Risk Factors Comparison 2024-05-28 to 2023-05-22 Form: 10-K

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We also face other risks associated with the delivery of inventory originating outside the United States, including: ⍰ potential economic and political instability in countries where our suppliers are located or along the shipping routes used to deliver the products; ⍰ increases in shipping costs; ⍰ transportation delays and interruptions, including those occurring as a result of geopolitical events, like the war in Ukraine, **the Israel- Hamas war** or public health emergencies; ⍰ compliance with the United States Foreign Corrupt Practices Act, which generally prohibits U. S. companies from engaging in bribery or making other prohibited payments to foreign officials; and ⍰ significant fluctuations in exchange rates between the U. S. dollar and foreign currencies. Changes in the U. S. trade environment, including the imposition of import tariffs, could adversely affect our consolidated results of operations and cash flows. In recent years, trade tensions between the U. S. government and China have increased as the U. S. government has implemented and proposed tariffs and the Chinese government proposed retaliatory tariffs. Although we have no foreign operations and do not manufacture any products, tariffs imposed on products that we sell, such as tires, may cause our expenses to increase, which could adversely affect our profitability unless we are able to raise our prices for these products. If we increase the price of products impacted by tariffs, our service offerings may become less attractive relative to services offered by our competitors or cause our customers to trade down in price or delay needed maintenance. Given the uncertainty regarding the scope and duration of these trade actions by the U. S. or other countries, the impact of these trade actions on our operations or results remains uncertain. However, the tariffs, along with any additional tariffs or retaliatory trade restrictions implemented by other countries, could adversely affect the operating profits of our business, which could have an adverse effect on our consolidated results of operations and cash flows. If we are unable to generate sufficient cash flows from our operations, our liquidity will suffer and we may be unable to satisfy our obligations. We currently rely on cash flow from operations and our revolving credit facility with nine banks (the " Credit Facility ") to fund our business. Amounts outstanding on the Credit Facility are reported as debt on our balance sheet. While we believe that we have the ability to sufficiently fund our planned operations and capital expenditures for the foreseeable future, various risks to our business could result in circumstances that would materially affect our liquidity. For example, cash flows from our operations could be affected by changes in consumer spending habits, macroeconomic conditions, the failure to maintain favorable vendor payment terms or our inability to successfully implement sales growth initiatives, among other factors. We may be unsuccessful in securing alternative financing when needed on terms that we consider acceptable. As of March ~~25~~ **30** , ~~2023~~ **2024** , there was $ ~~105~~ **102** million outstanding under the Credit Facility. Any significant increase in our leverage could have the following risks: ⍰ our ability to obtain additional financing for working capital, capital expenditures, store renovations, acquisitions or general corporate purposes may be impaired in the future; ⍰ our failure to comply with the financial and other restrictive covenants governing our debt, which, among other things, require us to comply with certain financial ratios and limit our ability to incur additional debt and sell assets, could result in an event of default that, if not cured or waived, could have a material adverse effect on our business, financial condition and results of operations; and ⍰ our exposure to certain financial market risks, including fluctuations in interest rates associated with bank borrowings could become more significant. **If** ~~Although we believe that we will remain in compliance with our debt covenants, if~~ we are not able to ~~do so~~ **remain in compliance with our debt covenants,** our lenders may restrict our ability to draw on our Credit Facility, which could have a negative impact on our operations, ability to pay dividends, and growth potential, including our ability to complete acquisitions **. Covenants in the agreements governing our Credit Facility restrict the manner in which we conduct our business. The Credit Facility contains covenants that may limit, subject to certain exemptions, our ability to incur other indebtedness or liens; make investments; repurchase our common stock; acquire stores or other businesses; prepay other indebtedness; and to declare dividends and other distributions, subject to certain exceptions. Monro, Inc. 2024 Form 10- K12RISK FACTORS The Credit Facility contains certain financial covenants that require us to maintain a minimum interest coverage ratio and a maximum ratio of adjusted debt to EBITDAR, as defined in the Credit Facility. The restrictions of the Credit Facility could adversely affect our ability to: ⍰ finance our operations; ⍰ make capital expenditures; ⍰ acquire stores or other businesses; ⍰ maintain the current rate or frequency of dividends; ⍰ withstand a future downturn in our business or the economy in general; ⍰ engage in business activities, including future opportunities, that may be in our interest; and ⍰ plan for or react to market conditions or otherwise execute our business strategies. Our ability to comply with the covenants, restrictions and specified financial ratios in the Credit Facility may be affected by events beyond our control, including prevailing economic, financial, and industry