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

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The following risk factors describe various risks that may affect our business, financial condition, and operations. Economic and Business Risks The ultimate consumers of our products operate in cyclical industries that have been subject to significant downturns which have adversely impacted our sales in the past and may again in the future. Our sales are sensitive to the market conditions present in the industries in which the ultimate consumers of our products operate, which in some cases have been highly cyclical and subject to substantial downturns. For example, a significant portion of our sales of support structures is to the electric utility industry. Our sales to the U. S. electric utility industry were over $ 1. 0 billion in **fiscal** ~~2022~~ **2023** . Purchases of our products are deferrable to the extent that utilities may reduce capital expenditures for reasons such as unfavorable regulatory environments, a slow U. S. economy, or financing constraints. In the event of weakness in the demand for utility structures due to reduced or delayed spending for electrical generation and transmission projects, our sales and operating income likely will decrease. The end **-** users of our mechanized irrigation equipment are farmers. Accordingly, economic changes within the agriculture industry, particularly the level of farm income, may affect sales of these products. From time to time, lower levels of farm income resulted in reduced demand for our mechanized irrigation and tubing products. Farm income decreases when commodity prices, acreage planted, crop yields, government subsidies, and export levels decrease. In addition, weather conditions, which may be exacerbated by climate change, such as extreme drought, may result in reduced availability of water for irrigation and can affect farmers' buying decisions. Farm income can also decrease as farmers' operating costs increase. Increases in oil and natural gas prices result in higher costs of energy and nitrogen - based fertilizer (which uses natural gas as a major ingredient). Furthermore, uncertainty as to future government agricultural policies may cause indecision on the part of farmers. The status and trend of government farm supports, financing aids, and policies regarding the ability to use water for agricultural irrigation can affect the demand for our irrigation equipment. In the ~~United States~~ **U. S.** , certain parts of the country are considering policies that would restrict usage of water for irrigation. All of these factors may cause farmers to delay capital expenditures for farm equipment. Consequently, downturns in the agricultural industry will likely result in a slower, and possibly a negative, rate of growth in irrigation equipment and tubing sales. In February ~~2023~~ **2024** , the U. S. Department of Agriculture (" USDA ") forecasted U. S. ~~2022~~ **2024** net farm income to be $ ~~162~~ **116. 1 billion, a decrease of $ 39** . 8 billion ~~, an increase of $ 21. 9 billion~~ (~~15~~ **or- 25** . 5 ~~percent~~ **%**), relative to ~~2021~~ **2023** . The ~~increase~~ **decrease** was primarily related to ~~an~~ **a** ~~increase~~ **decrease** in cash receipts from crops and livestock ~~that is offsetting~~ **, in addition to** a ~~portion of the expected~~ decrease in **direct** government support payments ~~in 2022~~ **and higher production expenses** . ~~If estimates hold~~ **With this projected decline** , ~~U. S.~~ net farm income in ~~2022~~ **2024** ~~will be the highest level since 1973. The USDA also forecasted U. S. 2023 net farm income to be $ 136. 9 billion, a decrease of $ 25. 9 billion (15. 9 percent), relative to 2022. The forecasted decrease is primarily related to a decrease in cash receipts for crops and livestock along with a decrease in government support payments. Despite this expected decline, net farm income in 2023~~ would be ~~26~~ **1** . ~~6 percent above~~ **7 % below** its 20- year average. We have also experienced cyclical demand for those of our products that we sell to the wireless communications industry. Sales of wireless structures and components to wireless carriers and build- to- suit companies that serve the wireless communications industry have historically been cyclical. These customers may elect to curtail spending on new capacity to focus on cash flow and capital management. Changes in the competitive structure of the wireless industry, due to industry consolidation or reorganization, may interrupt capital plans of the wireless carriers as they assess their networks. ~~The engineered access systems product lines are partially dependent on investment spending by our customers in the oil, natural gas, and other mined mineral exploration industries, most specifically in the Asia Pacific region. During periods of continued low oil and natural gas prices, these customers may elect to curtail spending on new exploration sites which will cause us to experience lower demand for these specific product lines.