of our senior management team or are unable to effect successful transitions from one executive to another as part of our succession plan, we may not be able to effectively manage our current operations or meet ongoing and future business challenges, and this could have a material adverse effect on our business, financial condition and results of operations. Our growth could be adversely affected if we are not able to pursue our acquisition strategy, to successfully integrate acquired businesses or to achieve the anticipated benefit from acquired companies. We cannot guarantee that we will be able to execute acquisitions on commercially acceptable terms. Furthermore, the failure to successfully integrate an acquired business or assets, including implementing financial controls and measures or achieving cross- selling objectives, could significantly impact our financial results. Although we believe we have adequate liquidity and capital resources to fund our operations internally, our inability to access the capital markets on favorable terms, or at all, to obtain adequate financing could adversely affect our ability to pursue growth through acquisitions. Financial results most likely to be negatively affected include ~~, but are not limited to,~~ revenue, gross margin, salaries and benefits, general and administrative expenses, depreciation and amortization, interest expense, net income and our debt level. Furthermore, we may not be able to realize the anticipated benefits from acquired companies. Achieving those benefits depends on the timely, efficient and successful execution of a number of post- acquisition events. Factors that could affect our ability to achieve these benefits include the integration risks described above as well as the failure of acquired businesses to perform in accordance with our expectations; the failure to achieve anticipated synergies between our business units and the business units of acquired businesses; the loss of customers of acquired businesses; or the loss of key managers of acquired businesses. If acquired businesses do not operate as we anticipate, it could materially impact our business, financial condition and results of operations. In addition, acquired businesses may operate in new markets in which we have little or no experience. In such instances, we will be highly dependent on existing managers and employees to manage those businesses, and the loss of any key managers or employees of the acquired business could have a material adverse effect on our financial condition, results of operations, cash flows and liquidity. Legal, Regulatory and Compliance Risks We use a significant number of contingent workers, including independent contractors, such as owner operators **, independent service providers, contract carriers** and warehouse staff, in our businesses. Legislative, judicial and regulatory authorities may continue to take actions or render decisions that could affect the independent contractor classification, which could have a significant adverse impact on our operating income. We do business with many independent contractors, such as owner ~~-~~ operators **, contract carriers and warehouse staff** , consistent with longstanding industry practices. Legislative, judicial, and regulatory (including tax) authorities have taken actions and rendered decisions that could affect independent contractor classifications. Class action and individual lawsuits have been filed against us and others in our industry, challenging independent contractor classifications. If contingent workers, including independent contractors and temporary workers used for our **trucking,** warehousing, consolidation, fulfillment or final mile delivery business, are determined to be employees, or the Company a joint employer, then we may incur legal liabilities associated with that determination, such as liability for unpaid wages, overtime, employee health insurance and taxes. If we were to change how we treat contingent workers or reclassify them as employees, then we would likely incur expenses associated with that reclassification, could incur additional ongoing expenses and face the loss of those contingent workers who choose not to become employees. The costs associated with these matters could have a material adverse effect on results of operations and our financial position. We operate in a highly regulated industry, and changes in existing regulations or costs of compliance with, or liability for violation of, existing or future regulations or antiterrorism measures could have a material adverse effect on our business. The Company and various subsidiaries are regulated by the DOT as motor carriers ~~and /~~ or freight brokers. The DOT prescribes qualifications for acting in these capacities, including surety bond requirements. The transportation industry is subject to DOT regulations regarding, among other things, driver breaks and " restart " rules that can affect the economics of the industry by requiring changes in operating practices or influencing the demand for, and cost of providing, transportation services. The Federal Motor Carrier Safety Administration (" FMCSA "), under the DOT, also manages a compliance and enforcement initiative partnering with state agencies designed to monitor and improve commercial vehicle motor safety. We are audited periodically by the DOT to ensure that we are in compliance with various safety, hours- of- service, and other rules and regulations. If we were found to be out of compliance, the DOT could levy fines and restrict or otherwise impact our operations. We may also become subject to new or more restrictive regulations relating to carbon emissions under climate change legislation or limits on vehicle weight and size. Future laws and regulations may be more stringent and require changes in operating practices, influence the demand for transportation services or increase the cost of