conditions. A breach of any of these covenants, subject to certain cure rights of the Company, could result in a default under the Credit Facility. Further, any indebtedness that we may incur in the future may subject us to further covenants. If a default under any such debt agreement is not cured or waived, the default could result in the acceleration of debt, which could require us to repay debt prior to the date it is otherwise due and that could adversely affect our financial condition. If we are unable to generate sufficient cash flows from our operations, we may breach financial covenants under the Credit Facility, and we may not have sufficient cash on hand or available liquidity that could be utilized to repay our outstanding indebtedness, which would have a material adverse effect on our business. Failure to protect our brands and our reputation could have a material adverse effect on our business and results of operations. We believe we have built an excellent reputation as a leading nation- wide operator of retail tire and automotive repair stores in the United States. We believe our continued success depends, in part, on our ability to preserve, grow, and leverage the value of the several brands our retail tire and**

automotive repair stores primarily operate under. Negative publicity and other reputational harm relating to events or activities attributed to us, our policies, our employees or others associated with us, whether or not justified, may diminish the value of our brands. If any of our brands are negatively impacted, it could have a material adverse effect on our business and results of operations . Legal, Regulatory and Technological Risks Our industry is subject to environmental, consumer protection and other regulation. We are subject to various federal, state, and local environmental laws, building and zoning requirements, employment and labor laws and other governmental regulations regarding the operation of our business **. The compliance costs and operational burdens associated with applicable federal, state, and local environmental laws and regulations could be significant** . For example, we are subject to rules governing the handling, storage and disposal of hazardous substances contained in some of the products such as motor oil that we sell and use at our stores, the recycling of batteries, tires and used lubricants, and the ownership and operation of real property. These laws and regulations can impose fines and criminal sanctions for violations as well as require the installation of pollution control equipment or operational changes to decrease the likelihood of accidental hazardous substance releases. Accordingly, we could become subject to material liabilities relating ~~Monro, Inc. 2023 Form 10- K13RISK FACTORS~~ to the investigation and cleanup of contaminated properties, and to claims alleging personal injury or property damage because of exposure to, or release of, hazardous substances. In addition, stricter interpretation of existing laws and regulations, new laws and regulations, the discovery of previously unknown contamination or the imposition of new or increased requirements could require us to incur costs or become the basis of new or increased liabilities that could have a material adverse effect on our business, financial condition, and results of operations. National automotive repair chains have also been the subject of investigations and reports by consumer protection agencies and the Attorneys General of various states. Publicity in connection with these kinds of investigations could have an adverse effect on our sales and, consequently, our business, financial condition, and results of operations. State and local governments have also enacted numerous consumer protection laws with which we must comply. The costs of operating our stores may increase if there are changes in laws governing minimum hourly wages, working conditions, overtime, workers' compensation and health insurance rates, unemployment tax rates or other laws and regulations. **Monro, Inc. 2024 Form 10- K13RISK FACTORS** We have experienced and expect further increases in payroll expenses because of federal, state, and local mandated increases in the minimum wage, inflation, and demand for workers in the current labor market. Our vendors are also subject to these factors, which may increase the prices we pay for their products. A material increase in these costs that we were unable to offset by increasing our prices or by other means could have a material adverse effect on our business, financial condition, and results of operations. We are involved in litigation from time to time arising from the operation of our business and, as such, we could incur substantial judgments, fines, legal fees, or other costs. We are sometimes the subject of complaints or litigation from customers, employees or other third parties for various actions. From time to time, we are involved in litigation involving claims related to, among other things, breach of contract, negligence, tortious conduct and employment and labor law matters, including payment of wages. The damages sought against us in some of these proceedings could be substantial. Although we maintain liability insurance for some litigation claims, if one or more of the claims were to greatly exceed our insurance coverage limits or if our insurance policies do not cover a claim, this could have a material adverse effect on our business, financial condition, results of operations and cash flows. Business interruptions and unavailability of products would negatively impact our store operations, which may have a material negative effect on our business. If any of our locations in a particular region are unexpectedly closed permanently or for a period of time, it could have a negative impact on our business. Such closures could occur because of circumstances out of