

Risk Factors Comparison 2025-03-05 to 2024-03-06 Form: 10-K

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

In addition to information discussed elsewhere in this Form 10-K, you should carefully consider the following risk factors, as well as additional factors not presently known to us or that we currently deem to be immaterial, which could materially affect our business, liquidity, financial condition, and / or results of operations in future periods. Risks Relating to Our Operations

~~Macroeconomic trends, including inflationary pressures, and the availability of financing and uncertain interest rates, could adversely affect our business, results of operation or financial condition, as well as our customers' ability to fund purchases of our products. Global economic events and other factors, such as restrictive monetary and fiscal policy, the lingering impact of the COVID-19 pandemic and the conflicts in Ukraine and the Middle East, have contributed to significant inflation in many of the markets in which we operate. In order to combat inflation and restore price stability, the U. S. Federal Reserve and central banks worldwide have raised interest rates and may continue incrementally raising interest rates in 2024. The combination of increased inflation and interest rates may hinder the economic growth in the U. S. and in the global economy. This economic weakness and the possibility of a global recession have had, and may continue to have, a negative effect on our business and financial condition. We continue to monitor these inflationary pressures closely and, when possible, attempt to mitigate the risk associated with them, including by implementing several price increases and surcharges during 2022 and a price increase effective in the first quarter of 2023. While we have attempted to pass increased costs on to our customers, there can be no assurance that we will be able to continue doing so in the future. It is possible that sustained price increases, surcharges or price inflation (or inflation pressure generally), in turn, may lead to declines in volume, and while we seek to project tradeoffs between price increases, surcharges and inflation, on the one hand, and volume, on the other, there can be no assurance that our projections will prove to be accurate. Furthermore, the continued decline of the United States' credit rating or a recession in global or regional economy could negatively impact our business, financial condition, and liquidity. Any potential inflation or further pressure on credit markets could also adversely affect our and our customers' ability to continue to access preferred sources of liquidity resulting in increased borrowing costs. Our dependence upon outside suppliers for component parts, chassis and raw materials, including aluminum, steel, and petroleum-related products, leaves us subject to changes in price and availability, the cadence and quantity of deliveries from our suppliers, and delays in receiving supplies of such materials, component parts or chassis. We are dependent upon outside suppliers for our raw material needs and, other purchased component parts, and chassis. Prices and, availability and the timing of delivery of these raw materials, purchased component parts, and chassis are subject to substantial fluctuations that are beyond our control due to factors such as changing economic conditions, the level of tariffs that the U. S. impose on imported steel, aluminum, and other commodities or component parts and any resulting trade wars or trade restrictions, inflation, governmental regulations (including CARB's Advanced Clean Trucks regulation), currency and commodity price fluctuations, tariffs, resource availability, transportation costs, weather conditions and natural disasters, political unrest and instability, war (such as the ongoing military conflict between Russia and Ukraine and the Middle East) and other factors impacting supply and demand pressures. Sporadic deliveries, significantly elevated delivery quantities, and Delays delays in shipments of our raw materials and, purchased component parts, including chassis, and government actions related to tariffs on imports and trade policies have previously adversely impacted, and have the potential to further impact our revenues, results of operations and financial condition. As a result We also continue to monitor the impact of the Russia conflict with Ukraine on our fuel costs and supply chain for challenges, it has become more difficult to accurately forecast, purchase, warehouse, and transport to our manufacturing facilities and to our distribution partners purchased materials and, component parts, particularly and chassis at optimal volumes. If we are unable to accurately match the timing and quantities of component purchases, including chassis, to our actual needs or successfully manage our inventory or our workforce to adapt to the increased complexity in our supply chain, we may incur unexpected inventory buildup in our distribution channel. A mismatch in the timing and quantities of component purchases, including with respect to steel chassis, that results in a significant inventory buildup in our distribution channel has resulted, and items with substantial steel could continue to result, in reduced sales, as our distribution partners work through any such inventory buildup in the field. In addition, if we experience shortages or delays in receiving raw materials, component parts, and chassis, we may also incur unexpected production disruption, as well as storage, transportation, and labor costs, which could have a material adverse effect on our financial condition and results of operations. In addition, we may not be able to meet our customers' delivery schedules and could face the loss of orders or customers as a result of any resulting production disruptions. Our third-party suppliers' ability to supply us with component parts and chassis is limited by their available capacity to manufacture the component parts and chassis we require, and to secure adequate freight capacity to deliver them to our facilities. As the economy continued to recover from the impact of the pandemic over the course of 2022, various Various supply chain disruptions in 2024 continued to impact our ability to obtain certain raw materials, purchased component parts and chassis from third party suppliers and resulted in substantial price increases. We In addition, in the fourth quarter of 2023 and during 2024, we and, in turn, our distribution partners, also experienced significantly elevated levels of chassis shipments earlier than expected that resulted in a buildup of inventory in our distribution channel during the first half of 2024. While we slowed chassis deliveries in the second half of 2024 to allow our distributor network to work through the inventory already in the distribution channel, we continued to experience such difficulties throughout 2024 and in early 2023-2025. These supply chain difficulties have had, and are anticipated to continue to have, a material adverse impact on~~