~~ Due to the cyclical nature of these markets, we have experienced, and in the future ~~,~~ we may experience, significant fluctuations in our sales and operating income with respect to a substantial portion of our total product offering, and such fluctuations could be material and adverse to our overall financial condition, results of operations, and liquidity. Changes in prices and reduced availability of key commodities such as steel, aluminum, zinc, natural gas, and fuel may increase our operating costs and likely reduce our net sales and profitability. Hot rolled steel coil and other carbon steel products have historically constituted approximately one- third of the cost of manufacturing our products. We also use large quantities of aluminum for lighting structures and zinc for the galvanization of most of our steel products. Our facilities use large quantities of natural gas for heating and processing tanks in our galvanizing operations. We use gasoline and diesel fuel to transport raw materials to our locations and to deliver finished goods to our customers. The markets for these commodities can be volatile. The following factors increase the cost and reduce the availability of these commodities: ● increased demand, which occurs when we and other industries require greater quantities of these commodities, which can result in higher prices and lengthen the time it takes to receive these commodities from suppliers; ● lower production levels of these commodities, due to reduced production capacities or shortages of materials needed to produce these commodities (such as coke and scrap steel for the production of steel) which could result in reduced supplies of these commodities, higher costs for us, and increased lead times; ● increased cost of major inputs, such as scrap steel, coke, iron ore, and energy; ● fluctuations in foreign exchange rates can impact the relative cost of these commodities, which may affect the cost effectiveness of imported materials and limit our options in acquiring these commodities; and ● international trade disputes, import duties, tariffs, and quotas since we import some steel and aluminum finished components and products for various product lines. Increases in the selling prices of our products may not fully recover higher commodity costs and generally lag increases in our costs of these commodities.

Consequently, an increase in these commodities will increase our operating costs and likely reduce our profitability. Rising steel prices **, as seen for example** in **the first half of fiscal** 2021 and ~~early~~ **the first quarter of fiscal** ~~2022~~ **2023 , can** put pressure on gross profit margins, especially in our ~~Utility~~ **Infrastructure segment** product lines. The elapsed time between the release of a customer' s purchase order and the manufacturing of the product ordered can be several months. As some of the sales in the Infrastructure segment are fixed **-** price contracts, rapid increases in steel costs likely will result in lower operating income. Steel prices for both hot rolled coil and plate can also decrease substantially in a given period, which occurred **, for example,** in ~~North America in~~ **the fourth quarter of fiscal** ~~2019~~ - **2021** ~~. Decreases in our product sales pricing~~ and **through much of fiscal 2022** ~~volumes in 2019 offset the increase in gross profit realized from the lower steel prices~~ . Steel is most significant for our **TD & S** ~~Transmission, Distribution, and Substation~~ product line where the cost of steel has been approximately 50 % of the net sales, on average. Assuming a similar sales mix, a hypothetical 20 % change in the price of steel would have affected our net sales in this product line by approximately $ ~~95~~ **100. 0** million for the **fiscal** year ended December ~~31~~ **30** , ~~2022~~ **2023** . We believe the volatility over the past several years was due to significant increases in global steel production and rapid changes in consumption (especially in rapidly growing economies, such as China and India). The speed with which steel suppliers impose price increases on us may prevent us from fully recovering these price increases particularly in our lighting ~~and~~ **,** traffic **,** and utility businesses. In the same respect, rapid decreases in the price of steel can also result in reduced operating margins in our utility businesses due to the long production lead times. Demand for our infrastructure products including coating services is highly dependent upon the overall level of infrastructure spending. We manufacture and distribute engineered infrastructure products for lighting and traffic, utility, and other specialty applications. Our Coatings product line serves many construction - related industries. Because these products are used primarily in infrastructure construction, sales in these businesses are highly correlated with the level of construction activity, which historically has been cyclical. Construction activity by our private and government customers is affected by **,** and can decline because of, a number of factors, including ~~(~~ **,** but not limited to ~~)~~ : ● weakness in the general economy, which may negatively affect tax revenues, resulting in reduced funds available for construction; ● interest rate increases, which increase the cost of construction financing; and ● adverse weather conditions **,** which slow construction activity. The current economic uncertainty in the ~~United States~~ **U. S.