

Risk Factors Comparison 2024-07-19 to 2023-07-18 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text **Moved Text Section**

Risks Related to Our Business and Industry We are affected by factors that adversely impact the commercial aviation industry. **Our sales to commercial customers were \$ 1, 637. 9 million (71 % of consolidated sales) in fiscal 2024.** As a provider of products and services to the commercial aviation industry, we are greatly affected by **the overall economic conditions of and other trends that affect our customers in that industry , including any decrease in outsourcing by aircraft operators or projected market growth that may not materialize or be sustainable .** The commercial aviation industry is historically cyclical and has been negatively affected in the past , **and could be negatively affected in future periods,** by geopolitical events, **ongoing** conflicts and wars **(including between Russia and Ukraine and between Israel and Hamas), terrorism,** weather -related events, natural disasters, pandemics, disruption to fuel and oil production and supply shortages, high fuel and oil prices , **other supply chain disruptions, labor issues ,** environmental concerns (including climate change), lack of capital, cost inflation, and weak economic conditions. As a result of these and other events, from time to time , certain of our customers have filed for bankruptcy protection or ceased operation. The impact of instability in the global financial markets **has led, and may in the future lead ,** airlines to reduce domestic or international capacity. In addition, certain of our airline customers have in the past been impacted by tight credit markets, which limited their ability to buy parts, services, engines, and aircraft. **Economic and other factors that adversely affect the aviation industry lead to reduced overall customer demand for our products and services, which decreases our operating income.** A reduction in the operating fleet **or flight activity** of aircraft both in the U. S. and abroad **will in the past has resulted in, and may again result in ,** reduced demand for parts support and maintenance activities for the type of aircraft affected , **which decreases our operating income .** A deteriorating airline environment may also result in our inability to fully collect outstanding accounts receivable, which we experienced during the height of the COVID- 19 pandemic in 2020 and 2021. Reduced demand from customers caused by weak economic conditions, including tight credit conditions and customer bankruptcies, may adversely impact our financial condition or results of operations. **If any of the customers with whom we do business become insolvent or experience substantial financial difficulties, we may be unable to timely collect amounts owed to us by such customers, and we may not be able to sell the inventory we have purchased for such customers, which may adversely affect our results of operations and financial condition. A slowdown in the global economy, or a recession, would negatively impact the commercial aviation industry, and may have a material adverse effect on our business, results of operations, financial condition and liquidity.** In addition, an increase in energy costs and the price of fuel to the airlines could result in additional pressure on the operating costs of airlines, who comprise our largest customers. The market for jet fuel is inherently volatile and is subject to, among other things, changes in government policy on jet fuel production, fluctuations in the global supply of crude oil **and ,** disruptions in oil production or delivery caused by hostility in oil- producing areas , **or potential legislation or strategic initiatives to address climate change by reducing greenhouse gas emissions, creating carbon taxes, or implementing or otherwise participating in cap and trade programs .** Airlines are sometimes unable to pass on increases in fuel prices to customers by increasing fares due to the competitive nature of the airline industry, and this compounds the pressure on operating costs, and in turn, airlines' ability to do business with us. In addition, our business depends on maintaining a sufficient supply of various products to meet our customers' demands. If we were to lose a key supplier, or were unable to obtain the same levels of deliveries from these suppliers and were unable to supplement those purchases with products obtained from other suppliers, it could have a material adverse effect on our business. Additionally, our key suppliers could also increase the pricing of their products, which would negatively affect our operating results if we were not able to pass these price increases through to our customers. **The supply chains for our business could also be disrupted by natural disasters, extreme weather events, pandemics, or other public health threats, governmental actions, and legislative or regulatory changes. For example, during the COVID- 19 pandemic, our results of operation were materially and adversely impacted due to a steep decline in the numbers of aircraft flying.** Our business, financial condition, results of operations, and growth rates have been and may continue to be adversely affected by these and other events that impact the aviation industry, including **those mentioned elsewhere in this report and** the following: • deterioration in the financial condition of our existing and potential customers; • reductions in the need for, or the deferral of, aircraft maintenance and repair services and spare parts support; • retirement of older generation aircraft, resulting in lower prices for spare parts and services for those aircraft; • reductions in demand for used aircraft and engines; • increased in- house maintenance by airlines; • lack of parts in the marketplace ; • **world trade policies; • government- to- government relations ;** • acts of terrorism; • economic sanctions; • inflationary pressures and conditions; • political, social and economic instability and disruptions; • **climate change, environmental catastrophes and government regulations implemented to address them; • environmental and safety- related constraints imposed upon aircraft operations, including airline operators choosing not to outsource MRO services to third- party providers due to safety oversight concerns; • technological changes; • cost of labor shortages and other changes in labor conditions; • future outbreaks of infectious diseases; and • acts of God. Adverse events Pandemics and other disease outbreaks, such as COVID- 19, and similar public health threats that occur may arise in the future, aviation industry generally may have a material adverse adversely impact on affect our reputation, which may adversely affect our business, financial results of operations, financial condition , and liquidity- stock price .** While commercial airline traffic recovered significantly from COVID- 19 over the last **As a leading aerospace maintenance company serving most U. S. registered air carriers and operating on a global scale, we face substantial business risks tied directly two- to the aviation industry' s overall years, pandemics, disease**

