Risk Factors Comparison 2023-10-18 to 2022-10-19 Form: 10-K

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Described below are certain risks that we believe apply to our business and the ~~industry~~ **industries** in which we operate. The following risk factors should be considered carefully in addition to the other information contained in this Annual Report on Form 10- K. The risks and uncertainties highlighted represent the most significant risk factors that we believe may adversely affect our business, financial condition, results of operations, cash flows, liquidity or access to sources of financing, and, consequently, the market value of our common stock. The risks and uncertainties discussed in this **Annual** ~~report~~ **Report on Form 10- K** are not exclusive and other risk factors that we may consider immaterial or do not anticipate may emerge as significant risks and uncertainties. Macroeconomic Risks Our business may be sensitive to economic conditions, including those that impact consumer spending. Companies within the RV and marine industries are subject to volatility in operating results due primarily to general economic conditions because the purchase of a RV or marine product is often viewed as a consumer discretionary purchase. Demand for discretionary goods in general can fluctuate with recessionary conditions, slow or negative economic growth rates, negative consumer confidence, reduced consumer spending levels resulting from tax increases or other factors, prolonged high unemployment rates, higher commodity and component costs, fuel prices, inflationary or deflationary pressures, reduced credit availability or unfavorable credit terms for dealers and end- user customers, higher short- term interest rates, and general economic and political conditions and expectations. Specific factors affecting the RV and marine industries include: • Overall consumer confidence and the level of discretionary consumer spending; • Employment trends; • Fuel prices; • Inflationary pressures affecting disposable consumer income; • Interest rate fluctuations; • The adverse impact of global tensions on consumer spending and travel- related activities; and • The adverse impact on margins due to increases in raw material costs, which we are unable to pass on to customers without negatively affecting sales. ~~The demand, supply, and operational challenges associated with the ongoing COVID- 19 pandemic has had and may continue to have a material impact on our business, financial condition, results of operations and cash flows. Our business, operations, and financial results have been, and may continue to be, impacted by the COVID- 19 pandemic. Impacts on our business include, but are not limited to: • Inability to meet our dealers' and consumers' demands due to disruptions in our manufacturing and supply arrangements caused by delays and disruptions in obtaining certain raw materials and other manufacturing components; and • If the COVID- 19 pandemic worsens or re- emerges, our labor force may be negatively impacted by COVID- 19 infections, which would negatively impact our ability to produce and sell products. These impacts may have a negative effect on our business, financial condition, results of operations and cash flows. While we have seen increased demand for our products resulting in part from the effects of the COVID- 19 pandemic, there can be no assurance that we can maintain or continue to expand demand for products in a post- pandemic environment. The impact of the COVID- 19 pandemic may also exacerbate other risks discussed in this Item 1A, Risk Factors, any of which could have a material adverse effect on us.~~ Credit market deterioration and volatility may restrict the ability of our dealers and retail customers to finance the purchase of our products. Our business is affected by the availability and terms of the financing to dealers. Generally, RV and marine dealers finance their purchases of inventory with financing provided by lending institutions. One financial flooring institution held **approximately** 33 ~~. 7~~ % of our total financed dealer inventory dollars that were outstanding at August ~~27~~ **26** , ~~2022~~ **2023** . In the event that this lending institution limits or discontinues dealer financing, we could experience a material adverse effect on our results of operations. Our business is also affected by the availability and terms of financing to retail purchasers. Retail buyers purchasing one of our products may elect to finance their purchase through the dealership or a financial institution of their choice. Substantial increases in interest rates or decreases in the general availability of credit for our dealers or for the retail purchaser may have an adverse impact upon our business and results of operations. Industry Risks If we are unable to continue to...... incur excess and obsolete inventory charges. The industries in which we operate are highly competitive. Failure to compete effectively against competitors could negatively impact our business and operating results. The markets for RVs and marine products are very competitive. Competitive factors in the industries include price, design, value, quality, service, brand awareness, and reputation. There can be no assurance that existing or new competitors will not develop products that are superior to our products or that achieve better consumer acceptance, thereby adversely affecting our market share, sales volume, and profit margins. Some of our competitors are much larger than we are, and this size advantage provides these competitors with more financial resources and access to capital, additional purchasing power, and greater leverage with the dealer networks. In addition, competition