our profitability and results of operations. Delays in deliveries of our finished products due to delays of purchased component parts and chassis used in our products could also adversely affect future demand for our products if our customers reduce their purchase levels with us and / or seek alternative solutions to meet their demand. If these delays, limitations on availability and price increases for raw materials, purchased component parts, and chassis continue, recur or worsen, they will continue to have a material adverse effect on production at our facilities. Furthermore, Recently, the U. S. announced the implementation of new or increased tariffs, including tariffs on steel and aluminum products imported from various countries. The ultimate impact of these tariffs is unknown at this time. Additionally, ongoing changes in U. S. and foreign government trade policies, including potential modifications to existing trade agreements and further restrictions on free trade, could introduce additional uncertainty. Any escalation of trade tensions, additional tariffs, retaliatory measures by foreign governments, or shifts in U. S. or international trade policies could adversely impact our supply chain and increase costs of component parts, chassis and raw materials, such as steel, aluminum, and petroleum- related products. A trade war or other significant changes in trade regulations could have an adverse effect on our business and results of operations. We also continue to monitor the impact of the conflict in Ukraine and the Middle East on our fuel costs and supply chain for materials and component parts, particularly with respect to steel and items with substantial steel content.

13PART I ITEM 1A. RISK FACTORS Shortages and price increases and / or delays or unexpected cadence or quantities in the deliveries of, our raw materials and purchased component parts, including chassis, have had and should be anticipated to continue to have a material adverse effect on our profitability, financial performance, competitive position and reputation. Demand from our customers and towing operators is affected by the availability of capital and access to credit, as well as rising costs of equipment ownership. The ability of our customers and of towing operators to purchase our products is affected by the availability of capital and credit to them. Our independent distributor customers rely on floor plan financing in connection with the purchase of our products, and the availability of that financing on acceptable terms has a direct effect on the volume of their purchases. More restrictive lending practices in conjunction with continuing increases in the cost of such financing can prevent distributors from carrying adequate levels of inventory, which limits product offerings available to the end customer and could lead to reduced sales of our products. Additionally, in many cases, a towing operator's decision to purchase our products from one of our distributors is dependent upon their ability to obtain financing upon acceptable terms. Volatility in the capital markets and changing interest rates have increased the cost of borrowing for our customers and towing operators. In the past, such volatility and disruptions to the capital and credit markets, principally in the U. S. and Europe, in the past has decreased the availability of capital to, and credit capacity of, our customers and towing operators. In addition, in the past, certain providers of floor plan financing have exited the market, which made floor plan financing increasingly difficult for our independent distributor customers to secure at those times. This reduced availability of capital and credit has negatively affected the ability and capacity of our customers and of towing operators to purchase towing and related equipment. This, in turn, has negatively impacted sales of our products. If interest rates continue to rise and our customers are unable to access capital or credit, it could materially and adversely affect our ability to sell our products, and as a result of, could negatively affect our supply chain business and operating results. In addition, the rising costs of equipment ownership have been, and could continue to be, a significant challenge for end- market users that could in the future impact customer demand for our products. For example, insurance premiums on our end users' trucks have increased, interest rates on new equipment have risen, and the value of used trucks has fluctuated, become more difficult to accurately forecast, affecting trade-in purchase, warehouse and transport to our manufacturing facilities purchased materials, component parts and chassis at sufficient volumes - values. If we are unable to accurately match the timing and new equipment quantities of component purchases. These rising costs of equipment ownership continue to pressure our actual needs, or our successfully manage customers. Any continuation of our or inventory worsening of the costs of equipment ownership could negatively impact customer demand for our products and have a material adverse impact on our profitability and results of operations. Macroeconomic trends, availability of financing, and changing interest rates, have and could continue to, adversely affect our business, results of operation or financial condition work force to adapt to the increased complexity in our supply chain, we may incur unexpected production disruption, as well as our customers' ability to fund purchases of our products. Worldwide economic and political conditions and other factors, such as changes in trade policies and tariffs, restrictive monetary and fiscal policy, political instability, military hostilities (such as the conflicts in Ukraine and the Middle East), domestic and global inflationary trends, global supply storage shortages, transportation interest rate volatility, and labor potential instability in the global banking system, have from time to time contributed to significant domestic and global inflation. For example, in 2022, the global economy experienced elevated levels of inflation. In response to higher than historical average inflationary pressures and challenging macroeconomic conditions, the U. S. Federal Reserve, along with other central banks, including in the U. K., maintained interest rates at elevated levels throughout 2023. In 2024, inflation began to return to historical norms, and, as a result, the Federal Reserve and the Bank of England lowered their interest rates by 100 and 50 basis points, respectively. The impact of the lowering of interest rates on the levels of inflation in the U. S., U. K. and Europe is uncertain. In Europe, rising energy costs as a result of supply disruptions and increased winter demand for heating could place strain on our operations and our suppliers' ability to maintain current production levels. Across the U. K. and Europe, which rising energy costs as a result of supply disruptions could result in nations or regions enacting emergency energy related policies, limiting energy availability for our manufacturing facilities in the United Kingdom and France. The impact of these macroeconomic developments on our operations cannot be predicted with certainty. While we have attempted to pass increased costs on to our customers in the past, there can be no assurances that we will be able to continue doing so in the future. It is possible that sustained price increases, surcharges or price inflation (or inflation pressure generally), in turn, may lead to