outbreaks or similar public health and stability as outlined above threats, continues to pose a range of risks to our business. Any significant adverse events affecting The emergence of new variants or diseases, developments in the public health situation, the reimposition of regional or global travel restrictions, and an other pandemic individual aviation company can related create complications could have a negative ripple effect across the entire industry, negatively impact impacting on our business. Reduced numbers of aircraft flying or flight hours negatively impacts the demand for our aftermarket parts support and maintenance services, financial and any prolonged reduction in the future could materially and adversely affect our business, operating results, financial condition, and liquidity stock price. From We operate under the COVID stringent oversight of both domestic and foreign regulatory authorities. Non 19 pandemic, some businesses have expanded remote working opportunities compliance or unsafe practices can result in severe repercussions ranging from minor civil penalties to the revocation of operational certificates. Such outcomes can severely damage our reputation and diminish our ability to secure new contracts, directly affecting our revenue and growth prospects. In today's climate of heightened media scrutiny, any regulatory penalties or safety incidents can escalate quickly, causing irreparable harm not just to the Company, but potentially affecting individuals within the organization as well. Maintaining rigorous compliance and safety standards is paramount to mitigate these risks and maintaining the continued trust and confidence of our stakeholders to restrict non-essential travel for their employees, which has kept demand for clients, and regulatory bodies. If we fail to maintain such standards, our reputation, business air travel below pre-pandemic levels. Consumer behavior related to traveling may continue to be negatively impacted by adverse changes in business travel patterns or adverse changes in the perceived or actual economic climate, financial including declines in income levels and / or loss of wealth resulting from the impact from economic conditions. We are unable to predict the extent to which disease outbreaks or other public health threats that may arise in the future may change air travel, which could have a material impact on our business. The degree to which any future disease outbreaks or public health threats may impact our business, results of operations, financial condition, and stock price may be adversely affected liquidity is uncertain and will depend on future developments. Our 12 Our U. S. government contracts may not continue at present sales levels, which may have a material adverse effect on our financial condition and results of operations. Our sales to branches, agencies and departments of the U. S. government and their contractors were \$ 577.576.01 million (29-24.08 % of consolidated sales) in fiscal 2024, compared to \$ 577.0 in fiscal 2023, and \$ 620.0 in fiscal 2022 (See Note 16-17 of Notes to Consolidated Financial Statements). The majority of our U. S. government sales is for products and services supporting DoD aircraft sustainment and, mobility strategy systems, and DoS flight operations and are, therefore, subject to changes in defense and other governmental agency funding and spending. Our contracts with the U. S. government and their contractors are typically agreements to provide products and services at a fixed price and or in some cases, under cost reimbursable terms. These contracts typically have a base term of one year or less, and frequently subject to extension for one or more additional periods of one year at the option of the government customer. Sales to agencies of the U. S. government and their contractors are subject to a number of factors, including the level of troop and personnel deployment worldwide, competitive bidding, U. S. government funding, diplomatic priorities, requirements generated by world events, and budgetary constraints. For example, in conjunction with the U. S. exit from Afghanistan in fiscal 2022, we concluded our activities in country under our DoS and DoD contracts. U. S. government programs are subject to annual congressional budget authorization and appropriation processes. In recent years, U. S. government appropriations have been affected by larger U. S. government budgetary issues, sequestration, and related legislation, including the statutory limit on the amount of permissible federal debt. These issues could negatively affect the timely collection of our U. S. government invoices. Future congressional In addition, there continues to be uncertainty with respect to program-level appropriation appropriations for the DoD and authorization other government agencies in the overall budgetary framework described above. For example, the prioritization of development programs could come at the expense of the sustainment of existing platforms. While we would expect to compete and be well-positioned as the incumbent on existing programs, we may not be successful and, even if we are successful, the replacement programs may be funded at lower levels or result in lower margins. Uncertainty remains regarding how defense spending and budgets in the current application of sequestration remain marked by significant debate and an uncertain schedule. The federal debt limit continues to be actively debated as plans for long-term national fiscal year and beyond will affect policy are discussed. The outcome of these debates could have a significant impact on defense spending broadly and programs we support in particular. If there are funding delays and constraints, we may be required to continue to perform for some period of time on certain of our U. S. government contracts even if the U. S. government is unable to make timely payments. Future budget cuts, including cuts mandated by sequestration, or future procurement decisions could result in reductions, cancellations, and / or delays of existing contracts or programs which could adversely affect our results of operations and financial condition. In addition, U. S. government programs budgets could be negatively impacted by possible policy changes on defense spending, spending priorities outside defense, reduction in military presence overseas and in general pressure to reduce DoD and DoS U. S. defense spending. A significant reduction in defense DoD or DoS spending could result in a reduction in the amount of our products and services furnished to the U. S. government. We expect the U. S. government to continue to emphasize cost-cutting and other efficiency initiatives in its procurement processes. If we have difficulty adjusting to these changing acquisition priorities and / or fail to meet affordability targets set by the DoD, DoS, or their direct customers, our revenues and market share could be further impacted. We use estimates when accounting for long-term contracts and face risks of cost overruns and losses on these contracts. We sell certain of our products and services to our commercial, government, and defense customers under firm contracts providing for fixed unit prices, regardless of costs incurred by us. Several factors may cause the costs we incur in fulfilling these contracts to vary substantially from our estimates, and we generally bear the majority of risk that increased or unexpected costs may reduce our profit or cause us to sustain losses on these contracts. The cost of providing products or services may be adversely affected by increases in the cost of labor, materials, fuel, overhead, and other unknown

variants, including manufacturing and other operational ~~inefficiencies~~ **inefficiencies** and differences between assumptions used by us to price a contract and actual results. Increased costs may result in cost overruns and losses on such contracts, which could adversely affect our results of operations and financial condition. **We** **This risk is greater in periods of high inflation.**