** and Europe will have some negative ~~effect~~ **effects** on our business. In our ~~North American lighting~~ **L & T** product line, some of our lighting structure sales are for new residential and commercial areas. When residential and commercial construction is weak, we have experienced some negative impact on our light pole sales to these markets. In a broader sense, in the event of an overall downturn in the economies in Europe, Australia, or China, we may experience decreased demand if our customers in these countries have difficulty securing credit for their purchases from us. In addition, sales in our Infrastructure segment, particularly our lighting, transportation, and highway safety products, are highly dependent upon federal, state, local, and foreign government spending on infrastructure development projects. U. S. federal funding initiatives, such as the ~~Infrastructure Investment and Job Act ("~~ IIJA ~~")~~ and the ~~Inflation Reduction Act ("~~ IRA **,** ~~")~~ support multi- year demand for our infrastructure products, although the timing and amount of funding appropriations from these initiatives can be difficult to predict. The level of spending on such projects may decline for a number of reasons beyond our control, including, among other things, budgetary constraints affecting government spending generally or transportation agencies in particular, decreases in tax revenues, and changes in the political climate, including legislative delays, with respect to infrastructure appropriations. We are subject to currency fluctuations from our international sales, which can negatively impact our reported earnings. We sell our products in many countries around the world. Approximately ~~32~~ **31** % of our fiscal ~~2022~~ **2023** sales were in markets outside the ~~United States~~ **U. S.** and are often made in foreign currencies, mainly the Australian dollar, ~~euro,~~ Brazilian real, Canadian dollar, Chinese renminbi, and **Euro** ~~South African rand~~ . Because our **Consolidated** ~~financial~~ **Financial** ~~statements~~ **Statements** are denominated in U. S. dollars, fluctuations in ~~currency~~ exchange rates between the U. S. dollar and other currencies have had and will continue to have an impact on our reported earnings. If the U. S. dollar weakens or strengthens versus the foreign currencies mentioned above, the result will be an increase or decrease in our reported sales and earnings, respectively. Currency fluctuations have affected our financial performance in the past and may affect our financial performance in any given period. In cases where local currencies are strong, the relative cost of goods imported from outside our country of operation becomes lower and affects our ability to compete profitably in our home markets. We also face risks arising from the imposition of foreign exchange controls and currency devaluations. Exchange controls may limit our ability to convert foreign currencies into U. S. dollars or to remit dividends and other payments by our foreign subsidiaries or businesses located in or conducted within a country imposing controls. Currency devaluations result in a diminished value of funds denominated in the currency of the country instituting the devaluation. Actions of this nature could have a material adverse effect on our results of operations and financial condition in any given period. ~~COVID- 19 has impacted and is expected to continue to impact our business, including the supply chain, product demand, logistics, and facility operations and the duration, unknown at this time, of the challenges associated with the virus, or future pandemics, may result in significant adverse effects on our business, financial condition, and results of operations. COVID- 19 impacted and may continue to impact our business, including the normal operations of our facilities, overall demand for our products, changes to supply chain availability and costs, logistics delays, including temporary closures as may be mandated or otherwise made necessary by governmental authorities, and any additional carryover of economic effects. All of our operations may be affected by COVID- 19 isolation measures. During the height of the previous pandemic, we temporarily implemented domestic and international travel restrictions for our employees, and thousands of our employees worked remotely. Our businesses support critical infrastructure sectors as defined by the Department of Homeland Security (CISA. gov) and similar global agencies. These sectors are deemed vital, such that their incapacitation would have a debilitating effect on security, national economic security, national public health, or safety, or any combination thereof. Future challenges associated with the virus, or new pandemics, may result in significant adverse effects on our business, financial condition, and results of operations.