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### Transportation Disruption Risk Comments

Transportation disruptions is a daily issue in the US now. Whether it is part of load delays due to Covid labor issues to truck lanes and parcels at "Super Peak" levels. Additionally, air freight under commercial flights is still at historical low levels. All of this adds up to delays and constant tracking to expedite to get materials in or products delivered to the customer.

Mfg slowdown?

Demand is beginning to be a bit more back to normal patterns so the demand swings that cause transportation challenges seem less dramatic

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### Customer Risk Comments

Many customers are working less or not working at all. They will not be able to seek medical care when they are ill or injured.

More risk with spike in covid expected

We worry about supplier and customer going concern issues given the continued and escalating COVID-19 issues

Pandemic has slowed/pushed out orders

Remains high and a bit uncertain due to covid impact on customer buying

Largely depends on extent of government imposed lockdowns & business closures. Reduced demand for our clients' goods/services results in less business for us.

impact of regulatory agencies and reaction to safety relative to Covid may have an impact

Customer demand has increased with online shopping and trends point toward a volatile climate with customer satisfaction based on carrier performance. This mainly points to the challenges and volume restrictions in small parcel networks.

Fall 2020 volume spikes will dictate this.

Uncertainty over economic shutdown equates to scaled back or suspended jobs & an increase in payment cycles.

Hard to predict customer behavior says it all. Some coming back, some slowing down, some unknown.

Uncertainty

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### Economic Risk Comments

COVID challenges continue to cause problems.

All mentioned above

Labor shortages. High debt. Further separation of those with and those without means to cope; and ever present stimulus to keep everything afloat -

Especially labor due to covid spike

We worry that the now prolonged impacts of COVID as well as anti-business/more regulation policies could induce a further economic contraction

There is risk of labor shortage as well as commodity shortage with less demand creating reduced production.

Possible increase in labor risk as corona spikes in USA and some other countries prior to widespread availability of vaccines

Labor shortages to hire/retain front-line workers may be an issue depending on COVID situation.

Possible all of the above

Labor Shortages for Fulfillment Center environments where distancing must be maintained or entire warehouses are closed down for sanitization when someone is COVID positive.

Driver shortage is intensifying with roll-out of Drug and Alcohol Clearinghouse as well as the overall aging of the driver population

Labor shortages - as in, being able to find laborers - is a high risk at this point in time. We have been marginally okay with hiring individuals, but we anticipate a higher risk in this category leading into Q4.

New president-elect that wants to end natural gas and fracking in major production markets.

Depends on COVID severity & extent/duration of lockdowns by cities/states.

Inflation in Metals commodities seen. Some in packaging (mostly craft paper going into boxes), but overall the risk is flat.

New administration and regulation

Labor shortage continues to be and is expected to remain a challenge

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### Supplier Risk Comments

Price & availability of certain PPE remains constrained.

Seeing longer lead times on firearms/ammo - from 30-90 day estimates to now 30-120+ day & in some cases no ETA due to prolonged demand spikes from COVID & political unrest. Expected into 2021-2022.

Pricing of items has largely held steady B2B, but smaller vendors have gone to require up-front payment. In B2C settings, some prices are 40-60% higher than at beginning of 2020.

China and Asia have returned to pre-Covid levels in manufacturing. Smaller to medium sized suppliers have financial strain due to Covid issues - labor, cash flow slowdown, and governmental imposed restrictions on business operations.

Uncertainty

Some suppliers continue to deal with the labor shortages due to Covid-19 resurgence and reinstatement of increased restrictions and guidelines to combat the rise in virus cases.

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### Cybersecurity and Data Risk Comments

Remote works more dangerous

See an increase with new President.

I have concerns about the non peaceful transition of power between presidents and the enemies of our state who will exploit that weakness.

The 'bad guys' are not letting the pandemic go to waste. Again, frequency and number of 'hits' are increasing. They are targeting the workforce personnel as a means to gain entry. Their approach and methods are becoming more sophisticated. In addition, the pandemic has forced a degree of magnitude change in the number of access points into personal and business computing systems.