could increase if new companies enter the market, existing competitors consolidate their operations, or if existing competitors expand their product lines or intensify efforts within existing product lines. Our current products, products under development, and our ability to develop new and improved products may be insufficient to enable us to compete effectively with our competitors. These competitive pressures may have a material adverse effect on our results of operations. If we are unable to continue to enhance existing products and develop and market new or enhanced products that respond to customer needs and preferences,we may experience a decrease in demand for our products and our business could suffer.One of our growth strategies is to develop innovative,customer- valued products to generate revenue growth.We may not be able to compete as effectively with our competitors,and ultimately satisfy the needs and preferences of our customers,unless we can continue to enhance existing products and develop new innovative products for the markets in which we compete.Product development requires significant financial,technological,and other resources.Product improvements and new product introductions also require significant research,planning,design,development,engineering,and testing at the technological,product,and manufacturing process levels,and we may not be able to timely develop and introduce product improvements or new products.Our competitors' new products may beat our products to market,be higher quality or more reliable,be more effective with more features and / or less expensive than our products,obtain better market acceptance,or render our products obsolete.Any new products that we develop may not receive market acceptance or otherwise generate any meaningful net sales or profits for us relative to our expectations based on,among other things,existing and anticipated investments in manufacturing capacity and commitments to fund advertising,marketing,promotional programs,and research and development.If we are unable to properly forecast future demand of our products,our production levels may not meet ~~demand~~ **demands** ,which could negatively impact our operating results.Our ability to manage our inventory levels to meet our customers' demand for our products is important for our business.For example,certain dealers are focused on the rental market which spikes over the summer vacation period while other dealers are focused on direct sales to the consumer at various price points.Our production levels and inventory management are based on demand estimates six to twelve months forward,taking into account supply lead times,production capacity,timing of shipments,and dealer inventory levels.If we overestimate or underestimate demand for any of our products during a given season,we may not maintain appropriate inventory levels,which could negatively impact our net sales or working capital,hinder our ability to meet customer demand,or cause us to incur excess and obsolete inventory charges. Our business is both cyclical and seasonal and is subject to fluctuations in sales and net income. The RV and marine industries have been characterized by cycles of growth and contraction in consumer demand, reflecting prevailing economic and demographic conditions, which affect disposable income for leisure- time activities. Consequently, the results for any prior period may not be indicative of results for any future period. Seasonal factors, over which we have no control, also have an effect on the demand for our products. Demand in the RV and marine industries generally declines over the winter season, while sales are generally highest during the spring and summer months. Also, unusually severe weather conditions in some markets may impact demand. Our business depends on the performance of independent dealers. We distribute our RV and marine products primarily through independent dealers across the U. S. and Canada, who then retail the products to the end consumer. We also distribute our marine products internationally through independent dealers, who then retail the products to the end consumer. We rely on our dealers to develop and implement effective strategies to create retail demand for our products. If our independent dealers are unsuccessful in doing so, it could have an adverse effect on our results of operations. Our success is dependent on our ability to attract new dealers and maintain relationships with existing dealers. Our independent dealers maintain control over which products they carry and choose to sell, and they may promote other products, or terminate existing relationships if our products are not perceived as being desirable and profitable. Our results of operations can be adversely affected if we are unable to maintain and develop successful relationships with independent dealers. The financial condition of independent dealers is affected in large part by conditions and events that are beyond our control. Significant deterioration in the financial condition of independent dealers could materially and adversely affect our results of operations. **An increase in dealer consolidation or the loss of a significant dealer could have a material adverse effect on our business. In recent periods there has been an increase in acquisitions and consolidation across the U. S. RV independent dealer network. Although none of our dealer organizations accounted for more than 10 % of our net revenues during each of the past three fiscal years, continued consolidation of independent dealers could have a material adverse impact on our operating results and our exposure to repurchase obligations. In addition, the loss of a significant dealer could have a material adverse effect on our results of operations.