declines in volume, and while we seek to project tradeoffs between price increases, surcharges and inflation, on the one hand, and volume, on the other, there can be no assurance that our projections will prove to be accurate. Furthermore, a decline of the United States' credit rating or a recession in global or regional economy could negatively impact our business, financial condition, and liquidity. Any potential inflation or further pressure on credit markets could also adversely affect our and our customers' ability to continue to access preferred sources of liquidity resulting in increased borrowing costs. 14 | FY 2024 FORM 10- KPART ITEM 1A. RISK FACTORS

Our business operations are subject to various international political, economic and other uncertainties, including any new or increased tariffs, any trade restrictions, or new or ongoing military conflicts, that could materially adversely affect our business results. Historically, a portion of our net sales occur outside the United States, primarily in Europe. We also have manufacturing operations in Norfolk, England, and in the Lorraine region of France. As such, our operations are subject to various international political, economic and other uncertainties, including risks of restrictive taxation policies, changing political conditions and governmental regulations and trade policies, including tariffs and or trade restrictions. For example, in February 2025, the United States imposed additional tariffs on imports of Chinese- origin goods, as well as certain steel and aluminum imports from various countries. These additional tariffs, as well as a government' s adoption of " buy national " policies or retaliation by another government against such tariffs or policies may have introduced significant uncertainty into the market and may affect the prices of and supply of component parts, chassis and raw materials, including aluminum, steel, and petroleum- related products. There remains uncertainty with regard to the ongoing military conflicts in Ukraine, in the Middle East, and their impact on European and worldwide economic and supply chain conditions. These continued conflicts have created and may continue to create legal, political and economic uncertainties and impacts, including disruptions to trade and free movement of goods, services and people to and from Europe, disruptions to our workforce or the workforce of our suppliers or business partners. All of the foregoing risks could have a material adverse effect on our business, financial condition and results of operations. In addition, could have a material adverse effect on our business, financial condition and results of operations. In addition, a portion of our net sales derived outside the United States, as well as salaries of employees located outside the United States and certain other expenses, are denominated in foreign currencies, including the British pound sterling and the euro. We are, therefore, subject to risk of financial loss resulting from fluctuations in exchange rates of these currencies against the US- U.S. dollar. For example, the United Kingdom' s " Brexit " from the European Union has caused, and may continue to result in, significant volatility in global stock markets and currency exchange rate fluctuations of the US- U.S. dollar relative to other foreign currencies in which we conduct business, including both may not be able to meet our customers' delivery schedules and could face the loss of orders or customers- British pound sterling and the euro. In addition, political unrest, terrorist acts, military conflict, including the ongoing military conflicts in Ukraine and the Middle East, and disease outbreaks, such as the COVID- 19 pandemic a result. Shortages, price increases and / or delays in shipments of our raw materials and purchased component parts, including chassis-, have increased the risks of doing business abroad in general had and should be anticipated to continue to have a material adverse effect on our profitability, financial performance, competitive position and reputation. Increases 12 | FY 2023 FORM 10- KPART ITEM 1A. RISK FACTORS