our control, including war, acts of terrorism, local and global health crises, extreme weather conditions, including extreme weather events caused by climate change, and other natural disasters. Further, if our ability to obtain products and merchandise for use in our stores is impeded, it could have a negative impact on our business. Factors that could negatively affect our ability to obtain products and merchandise include the sudden inability to import goods into the United States for any reason and the curtailment or delay of commercial transportation. While we do maintain business interruption insurance, there is no guarantee that we will be able to use such insurance for any particular location closure or other interruption in operations. Any interruption to the operability or breach of our computer systems could damage our reputation and have a material adverse effect on our business and results of operations. Given the number of individual transactions we process each year, it is critical that we maintain uninterrupted operation of our computer and communications hardware and software systems. Our systems could be subject to damage or interruption from power outages, ~~computer~~ **technology** and telecommunications failures, computer viruses, security breaches, including breaches of our transaction processing or other systems that result in the compromise of confidential customer data, catastrophic events such as fires, tornadoes and hurricanes, and usage errors by our employees. If our systems are breached, damaged or cease to function properly, we may have to make a significant investment to fix or replace them, we may suffer interruptions in our operations in the interim, we may face costly litigation, and our reputation with our customers may be harmed. The risk of disruption is increased in periods where complex and significant systems changes are undertaken. **Even if we attempt to recover costs incurred as a result of any interruption or breach from an insurer, there can be no guarantee that any or all of those costs would be insured or recoverable.** Any material interruption in our computer operations may have a material adverse effect on our business or results of operations. If we experience a data security breach and confidential customer or employee information is disclosed, we may be subject to penalties and experience negative publicity, which could affect our customer relationships and have a material adverse effect on our business. We may incur increasing costs in an effort to minimize these ~~cyber security~~ **cybersecurity** risks. The nature of our business involves the receipt and storage of personally identifiable data of our customers and employees. This type of data is subject to legislation and regulation in ~~various~~ **many** jurisdictions. We have been subject to cyber- attacks in the past and we may suffer ~~Monro, Inc. 2023 Form 10- K14RISK FACTORS~~ data security breaches arising from future attacks. We may currently be at a higher risk of a security breach due to cyber- attacks related to the **ongoing geopolitical uncertainty** ~~Russian invasion of Ukraine~~ . Data security breaches suffered by well- known companies and institutions have attracted a substantial amount of media attention, prompting state and federal legislative proposals addressing data privacy and security. We may become exposed to potential liabilities with respect to the data that we collect, manage and process, and may incur legal costs if our information security policies and procedures are not effective or if we are required to defend our methods of collection, processing, and storage of personal data. Future investigations, lawsuits or adverse publicity relating to our methods of handling personal data could adversely affect our business, results of operations, financial condition, and cash flows due to the costs and negative market reaction relating to such developments. We may not have the resources or technical expertise to anticipate or prevent rapidly evolving types of cyber- attacks. Attacks have been targeted at us, our customers, or others who have entrusted us with information. **Monro, Inc. 2024 Form 10- K14RISK FACTORS** Actual or anticipated attacks will cause us to incur increased costs, including costs to hire additional personnel, purchase additional protection technologies, train employees, and engage third- party experts and consultants. In addition, data and security breaches can also occur because of non- technical issues, including breach by us or by persons with whom we have commercial relationships that result in the unauthorized release of personal or confidential information. Any compromise or breach of our security could result in violation of applicable privacy and other laws, significant legal and financial exposure, and a loss of confidence in our security measures, which could have a material adverse effect on our results of operations and our reputation. Risks Related to our Strategic Initiatives We may not be successful in integrating new and acquired stores. Management believes that our continued growth in sales and profit is dependent, in large part, upon our ability to operate new stores that we open or acquire on a profitable basis. To do so, we must find reasonably priced new store locations and acquisition candidates that meet our criteria and we must integrate any new stores (opened or acquired) into our system. Our growth and profitability could be adversely affected if we are unable to open or acquire new stores or if new or existing stores do not operate at a sufficient level of profitability. In addition, our profitability could be adversely affected if we fail to retain key personnel from acquired stores or assume unanticipated liabilities of acquired businesses. To the extent we acquire stores or expand into new geographic regions, we must anticipate the needs of