** If we are obligated to repurchase a substantially larger number of our products in the future than estimated due to dealer default, these purchases could result in adverse effects on our results of operations, financial condition, and cash flows. In accordance with customary practice in our industries, upon request we enter into formal repurchase agreements with lending institutions financing a dealer' s purchase of our products. In these repurchase agreements we agree, in the event of a default by an independent dealer in its obligation to a lender and repossession of the unit (s) by the lending institution, to repurchase units at declining prices over the term of the agreements, which can last up to 24 months. The difference between the gross repurchase price and the price at which the repurchased product can then be resold, which is typically at a discount to the gross repurchase price, represents a potential expense to us. In certain instances, we also repurchase inventory from our dealers due to state law or regulatory requirements that govern voluntary or involuntary terminations. If we are obligated to repurchase a substantially larger number of units in the future than we estimate, this would increase our costs and could have a material adverse effect on our results of operations, financial condition, and cash flows. Operational Risks Our operations are primarily centered in northern...... as well as our operating results. For some of the components used in production, we depend on a small group of suppliers and the loss of any of these suppliers could affect our ability to obtain components timely or at competitive prices, which would decrease our results of operations, financial condition, and cash flows. Most of our RV and marine components are readily available from numerous sources. However, a few of our components are produced by a small group of suppliers. In **Fiscal 2023, one of our suppliers individually accounted for approximately 15 % of our consolidated raw material purchases. In** the case of motorhome **RV** chassis, Mercedes- Benz (USA and Canada), Stellantis N. V., Freightliner Trucks, Ford Motor Company, and Spartan RV Chassis are our major suppliers. Our relationship with our chassis suppliers is similar to our other supplier relationships in that no specific contractual commitments are engaged in by either party. This means that we do not have minimum purchase requirements, and our chassis suppliers do not have minimum supply requirements. Our chassis suppliers also supply to our competitors. Historically, chassis suppliers resort to an industry- wide allocation system during periods when supply is restricted. These allocations have been based on the volume of chassis previously purchased, which could mean our larger competitors could receive more chassis in a time of scarcity. Sales of ~~motorhomes~~ - **motorhome RVs** rely on chassis supply and are affected by shortages **, instability, or recalls** from time to time. **For example, in the first quarter of Fiscal 2023, the Mercedes- Benz Sprinter chassis became subject to a recall notice, which temporarily suspended all retail sales and wholesale shipments of our products built on this chassis until a recall remedy was implemented. The remedy was implemented in the second quarter of Fiscal 2023 in cooperation with Mercedes- Benz AG. Within our marine businesses, we purchase a significant portion of our motors from Mercury Marine, which makes us reliant on**

them for the supply of these engines. If we experience delays and disruptions in obtaining these engines, we may be unable to fulfill orders and deliver our products to our customers in a timely manner. Furthermore, ~~Decisions~~ **decisions** by our suppliers to decrease production, production delays or work stoppages by the employees of such suppliers, or price increases could have a material adverse effect on our ability to produce ~~motorhomes~~ **our products** and ultimately, on our results of operations, financial condition, and cash flows. **For example, on September 15, 2023, the United Auto Workers Union (" UAW") announced targeted strikes impacting certain auto manufacturers from which we purchase chassis. While we do not expect immediate disruption from the strike, the situation remains dynamic, and the exact magnitude and duration is difficult to predict at this time. However, if the labor disputes are prolonged, there could be an adverse impact on our business, financial condition and results of operations. Our operations are primarily centered in northern Iowa and northern Indiana. Any disruption or delay at our primary manufacturing facilities could adversely affect our business and operating results. We currently manufacture most of our products in northern Iowa and northern Indiana. We also have relatively small manufacturing operations on the Gulf Coast of Florida. These facilities may be affected by natural or man- made disasters and other external events.