Increases in the cost of skilled labor could adversely impact our business and profitability. The timely manufacture and delivery of our products requires an adequate supply of skilled labor, and the operating costs of our manufacturing facilities can be adversely affected by increasing labor costs in skilled positions. Accordingly, our ability to increase or maintain our current levels of sales, productivity and net earnings will be limited to a degree by our ability to control the costs of skilled laborers necessary to meet our requirements. We must attract, train and retain skilled employees while controlling related labor costs and maintaining our core values, including safety standards. Our ability to control labor costs is subject to numerous external factors, including the limited supply of available skilled labor for hire, prevailing wage rates, increases in healthcare and other enhanced employee benefits, in addition to cost increases associated with employee recruitment. The market for qualified talent continues to be competitive and we must ensure that we continue to offer competitive wages, benefits and workplace conditions to retain qualified employees. We Since 2022, we have experienced substantial increases in employee wages throughout 2022 in order to retain and 2023 recruit a talented workforce . This trend may continue over the near term, and possibly longer. We continue to monitor our labor costs and attempt to mitigate the risk associated with employee turnover through increased recruiting, training and retention efforts. The impact of these disruptions remains largely out of our control, and these factors may continue to have a material adverse impact on our profitability and results of operations. We invest significant time and expense in training our employees, which increases their value to competitors who may seek to recruit them. If we fail to retain our employees, we could incur significant expenses in hiring and training their replacements. There can be no assurance that we will be able to maintain an adequate skilled labor force necessary to efficiently operate our facilities. In addition, while our employees are not currently members of a union, there can be no assurance that the employees at any of our facilities will not choose to become unionized in the future. Demand from our customers and towing operators is affected by the availability of capital and access to credit. The ability of our customers and of towing operators to purchase our products is affected by the availability of capital and credit to them. Our independent distributor customers rely on floor plan..... 13PART ITEM 1A. RISK FACTORS

Our business is subject to the cyclical nature of our industry and changes in consumer confidence and in economic conditions in general. Adverse changes or continued uncertainty with respect to these factors may lead to a downturn in our business. The towing and recovery industry is cyclical in nature. Historically, the overall demand for our products and our resulting revenues have at times been negatively affected by wavering levels of consumer confidence, volatility and disruption in domestic and international capital and credit markets and the resulting decrease in the availability of financing for our customers and towing operators and the overall effects of global economic conditions. We remain concerned about the potential effects of these factors on the towing and recovery industry, and we continue to monitor our overall cost structure to see that it remains in line with business conditions. A prolonged economic

