1 Cybersecurity and Data Risk Comments

There has been more and more but they are just quietly being dealt with. The more technology we use the m
open to these types of problems.

Remain at elevated level.

Hackers are constantly developing creative new methods to breach systems, and always seem to be two steps
cybersecurity folks who work to prevent attacks.

We have begun to see the increase at corporate, personal, and infrastructure levels. Hacking is a business.

Major data incursions and/or cyberattacks have increased in my supplier base.   More are in the headlines - D
logistics, etc...   It seems as some element of cyber criminals have pivoted to logistics and manufacturing as a t

Compounding of previous data breaches. Volatility in cryptocurrencies.

The current war is being fought in cyberspace and industry is the primary target.

We have seen two major linehaul carriers shut down for weeks at a time due to Cyber related risk.

Thieves will get smarter. Also, as folks leave traditional work, they will be paid for just staying home and hacki

Global political instability, economic challenges, increased poverty during this time period, & lack of guardrails
currencies all introduce risk of theft. Cybersecurity being a popular means of theft.

Always a threat.

2 Economic Risk Comments

No indication of a change yet being noticed after demand profile has been adjusted down.

Economic slow down will impact the demand. We are heading towards recession in FY23.

Remain at high level.

Labor shortages have seemed to decline over the last year. With trucking typically being a leading indicator fo
the demand issues we have experienced and continue to will have a corresponding effect on the economy in t
months.

Enormous money spent on the energy infrastructure with high inflation winds up in the same spot- chaos.

Labor shortages in the service and medical industries.

We have completely decoupled from China. For those who haven't, I would ask: would you have kept your bus
or Nazi Germany during war/cold war? The disruptions will be major for those who continue to remain in host

Until the Biden Administration is turned out of office, the future economic outlook for our country is bleak.

The economy is in an uncertain state right now, and I am ignorant as to what may happen.

Continued interest rate increases & a reduction in consumer confidence translating to a reduction in consume

Jury still out on full impact of current economic environment: high inflation, fed work to control, low unemplo
people in the work force etc. Unpredictable.

Could be headed into recession.

3 Customer Risk Comments

Customer risk at the consumer level will remain the same however customer risk at the supplier level is a grov
manufacturers and retailers rationalize their inventories they are not ordering from suppliers and many times
delay or cancel orders.

Adjusting to new lower demand profiles based on macroeconomic conditions. Expect turn around to be abrup
any leading indicators giving early warning.

Economic slow down will impact the customer buying pattern for FY23.

When available truck capacity is high, it commoditizes value added companies like freight brokerages. Pricing
levels and it becomes easier for shippers to find trucks to cover their freight. It also common for decision mak
'corporate' in order to cut trucking costs through bid processes. Relationships become less important and con
service and support means less than saving a few dollars on freight.

Customer behavior still difficult to iron out.

New demand patterns are not yet established. Fears about recession.

Shippers expect better rates, without thinking they may drive capacity out of the market in their quest for a ba
structure. Carriers need support from shippers to maintain a good bottom line too.

People have long adjusted back to their pre-Covid lives, and the third anniversary of the beginning of restrictio
people to further settle into their buying habits.

As housing starts wain in the first quarter of 2023, it will be hard to predict sales in the marketplace.

Reduced volumes and higher demand for efficiency, savings, etc.

Market uncertainty.

Post covid, garden products consumer behavior is to pre-covid levels. Customer behavior also is affected by w

4 Government Intervention Risk Comments

Regulation, Regulation, Regulation. Even the so called group of less government (Republicans) are implement
problems for businesses. And just look across the globe at the impacts of governments around the world. It is
government which creates the problems.

Seems like this one of the largest unknowns and expect more to come from this perspective.