~~ In addition to the discussion above of ~~Economic~~ **economic** and ~~Business~~ **business** ~~Risks~~ **risks** , please see our further discussion on interest rates, foreign currency exchange rates, and commodity prices included in " ~~MARKET RISK~~ **Market Risk** " within ~~"~~ **"** Management' s Discussion and Analysis of Financial ~~Conditions~~ - **Condition** and Results of Operations ~~"~~ **"** in Part II, Item 7 in this report. Legal and Regulatory Risks We may lose some of our foreign investment or our foreign sales and profits may decline because of risks of doing business in foreign markets, including trade relations and tariffs. We are an international manufacturing company with operations around the world. ~~At~~ **As of** December ~~31~~ **30** , ~~2022~~ **2023** , we operated over 80 manufacturing plants ~~,~~ located on six continents ~~,~~ and sold our products in more than 100 countries. In **fiscal** ~~2022~~ **2023** , approximately ~~32~~ **31** % of our net sales were either sold in markets or produced by our manufacturing plants outside of North America (primarily the ~~United States~~ **U. S.** , Canada, and Mexico). We have operations in geographic markets that have recently experienced political instability, such as the Middle East, and economic uncertainty, such as Western Europe ~~, and health issues, such as the outbreak and spread of coronavirus in China~~ . Our geographic diversity also requires that we hire, train, and retain competent management for ~~the~~ **our** various local markets, which not only impacts our operational results but **also** our managing and reporting functions. Demand for our products and our profitability are affected by trade relations between countries. We ~~also~~ have a significant manufacturing presence in Australia, Brazil, Europe, and China. These operations are affected by U. S. trade policies, such as additional tariffs on a broad range of imports ~~,~~ and retaliatory actions by foreign countries, most recently China, which have impacted sales of our products. In addition, there can be a derived indirect impact on demand for our products arising from quotas, restrictions, and retaliatory tariffs (e. g., China tariffs on imported soybeans ~~affects~~ - **affect** U. S. net farm income). We expect that international sales will continue to account for a significant percentage of our net sales in the future. Accordingly, our foreign business operations and our foreign sales and profits are subject to the following potential risks: ● political and economic instability, resulting in the reduction of the value of, or the loss of, our investment; ● recessions in economies of countries in which we have business operations, decreasing our international sales; ● natural disasters and public health issues in our geographic markets, negatively impacting our workforce, manufacturing capability, and sales; ● difficulties and costs of staffing and managing our foreign operations, increasing our foreign operating costs and decreasing profits ~~and~~ **,** with **additional** risk to our managing and reporting functions; ● potential violation of local laws or unsanctioned management actions that could affect our profitability or ability to compete in certain markets; ● difficulties in enforcing our rights outside the ~~United States~~ **U. S.** for patents on our manufacturing machinery, poles, and irrigation designs; ● increases in tariffs, export controls, taxes, and other trade barriers reducing our international sales and our profit on these sales; and ● acts of war or terrorism. As a result, we may lose some of our foreign investment **,** or our foreign sales and profits may be materially reduced **,** because of risks of doing business in foreign markets. Failure to comply with any applicable anti- corruption legislation could result in fines, criminal penalties, and an adverse effect on our business. We must comply with all applicable laws, which include the U. S. Foreign Corrupt Practices Act **, the United Kingdom** (" ~~FCPA~~ **U. K.** ") ~~, the U. K.~~ Bribery Act, and other anti- corruption laws. These anti- corruption laws generally prohibit companies and their intermediaries from making improper payments or providing anything of value to improperly influence government officials or private individuals for the purpose of obtaining or retaining a business advantage regardless of whether those practices are legal or culturally expected in a particular jurisdiction. Recently, there has been a substantial increase in the global enforcement of anti- corruption laws. Although we have a compliance program in place designed to reduce the likelihood of potential violations of such laws, violations of these laws could result in criminal or civil sanctions and an adverse effect on **our** ~~the company' s~~ reputation, business, and results of operations and financial condition. We could incur substantial costs as the result of violations of, or liabilities under, environmental laws. Our facilities and operations are subject to U. S. and foreign laws and regulations relating to the protection of the environment, including those governing the discharge of pollutants into the air and water, the management and disposal of hazardous substances and wastes, and the cleanup of contamination. Failure to comply with these laws and regulations, or with the permits required for our operations, could result in fines or civil or criminal sanctions, third **-** party claims for property damage or personal injury, and investigation