downturn, including as a result of political unrest, terrorist acts, military ~~conflict~~ **conflicts or, weather events**, outbreaks of disease ~~such as, or the other public health crises~~ **COVID-19 pandemic, and** **15PART I ITEM 1A. RISK FACTORS** and slow or negative growth in the domestic and global economy, could have a material adverse effect on our business, financial condition and results of operations for the foreseeable future. Our sales to U. S. and other governmental entities through prime contractors are subject to special risks. We act as a subcontractor for certain U. S. and other government programs. As a result, we are subject to extensive regulations and requirements of the U. S. and other government agencies and entities that govern these programs, including with respect to the award, administration and performance of contracts under such programs. Our U. S. and other government business is subject to the following risks, among others: (i) this business is susceptible to ~~changes~~ **decreases** in government spending, which may reduce future revenues; (ii) most of our contracts with governmental entities through prime contractors are fixed-price contracts, and our actual costs on any of these contracts could exceed our projected costs, (iii) competition for the award of these contracts is intense, and we may not be successful in bidding on future contracts, and (iv) the products we sell to governmental entities are subject to highly technical requirements, and any failure to comply with these requirements could result in unanticipated retrofit costs, delayed acceptance of products, late or reduced payment or cancellation of the contract. Our inability to address any of the foregoing concerns could seriously harm our business, financial condition and results of operations. Overall demand from our customers may be affected by increases in their fuel and insurance costs and changes in weather conditions. In the past, our customers have experienced substantial increases in fuel and other transportation costs, and in the cost of insurance. Our customers also have, from time to time, been subject to unpredictable and varying weather conditions, **such as hurricanes**, which could, among other things, impact the cost and availability of fuel and other materials. ~~More recently~~ **In addition**, the ongoing military ~~conflict~~ **conflicts in between Russia and Ukraine and the Middle East** and market dislocations associated with **global supply chain disruptions** ~~the economy's recovery from the COVID-19 pandemic~~ have both resulted in, and may continue to result in, substantial volatility in fuel costs in the U. S. and worldwide, and the extent and duration of such volatility cannot be predicted. Any of these factors could negatively affect our customers' capacity for purchasing towing and related equipment, and, consequently, have a material negative effect upon our business and operating results. Our competitors could impede our ability to attract or retain customers. The towing and recovery equipment manufacturing industry is highly competitive. Capital requirements for entry into the towing and recovery manufacturing industry have been relatively low, which could result in an increase in the number of competitors entering the industry. Competition for sales exists domestically and internationally at the manufacturer, distributor and towing-operator levels and is based primarily on product quality and innovation, reputation, technology, customer service, product availability and price. Competition for sales also comes from the market for used towing and recovery equipment. Certain of our competitors may have substantially greater financial and other resources and may provide more attractive dealer and retail customer financing alternatives than us. If these competitors are able to make it more difficult for us to attract or retain customers, it could have a negative impact on our sales, revenue and financial performance. The catastrophic loss of one of our manufacturing facilities could harm our business, financial condition and results of operations. While we manufacture our products in several facilities and maintain insurance covering our facilities, including business interruption insurance to mitigate losses resulting from any production interruption or shutdown caused by an insured loss, a catastrophic loss of the use of all or a portion of any one of our manufacturing facilities due to accident, labor issues, weather conditions, natural disaster, civil unrest, terrorist acts, military conflict or disease outbreaks ~~(including the COVID-19 pandemic)~~, or otherwise, whether short or long-term, could materially harm our business, financial condition, and results of operations. Any recovery under our insurance policies may not offset the lost sales or increased costs that may be experienced during the disruption of operations. Risks Related to Legal, Regulatory and Compliance Matters Environmental and health and safety liabilities and requirements could require us to incur material costs. We are subject to various U. S. and foreign laws and regulations relating to environmental protection and worker health and safety, including those governing discharges of pollutants into the ground, air and water; the generation, handling, use, storage, transportation, treatment and disposal of hazardous substances and waste materials; and the investigation and cleanup of contaminated properties. In certain cases, these regulatory requirements may limit the productive capacity of our operations. ~~In 14 | FY 2023 FORM 10- KPART ITEM 1A. RISK FACTORS~~ **In addition**, laws and regulations intended to achieve the goal of significantly reducing engine emissions associated with the operation of commercial vehicles are also being phased in by the U. S. Environmental Protection Agency and state regulators. For example, the California Air Resources Board's ("CARB"), Advanced Clean Trucks regulation, which has been adopted by several other states, requires manufacturers, including truck body chassis manufacturers that supply to us, to sell an increasing percentage of zero- emission or near zero- emission medium and heavy- duty trucks into the California market starting in calendar year 2024. **CARB-16 | FY 2024 FORM 10- KPART ITEM 1A. RISK FACTORS** CARB's Advanced Clean Fleets regulation sets requirements for organizations to reduce the overall emissions of the vehicle fleets they operate, which affects our customers who own and operate fleets in California. These regulations are intended to drive larger market penetration of zero- emission commercial trucks. There are currently multiple efforts underway which seek to prevent or delay some or all of these regulations from taking effect, ~~or otherwise seek relief from CARB's regulations~~. However, compliance with the regulations as currently written, or new or more stringent laws or regulations, or stricter interpretations of existing laws or regulations **have negatively impacted customer demand during 2024 and early 2025, and are expected to continue to negatively impact customer demand, which has had, and** could **continue to have, a materially -- material adversely -- adverse affect effect on** our results of operations, financial condition ~~or and~~ cash flows. Environmental and health-related requirements are complex, subject to change and have tended to become more and more stringent. Future developments could cause us to incur various expenditures and could also subject us to fines or sanctions, obligations to investigate or remediate contamination or restore natural resources, liability for third-party property damage or personal injury claims and the imposition of new permitting requirements and / or the modification or revocation of our existing operating permits, among other effects. These and other developments could