Slight increase in geopolitical risks (China/USA, N. Korea, Russia/Ukraine...), more restrictions on EV raw mater

The AB5 independent contractor law could create significant issues in trucking by presenting challenges for sm
operators who make up the majority of the trucks on the road. If it is to spread to every state (currently in in C
smaller trucking companies will close their doors rather than deal with the headaches of becoming 'company

Keep spending money we don't have on things we don't need, and you create risk.

Potential new railroad legislation. Shifting legislation around environmental concerns.

We need a legitimate administration and DOT secretary. The misguided initiatives continue to do damage. Ou
with degraded infrastructure, not "racist" roads.

Our government is passing the EU as the most regulated on the planet. Too much regulation will stifle innova
down industry.

The relative stagnation of the Russo-Ukrainian war will likely cause some major power to force a hand, soon. U
supported to ensure our enemies do not gain an upper hand.

I don't feel that the war in Ukraine, not the US policies will change this quarter.

Supply chain isn't in the spotlight as much as it was in 2022. The only additional risk would be political headwi
trade with China. I don't foresee anything changing in the near term.

Eyes on China and Taiwan.

Government are not working with private business to improve community concerns. Need more partnerships

5 Technological or Competitive Risk Comments

Reduced IT budget.

It is good when it works but many times there are hidden issues and causes for costs and aggravation. It is not
supposed to be.

Some signs of increasing disruption in some industries or functions (ex. introduction of AI, machine learning).

Trucking has typically shown a lag in adopting new technology. As the supply chain has become more recogni
challenges we all experienced during covid, technology companies continue to look to enter the logistics space
to provide better visibility to shippers and make logistics companies more efficient.

Tech and supply chain is still delayed.

The broader and more dependent our systems become, the more risk we assume.

All hat, no cattle. From "digital" forwarders to automation - the reality is most of these products are not read

Web 3.0 has a poor reputation, and ChatGPT's will surely persist, but the period of excitement and fear for it i

Lack of organizations willing to invest during a recessionary environment.

Market driving innovation.

5 Supplier Risk Comments

Too much off shore sourcing.

Suppliers are already starting to disappear. The global issues also limit where materials can come from consis

Significant pressure from suppliers who have had orders with tier II supply base that had extended lead-times
NCNR(non cancellable non returnable) orders while the demand profile has been normalizing down from Covi
levels.

Risk remains at high level. There are positives like better, shorter, on-time delivery of goods (Asia to NA ocea
ex), but negatives like supplier exposure to high geopolitical risks remain (USA vs China due to positions relati
Russia/Ukraine and China/Taiwan).

As opposed to the truck shortages throughout the covid years, available capacity in trucking has increased tre
lack of demand. This will put some smaller, owner operators out of business, but available capacity should re
until demand starts to pick up.

Supplier risk or "Supply Chain Crisis" is improving. But close watch will be needed on supplier financial risk or
obsoleting low margin product lines.

China supply concerns long term.

The supply chain continues to push through cost increases for equipment, fuel, and supplies.

Just look at the war in Ukraine as an example!!!

I do not believe that suppliers will see substantial improvement in their work this quarter.

My company is working on localization and dual-sourcing projects in raw material to mitigate these risks.

Financial instability & turnover/reduction in force leaving gaps in operations due to lack of inherent knowledg

Supply chains have become more stable but still prone to disruption on short notice.

Market uncertainty driving the increase.

6 Operational Risk Comments

Labor, suppliers, demand are all the top things on the risk charts.

Key supplier is taking their plant down for month of May.

The current freight market is down and Q1 has been slow. Although not drastic, I'm expecting a slight increas
typically has higher demand than Q1 year over year.

The greatest way to mitigate risk is to have experienced, competent folks running the railroad. Those attribute
diluted on a number of fronts.

Climate change is causing more extreme weather. Extreme weather increases the potential for property dam

Inflationary pressure created by runaway government spending remains the greatest risk to sustainable opera
Administration policy to block energy development contributes to fuel costs, and adds additional inflation pre
employees. Shippers are expecting rate reductions, which creates a scissors effect for carriers. There is nothi
frightening than ignorance in action.