** In ~~Fiscal 2022,~~ **the event that** one of our ~~suppliers individually accounted~~ **manufacturing facilities was affected by a disaster or other event, we could be forced to shift production to one of our other manufacturing facilities or to cease operations. Although we maintain insurance** for ~~approximately 11 %~~ **damage to our property and disruption** of **our business from casualties, such insurance may not be sufficient to cover all of our potential losses. Any disruption in our manufacturing capacity could have an adverse impact on our ability to produce sufficient inventory of our products** ~~our~~ - **or** ~~consolidated raw material~~ may require us to incur additional expenses in order to produce sufficient inventory,and therefore,may adversely affect our net sales and operating results.Any disruption or delay at our manufacturing facilities could impair our ability to meet the demands of our customers,and our customers may cancel orders or purchase products from our competitors,which could adversely affect our business and operating results.Unanticipated changes to our **dealer** ~~distribution channel customers'~~ inventory levels could negatively impact our operating results.We sell many of our products through ~~distribution channels~~ **our independent dealer network** and are subject to risks relating to their inventory management decisions and operational and sourcing practices.Our **dealers** ~~distribution channel customers~~ carry inventories of our products as part of their ongoing operations and adjust those inventories based on their assessments of future needs.Such adjustments may impact our inventory management and working capital goals as well as operating results.If the inventory levels of our **dealers** ~~distribution channel customers~~ are higher than they desire **,they may postpone product** purchases **from us, which could cause our sales to be lower than the end- user retail demand for our products and negatively impact our inventory management and working capital goals as well as our operating results** . Increases in raw material, commodity, and transportation costs and shortages of certain raw materials could negatively impact our business. We purchase raw materials such as steel, aluminum, and other commodities, and components, such as chassis, refrigerators, and televisions, for use in our products. In addition, we are a purchaser of components and parts containing various commodities, including steel, aluminum, copper, lead, rubber, lumber, and others that are integrated into our end products. Our profitability is affected by significant fluctuations in the prices of the raw materials and the components and parts we use in our products. Additionally, there continues to be uncertainty with respect to the implementation of current trade regulations, future trade regulations and existing international trade agreements, which could continue to increase our cost of goods sold, both directly and as a result of price increases implemented by domestic suppliers, which we may not be able to pass on to our customers. The impact from these tariffs could also result in decreased demand for our products. All of these conditions could materially and adversely affect our results of operations and financial condition. In addition, increases in other costs of doing business may also adversely affect our profit margins and businesses. For example, an increase in fuel costs may result in an increase in our transportation costs, which also could adversely affect our operating results and businesses. Historically, we have mitigated cost increases, in part, by collaborating with suppliers, reviewing alternative sourcing options, substituting materials, engaging in internal cost reduction efforts, and increasing prices on some of our products, all as appropriate. However, we may not be able to fully offset such increased costs in the future. Further, if our price increases are not accepted by our customers and the market, our net sales, profit margins, earnings, and market share could be adversely affected ~~. We have experienced, and continue to experience, disruption in our supply chain due to the reduced availability of certain raw materials used in the manufacturing of our products, including chassis which depend on semiconductor chips. The constraints limited our ability to increase production to meet demand during Fiscal 2022 and continuing in Fiscal 2023. While we continue to manage through these shortages and delays, if we cannot successfully manage these disruptions and / or these shortages and delays worsen, we may be unable to fulfill orders and deliver our products to our customers in a timely manner. This could materially and adversely affect our results of operations and financial condition~~ . Failure to effectively manage strategic acquisitions and alliances, joint ventures, or partnerships could have a negative impact on our business. One of our growth strategies is to drive growth through targeted acquisitions and alliances, stronger customer relations, and new joint ventures and partnerships that contribute profitable growth while supplementing our existing brands and product portfolio. Our ability to grow through acquisitions depends, in part, on the availability of suitable candidates at acceptable prices, terms, and conditions, our ability to compete effectively for acquisition candidates, and the availability of capital and personnel to complete such acquisitions and run the acquired business effectively. Any acquisition, alliance, joint venture, or partnership could impair our business, financial condition, reputation, and operating results. The benefits of an acquisition, or new alliance, joint venture, or partnership may take more time than expected to develop or integrate into our operations, and we cannot guarantee that previous or future acquisitions, alliances, joint ventures, or partnerships will, in fact, produce any benefits. Such acquisitions, alliances, joint ventures, and partnerships may involve a number of risks, including: • Diversion of management' s attention; • Disruption to our existing operations and plans; • Inability to effectively manage our expanded operations; • Difficulties or delays in integrating and assimilating information and financial systems, operations, and products of an acquired business or other business venture or in realizing projected efficiencies, growth prospects, cost savings, and synergies; • Inability to successfully integrate