materially harm our business, financial condition and results of operations. Our facilities and operations could in the future be subject to regulations related to climate change and climate change (or events caused by climate change) may also have some impact on the Company's operations. However, these impacts are currently uncertain, and the Company cannot presently predict the nature and scope of those impacts. Failure to comply with domestic and foreign anti-corruption laws could have an adverse effect on our business. Our domestic and international operations require us to comply with a number of U. S. and international laws and regulations, including those involving anti-bribery and anti-corruption. Failure to comply with the Foreign Corrupt Practices Act, the U. K. Bribery Act, and other foreign anti-bribery laws could have an adverse effect on our business. Violations of these laws, or allegations of such violations, could result in our incurring significant fees and having fines and criminal sanctions imposed on us or our employees, and could adversely impact our business with government entities. Our future success depends upon our ability to develop or acquire proprietary products and technology and assertions against us relating to intellectual property rights could harm our business. Historically, we have been able to develop or acquire patented and other proprietary product innovations which have allowed us to produce what management believes to be technologically advanced products relative to most of our competition. While we are continuing to develop new technology and apply for patents, if we are unable to develop or acquire new products and technology in the future, our ability to maintain market share, and, consequently, our revenues and operating results, may be negatively affected. Our industry is marked by rapid technological developments and innovations (such as the use of artificial intelligence and machine learning) and evolving industry standards. If we are unable to provide enhancements and new features and integrations for our existing platform, develop new products that achieve market acceptance, or innovate quickly enough to keep pace with these rapid technological developments, our business could be harmed. Third parties may claim that our products infringe their patents or other intellectual property rights. If a competitor were to challenge our patents or assert that our products or processes infringe its patent or other intellectual property rights, we could incur substantial litigation costs, be forced to design around their patents, pay substantial damages or even be forced to cease our operations, any of which could be expensive and / or have an adverse effect on our operating results. Third-party infringement claims, regardless of their outcome, would not only consume our financial resources, but also would divert the time and effort of our management and could result in our customers or potential customers deferring or limiting their purchase or use of the affected products or services until resolution of the litigation. Changes in the tax regimes and related government policies and regulations in the countries in which we operate, **including the imposition of new or increased tariffs and any resulting trade wars**, could adversely affect our results and our effective tax rate. As a result of our international operations, we are subject to various taxes in both U. S. and non-U. S. jurisdictions. Due to economic and political conditions, tax laws, regulations and rates in these various jurisdictions may be subject to significant change. Our future effective income tax rate could be affected by changes in the mix of earnings in countries with differing statutory tax rates, the adoption of a global minimum tax rate for corporate entities, changes in the valuation of deferred tax assets or changes in tax laws or their interpretation. Changes to long-standing tax principles in the countries in which we operate could adversely affect our effective tax rate or result in higher cash tax liabilities. Increases in our effective tax rate or tax liabilities could have a material adverse effect on us. **In The imposition of new tariffs, any increases in existing tariffs, changes in or the repeal of trade agreements or the imposition of any other trade restrictions may increase costs of component parts and raw materials, such as chassis, steel and aluminum, and cause disruptions on our supply chain. Any such developments may also weaken the economies of the countries in which we operate, resulting in lower economic growth rates and weakened demand for our products.** **17PART ITEM 1A. RISK FACTORS** In addition, the provisions of the Inflation Reduction Act, which was enacted in August 2022, include a minimum tax equal to 15 % of the adjusted financial statement income of certain large corporations, as well as a 1 % excise tax on certain share buybacks by public corporations that would be imposed on **such** ~~15PART ITEM 1A. RISK FACTORS~~ ~~such~~ corporations. It is possible that changes under the Tax Cuts and Jobs Act, which was enacted in December 2017, the IRA or other tax legislation could increase our future tax liability, which could in turn adversely impact our business and future profitability. The effects of regulations relating to conflict minerals may adversely affect our business. In 2012, the SEC adopted rules under the Dodd-Frank Wall Street Reform and Consumer Protection Act to improve transparency and accountability concerning the supply of certain minerals, known as "conflict minerals", originating from the Democratic Republic of Congo and adjoining countries. These rules could adversely affect the sourcing, availability and pricing of such minerals if they are found to be used in the manufacture of our products, as the number of suppliers who provide conflict-free minerals may be limited. In addition, we have incurred and expect to incur additional costs to comply with the disclosure requirements, including costs related to determining the source of any of the relevant minerals and metals used in our products. In addition to the SEC regulation, the European Union adopted new requirements for European Union importers of conflict minerals, which went into effect on January 1, 2021, and that may impact and increase the cost of our conflict minerals compliance program. The Company's supply chain is complex. As a result, we have encountered and continue to expect significant difficulty in determining the country of origin or the source and chain of custody for all "conflict minerals" used in our products and disclosing that our products are "conflict free" (meaning that they do not contain "conflict minerals" that directly or indirectly finance or benefit armed groups in the Democratic Republic of the Congo or an adjoining country). We may face reputational challenges from customers, investors or others if we are unable to verify the origins for all "conflict minerals" used in our products. In such event, we may also face difficulties in satisfying customers who may require that all of the components of our products be certified as conflict mineral free. A product warranty or product liability claim in excess of our insurance coverage, or an inability to acquire or maintain insurance at commercially reasonable rates, could have a material adverse effect upon our business. We are subject to various claims, including product warranty and product liability claims arising in the ordinary course of business, and may at times be a party to various legal proceedings incidental to our business. We maintain reserves and liability insurance coverage at levels based upon commercial norms and our historical claims experience. If we manufacture poor quality products or receive defective materials, we may incur unforeseen