Natural disasters are a big worry.

We have added and continue to implement a early warning system for Supply Chain - Resilience for weather,
internal company events.

Lower customer volumes due to high inventory levels & carrying costs. Shipment volume will drop until invent
across the US, thus creating a reduction in operational efficiency per person without layoffs.

Labor, particularly quality of labor, remains principal risk.

In garden industry, calendar Q2 is our busiest. Heavy use of equipment and assets, and longer hours.

7 Environmental Risk Comments

Slight increase continues with global warming, more extreme weather and natural disasters.

Now that we're getting closer to coming out of the winter season, some of the extreme weather risks that cre
delays in the supply chain will decline. Inability to predict natural disasters, future pandemics or industrial acc
all vulnerable, but we can't plan for the worst and need to maintain right-sizing of our businesses to insulate c
potential.

Likely less transportation delays as winter and snow should be over and less in Q2 than Q1.

Global warming.

The major risk is climate alarmism, not climate change. Making steady sustainability progress and allaying curr
environmental risks has worked well. Those (and the governments they vote for) who seek alarmist, knee-jerk
sudden shift to EVs, which are obviously not a serious solution) are doing much more harm than good.

The pursuit of EV strategies is years away, and alternatives such as hydrogen and nuclear will provide a more s
for the world.

I dread the beginning of the hurricane season, to simplify.

Demand is weather related. Late breaking spring or weather that is too dry/too wet/too hot/too cold can affe
behavior and sales.

8 Quality Risk Comments

Suppliers continue to have issues providing quality RAW and WIP. They are short staffed and short materials.

Software and technology products are being released and updated constantly under the banner of agile devel
fast and buggy is better than well-tested and ready. Letting the end customer be the test lab is bad.

Higher staff turnover cause higher defect rates.

Driver capacity and availability should improve customer service.

I believe that slowing inflation and minor economic upturn contrasting with pessimism about the economic fu
people to buy more hazardously and companies to put less emphasis on quality control before the next down

Carrier service tends to diminish when volumes are low and freight rates drop in the US. Drivers will try to ma
as possible during these recessionary environments. Carriers tend to cut corners which causes a reduction in s

Quality control was an issue last year but I do not see it getting better or worse.

Increased volume and limited labor causes decrease in quality checking-- higher risk of quality issues.

10 Transportation Disruption Risk Comments

Although costs have reduced there is the risk of numerous owners operators leaving the industry especially w
make more and be home as dump truck and construction truck drivers. As building grows we will see a numb
the road portion of trucking.

Also another area which few talk about are trailers. There are trailers everywhere but few can be roaded bec
being utilized as storage or are in poor condition from just sitting.

More capacity in the market equals less risk of disruption

Slight decrease in risk as major issues like semiconductor shortage continue to improve and global demand re
stable so supply begins to catch up to demand.

Fuel prices will likely remain somewhat high, driver shortage is a continuous issue and the barriers to entry are
making professional driving a desirable job. Infrastructure is an issue and fear of recession creates a decline i
for individuals as well as businesses who are looking to cut costs any way possible. All that said, Q2 should sh
trucking demand than Q1 and Q4 of 2022.

Logistical flows in all methods and lanes continue to approach normalcy. Evident by improved rate structures
availability of physical assets.

Drivers still unreliable for transportation.

Potential new railroad legislation.

We are preparing to allay the negative effects of the ill-guided push to Evs.

All four items increase risk as well as increasing per se.

Gas prices have been decreasing, and I believe that efforts have been made to improve infrastructure.

As certain industries demand begin to soften, transportation demand will too. Transportation supply should i
should decrease.

More drivers, more trucks more deliveries. I have seen FFA amounts decrease from vendors.

Increased demand for transportation causes risk in missed pickups and deliveries. Also causes order backups a
docks.