customers and the vehicle population in those regions, which may differ from our existing customers and the vehicle populations we serve, while integrating the stores in the new geographic region into our existing network of stores. If new stores do not achieve expected levels of profitability or we are unable to integrate stores in new geographic regions into our business, our ability to remain in compliance with our debt covenants or to make required payments under our Credit Facility may be adversely impacted, and our financial condition and results of operations may be adversely impacted. If our capital investments in remodeling existing or acquired stores, building new stores, and improving technology do not achieve appropriate returns, our competitive position, financial condition, and results of operations could be adversely affected. Our business depends, in part, on our ability to remodel existing or acquired stores and build new stores in a manner that achieves appropriate returns on our capital investment. Pursuing the wrong remodel or new store opportunities and any delays, cost increases, disruptions or other uncertainties related to those opportunities could adversely affect our results of operations. We are currently making, and expect to continue to make, investments in technology to improve customer experience and certain management systems. The effectiveness of these investments can be less predictable than remodeling stores and might not provide the anticipated benefits or desired rates of return. Pursuing the wrong investment opportunities, making an investment commitment significantly above or below our needs, or failing to effectively incorporate acquired businesses into our business could result in the loss of our competitive position and adversely affect our financial condition or results of operations. Any impairment of goodwill, other intangible assets or long- lived assets could negatively impact our results of operations. Our goodwill is subject to an impairment test on an annual basis. Goodwill, other intangible assets, and long- lived assets are also tested whenever events and circumstances indicate that goodwill, other intangible assets and / or long- lived assets may be impaired. Any excess goodwill resulting from the impairment test must be written off in the period of determination. Intangible assets (other than goodwill and indefinite- lived intangible assets) and other long- lived assets are generally amortized or depreciated over the useful life of such assets. **We assess potential impairments to our long- lived assets whenever events or changes in circumstances indicate that the carrying value of an asset group may not be recoverable. For example, in fiscal 2024, we incurred store impairment charges of approximately $ 1. 9 million after considering changes in their actual and forecasted financial performance, reassessing their recoverability using an undiscounted cash flow model, and determining their carrying value may not be recoverable.** In addition, from time to time, we may acquire or make an investment in a business that will require us to record goodwill based on the purchase price and the fair value of assets acquired and liabilities assumed. We have significantly increased our goodwill because of our acquisitions. We may subsequently experience unforeseen issues with the businesses we acquire, which may adversely affect the anticipated returns of the business or value of the intangible assets and trigger an evaluation of recoverability of the recorded goodwill **and intangible assets. Future determinations of significant write- offs of goodwill, intangible assets, or other long- lived assets, because of an impairment test or any accelerated amortization or depreciation of other intangible assets or other long- lived assets could have a material negative impact on our results of operations and financial condition.** Monro, Inc. ~~2023~~ **2024** Form 10- K15RISK FACTORS ~~and intangible assets. Future determinations of significant write- offs of goodwill, intangible assets, or other long- lived assets, because of an impairment test or any accelerated amortization or depreciation of other intangible assets or other long- lived assets could have a material negative impact on our results of operations and financial condition.~~ Planned store closings have resulted in acceleration of costs and future store closings could result in additional costs. From time to time, in the ordinary course of our business, we close certain stores, generally based on considerations of store profitability, competition, strategic factors and other considerations. Closing a store could subject us to costs including the write- down of leasehold improvements, equipment, furniture, and fixtures. In addition, we could remain liable for future lease obligations. Risks Related to Our Common Stock The amount and frequency of our common stock repurchases and dividend payments may fluctuate or cease. The amount, timing and execution of our common stock repurchase program may fluctuate based on our priorities for using cash. We may need to use these funds for other purposes, such as operational expenses, capital expenditures, acquisitions or repayment of indebtedness. Changes in operational results, cash flows, tax laws and the market price of our common stock could also impact our common stock repurchase program and other capital activities. For example, the Inflation Reduction Act of 2022 imposed a 1 % excise tax on certain common stock repurchases. In addition, our Board of Directors determines whether the return of capital to shareholders, through our common stock repurchase program or dividends on the common stock, is in the best interest of shareholders and in compliance with our legal and contractual obligations **. Our Credit Facility contains covenants that may limit, subject to certain exemptions, our ability