13 We recognize revenue on our long- term contracts primarily over time as there is continuous transfer of control to the customer over the duration of the contract as the services are delivered, which generally requires estimates of total costs at completion, fees earned on the contract, or both. This estimation process is complex and involves significant judgment related to assumptions on flight hours, component repair costs, labor hours and rates, and contract penalties and incentives. Adjustments to estimates are often required as work progresses, experience is gained and additional information becomes known, even though the scope of the work required under the contract may not change. Any adjustment as a result of a change in estimates is recognized as events become known. Changes in the underlying assumptions, circumstances or estimates could result in adjustments that may adversely affect our future financial results. **Because our ability to terminate contracts is generally limited, we may not be able to terminate our performance requirements under these contracts at all or without substantial liability and, therefore, in the event we are sustaining reduced profits or losses, we could continue to sustain these reduced profits or losses for the duration of the contract term. Our failure to anticipate technical problems, estimate delivery reductions, estimate costs accurately or control costs during performance on long- term contracts may reduce our profitability or cause significant losses on programs.** If our subcontractors or suppliers fail to perform their contractual obligations, our contract profitability and our ability to win new contracts may be adversely affected. We rely on subcontractors to perform a portion of the services we agree to provide our customers, and our suppliers provide necessary **labor,** inventory and component parts. A failure by one or more of our subcontractors or suppliers to satisfactorily provide on a timely basis the agreed- upon services or supplies may affect our ability to perform our contractual obligations. Deficiencies in the performance of our subcontractors and / or suppliers could result in liquidated damages or our customer terminating our contract for default. A termination for default could expose us to liability and adversely affect our financial performance and our ability to win new contract awards. **The success of our Repair & Engineering business segment is dependent upon our ability to manage our operational footprint. We currently perform airframe repair and engineering activities at several of our leased and owned airframe maintenance facilities. Our maintenance facilities could become unavailable either temporarily or permanently due to our inability to extend our leases on commercially reasonable terms, labor disruptions at any of our facilities, or other circumstances that may be beyond our control, such as geopolitical developments or logistical complications arising from catastrophic and weather- related events. For leased facilities, timely renewal of leases, and risk mitigation from the sale of leased facilities, is required to avoid any business interruption. We are currently negotiating with the Indianapolis Airport Authority to extend the current lease we have in Indianapolis, Indiana, which expires in February 2025. There is risk associated with extending the lease with terms that are, in the long- term, amenable to us. We must also manage any issues that may arise in connection with the expansion of our facilities in Miami, Florida and Oklahoma City, Oklahoma. Potential logistical complications resulting from circumstances beyond our control may include, but are not limited to, power loss, telecommunication and information systems failures, or other internal or external system or service failures, accidents or incidents arising from acts of war, terrorism, cyber- attacks, weather, global climate change, earthquakes, hurricanes, fires, floods, tornadoes or other natural disasters or pandemics, including public health crises. If any of these events were to occur at or around any of our facilities, we may be unable to shift work to other facilities or to make up for lost work, which could result in a prolonged interruption of our business, significant delays in shipments of products, the loss of sales and customers, and large expenses to repair or replace the facility or facilities. We may not have insurance to adequately compensate us for any of these events. If insurance or other risk transfer mechanisms, such as existing disaster recovery and business continuity plans, are insufficient to recover all costs, we could experience a material adverse effect on our business, financial condition and results of operations.**

14 The success of our Repair & Engineering business segment is dependent upon continued outsourcing by the airlines and our ability to maintain our operational footprint. We currently perform **Revenues at our** airframe maintenance , repair, and overhaul activities at six leased locations. If our maintenance facilities become unavailable either temporarily or permanently due to our inability to extend our leases on commercial reasonable terms, labor disruptions or circumstances beyond our control, such as geopolitical developments or logistical complications arising from acts of war, cyber- attacks, weather, global climate change, earthquakes or other natural disasters including public health crises, we may be unable to shift such work to other facilities or to make up for lost work. Revenues at these facilities fluctuate based on demand for maintenance which, in turn, is driven by the number of aircraft operating and the extent of outsourcing of maintenance activities by airlines. In addition, certain airlines operate certain new fleet types and / or newer generation aircraft and we may not have contractual arrangements to service these aircraft nor technicians trained and certified to perform the required airframe maintenance, repair, and overhaul activities **on such aircraft.** If either the number of aircraft operating or the level of outsourcing of maintenance activities **for the aircraft models for which we are authorized to service** declines, we may not be able to execute our operational and financial plans at our **airframe maintenance , repair, and overhaul** facilities, which could adversely affect our results of operations and financial condition. **In addition, we have made investments in facilities and lease commitments to support specific service offerings. A slowing or disruption of these service offerings that results in operating below intended levels could cause us to suffer financial losses.** Our operations may be adversely affected by a shortage of skilled personnel or work stoppages. Our business has historically been dependent on educated and skilled aviation mechanics because of the complex nature of many of our products and services. We face competition for management and qualified technical personnel from other companies and organizations. Furthermore, we have a collective bargaining agreement covering approximately **200-140** employees in our Expeditionary Services segment (approximately **2.5** % of our total workforce). Our ability to operate successfully and meet our customers' demands could be jeopardized if we are