providing transportation and logistics services, any of which could materially adversely affect our business and results of operations. We are subject to a wide variety of U. S. federal ~~and~~ **,** state and **local** non-U. S. laws, regulations and government policies, including in the areas of employment, privacy, cybersecurity, securities, anti-corruption, competition and trade, that may change in significant ways. We are not able to accurately predict how new governmental laws and regulations, or changes to existing laws and regulations, will affect the transportation and logistics industry generally, or us in particular. We are also unable to predict how political changes will affect government regulation of the transportation industry. If we incur higher costs as a result of any new regulations and are unable to pass along such costs to our customers, our business may be adversely affected. Our failure to comply with any existing or future laws, rules or regulations to which we are, or may become, subject, whether actual or alleged, could have a material adverse effect on our business and on our ability to access the capital required to operate our business. Among other things, any such failure could expose us to reputational harm, loss of business, fines, penalties or potential litigation liabilities, including costs, settlements and judgments, as well as the loss of operating authority and restrictions on our operations. Furthermore, terrorist attacks or other geopolitical events, along with any government response to such events, may adversely affect our financial condition, results of operations or liquidity. Our fleet, other key infrastructure and information technology systems may be targets or indirect casualties of acts of terror, other harmful acts, or war. Further, because transportation assets have been a target of terrorist activities, federal, state, local and foreign governmental bodies are proposing and, in some cases, have adopted legislation and regulations relating to security issues that impact the transportation industry, including checkpoints and travel restrictions on large trucks. If additional security measures disrupt or impede the timing of our operations, we may fail to meet the requirements of our customers or incur increased expenses to do so. In addition, complying with these or future regulations could continue to increase our operating costs and reduce operating efficiencies. We maintain insurance coverages addressing these risks; however, such insurance may be inadequate, become unavailable or be limited in scope of coverage, premiums charged for some or all of the insurance could increase dramatically, or regulations may change. These changes could exacerbate the effects of an act of terrorism or other event on our business, resulting in a significant business interruption, increased costs and liabilities and decreased revenues or an adverse impact on results of operation. Our operations are subject to various environmental laws and regulations, including legislative and regulatory responses to climate change. Compliance with environmental requirements could result in significant expenditures and the violation of these requirements could result in substantial fines or penalties. We are subject to various federal, state and local governmental laws and regulations that govern, among other things, the emission and discharge of hazardous materials into the environment, the presence of hazardous materials at our properties or in our vehicles, fuel storage tanks, the transportation of certain materials and the discharge or retention of storm water. Under certain environmental laws, we could also be held responsible for any costs relating to contamination at our past or present facilities and at third- party waste disposal sites, as well as costs associated with the clean-up of accidents involving our vehicles. Environmental laws have become and may continue to be increasingly more stringent over time, and there can be no assurance that our costs of complying with current or future environmental laws or liabilities arising under such laws will not have a material adverse effect on our business, operations or financial condition. From time to time, we arrange for the movement or warehousing of hazardous materials at the request of our customers. As a result, we may be subject to various environmental laws and regulations relating to the handling of hazardous materials. If we are involved in a spill or other accident involving hazardous materials, or if we are found to be in violation of applicable laws or regulations, we could be subject to substantial fines or penalties and to civil and criminal liability, any of which could have an adverse effect on our business and results of operations. The Company is also subject to certain federal and state environmental laws and regulations, including those of the U. S. Environmental Protection Agency (" EPA ") and the California Air Resources Board (" CARB "). We may become subject to enforcement actions, new or more restrictive regulations, or differing interpretations of existing regulations, which may increase the cost of providing transportation services or adversely affect our results of operations. In addition to EPA and state agency regulations on exhaust emissions with which we must comply, there is an increased legislative and regulatory focus on climate change, greenhouse gas (" GHG ") emissions and the impact of climate change that enhances the possibility of increased regulation of GHG emissions and potentially exposes us to significant new capital or operating expenditures, taxes, fees and other costs. Additionally, the **State of California recently passed legislation and the** SEC has proposed regulations regarding the disclosure of Scope 1, 2 and 3 GHG emissions. Compliance with these regulations could add material costs to our business, including securities and