and cleanup costs. Potentially significant expenditures could be required in order to comply with environmental laws that regulators may adopt or impose in the future. Certain of our facilities have been in operation for many years and, over time, we and other predecessor operators of these facilities have generated, used, handled, and disposed of hazardous and other regulated wastes. We detected contaminants at some of our present and former sites, principally in connection with historical operations. In addition, from time to time **,** we have been named as a potentially responsible party under Superfund or similar state laws. While we are not aware of any contaminated sites that are not provided for in our **Consolidated** ~~financial~~ **Financial** ~~statements~~ **Statements** , including third - party sites, at which we may have material obligations, the discovery of additional contaminants or the imposition of additional cleanup obligations at these sites could result in significant liability beyond amounts provided for in our **Consolidated Financial Statements. Failure to successfully commercialize or protect our intellectual property rights may have a material adverse effect on our business,** financial ~~statements~~ **condition, and operating results. The successful commercialization and protection of our current and future patents, trademarks, trade secrets, copyrights, unpatented proprietary processes, methods, and other technologies are critical to our business and competitive position. We rely on our business expertise to commercialize these intellectual property rights. We rely on patents, trademarks, trade secrets, copyrights, and contractual restrictions to protect our intellectual property rights. We may fail to apply the appropriate business expertise to successfully commercialize an intellectual property right, particularly with respect to new and developing technologies. Our intellectual property rights protections could be challenged, invalidated, circumvented, or rendered unenforceable. Third parties may infringe or misappropriate our intellectual property rights. We may incur substantial unrecoverable litigation costs in seeking to protect our intellectual property rights. Failure to successfully commercialize or protect our intellectual property rights may have a material adverse effect on our business, financial condition, and operating results. We have been and may be subject to or involved in litigation or threatened litigation, the outcome of which may be difficult to predict, and which may be costly to defend, divert management attention, require us to pay**

damages, or restrict the operation of our business. From time to time, we have been and may be subject to disputes and litigation, with and without merit, which may be costly, and which may divert the attention of our management and our resources in general, whether or not any dispute actually proceeds to litigation. The results of complex legal proceedings are difficult to predict. Moreover, complaints filed against us may not specify the amount of damages that plaintiffs seek, and we therefore may be unable to estimate the possible range of damages that might be incurred should these lawsuits be resolved against us. Even if we are able to estimate losses related to these actions, the ultimate amount of loss may be materially higher than our estimates. Any resolution of litigation, or threatened litigation, could involve the payment of damages or expenses by us, which may be significant or involve an agreement with terms that restrict the operation of our business. Even if any future lawsuits are not resolved against us, the costs of defending such lawsuits may be significant. These costs may exceed the dollar limits or may not be covered at all by our insurance policies . Design patent litigation related to guardrails could reduce demand for such products and raise litigation risk. Certain of **our** ~~the Company' s~~ foreign subsidiaries in India, New Zealand, and Australia manufacture highway safety products, primarily for sale in non- U. S. markets, and license certain design patents related to guardrails to third parties. There are currently domestic U. S. product liability lawsuits against some companies that manufacture and install certain guardrail products. Such lawsuits, some of which have at times involved a foreign subsidiary based on its design patent, could lead to a decline in demand for such products or approval for use of such products by government purchasers both domestically and internationally, and potentially raise litigation risk for foreign subsidiaries and negatively impact their sales and license fees. Liquidity and Capital Resources Risks We have, from time to time, maintained a substantial amount of outstanding indebtedness, which could impair our ability to operate our business and react to changes in our business, remain in compliance with debt covenants, and make payments on our debt. As of December ~~31~~ **30** , ~~2022~~ **2023** , we had $ ~~878~~ **1, 138** . ~~0~~ **1** million of total **outstanding** indebtedness ~~outstanding~~ **, of which $ 379. 