unable to attract and retain a sufficient number of skilled personnel, including aviation mechanics, to conduct our business, or we experience a significant or prolonged work stoppage in such an environment. In such case, our ability to secure new work and our results of operations and financial condition could be adversely affected. There is significant competition for such personnel in the industries in which we operate. We **are impacted, and may continue to be impacted**, by higher labor costs and / or labor shortages due to wage and salary inflationary pressures in the economy, a tightening labor market and increased rates of employee resignations generally throughout the U. S. economy. Employees in certain locations have shown increased interest in unionization. If a significant portion of our employees were to become unionized, our labor costs could increase and our business could be negatively affected by other requirements and expectations that could increase our costs, change our employee culture, decrease our flexibility and disrupt our business. Additionally, our responses to any union organizing efforts could negatively impact how we are perceived and have adverse effects on our business, including on our financial results. These responses could also expose us to legal risk, causing us to incur costs to defend legal and regulatory actions, potential penalties and restrictions or reputational harm. ~~12~~**We** operate in highly competitive markets, and competitive pressures may adversely affect us. The markets for our products and services to our commercial, government, and defense customers are highly competitive, and we face competition from a number of sources, both domestic and international. Our competitors include aircraft manufacturers, aircraft component and parts manufacturers, airline and aircraft service companies, other companies providing maintenance, repair and overhaul services, **and** other aircraft spare parts distributors and redistributors. Some of our competitors have substantially greater financial and other resources than we have, **and others may price their products and services below our selling prices**. **Some of our OEM competitors have greater name recognition than us or our subsidiaries, as well as complementary lines of business and financial, marketing and other resources that we do not have. In addition, some of our competitors may attempt to bundle their services and product offerings for customers, thereby significantly increasing industry competition. We compete with major commercial airlines, many of which operate their own maintenance, repair and overhaul operations. Our smaller competitors may be able to offer more attractive pricing as a result of lower labor costs or other factors**. These competitive markets also create pressure on our ability to ~~hire and retain qualified technicians and other~~ **fill** skilled labor needs. We believe that our ability to compete depends on superior customer service and support, on- time delivery, sufficient inventory availability, competitive pricing, and effective quality assurance programs. Our government customers, including the DoD and DoS, may turn to commercial contractors, rather than traditional defense contractors, for certain work, or may utilize set asides such as small business, women- owned, or minority- owned contractors or determine to source work internally rather than use us. We are also impacted by bid protests from unsuccessful bidders on new program awards and task orders. Bid protests could result in significant expense for us, contract modifications, or the award decision being overturned and loss of the contract award. Even where a bid protest does not result in the loss of an award, the resolution can extend the time until the contract activity can begin, and delay earnings. ~~These~~ **15**~~These~~ competitive pressures, with potential impacts on both our commercial and government business, could adversely affect our results of operations and financial condition. We are exposed to risks associated with operating internationally. We ~~conduct~~ **market** our business in a number ~~of~~ **products and services globally, with approximately 33.2 % of our consolidated sales in fiscal 2024 derived from sales to foreign customers (See Note 17 of Notes to Consolidated Financial Statements). In addition, we maintain offices and facilities in several foreign countries. In connection with**, ~~some of which are politically unstable or our subject~~ **acquisition of the Product Support business from Triumph Group, we acquired an entity and operating facility in Thailand. We expect that sales to military foreign customers will continue to account or for civil conflicts a significant portion of our revenues in the foreseeable future. We also make capital investments in and enter into joint ventures with foreign entities from time to time**. Consequently, we are subject to a variety of risks that are specific to international operations ~~and investments~~, including the following: • military conflicts, civil strife, and political risks; • **geopolitical unrest, war, terrorism and other acts of violence; • volatility in foreign political, regulatory and economic environments; • ability to obtain required export licenses or approvals**; • export regulations that could erode profit margins or restrict exports; • export controls and financial and economic sanctions imposed on certain industry sectors, including the aviation sector, and parties in Russia by the U. S., the ~~United Kingdom U.K.~~, the European Union and others; • compliance with the U. S. Foreign Corrupt Practices Act ~~of 1977~~ **of 1977, as amended (“FCPA”), the United Kingdom (“UK”) Bribery Act 2010, and other anti- bribery and anti- corruption laws**; ~~(see Note 17-18 of Notes to Consolidated Financial Statements for information about certain pending proceedings)~~; • the burden and cost of compliance with foreign laws, treaties, and technical standards and changes in those regulations; • **failure by our employees or agents to comply with U. S. laws affecting the activities of U. S. companies abroad; • difficulty staffing and managing widespread operations; • uncertainty of the ability of foreign customers to finance purchases; • uncertainties and restrictions concerning the availability of funding credit or guarantees**; • contract award and funding delays; • potential restrictions on transfers of funds; • **imposition of import and export duties and, value added taxes, withholding taxes or other taxes on our foreign income**; • **foreign fluctuations in currency exchange risk rates, which may affect demand for our products and services and may adversely affect our profitability in U. S. dollars**; • transportation delays and interruptions; • uncertainties arising from foreign local business practices and cultural considerations; ~~and 16~~ • changes in U. S. policies on trade relations and trade policy, including implementation of or changes in trade sanctions **(such as those imposed on Russia)**, tariffs, and embargoes; • **difficulty enforcing agreements and managing litigation risk in certain legal systems outside the U. S.; and • inability to obtain, maintain or enforce intellectual property rights. Additionally, international procurement and local country rules and regulations, contract laws and judicial systems differ from those in the U. S. and, in some cases, may be less predictable than those in the U. S., which could impair our ability to enforce contracts and increase the risk of adverse or unpredictable outcomes, including the possibility that certain matters that would be considered civil matters in the U. S. are treated as criminal matters in other countries. While the impact of these factors is difficult to predict, any one or**

more of these factors may have a material adverse effect on our business, financial condition and results of operations. Any measures that we have adopted or may adopt in the future to reduce the potential impact of losses resulting from the risks of doing business internationally may not be adequate, and the regions in which we operate might not continue to be stable enough to allow us to operate profitably or at all. ¹³Acquisitions-- **Acquisitions, which are a part of our business strategy,** expose us to risks, including the risk that we may be unable to effectively integrate acquired businesses. **A key element of our business strategy has been growth through the acquisition of additional companies.** We have completed experienced growth through strategic acquisitions in the past recent periods and we intend to continue to pursue a growth strategy, both through acquisitions and internal expansion of products and services. We continue to have discussions with third parties regarding acquisitions on a regular basis. **We are focused on acquiring complementary assets that add new products, new customers, and new capabilities or new geographic and / or operational competitive advantages in both new and existing markets within our core competencies.** Our ~~Acquisitions--~~ acquisition strategy is affected by, and poses a number of challenges and risks as a result of certain factors, including the availability of suitable acquisition candidates, incurrence of expenses, availability of capital, the cost of capital, compliance with debt covenants, consummation of acquisitions on satisfactory terms, obtaining applicable domestic and / or foreign governmental approvals such as antitrust and foreign investment related authorizations, difficulties in integrating the operations and personnel, the effects of amortization **of and potential impairments** of any acquired intangible assets and the potential impairment of goodwill, and the potential loss of key employees of the acquired business. In addition, acquisitions often require substantial management resources and have the potential to divert our attention from our existing business. **Our growth to date has placed, and could continue to place, significant demands on our administrative, operational and financial resources.** For any businesses we may acquire in the future, we may not be able to execute our operational, financial, or integration plans for the acquired businesses, which could adversely affect our results of operations and financial condition. **In addition** We may not realize the anticipated benefits of the Trax acquisition, and may face difficulties integrating Trax's operations. We expect the acquisition of Trax, as a provider of comprehensive MRO and airline fleet management software, to expand our proprietary technology and digital portfolio and accelerate our strategy to offer digital solutions to our customers. However, we may not realize the anticipated benefits of the Trax acquisition or our digital solutions strategy, including any synergies, cross-selling opportunities, cost savings or growth opportunities. These benefits may not be achieved within the anticipated time frame, or at all. Further, we may not be able to execute our integration plans for Trax and may face diversion of management ~~----~~ **manage** attention from our existing business **growth successfully,** which unanticipated costs and risks associated with expanding further into the digital solutions market. Failing to realize the anticipated benefits and difficulties integrating Trax could have a material adverse effect on **our overall business, operating financial condition and results of operations.** We may not realize the anticipated benefits from our acquisition of the Product Support business from Triumph Group. Our acquisition of the Product Support business from Triumph Group involves separating the Product Support business from Triumph Group and integrating it into our Company. The success of the acquisition of the Product Support business will depend, in part, on our ability to realize the anticipated benefits from successfully combining our business and the Product Support business. We are devoting substantial management attention and resources to integrating our and the Product Support business's business practices so that we can fully realize the anticipated benefits of the acquisition, all of which may divert attention of management from our existing business. Nonetheless, the business and assets acquired may not be successful or continue to grow at the same rate as anticipated or as they did previously or may require greater resources and investments than originally anticipated. The acquisition could also result in the assumption of unknown or contingent liabilities, and, because the Product Support business operates in the same sector that we do, the acquisition could also exacerbate a number of risks that currently apply to us by increasing our exposure to sector-specific trends. ¹⁷Potential difficulties we may encounter include, but are not limited to, the following: • the inability to successfully combine our business and the Product Support business in a manner that permits us to realize the anticipated benefits, including any synergies, cross-selling opportunities, cost savings, financial or business growth opportunities, of the acquisition in the time frame currently anticipated, or at all ; • the failure to integrate internal systems, programs and controls, or decisions by our management to apply different accounting policies, assumptions or judgments to the Product Support business's operational results than the Product Support business applied in the past ; • loss of sales and other commercial relationships ; • the additional complexities of combining the Product Support business with our company and its culture, strategies and customer base ; • the failure to retain key employees that may be difficult to replace ; • the disruption of each company's ongoing businesses or inconsistencies in services, standards, controls, procedures and policies ; • potential unknown liabilities and unforeseen increased expenses, delays or regulatory conditions associated with the acquisition ; • the increase in our indebtedness as a result of the incurrence of the notes and borrowings under our Amended Revolving Credit Facility to finance the acquisition; and • performance shortfalls as a result of the diversion of management's attention caused by integrating our and the Product Support business's operations. Based on our preliminary purchase accounting estimates, we have allocated \$ 554. 2 million of the acquisition purchase price to goodwill and amortizable intangible assets. We must test goodwill for possible impairment on at least an annual basis and must evaluate amortizable intangible assets for impairment if there are indicators of a possible impairment. If the acquisition does not yield expected returns, we may be required to record impairment losses, which could materially adversely affect our reported results. Any of these risks could adversely affect our ability to maintain relationships with customers, vendors, employees and other commercial relationships or adversely affect our or the Product Support business's future operational results. As a result, the anticipated benefits of the acquisition may not be realized at all or may take longer to realize or cost more than expected, which could adversely affect our business, financial condition, results of operations and growth prospects. The indebtedness incurred to finance the acquisition may