The risk just seems to tweak up every quarter

Cybersecurity remains as an increasing threat to many businesses & industries. Working in security, our company provides cybersecurity monitoring, consulting, etc to clients & as such, may have access to data desirable to nefarious actors.

Intrusion attempts and phishing increases all the time

There have already been reports of this as we lead into Q4. I would not be surprised if this continues or gets worse.

Increase in cyber crimes from remote workforce.

Prolonged exposure to work-from-home scenario & associated risks of external networks, lack of safeguards, employee errors vs increase in cyber-threats.

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### Government Intervention Risk Comments

Changes in US government leadership may affect our business.

Shutdown businesses etc

Hand-in-hand when Government starts mucking around in supply chains.

Slight decrease once Biden takes office as less tactical and a more calm, strategic approach expected

A new democratic administration is likely to be more anti-business and more excess regulation. Also depending on the final Senate outcome there is a risk of increased income taxes.

Government subsidies that incentivize unemployment benefits over working may provide disruption to the employee market.

Dec and January high uncertainty with Trump administration (due to so many tariffs and many tactical changes) and likely less risk once Biden administration begin

Our business is considered essential, but as previously stated, COVID lockdowns & forces closures for our clients will negatively impact our business.

Government demands for dry ice while the vaccine is being developed as well as to transport the vaccine when it's ready for distribution could cause a shortage for the frozen food product categories that rely on it for customer shipping. Parcel capacity could also be impacted if needed to distribute the vaccine.

Anticipation of more socialist policies will put business at risk

There is always high risk in this category, but I do not know if there will be increased risk into Q4 this year.

New president-elect with the potential for a more restrictive and regulation-filled environment.

Increasing only due to governmental lockdowns related to Covid. Other governmental risk is the same.

Very much uncertainty

Threat of shut-downs and quarantines are the most significant near-term threats

Increased government response to Covid-19 is a headwind mostly in recruiting labor, but also in restricting normal business activities

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### Operational Risk Comments

Covid risks

There are two elements regarding the increase in operational risk: 1) Products and consumables required to keep the physical assets clean, improve the working environment hygiene, and ensure the safety of employees. 2) Supply chain Resilience to disasters. We're in South Florida; frequency and severity of storms are increasing. Building codes are being changed - all of which leads to increased expenditures to keep the place, people and supply chain partners safe.

With the continuation of limited resources due to COVID, I think risks will to continue to rise. There will be less physical human capital to do preventative maintenance on equipment.

Similar elevated risks due to covid environment with fluctuating sales

...but remain at high level due to corona related labor issues/sea freight and port delays, etc

Increase in Covid

COVID causing issues with labor so potential shut down of operations.

Covid uncertainties will continue to elevate the risk level

Fall 2020 volume and sales spikes will unavoidably influence operational risk in this way.

Supply Chain pipelines and supplier financials are stretched greatly due to Covid. Operational risks, if you are a company returning to "normal" levels, are increasing that something in the supply chain will break down - equipment, labor availability, logistic lanes, etc...

Economic uncertainty

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### Technological or Competitive Risk Comments

Insurance issues in neighboring counties will slightly decrease our competition.

The pandemic seems to have brought about an increase in change produced by technical push, vs. consumer pull. Safety, touchless technologies, requirements for the education processes, and buying (with assurance that on-line transactions are safe and secure) are forcing change much faster than what would have happened under normal circumstances,

We purposefully halt technological advancements and IT/IS projects in the Fall (with exceptions, of course), as to not interfere in any way with production / distribution / processing efforts to the stores during our busiest time of the year.

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### Quality Risk Comments

Covid situation so naturally possible

As covid worsens in Q1

Government driven cyber security requirements are unmeetable by anyone smaller than Lockheed and I suspect they are not able to truly meet those standards.

...but remain at high level like Q4

Company has engaged in audits starting back in Q4 to identify & rectify quality control limitations.

Investment in consultant services to identify/reduce control vulnerabilities in processes.

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### Environmental Risk Comments

Covid deaths increased air pollution by covid spreading g

See my comments in question 1

2020 seemed to be an unusual year for hurricanes and wildfires: our best guess is 2021 will not be as extreme

COVID.