9 million matures within the next five fiscal years** . We **also** had $ ~~659~~ **421** . ~~4~~ **9** million of capacity to borrow under our revolving credit facility ~~at~~ **as of** December ~~31~~ **30** , ~~2022~~ **2023** . We ~~normally~~ **occasionally** borrow money to make business acquisitions and **repurchase shares** ~~major capital expenditures~~ . From time to time, our borrowings have been significant **. Most of our interest - bearing debt is borrowed by U. S. entities. Rising interest rates have increased our cost of indebtedness** . Our level of indebtedness could have important consequences, including: ● our ability to satisfy our obligations under our debt agreements could be affected and any failure to comply with the requirements, including significant financial and other restrictive covenants, of any of our debt agreements ~~and~~ could result in an event of default under the agreements governing our indebtedness; ● a substantial portion of our cash flow from operations will be required to make interest and principal payments and will not be available for operations, working capital, capital expenditures, expansion, or general corporate and other purposes, including possible future acquisitions that we believe would be beneficial to our business; ● our ability to obtain additional financing in the future may be impaired; ● we may be more highly leveraged than our competitors, which may place us at a competitive disadvantage; ● our flexibility in planning for, or reacting to, changes in our business and industry may be limited; and ● our degree of leverage may make us more vulnerable in the event of a downturn in our business, our industry **,** or the economy in general. ~~We~~ The restrictions and covenants in our debt agreements could limit our ability to obtain future financings,make needed capital expenditures,withstand a future downturn in our business **,** or the economy in general,or otherwise conduct necessary corporate activities.These covenants may prevent us from taking advantage of business opportunities that arise.A breach of any of these covenants would result in a default under the applicable debt agreement.A default,if not waived,could result in acceleration of the debt outstanding under ~~our~~ **the** agreement and **in** a default ~~or~~ **with respect to,and** acceleration of **,** the debt outstanding under our other debt agreements.The accelerated debt would become immediately due and payable.If that **should** ~~were to~~ occur,we may not be able to pay all such debt or to borrow sufficient funds to refinance it.Even if new financing were then available,it may not be on terms that are favorable to us. ~~As of December 30,2023~~ had $ ~~185~~ **203** . ~~4~~ **0** million of cash **and cash equivalents** ~~at December 31, 2022~~ . Approximately ~~79~~ **80** % of our consolidated cash ~~balances~~ - **balance** ~~are~~ **is** outside the ~~United States and most of our interest - bearing debt is borrowed by~~ U. S ~~. entities~~ . In the event that we would have to repatriate cash from international operations to meet cash needs in the U. S., we may be subject to legal, contractual, or other restrictions. In addition, as we use cash for acquisitions and other purposes, any of these factors could have a material adverse effect on our business, financial condition, results of operations, cash flows, and business prospects. The restrictions and covenants in our debt...... terms that are favorable to us. We assumed an underfunded pension liability as part of the **fiscal** 2010 **acquisition of** Delta ~~acquisition~~ **Ltd.,** and the combined company may be required to increase funding of the plan and / or be subject to restrictions on the use of excess cash. Delta **Ltd.** is the sponsor of a ~~United Kingdom~~ **U. K.** defined benefit pension plan **(the " Plan ")** that, as of December ~~31~~ **30** , ~~2022~~ **2023** , covered approximately ~~6~~ **5** , ~~500~~ **400** inactive or retired former Delta employees. The ~~plan~~ **Plan** has no active employees as members. ~~At~~ **As of** December ~~31~~ **30** , ~~2022~~ **2023** , ~~this~~ **the** ~~plan~~ **Plan** was, for accounting purposes, overfunded by approximately £ ~~20~~ **12** . 1 million ($ ~~24~~ **15** . ~~2~~ **4** million). The current agreement with the trustees of the ~~pension plan~~ **Plan** for annual funding is approximately £ 13. 1 million ($ 16. ~~0~~ **7** million) in respect of the funding shortfall **at the time of acquisition** and approximately £ 1. 3 million ($ 1. ~~6~~ **7** million) in respect of administrative expenses. Although this funding obligation was considered in the acquisition price for the Delta shares, the underfunded position may adversely affect the combined company as follows: ● Laws and regulations in the ~~United Kingdom~~ **U. K.** normally require the ~~plan~~ **Plan** trustees ~~and us~~ to agree on a new funding plan **with us** every three years. The last funding plan was developed in **fiscal** 2022. Changes in actuarial assumptions, including future discount, inflation, and interest rates, investment returns, and mortality rates ~~,~~ may increase the underfunded position of the ~~pension plan~~ **Plan** and cause the combined company to increase its funding levels in the ~~pension plan~~ **Plan** to cover underfunded liabilities. ● The ~~United Kingdom~~ **U. K.