adversely affect our ability to operate our business, remain in compliance with debt covenants, or react to changes in our business or the industry in which we operate. In addition, changes in laws and regulations affecting the Product Support business could adversely impact our business, financial condition, results of operations and growth prospects.

18Circumstances associated with divestitures could adversely affect our results of operations and financial condition. We periodically divest or seek to divest certain businesses and investments, including those that are no longer a part of our ongoing strategic plan. A decision to divest or discontinue assets, businesses, products or services may result in asset impairments, including those related to goodwill and other intangible assets, and losses upon disposition, both of which could have adverse effects on our results of operations and financial condition. In addition, sometimes we encounter difficulty in finding buyers or executing alternative exit strategies at acceptable prices and terms in a timely manner.

Some prospective buyers may have difficulty obtaining financing. These divestitures may require a significant investment of time and resources, may disrupt our business, and may distract management from other responsibilities. In addition, divestitures tend to involve the retention of certain current or future liabilities in order to induce a buyer to complete a divestiture or otherwise result in losses on disposal or continued financial involvement in the divested business, including through indemnification or other arrangements, for a period of time following the transaction, which could adversely affect our financial results. We may not be successful in managing these or any other significant risks that we may encounter in divesting or discontinuing assets, businesses, products or services, which could have a material adverse effect on our business, results of operations

and financial condition. Market values for our aviation products fluctuate and we may be unable to recover our costs incurred on engines, rotatable components and other aircraft parts. We make a number of assumptions when determining the recoverability of rotatable components, engines, and other assets which are on that we sell, lease, make available for lease, or keep to supporting--- support our long- term programs. These assumptions include historical sales trends, current and expected usage trends, replacement values, current and expected sales and lease rates, residual values, future demand, and future cash flows. Reductions in demand for these assets or declining market values, as well as differences between actual results and the assumptions utilized by us when determining the recoverability of our aircraft, engines, and other assets, could result in impairment charges in future periods, which would adversely affect our results of operations and financial condition.

We also face risk in collecting from customers on the sales of parts. The value of any given aircraft model, or any engine model applicable thereto, can vary significantly based on supply in the marketplace. Certain types of aircraft, engines and other assets may be used in significant numbers by commercial aircraft operators that experience financial difficulties from time to time. If such operators were to go into liquidation or similar proceedings, the resulting oversupply of certain types of aircraft, engines and other assets from these operators could create opportunities for us, but it could also have an adverse effect on the demand for the affected engine and aircraft types and the values of such assets, which may adversely impact our financial condition or results of operations.

Our business could be negatively affected by cyber or other security threats or other disruptions. Our business depends heavily on information technology and computerized systems to communicate and operate effectively. We store sensitive data including proprietary business information, intellectual property and confidential employee or other personal data on our servers and databases. Our systems and technologies, or those of third parties on which we rely, could fail or become unreliable due to equipment failures, software viruses, cyber threats or cyber incidents, ransomware attacks, employee error or malfeasance, terrorist acts, natural disasters, power or telecommunications failures, political or social unrest, pandemics or other public health issues, or other causes. These threats arise in some cases as a result of our role as a defense contractor.

Our customers, including the U. S. Government, are increasingly requiring cybersecurity protections and mandating cybersecurity standards in our products, and we may incur additional cost to comply with such demands. We have faced and expect to continue to face Cyber-cyber security threats. Such threats are evolving and include, but are not limited to, malicious software, attempts to gain unauthorized access to our sensitive information (including that of our customers, suppliers, subcontractors and joint venture partners), business e- mail compromises, ransomware attacks, and other electronic security breaches-incidents, including at our

customers, suppliers, subcontractors, and joint venture partners, that could lead to disruptions in mission critical systems, unauthorized release of confidential or otherwise protected information, and corruption of data.