other potential litigation costs arising from our reporting of our GHG emissions, and could increase customer focus on our GHG direct and indirect emissions, which may affect the market for transportation and logistics services in ways that we cannot foresee. Such regulations, together with increased investor and stakeholder interest in climate change and other environmental topics may result in new regulations ~~and /~~ or customer, supplier or market requirements that could adversely impact our business, or certain ~~shareholders~~ **stockholders** may reduce their holdings of our stock. Limitations on the emission of GHGs, other environmental legislation, or customer GHG requirements could also have an adverse impact on our financial condition, results of operations and liquidity. We are subject to the risks of litigation and governmental inquiries, which could have a material adverse effect on our business. The nature of our business exposes us to a variety of litigation risks related to a number of issues, including without limitation, accidents involving our trucks and employees, alleged violations of federal and state labor and employment laws, securities laws, environmental liability, privacy and other matters. Accordingly, we are, and in the future may be, subject to legal proceedings and claims that have arisen in the ordinary course of our business, including class and collective allegations. We are also subject to potential governmental proceedings, inquiries, and claims. The parties in such actions may seek amounts from us that may not be covered in whole or in part by insurance. The defense of such lawsuits could result in significant expense and the diversion of our management' s time and attention from the operation of our business. In recent years, several insurance companies have stopped offering coverage to trucking companies as a result of increases in the severity of automobile liability claims and higher costs of settlements and verdicts. This trend has and could continue to adversely affect our ability to obtain suitable insurance coverage and significantly increase our cost for obtaining such coverage, which would adversely affect our financial condition, results of operations, liquidity and cash flows. Costs we incur to defend or to satisfy a judgment or settlement of these claims may not be covered by insurance or could exceed the amount of that coverage or increase our insurance costs and could have a material adverse effect on our financial condition, results of operations, liquidity and cash flows. Changes in immigration laws could increase the costs of doing business or otherwise disrupt our operations. We have hired individuals, including Information Technology (" IT ") employees, from outside the United States. We have employee drivers and owner- operator drivers who are immigrants to the United States. We engage third- party consultants, including for various IT projects, who may utilize personnel from outside the United States. If immigration laws are changed or if new more restrictive government regulations are enacted or increased, our access to qualified and skilled personnel may be limited, the costs of doing business may increase and our operations may be disrupted. Our business may be affected by uncertainty or changes in United States or global social, political or regulatory conditions. We arrange for the movement of freight, a portion of which originates from other countries, including China, into and out of the United States, Mexico and Canada, and we import 53- foot intermodal containers manufactured in China. Adverse developments in laws, policies or practices in the United States and internationally can negatively impact our business and the business of our customers. Recent legislative initiatives, including the Inflation Reduction Act of 2022 and the CHIPs and Science Act of 2022, have included provisions designed to reduce dependence on goods from China and restrict the transfer of certain intellectual property to China. Some importers are considering changes in their supply chain that may include shifting manufacturing capacity to North America ~~and /~~ or an increase in the importation of goods that are manufactured offshore through ports other than ports on the West Coast of the United States. These initiatives, and future potential initiatives, may result in changes to demand for our services including the potential for less demand for longer haul routes including intermodal services which could materially affect our business, financial conditions and results of operations. Negative domestic and international global trade conditions as a result of social, political or regulatory changes or perceptions (such as those that might be associated with pandemics or an increased focus on production in the United States), could reduce demand for our intermodal services and materially affect our business, financial conditions and results of operations. We provide services both domestically and to a lesser extent outside of the United States, which subjects our business to various additional risks, including: • changes in tariffs, trade restrictions, trade agreements and taxes; • varying tax regimes, including consequences from changes in applicable tax laws and tax incentives; • difficulties in managing or overseeing foreign operations and agents; • the burden of complying with laws applicable to international business, such as anti-corruption, trade, foreign currency and maritime laws; • different liability standards; • the price and availability of fuel; • foreign currency exchange rate fluctuations; • exposure to local economic conditions **and local laws** in the jurisdictions in which we operate; • higher levels of credit risk; • difficulties in integrating acquired companies with foreign operations; • uncertainty and changes to political and regulatory regimes as a result of changing social, political, regulatory