to repurchase our common stock, and to declare dividends and other distributions** . Holders of our common stock are only entitled to receive such dividends as our Board of Directors may declare out of funds legally available for such payments. Although we have historically declared cash dividends on our common stock, we are not required to do so and may reduce or eliminate our common stock dividend in the future. This could adversely affect the market price of our common stock. The multi- class structure of our capital stock has the effect of concentrating power with holders of our Class C Convertible Preferred Stock, which severely limits the ability of our common shareholders to influence or direct the outcome of matters submitted to our shareholders for approval. At least 60 % of the shares of Class C Convertible Preferred Stock (the " Class C Preferred ") must vote as a separate class or unanimously consent to effect or validate any action taken by our common shareholders. Therefore, the Class C Preferred holders have an effective veto over all matters put to a vote of our common stock and could use that veto power to block any matter that the holders of common stock may approve. As of March ~~25~~ **30** , ~~2023~~ **2024** , Peter J. Solomon, one of our directors, and members of his family beneficially own all of the outstanding shares of Class C Preferred. **Although** ~~If our shareholders approve~~ the ~~amendments to our certificate of incorporation to reclassify our equity capital structure to eliminate our~~ Class C Preferred ~~Stock at our annual meeting,~~ **shares are subject to mandatory conversion prior to** ~~and~~ **an agreed sunset date expected in 2026 (see Note 17 to the Company' s consolidated financial statements for further detail),** until the Class C Preferred shares are converted into common stock after the sunset period, Mr. Solomon will be able to control matters requiring approval by our shareholders, including the election of members of our ~~board~~ **Board** of ~~directors~~ **Directors** , the adoption of amendments to our certificate of incorporation, and the approval of any merger, consolidation, sale of all or substantially all of our assets or other major corporate transaction. Mr. Solomon may have interests that differ from our common shareholders and may vote in a way with which our other shareholders disagree or adverse to our shareholders' interests. The concentration of voting control will limit or preclude our common shareholders' ability to influence corporate matters ~~for the foreseeable future~~ and could have the effect of delaying, preventing, or deterring a change in control of our company, could deprive holders of our common stock of an opportunity to receive a premium for their shares as part of a sale of our company and could negatively affect the market price of our common stock. In addition, this concentration of voting power may prevent or discourage unsolicited acquisition proposals or offers for our capital stock that our other shareholders or the Board of Directors may feel are in our best interest. Provisions in our certificate of incorporation and bylaws may prevent or delay an acquisition of us, which could decrease the price of our common stock. Our certificate of incorporation and our bylaws contain provisions intended to deter coercive takeover practices and inadequate takeover bids and to encourage prospective acquirers to negotiate with our ~~board~~ **Board** of ~~directors~~ **Directors** rather than to attempt an unsolicited takeover not approved by our ~~board~~ **Board** of ~~directors~~ **Directors** . These provisions include: ? the concentration of voting power in the Class C Preferred shares; ? our classified ~~board~~ **Board** of ~~directors~~ **Directors** , with approximately half of our ~~board~~ **Board** of ~~directors~~ **Directors** elected at each year' s annual meeting; ? the vote of at least two- thirds of the outstanding shares of common stock required to approve amendments to certain provisions in our certificate of incorporation; ~~Monro, Inc. 2023 Form 10- K16RISK FACTORS~~ ? the ~~board~~ **Board** of ~~directors~~ **Directors** ' ability to issue shares of serial preferred stock without shareholder approval; and ? the advance notice required by our bylaws for any shareholder who wishes to bring business before a meeting of shareholders or to nominate a director for election at a meeting of shareholders. ~~Even if our~~ **Monro, Inc. 2024 Form 10- K16RISK FACTORS Although** shareholders ~~approve~~ **approved** an amendment to our certificate of incorporation to declassify our ~~board~~ **Board** of ~~directors~~ **Directors** , annual elections of all of our directors will not begin ~~immediately~~ **until our 2025 annual meeting of shareholders (see Note 17 to the Company' s consolidated financial statements for further detail)** . These provisions will apply even if a takeover offer may be considered beneficial by some shareholders and could delay or prevent an acquisition that our ~~board~~ **Board** of ~~directors~~ **Directors** determines is in the best interests of us and our shareholders. These provisions may also prevent or discourage attempts to remove and replace incumbent directors. These provisions may decrease the market price of our common stock. The market price of our common stock may be volatile and could expose us to shareholder action including securities class action litigation. The stock market and the price of our common stock may be subject to wide fluctuations based upon general economic and market conditions. Downturns in the stock market may cause the price of our common stock to decline. The market price of our stock may also be affected by our ability to meet analysts' expectations. Failure to meet such expectations, even slightly, could have an adverse effect on the price of our common stock. In the