14A We have employees working remotely at times, which heightens the risk of these potential vulnerabilities. 19We also rely on third parties to host certain enterprise systems and that manage and host our data and that of our customers. Our ability to monitor such third parties' security measures and the full impact of the systemic risk is limited. If our systems, data, or any third- party service that we use is unavailable to us for any reason, our customers may experience service interruptions, which could significantly impact our operations, reputation, business, and financial results. Lack of access to our data and that of our clients, or failure of our systems or those of our third- party service providers, may result in interruptions in our service, all of which may cause a loss in customers, refunds of product fees, and / or material harm to our reputation and operating results. A

theft, loss, fraudulent use or misuse of customer, stockholder, employee or our proprietary data by cybercrime or otherwise, noncompliance with our contractual or other legal obligations regarding such data or a violation of our privacy and security policies with respect to such data could adversely impact our reputation and could result in costs, fines, litigation or regulatory action against us. Security incidents that may lead to breaches can create system disruptions and shutdowns that could result in disruptions to our operations. We cannot be certain that advances in criminal capabilities, new vulnerabilities or other developments will not compromise or breach the security solutions protecting our information technology, networks and systems. A systems or network failure of or cyber - attack on our information systems technology or those of our partners, customers, vendors, or suppliers could adversely affect our ability to process orders, maintain proper levels of inventory, collect accounts receivable and pay expenses; all of which could have an adverse effect on our results of operations, financial condition and cash flows. Such serious harm can involve, among other things, misuse of our assets, business disruptions, loss of data, unauthorized access to trade secrets and confidential business information,

unauthorized access to personal information, **damage to customer relationships**, legal claims or proceedings, reporting errors, processing inefficiencies, negative media attention, reputational harm, loss of sales, remediation and increased insurance costs, and interference with regulatory compliance. We ~~have experienced and~~ expect to continue to experience some of these types of cybersecurity threats and incidents, which could be material in the future. ~~The procedures and controls we utilize~~ **We maintain a cybersecurity risk management program** to monitor and mitigate these **cybersecurity** threats ~~may not be sufficient to~~ **and an incident response plan for realized threats. Costs associated with prevent-preventing or remediating information management security incidents or complying with** threats from materializing. If any of these events were to materialize, the costs related ~~laws~~ to cyber or other security threats or disruptions may not be fully insured or indemnified and ~~regulations~~ could have a material adverse effect on our ~~reputation~~ **capital expenditures**, ~~operating earnings or competitive position~~. **Additionally, we have obtained insurance that provides coverage for certain cybersecurity incidents. Despite these efforts, we can make no assurances that we will be able to mitigate, detect, prevent, timely and adequately respond, or fully recover from the negative effects of cybersecurity incidents or other cybersecurity compromises, and such cybersecurity incidents, depending on their nature and scope, could potentially results- result in the misappropriation, destruction, corruption, or unavailability of personal information, critical data and confidential or proprietary information (our own or that of third parties) and the disruption of business operations. The potential consequences of a material cybersecurity incident include financial loss condition. Moreover, expenditures incurred-reputational damage, damage to our IT systems, data loss, litigation with third parties, theft of intellectual property, fines, customer attrition, diminution in implementing the value of our investment in research and maintaining cyber-development, and increased security-cybersecurity protection and remediation costs due to other-- the procedures-increasing sophistication and controls proliferation of threats, which in turn could adversely affect our competitiveness and results of operations . Any imposition of liability, particularly liability that is not covered by insurance or is in excess of insurance coverage, could materially harm our operating results** and financial condition. We may need to make significant capital expenditures to keep pace with technological developments in our industry **and we may not be successful in doing so**. The ~~aviation industries industry is~~ in which we participate are constantly undergoing development and change, and it is likely that new products, equipment, and methods of repair and overhaul services will be introduced in the future. ~~We~~ **In order to keep pace with technological developments in our industry, we** may need to ~~make-expend~~ significant ~~expenditures-capital~~ **to develop information technology solutions, purchase new equipment , and to train our employees in the new methods of service, or implement new processes to increase both efficiency and capacity. Not all projects may be implemented as anticipated. If projects do not achieve anticipated increases in efficiency or capacity, our returns on these capital expenditures may be lower than expected. Failure to react timely to industry trends and manage our offerings and innovation activities responsively could decrease the competitiveness of our services, harm our reputation, and negatively impact our ability to compete and attract to-top keep pace-talent. 20** We do not own certain intellectual property and tooling that is important to our business. In our Repair & Engineering segment, OEMs of equipment that we maintain for our customers include language in repair manuals relating to their equipment asserting broad claims of proprietary rights to the contents of the manuals used in our operations. Although we believe that our use of manufacture and repair manuals is lawful, there can be no assurance that OEMs will not try to enforce such claims, including through the possible use of legal proceedings, or that any such actions will be unsuccessful. Our business also depends on using certain intellectual property and tooling that we have the right to use pursuant to license grants under our contracts with **OEM customers** any new technological developments. These expenditures could ~~contracts contain restrictions on our use of intellectual property and tooling and may be terminated if we violate certain of these restrictions. Loss of a contract with an OEM customer and the related license rights to use an OEM' s intellectual property or tooling may~~ adversely affect our **business**, results of operations and financial condition. Risks Related to Financial Matters ~~We may need to reduce the carrying value of our assets. We own and distribute a significant amount of engines, aircraft parts and components, as well as own manufacturing facilities and joint venture investments. Recurring losses in certain operations could require us to evaluate the recoverability of the carrying value of the related assets and recognize an impairment charge through earnings to reduce the carrying value. In addition, if aircraft or engines for which we offer replacement parts or supply repair and overhaul services are retired and there are fewer aircraft that require these parts or services, our revenues may decline. We make a number of assumptions when determining the recoverability of our assets, including historical sales trends, current and expected usage trends, replacement values, current and expected lease rates, residual values, future demand, and future cash flows. Differences between actual results and the assumptions utilized by us when determining the recoverability of our assets could result in impairment charges in future periods, which would adversely affect our results of operations and financial condition. We have recorded goodwill and other intangible assets related to acquisitions, including \$ 122.3 million associated with our acquisition of Trax in fiscal 2023. If we are unable to achieve the projected levels of operating results, it may be necessary to record an impairment charge to reduce the carrying value of goodwill and related intangible assets. Similarly, if we were to lose a key customer or if a regulator were to terminate any of our repair certificates at our airframe maintenance or landing gear facilities, we might be required to record an impairment charge if we were unable to operate. We may not be able to fully execute our stock repurchase program and may not otherwise return capital to our stockholders in the foreseeable future. In 2021, we announced a stock repurchase program with authorization to repurchase up to \$ 150 million of our common stock, of which \$ 92.45 million has been repurchased under the program as of May 31, 2023-2024 . There is no guarantee as to the exact number of shares or value that will be repurchased under the stock repurchase program and we may discontinue purchases at any time. Whether 15we-we~~ make any further repurchases will depend on many factors, including but not limited to our business and financial performance, the business and market conditions at the time, including the price of our shares, and other factors that management considers relevant. ~~Additionally~~ **Specifically, it is less likely that** we **will make stock repurchases in the near**