and economic environments in the United States and internationally; and • geopolitical conditions, such as national and international conflict, including terrorist acts and the effects of pandemics ~~(such as COVID- 19)~~ and government responses to pandemics. If we do not correctly anticipate changes in social, political or regulatory conditions or their impact on the transportation and logistics industry, we may not alter our business practices in time to avoid adverse effects. Additionally, the occurrence or consequences of any of these factors may restrict our ability to operate in the affected region ~~and /~~ or decrease the profitability of our operations in that region. Our suppliers may also be affected by changes in the political and regulatory environment, both in the United States and internationally. Negative impacts on our suppliers could result in disruptions in the supply and availability of equipment or services needed for our business that could in turn affect our ability to operate and serve our customers as planned. Additionally, changes to current United States international trade agreements may lead to fewer goods transported and we may need to restructure certain terms of business with suppliers or customers. General Risks Our failure to implement or market new and existing services to existing and potential customers could have an adverse effect on our operations. We expect to continue expanding our service offerings. In the event we implement new service offerings, we may devote substantial resources to educating our employees and customers on such offerings with no assurance that a sufficient number of customers will use such additional services. If we add new services, we may not identify trends correctly or may not be able to bring new services as quickly, effectively or price- competitively as our competitors. Our failure to implement new services or market any existing or future services to our current customer base ~~and /~~ or new customers could have a material adverse impact on our operations and profitability. Our inability to defend our intellectual property could damage our reputation and incur costs that have a negative impact on our operations or financial condition. The Company has registered various trademarks and designs in the United States, Mexico and Canada. These marks play a major role in our business as they strengthen our brand recognition while helping accomplish our marketing strategy. Some of our intellectual property rights related to trademarks, trade secrets, domain names, copyrights, or other intellectual property could be challenged or invalidated or misappropriated or infringed upon, by third parties. Our continued efforts to obtain, enforce, protect and defend our intellectual property against a third- party infringement claim may be ineffective and could result in substantial costs which could adversely impact our corporate reputation, business, results of operations, and financial conditions. Damage to our reputation through unfavorable publicity or the actions of our employees, certain suppliers or independent contractors could adversely affect our financial condition. Our success depends on our ability to consistently deliver operational excellence and strong customer service. Our inability to deliver our services and solutions as promised on a consistent basis, or our customers having a negative experience or otherwise becoming dissatisfied, can negatively impact our relationships with new or existing customers and adversely affect our brand and reputation, which could, in turn, adversely affect revenue and earnings growth. Adverse publicity (whether or not justified) relating to activities by our employees, contractors, suppliers, agents or others with whom we do business, such as customer service mishaps or noncompliance with laws, could tarnish our reputation and reduce the value of our brand. With the increase in the use of social media outlets such as Facebook, YouTube, TikTok, Instagram, LinkedIn and **X (formerly** Twitter **)**, adverse publicity can be disseminated quickly and broadly, making it increasingly difficult for us to effectively respond. This unfavorable publicity could also require us to allocate significant resources to rebuild our reputation. The market value of our **Class A** ~~common~~ **Common** ~~stock~~ **Stock** may fluctuate and could be substantially adversely affected by various factors. We expect that the market price of our **Class A** ~~common~~ **Common** ~~stock~~ **Stock** will continue to fluctuate due to a variety of factors, many of which are beyond our control. These factors include, among others: • actual or anticipated variations in earnings, financial or operating performance or liquidity ~~÷~~**;** • changes in industry research analysts' recommendations or projections ; • failure to meet analysts' and our Company' s projections ; • general political, social, economic and capital market conditions ; • announcements of developments related to our business **or the business of our key customers or vendors** ; • operating and stock performance of other companies deemed to be peers ; • actions by government regulators ; • news reports of trends, concerns and other issues related to us or our industry, including changes in regulations; and • geopolitical conditions such as acts or threats of terrorism, military conflicts, and the effects of pandemics (such as the coronavirus). Our **Class A** ~~common~~ **Common** ~~stock~~ **Stock** price may fluctuate significantly in the future, and these fluctuations may be unrelated to our performance. General market price declines or market volatility in the future could adversely affect the price of our **Class A** ~~common~~ **Common** ~~stock~~ **Stock** , and the current market price of our **Class A** ~~common~~ **Common** ~~stock~~ **Stock** may not be indicative of future market prices.