** regulates the ~~pension plan~~ **Plan** , and the trustees represent the interests of covered workers. Laws and regulations, under certain circumstances, could create an immediate funding obligation to the ~~pension plan~~ **Plan** , which could be significantly greater than the asset recognized for accounting purposes as of December ~~31~~ **30** , ~~2022~~ **2023** . Such immediate funding is calculated by reference to the cost of buying out liabilities on the insurance market ~~,~~ and could affect our ability to fund the ~~Company' s~~ future growth of the business or finance other obligations. General Risks Our businesses require skilled labor and management talent **,** and we may be unable to attract and retain qualified employees. Our businesses require skilled factory workers and management in order to meet our customers' needs, grow our sales, and maintain competitive advantages. Skills such as welding, equipment maintenance, and operating complex manufacturing machinery may be in short supply in certain geographic areas, leading to shortages of skilled labor and ~~/ or~~ increased labor costs. Management talent is critical, as well, to help grow our businesses and effectively plan for succession of key employees upon retirement. In some geographic areas, skilled management talent for certain positions may be difficult to find. To the extent we have difficulty in finding and retaining these skills in the workforce, there may be an adverse effect on our ability to grow profitably in the future. We face strong competition in our markets. We face competitive pressures from a variety of companies in each of the markets we serve. Our competitors include companies who provide the technologies that we provide as well as companies who provide competing technologies, such as drip irrigation. Our competitors include international, national, and local manufacturers, some of whom may have greater financial, manufacturing, marketing, and technical resources than we do ~~,~~ or greater penetration in **,** or familiarity with **,** a particular geographic market than we have. In addition, certain of our competitors, particularly with respect to our ~~utility~~ **TD & S** and ~~wireless communication~~ **Telecommunications** product lines, have sought bankruptcy protection in recent years and may emerge with reduced debt service obligations, which could allow them to operate at pricing levels that put ~~pressures~~ **pressure** on our margins. Some of our customers have moved manufacturing operations or product sourcing overseas, which can negatively impact our sales of galvanizing and anodizing services. To remain competitive, we will need to invest continuously in manufacturing, product development, and customer service, and we may need to reduce our prices, particularly with respect to customers in industries that are experiencing downturns. We cannot provide assurance that we will be able to maintain our competitive position in each of the markets that we serve. We may not realize the improved operating results that we anticipate from acquisitions we may make in the future, and we may experience difficulties in integrating the acquired businesses or may inherit significant liabilities related to such businesses. We explore opportunities to acquire businesses that we believe are related to our core competencies from time to time, some of which may be material to us. We expect such acquisitions will produce operating results better than those historically experienced or presently expected to be experienced in the future by us in the absence of the acquisition. We cannot provide assurance that this assumption will prove correct with respect to any acquisition. ~~For example, in 2021, we acquired Prospera Technologies, Ltd., an integrated artificial intelligence (" AI ") technologies company that provides real- time crop analysis and anomaly detection solutions in agricultural fields. To provide these services, Prospera develops algorithms that can detect, with a high accuracy, field anomalies caused by pests, disease, or water issues. We store, process, and transmit agricultural field data. A failure to integrate innovative acquisitions such as Prospera could negatively impact future growth in our technology sales.~~ Any future acquisitions may present significant challenges for our management due to the time and resources required to properly integrate management, employees, information systems, accounting controls, personnel, and administrative functions of the acquired business with those of Valmont and to manage the combined company ~~on a~~ going forward ~~basis~~. We may not be able to completely integrate and streamline overlapping functions or, if such activities are successfully accomplished, such integration may be more costly to accomplish than ~~presently~~ **originally** contemplated. We may also have difficulty in successfully integrating ~~the~~ **our** product offerings **with those** of ~~Valmont and~~ acquired businesses to improve our collective product offering. Our efforts to integrate acquired businesses could be affected by a number of factors beyond our control, including general economic conditions. In addition, the process of integrating acquired businesses