or develop a distribution channel for acquired product lines; • Potential loss of key employees, customers, distributors, or dealers of the acquired businesses or adverse effects on existing business relationships with suppliers, customers, distributors, and dealers; • Adverse impact on overall profitability, if our expanded operations do not achieve the financial results projected in our valuation model; • Inaccurate assessment of additional post- acquisition or business venture investments, undisclosed, contingent or other liabilities or problems, unanticipated costs associated with an acquisition or other business venture, and an inability to recover or manage such liabilities and costs; and • Incorrect estimates made in the accounting for acquisitions, occurrence of non- recurring charges, and write- off of significant amounts of goodwill or other assets that could adversely affect our operating results. If we fail to identify, attract, and retain appropriately qualified employees, including employees in key positions, our operations and profitability may be harmed. Changes in market compensation rates may adversely affect our profitability. Our ability to meet our strategic objectives and otherwise grow our business will depend to a significant extent on the continued contributions of our leadership team. Our future success will also depend in large part on our ability to identify, attract, and retain other highly qualified managerial, technical, sales and marketing, operations, and customer service personnel. Competition for these individuals in our manufacturing markets is intense **,** and supply is limited. Since we operate in a competitive labor market, there is a risk that market increases in compensation could have an adverse effect on our business. We may not succeed in identifying, attracting, or retaining qualified personnel on a cost- effective basis. The loss or interruption of services of any of our key personnel, inability to identify, attract, or retain qualified personnel in the future, delays in hiring qualified personnel, or any employee work slowdowns, strikes, or similar actions could make it difficult for us to conduct and manage our business and meet key objectives, which could harm our business, financial condition, and operating results. Significant product repair and / or replacement costs due to product warranty claims and product recalls could have a material adverse impact on our results of operations, financial condition, and cash flows. We receive warranty claims from our dealers in the ordinary course of our business. Although we maintain reserves for such claims, which to date have been adequate, there can be no assurance that warranty expense levels will remain at current levels or that such reserves will continue to be adequate. A significant increase in warranty claims exceeding our current warranty expense levels could have a material adverse effect on our results of operations, financial condition, and cash flows. In addition to the costs associated with the contractual warranty coverage provided on our products, we also occasionally incur costs as a result of additional service actions not covered by our warranties, including product recalls and customer satisfaction actions. Although we estimate and reserve for the cost of these service actions, there can be no assurance that expense levels will remain at current levels or such reserves will continue to be adequate. Information Systems, Legal and Regulatory Risks We may be subject to information technology system failures, **inefficiencies associated with system implementations,** network disruptions, and breaches in data security that could adversely affect our business. Failure to prevent or effectively respond to a breach or system failure could expose our customers', clients', or suppliers' confidential information ~~,~~ and expose us to substantial costs and reputational damage as well as litigation and enforcement actions. We rely on our information systems and web applications to support our business operations, including but not limited to procurement, supply chain, manufacturing, distribution, warranty administration, invoicing, and collection of payments. We use information systems to record and report our operational results. Additionally, we rely upon information systems in our sales, marketing, human resources, and communication efforts. Due to our reliance on our information systems, our business processes may be negatively impacted in the event of substantial disruption of service **. In addition, continued integration and development of new systems have resulted, and may in the future result in operational inefficiencies that adversely impact our results of operations** . Further, we have security systems in place with the intent of maintaining the physical security of our facilities and protecting our customers', clients', and suppliers' confidential information and information related to identifiable individuals against unauthorized access through our information systems or by other electronic transmission or through the misdirection, theft, or loss of physical media. Misuse, leakage, falsification, or breach of security of information could result in a violation of privacy laws and damage our reputation which could, in turn, have a negative impact on our results. Because the technologies used to obtain unauthorized access are constantly changing and becoming increasingly more sophisticated and often are not recognized until launched against a target, we may be unable to anticipate these techniques or implement sufficient preventative measures. If we fail to maintain or protect our information systems and web applications effectively, we could experience adverse