future in light of the debt incurred to finance the acquisition of the Product Support business from Triumph Group. We expect to fund any repurchases under our stock repurchase program through cash on hand or borrowings under our Amended Revolving Credit Facility, which may impact our ability to pursue potential strategic opportunities. Although our stock repurchase program is intended to enhance long-term stockholder value, short-term stock price fluctuations could reduce the program's effectiveness and there can be no assurance that any stock repurchases will enhance stockholder value. Our credit agreement prohibits payment of a dividend or repurchase of our stock if a default exists under the agreement. In addition, we have not declared a dividend on our common stock since 2020, and there can be no assurance that we will do so in the foreseeable future. The declaration and payment of cash dividends is at the discretion of our Board of Directors and will be dependent upon our future earnings, cash flows, financial condition, capital requirements and strategy and any future government restrictions. If we do not pay dividends or continue to execute on our stock repurchase program, investors will have to rely on the possibility of stock appreciation and sell their shares to realize a return on their investment. We are dependent upon continued availability of financing to manage our business and to execute our business strategy, and additional financing may not be available on terms acceptable to us. Our ability to manage our business and to execute our business strategy is dependent, in part, on the continued availability of debt and equity capital. Access to the debt and equity capital markets may be limited by various factors, including the condition of overall credit markets, general economic factors, interest rates, state of the aviation industry, our financial performance, and credit ratings. Debt and equity capital may not continue to be available to us on favorable terms, or at all. Our inability to obtain financing on favorable terms could adversely affect our results of operations and financial condition. Our debt exposes us to certain risks. As of May 31, 2024, we had \$ 997.0 million of total debt outstanding. The amount of our existing debt includes, combined with our ability to incur significant amounts of debt in the future, could have important consequences, including: • increasing our vulnerability to adverse economic or industry conditions; • requiring us to dedicate a portion of our cash flow from operations to payments on our debt, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, strategic initiatives, and general corporate purposes; 21 • increasing our vulnerability to, and limiting our flexibility in planning for, or reacting to, changes in our business or the industries in which we operate; • exposing us to the risk of higher interest rates on borrowings under our Amended Revolving Credit Facility, which is subject to variable rates of interest; • placing us at a competitive disadvantage compared to our competitors that have less debt; and • limiting our ability to borrow additional funds. Restrictive Restrictive and / or financial covenants in the documents governing our existing and any future indebtedness may limit our current and future operations, particularly our ability to respond to changes in our business or to pursue our business strategies. Certain financing arrangements, including our Amended Revolving Credit Facility and, our accounts receivable financing program and our outstanding notes contain, require us to comply with various and the documents governing any future indebtedness will likely contain, a number of restrictive covenants that impose significant operating and some contain financial covenants restrictions on us and our significant operating subsidiaries, including restrictions on our ability to take actions that we believe may be in our interest require us to comply with specified financial ratios and tests. Our failure to meet these covenants could result in default under these loan and debt agreements and may result in a cross-default under other debt agreements. In the event of a default and our inability to obtain a waiver of the default, all amounts outstanding under our debt agreements could be declared immediately due and payable. Our failure to comply with these covenants could adversely affect our results of operations and financial condition. The restrictive covenants could adversely affect our ability to finance our operations, make strategic acquisitions or investments or enter into alliances, withstand a future downturn in our business or the economy in general, engage in business activities, including future opportunities, that may be in our interest, and plan for or react to market conditions or otherwise execute our business strategies. Our ability to obtain future financing or to sell assets could be adversely affected because assets have been pledged as collateral for the benefit of the holders of our indebtedness. We cannot assure you that we will be able to remain in compliance with such covenants in the future or, if we fail to do so, that we will be able to obtain waivers from the applicable holders of such indebtedness or amend such covenants and other terms of the agreements governing such indebtedness on commercially reasonable terms, if at all. Failure to comply with such covenants will entitle the applicable holders of such indebtedness to exercise remedies, including to require immediate repayment of outstanding amounts and to terminate commitments under such indebtedness, which could have a material adverse effect on our business, operations, and financial condition. We may need to obtain additional financing in order to meet our debt obligations as they come due, to support our operations and / or to make acquisitions. Our access to debt capital markets and the cost of borrowings are affected by a number of factors, including market conditions and the strength of our credit ratings. If we cannot obtain adequate sources of credit on favorable terms, or at all, our business, operations, and financial condition could be adversely affected. We may also seek transactions to extend the maturity of our debt, reduce leverage or obtain covenant flexibility. Such transactions could result in us incurring additional debt or issuing additional equity, which could increase the risks described above. Risks Related to Legal and Regulatory Matters If we fail to comply with government procurement laws and regulations governing federal contractors, we could lose business and be liable for various penalties or sanctions. We must comply with laws and regulations relating to the formation, administration, and performance of government contracts. In the U. S., these laws and regulations include the Federal Acquisition Regulations, Defense Federal Acquisition Regulations, the Truth in Negotiations Act, Cost Accounting Standards, and laws, regulations, and orders restricting the use and dissemination of classified information under the U. S. export control laws and the export of certain products and technical information and safeguarding of contractor information systems. In 22 In addition, we are subject to U. S. government inquiries and investigations, including periodic audits of costs that we determine are reimbursable under government contracts. U. S. government agencies routinely audit government contractors, including the Company, to review performance under contracts, cost structure and compliance with applicable laws, regulations, and standards, as well as the