costs in excess of what we have reserved in our financial statements. A successful product warranty, product liability or other claim brought against us in excess of our insurance coverage, or the inability of us to acquire or maintain insurance at commercially reasonable rates, could have a material adverse effect upon our business, operating results and financial condition. In addition, we are subject to potential recalls of components or parts manufactured by suppliers which we purchase and incorporate into our towing and recovery equipment products, as well as potential recalls of our products from customers to cure manufacturing defects or in the event of a failure to comply with applicable regulatory standards or customers' order specifications. Moreover, the adverse publicity that may result from a product liability claim, perceived or actual defect with our products or a product recall could have a material adverse effect on our ability to market our products successfully.

RISKS RELATED TO OUR COMMON STOCK Our stock price may fluctuate greatly as a result of the general volatility of the stock market, or from our involvement with activist shareholders. From time to time, there may be significant volatility in the market price for our common stock. Our quarterly operating results, changes in earnings estimated by analysts, if any, changes in general conditions in our industry or the economy or the financial markets or other developments affecting us, including our ability to pay dividends, could cause the market price of our common stock to fluctuate substantially. In addition, we seek to actively engage with shareholders and consider their views on business and strategy. However, we could be subject to actions or proposals from shareholders or others that do not align with our business strategies or the interests of our other shareholders. And publicly traded companies have increasingly become subject to campaigns by activist investors advocating corporate actions such as governance changes, financial restructurings, increased borrowings, special dividends, stock repurchases or even sales of assets or entire companies to third parties or to the activists themselves. Responding to activist investors could be costly and time-consuming, disrupt our business and operations, adversely affect our relationships with our employees, customers, or service providers, and divert the attention of our Board of Directors and senior management. Further, we may be required to incur significant fees and other expenses related to such matters, including fees and expenses for third-party advisors. Perceived uncertainties associated with such activities could interfere with our ability to effectively execute our strategic plan, impact long-term growth, and limit our ability to hire and retain qualified personnel, business partners, customers, and others important to our success. In addition, actions of these shareholders may cause periods of fluctuation in our stock price based on temporary or speculative market perceptions or other factors that do not necessarily reflect the underlying fundamentals and prospects of our business.

Our ~~16~~ **FY 2023 FORM 10-K PART ITEM 1A. RISK FACTORS** Our charter and bylaws contain anti-takeover provisions that may make it more difficult or expensive to acquire us in the future or may negatively affect our stock price. Our charter and bylaws contain restrictions that may discourage other persons from attempting to acquire control of us, including, without limitation, prohibitions on shareholder action by written consent and advance notice requirements regarding amendments to certain provisions of our charter and bylaws. In addition, our charter authorizes the issuance of up to 5,000,000 shares of preferred stock. The rights and preferences for any series of preferred stock may be set by the Board of Directors, in its sole discretion and without shareholder approval, and the rights and preferences of any such preferred stock may be superior to those of common stock and thus may adversely affect the rights of holders of common stock.