past, following periods of volatility in the market price of a company' s securities, shareholder action including securities class action litigation has often been instituted against such a company. If similar litigation were instituted against us, it could result in substantial costs and a diversion of our management' s attention and resources, which could have an adverse effect on our business. General Risk Factors We rely on an adequate supply of skilled field personnel. To continue to provide high quality services, we require an adequate supply of skilled field managers and technicians. Trained and experienced automotive field personnel are in high demand, and may be in short supply in some areas, a challenge that has been highlighted by the tight labor market **in recent years** ~~following the easing of pandemic restrictions~~ . We have experienced **and expect to continue to experience** more difficulty hiring skilled technicians than pre- pandemic and may be unable to replace employees as quickly as we need to fill positions in our stores. We cannot assure that we will be able to attract, motivate and maintain an adequate skilled workforce necessary to operate our existing and future stores efficiently, or that labor expenses will not **continue to** increase because of a shortage in the supply of skilled field personnel, thereby adversely impacting our financial performance. While the automotive repair industry generally operates with high field employee turnover, any material increases in employee turnover rates in our stores, inability to recruit new employees or any widespread employee dissatisfaction could also have a material adverse effect on our business, financial condition, and results of operations. We depend on the services of our key executives. Our senior executives are important to our success because they have been instrumental in setting our strategic direction, operating our business, identifying, recruiting and training key personnel, identifying expansion opportunities and arranging necessary financing. Losing the services of any of these individuals could adversely affect our business until a suitable replacement is found. It may be difficult to replace them quickly with executives of comparable experience and capabilities. Although we have employment agreements with certain of our executives, we cannot prevent them from terminating their employment with us. To the extent we have turnover within our management team, we may have to spend more time and resources training new members of management and integrating them in our company. The loss of service of any one of our key executives would likely cause a disruption in our business plans and may adversely impact our results of operations. We have had significant changes in executive leadership, and more changes could occur. Changes to strategic or operating goals, which can occur with the appointment of new executives, can create uncertainty, and may ultimately be unsuccessful. In addition, executive leadership transition periods, including adding new personnel, could be difficult as new executives gain an understanding of our business and strategy. Difficulty integrating new executives, or the loss of key individuals could limit our ability to successfully execute our business strategy and could have an adverse effect on our overall financial condition. **Challenging financial market conditions** ~~We are subject to the short-~~ and **changes in** long- term ~~risks~~ **interest rates could adversely impact the funded status** of ~~climate change~~ **our pension plan. We have a defined benefit pension plan covering employees who met eligibility requirements but is closed to new participants. As of March 30, 2024, the pension plan was overfunded on a projected benefit obligation basis by approximately $ 0. 8 million. Included in our financial results are pension plan costs that are measured using actuarial valuations. The actuarial assumptions used may differ from actual results** . In **addition** ~~the short term~~ , **because our pension plan assets are invested** ~~extreme weather conditions resulting from climate change could result~~ in ~~store closures~~ **marketable securities** , **fluctuations in** ~~make~~ **market values can** ~~it difficult for our teammates and customers to travel to our stores, and~~ negatively impact ~~customers' disposable income, thereby reducing~~ our **funded status** ~~sales. If we continually experience unseasonable weather~~ , **recorded pension liability** ~~our forecasts of predicting customer behavior may prove incorrect and cause us to inefficiently allocate our resources~~ , ~~which could adversely~~ **and future required minimum contribution levels. Similar to fluctuations in market values, a decline in the discount rate used in the actuarial assumptions can negatively** impact our **funded status** ~~results of operations. In the long term~~ , ~~we are subject to the risk~~ **recorded pension liability and future contribution levels.** ~~that our stores are physically located in areas that could be threatened by heat and extreme weather events that make those areas uninhabitable. We are also subject to transition risks, such as changes in energy prices, which could cause more customers to reduce overall miles driven, increase reliance on public transportation or ride sharing, or drive electric or alternative fuel vehicles, any of which could harm our profitability; prolonged climate- related events affecting macroeconomic conditions with related effects on consumer spending and confidence; stakeholder perception of our engagement in climate- related policies; and new regulatory requirements resulting in higher compliance risk and operational costs. The realization of any of these short- or long- term risks could materially adversely affect our financial condition. Item 1B. Unresolved Staff Comments None.~~