consequences that could have a material effect on our business. Amongst other things, the impact could include interruptions or delays in our ability to access information, data loss, processing inefficiencies, lost revenues or other costs resulting from shutdowns, unfavorable publicity, governmental inquiry and oversight, difficulty in marketing our services, allegations by our customers and clients that we have not performed our contractual obligations, litigation by affected parties, and possible financial obligations for damages related to the theft or misuse of such information. Our continued success is dependent on positive perceptions of our brands which, if impaired, could adversely affect our results of operations or financial condition. In addition, if the frequency and size of product liability and other claims against us increase, our reputation and business may be harmed. We believe that one of the strengths of our business is our brands, which are widely known around the world. We vigorously defend our brands and our other intellectual property rights against third parties on a global basis. We have, from time to time, had to bring claims against third parties to protect or prevent unauthorized use of our brand. If we are unable to protect and defend our brands or other intellectual property, it could have a material adverse effect on our results of operations or financial condition. We are also subject, in the ordinary course of business, to litigation including a variety of warranty," Lemon Law," and product liability claims typical in the RV and marine industries. Although we have an insurance policy covering product liability, we cannot be certain that our insurance coverage will be sufficient to cover all future claims against us, which may have a material adverse effect on our results of operations and financial condition. Any increase in the frequency and size of these claims, as compared to our experience in prior years, may cause the premium that we are required to pay for insurance to rise significantly. Product liability claims may also cause us to pay punitive damages, not all of which are covered by our insurance. In addition, if product liability claims rise to a level of frequency or size that are significantly higher than similar claims made against our competitors, our reputation and business may be harmed. We are subject to certain government regulations that could have a material adverse impact on our business, including changing climate- related regulations that may require us to incur additional costs in order to be in compliance. We are subject to numerous federal, state, and local regulations and the following summarizes some, but not all, of the laws and regulations that apply to us. Federal Motor Vehicle Safety Standards govern the design, manufacture and sale of our RV products, which standards are promulgated by the NHTSA. NHTSA requires manufacturers to recall and repair vehicles which are non- compliant with a Federal Motor Vehicle Safety Standard or contain safety defects. In addition, the U. S. Coast Guard maintains certification standards for the manufacture of our marine products, and the safety of recreational boats in the U. S. is subject to federal regulation under the Boat Safety Act of 1971, which requires boat manufacturers to recall products for replacement of parts or components that have demonstrated defects affecting safety. Any major recalls of our products, voluntary or involuntary, could have a material adverse effect on our results of operations, financial condition, and cash flows. While we believe we are in compliance with the foregoing laws and regulations as they currently exist, amendments to any of these regulations or the implementation of new regulations could significantly increase the cost of testing, manufacturing, purchasing, operating, or selling our products and could have a material adverse effect on our results of operations, financial condition, and cash flows. In addition, our failure to comply with present or future regulations could result in federal fines being imposed on us, potential civil and criminal liability, suspension of sales or production, or cessation of operations. We are also subject to federal and numerous state consumer protection and unfair trade practice laws and regulations relating to the sale, transportation, and marketing of motor vehicles, including so- called" Lemon Laws." Federal and state laws and regulations also impose upon vehicle operators various restrictions on the weight, length, and width of motor vehicles, including ~~motorhomes~~ **motorhome RVs** that may be operated in certain jurisdictions or on certain roadways. Certain jurisdictions also prohibit the sale of vehicles exceeding length restrictions. Failure to comply with the New York Stock Exchange and SEC laws or regulations could also have an adverse impact on our business. Additionally, amendments to these regulations and the implementation of new regulations could increase the cost of our operations and therefore could have an adverse impact on our business. We are subject to income and other tax laws and regulations in the U. S. and various foreign jurisdictions. In addition, we could be impacted by adjustments proposed by taxing authorities in connection with examinations, depending on their timing, nature and scope. Increases in tax rates, changes in tax laws or unfavorable resolution of tax matters could have a material impact on our financial results. Finally, federal and state authorities also have various environmental control standards relating to air, water, noise pollution, greenhouse gases (" GHG"), and hazardous waste generation and disposal that affect us and our operations. Failure by us to comply