could cause the interruption of, or loss of momentum in, the activities of our existing business. The diversion of management' s attention and any delays or difficulties encountered in connection with the integration of acquired businesses could adversely impact our business, results of operations, and liquidity, and the benefits we anticipate may never materialize. These factors are relevant to any acquisition we undertake. In addition, although we conduct reviews of businesses we acquire, we may be subject to unexpected claims or liabilities, including environmental cleanup costs, as a result of these acquisitions. Such claims or liabilities could be costly to defend or resolve and be material in amount, and thus could materially and adversely affect our business ~~and~~ **,** results of operations **,** and liquidity. **We may incur significant warranty or contract management costs. In our Infrastructure segment, we manufacture large structures for electrical transmission. These products may be highly engineered for very large, complex contracts and subject to terms and conditions that penalize us for late delivery and result in consequential and compensatory damages. From time to time, we may have a product quality issue on a large utility structures order and the related costs may be significant. Our products in the Infrastructure segment also include structures for a wide range of outdoor lighting, traffic, and wireless communication applications. Our Agriculture products carry warranty provisions, some of which may span several years. In the event we have widespread product reliability issues with certain components, we may be required to incur significant costs to remedy the situation. Our operations could be adversely affected if our information technology systems and networks are compromised or otherwise subjected to cyberattacks. Global cyberattacks continually increase in sophistication and pose significant risks to the security of our information technology systems and networks which, if breached, could materially adversely affect the confidentiality, availability, and integrity of our data. Our operations involve transferring data across international borders, and we must comply with increasingly complex and rigorous standards to protect business and personal data in the U. S. and foreign countries, including members of the European Union. The primary objective of our risk management and strategy is maintaining and protecting the confidentiality, integrity, and availability of information for our business and customers. We rely on our information security program which covers a range of cybersecurity activities. More information on these measures may be found in Part I, Item 1C in this report. While these measures are designed to prevent, detect, respond to, and mitigate unauthorized activity, there is no guarantee that they will be sufficient to prevent or mitigate the risk of a cyberattack whether experienced directly**

through our information technology systems and networks or third- party service providers, or allow us to detect, report, or respond adequately in a timely manner. Successful cybersecurity attacks or other security incidents could result in the loss of key innovations in artificial intelligence, Internet of Things, or other disruptive technologies; the loss of access to critical data or systems through ransomware, crypto mining, destructive attacks, or other means; and business delays, service or system disruptions, or denials of service. This could lead to legal risk, fines and penalties, negative publicity, theft, modification or destruction of proprietary information or key information, manufacture of defective products, production downtimes, and operational disruptions, which could adversely affect our reputation, competitiveness, and results of operations. Regulatory and business developments regarding climate change could adversely impact our operations and demand for our products. Regulatory and business developments regarding climate change could adversely impact our operations. We follow the scientific discussion on climate change and related legislative and regulatory enactments, including those under consideration, to deliberate the potential impact on our operations and demand for our products. The scientific discussion on the presence and scope of climate change and the attention that domestic and international legislatures and regulatory authorities have given to enacting or considering laws or rules related to climate change are expected to continue. The production and market for our products are subject to the impact of laws and rules related to climate change. Our customers and our operating segments are exposed to risks of increased costs to comply with such laws and rules, including increased costs for raw materials and transportation, as well as exposure to damage to our respective business reputations upon any failure of compliance. Other adverse consequences of climate change could include an increased frequency of severe weather events and rising sea levels that could affect operations at our manufacturing facilities, the price of insuring our assets, or other unforeseen disruptions of our operations, systems, property, or equipment.