RISKS RELATED TO INDEBTEDNESS AND LIQUIDITY Our credit facility could restrict our ability to operate our business and failure to comply with its terms could adversely affect our business; our obligations to repurchase products from third-party lenders could adversely impact our future revenues and financial condition. **We incurred significant additional indebtedness during 2022 and 2023. As of December 31, 2024, we had \$ 65.0 million in borrowings outstanding under our credit facility. Since December 2024, we drew net advances of \$ 5.0 million from our credit facility for a balance of \$ 70.0 million as of February 28, 2025.** Our credit facility contains customary representations and warranties, events of default, and financial, affirmative and negative covenants for loan agreements of this kind. In addition, covenants under our current credit facility restrict our ability to pay cash dividends if the Company would be in violation of the minimum tangible net worth test or the leverage ratio test in the current loan agreement as a result of the dividend, among various restrictions. We have been in compliance with these covenants throughout ~~2023~~ **2024** and anticipate that we will continue to be in compliance during ~~2024~~ **2025**. If we fail to comply with the requirements of our current credit facility, such non-compliance would result in an event of default. If not waived by the bank, such event of default would result in the acceleration of any amounts due under the current credit facility. We also have certain obligations to repurchase our products repossessed by third-party lenders if our distributors should default in their obligations to those lenders. Such repurchases could result in reduced net revenue in future periods as we resell such products and, if we are unable to sell the products, could adversely impact our financial condition. We cannot assure you that we will continue to declare dividends on our common stock. Our Board of Directors approved a dividend policy in 2011 to consider and pay quarterly dividends on our common stock subject to our ability to satisfy all applicable statutory requirements and our continued financial strength. While we currently intend to pay a quarterly dividend on shares of our common stock, to the extent that we have sufficient funds available for such purpose, the declaration, amount and payment of any future dividends on shares of common stock will be at the sole discretion of our Board of Directors and we may reduce or discontinue entirely the payment of such dividends at any time. Our Board of Directors may take into account general and economic conditions, our financial condition and operating results, capital requirements, restrictions in financing agreements and such other factors as they may deem relevant from time to time.

GENERAL RISK FACTORS A disruption in, or breach in security of, our information technology ("IT") systems or any violation of data protection laws could adversely impact our business and operations. We rely on the accuracy, capacity and security of our IT systems and our ability to update these systems in response to the changing needs of our business. We use our IT systems to collect and store confidential and sensitive data, including information about our business, our customers, our suppliers and our employees. We rely on IT systems to protect this information and to keep financial records, process orders, manage inventory, coordinate shipments to customers, and operate other critical functions. Our IT systems may be disrupted or fail for a number of reasons, including natural disasters, such as fires; power loss; software "bugs"; hardware defects or human

error or malfeasance; or security breaches caused by hacking, computer viruses, malware, ransomware or other **cyberattacks** ~~cyber-attacks. The risk of such cyber-attacks may be heightened as a result of the Russian conflict with Ukraine.~~ As technology continues to evolve, we anticipate that we will collect and store even more data in the future and that our systems will increasingly use remote communication features that are susceptible to both willful and unintentional security breaches. We have incurred costs and expect to incur significant additional costs in order to implement security measures that we feel are appropriate to protect our IT systems. Despite these efforts, future attacks could result in our systems or data being breached and / or damaged by computer viruses or unauthorized physical or electronic access. Such a breach could result in theft of our intellectual property or trade secrets and / or unauthorized ~~access~~ **19PART I ITEM 1A. RISK FACTORS** ~~access~~ to controlled data and personal information stored in connection with our human resources function. In the event of a breach in security that allows third parties access to personal information, we are subject to a variety of ever- changing laws on a global basis that may require us to provide notification to the data owners, and that may subject us to lawsuits, fines and other means of regulatory enforcement or harm employee morale. ~~Any~~ **17PART I ITEM 1A. RISK FACTORS** ~~Any~~ disruption, outage or breach of our IT systems could result in interruption of our business operations, damage to our reputation and a loss of confidence in our security measures, all of which could adversely affect our business. In addition, if our systems are improperly implemented, breached, damaged or cease to function properly, we may have to make significant investments to fix or replace them. To the extent that any data is lost or destroyed or any confidential information is inappropriately disclosed or used, it could adversely affect our competitive position or customer relationships, harm our business and possibly lead to significant claims, liability, or fines based upon alleged breaches of contract or applicable laws, which liabilities may not be covered by insurance. The Company is also required to comply with increasingly complex and changing laws and regulations enacted to protect business and personal data in the United States and other jurisdictions regarding privacy, data protection and data security, including those related to the collection, storage, use, transmission and protection of personal information and other customer, vendor or employee data. Regulators globally are also imposing greater monetary fines for privacy violations including the GDPR that became effective in the European Union in 2018. The GDPR and other changes in laws or regulations associated with the enhanced protection of certain types of sensitive data, such as healthcare data or other personal information, could increase our cost of providing our products and services. Any loss of the services of our key executives could have a material adverse impact on our operations. Our success is highly dependent on the continued services of our management team because of the management teams' experience and skills gained from their long- term service to the Company. The loss of services of one or more key members of our senior management team could have a material adverse effect on us. ~~18-20~~ **FY 2023-2024** FORM 10- K