with present or future laws and regulations could result in fines being imposed on us, potential civil and criminal liability, suspension of production or operations, alterations to the manufacturing process, or costly cleanup or capital expenditures, any or all of which could have a material adverse effect on our results of operations. In addition, foreign, federal, state, and local regulatory and legislative bodies have proposed various legislative and regulatory measures relating to climate change, regulating GHG emissions, and energy policies. If such legislation is enacted, we could incur increased energy, environmental, and other costs and capital expenditures to comply with the limitations. Climate change regulation combined with public sentiment could result in reduced demand for our products, higher fuel prices, or carbon taxes, all of which could materially adversely affect our business. Due to uncertainty in the regulatory and legislative processes, as well as the scope of such requirements and initiatives, we cannot currently determine the effect such legislation and regulation may have on our products and operations. **Our ESG commitments may impact our reputation, expose us to additional costs, or have other impacts which could adversely affect our business, financial condition, or results of operations. There has been an increased focus from regulators, investors, employees, consumers, and other stakeholders relating to ESG practices. We periodically communicate our ESG initiatives, which include prioritizing ethics and integrity, safety, people, diversity, equity and inclusion, community, waste, emissions, and product stewardship. Failure to meet our commitments, respond to regulatory requirements, or advance our initiatives could adversely impact our reputation, as well as the demand for our products. In addition, achieving these initiatives may result in increased costs, which could have a material adverse impact on our business, financial condition, or results of operations.** Financial Risks An impairment in the carrying value of goodwill and trade names could negatively impact our consolidated results of operations. Goodwill and indefinite- lived intangible assets, such as our trade names **in certain instances** , are recorded at fair value at the time of acquisition and are not amortized but are reviewed for impairment at least annually or more frequently if impairment indicators arise. Our determination of whether goodwill impairment has occurred is based on a comparison of each of our reporting units' fair value with its carrying value. Significant and unanticipated changes in circumstances, such as significant and long- term adverse changes in business climate, unanticipated competition, and / or changes in technology or markets, could require a provision for impairment in a future period that could negatively impact our results of operations. The terms of our notes and other debt instruments could adversely affect our operating flexibility and pose risks of default. We incurred substantial indebtedness to finance the acquisitions of Grand Design and Newmar Corporation (" Newmar"). Our asset based revolving credit facility (" ABL Credit Facility") and Senior Secured Notes (as described in Note 9 in the Notes to Consolidated Financial Statements, included in Item 8 of Part II in this Annual Report on Form 10- K) are secured by substantially all of our assets, including cash, inventory, accounts receivable, and certain machinery and equipment. We also issued unsecured Convertible Notes (as described in Note 9 in the Notes to Consolidated Financial Statements, included in Item 8 of Part II in this Annual Report on Form 10- K) to finance the acquisition of Newmar. If a default of payment occurs, the lenders in our ABL Credit Facility or holders of our Senior Secured and Convertible Notes may elect to declare all of their respective outstanding debt, together with accrued interest and other amounts payable thereunder, to be immediately due and payable. Under such circumstances, we may not have sufficient funds or other resources to satisfy all of our obligations. In addition, the limitations imposed on our ability to incur additional debt and to take other corporate actions might significantly impair our ability to obtain other financing. Borrowing availability under the ABL Credit Facility is limited to the lesser of the facility total and the calculated borrowing base, which is based on stipulated loan percentages applied to our eligible trade accounts receivable and eligible inventories. Should the borrowing base decline, our ability to borrow to fund future operations and business transactions could be limited. In addition, the Senior Secured Notes contain certain occurrence- based covenants that could restrict our ability to undertake certain types of transactions. If we enter into a transaction that falls under the occurrence- based covenants, we will calculate the ratios and covenant buckets we have available to us to ensure we are in compliance. Likewise, the indenture related to the Convertible Notes issued to help finance the acquisition of Newmar includes certain limited covenants that could impact our ability to operate our business. In addition, our indebtedness could: • Make us more vulnerable to general adverse economic, regulatory, and industry conditions; • Limit our flexibility in planning for, or reacting to, changes and opportunities in the markets in which we compete; • Place us at a competitive disadvantage compared to our competitors that have less debt or could require us to dedicate a substantial portion of our cash flow to service our debt; and • Restrict us from making strategic acquisitions or exploiting other business opportunities.