adequacy of and compliance with internal control systems and policies, including the contractor's purchasing, property, estimating, compensation and management information systems. Any costs found to be misclassified or inaccurately allocated to a specific contract are not reimbursable, and to the extent already reimbursed, must be refunded. Also, any inadequacies in our systems and policies could result in payments being withheld, penalties and reduced future business. U. S. government rules allow contracting officers to impose contractual withholdings at no less than certain minimum levels if a contracting officer determines that one or more of a contractor's business systems have one or more significant deficiencies. If a contracting officer were to impose such a withholding on us or even on a prime contractor where we are the subcontractor, it would ~~increase~~ **increase** the risk that we would not be paid in full or paid timely. If future audit adjustments exceed our estimates, our profitability could be adversely affected. **The terms of our defense contracts with the U. S. Government generally permit the government to terminate contracts partially or completely, either for its convenience or if we default by failing to perform under the contract. Termination for convenience provisions provide only for our recovery of unrecovered costs incurred or committed, settlement expenses and profit on the work completed prior to termination. Termination for default provisions provide for the contractor to be liable for excess costs incurred by the U. S. Government in procuring undelivered items from another source.** If a government inquiry or investigation uncovers improper or illegal activities, we could be subject to civil or criminal penalties or administrative sanctions, including contract termination, fines, forfeiture of fees, suspension of payment and suspension or debarment from doing business with government agencies, any of which could materially adversely affect our reputation, business, financial condition and results of operations. **In addition, DoD facility security clearance is required in order to be awarded and be able to perform on classified contracts for the DoD and certain other agencies of the U. S. Government, which is a significant part of our business. We have obtained clearance at appropriate levels that require stringent qualifications, and we may be required to seek higher level clearances in the future. If for some reason our security clearance is invalidated or terminated, we may not be able to continue to perform our present classified contracts or be able to enter into new classified contracts, which could affect our ability to maintain current business and to compete for and capture new business.** We are subject to significant government regulation **and, which may need cause us** to incur significant expenses to comply with new or more stringent governmental regulation **and may subject us to regulatory actions, which may adversely impact our business, financial condition or results of operations**. The aviation industry is highly regulated by the FAA in the U. S. and equivalent regulatory agencies in other countries. Before we sell any of our products that are to be installed in an aircraft, such as engines, engine parts and components, and airframe and accessory parts and components, they must meet certain standards of airworthiness established by the FAA or the equivalent regulatory agencies in certain other countries. We operate repair stations that are licensed by the FAA and the equivalent regulatory agencies in certain other countries, and hold certificates to operate aircraft. Specific regulations vary from country to country; although regulatory requirements in other countries are generally satisfied by compliance with FAA requirements. New and more stringent governmental regulations may be adopted in the future that, if enacted, may have an adverse impact on us. If any of our material licenses, certificates, authorizations, or approvals were revoked or suspended by the FAA or equivalent regulatory agencies in other countries, our results of operations and financial condition may be adversely affected. ~~Our industry is susceptible to product and~~ **The U. S. Department of Commerce (other-- the liability claims, "Commerce Department ") regulates exports of goods outside the United States. We are subject to the Commerce Department' s and claims not adequately covered by insurance the U. S. Department of State' s regulations with respect to the lease and sale of aircraft, engines, engine parts and components, and airframes and accessory parts and components to foreign entities. The Commerce Department and the U. S. Department of State may, in certain cases, require us to obtain export licenses for certain items exported to foreign countries. The U. S. Department of Homeland Security, through the U. S. Customs and Border Protection, enforces regulations related to the import of aircraft, engines, engine parts and components, and airframe and accessory parts and components into the United States. We must expend resources to comply with these regulations and our failure to comply with these regulations may subject us to regulatory actions, which may adversely affect impact** our financial condition ~~Our business exposes us to possible claims for or property damage and bodily injury or death, which may result if an engine, engine part or component, airframe part or accessory, or any other aviation product that we have sold, manufactured, or repaired fails, or if an aircraft we operated, serviced, or in which our products are installed, has an accident. Claims may arise in the future, and our insurance coverage may not be adequate to protect us in all circumstances. Additionally, we might not be able to maintain adequate insurance coverage in the future at an acceptable cost. Any liability claim not covered by adequate insurance could adversely affect our results of operations and financial condition.~~ **23** ~~We~~ We could be negatively impacted by stakeholder and market focus on Environmental, Social and Governance ("ESG") matters. There has been an increasing focus on corporate ESG practices and disclosures over the past few years, and expectations in this area are rapidly evolving. The criteria used to evaluate ESG practices may continue to evolve, which could result in greater expectations and may cause us to undertake costly initiatives to satisfy new criteria and abide by any new disclosure requirements. The increasing attention to sustainability could also result in reduced demand for certain of our products and /or reduced profits. If we are unable to respond effectively, investors may conclude that our ESG policies and /or actions are inadequate and decide not to invest in our stock. If we are perceived to have failed to achieve our ESG initiatives or accurately disclose our progress on such matters, our reputation, business, financial condition and results of operations could be adversely impacted. We must comply with extensive environmental **all applicable export control laws and regulations of the United States and other countries. United States laws and regulations applicable to us include the Arms Export Control Act, the International Traffic in Arms Regulations ("ITAR"), the Export Administration Regulations ("EAR"), and the trade sanctions laws and regulations administered by the U. S. Department of the Treasury' s Office of Foreign Assets Control ("OFAC"). The EAR restricts the export of dual- use products and technical data to certain countries, while the ITAR restricts the export of defense products, technical data and defense services. The U. S.**

Government agencies responsible for administering the EAR and the ITAR have significant discretion in the interpretation and enforcement of these regulations. We cannot provide services to certain countries subject to United States trade sanctions unless we first obtain the necessary authorizations from OFAC. We are prohibited from doing business with persons designated by OFAC on its “ Specially Designated Nationals List, ” and must monitor our operations and existing and potential lessees and other counterparties for compliance with OFAC’ s rules. Similarly, sanctions issued by the United Nations, the United States government, the European Union or other governments could prohibit or restrict us from doing business in certain countries, or with certain customers or persons, and we must monitor our operations and existing and potential customers and other counterparties for compliance with such sanctions. We must expend resources to comply with these regulations and our failure to comply with these regulations may subject us to regulatory actions, which may adversely impact our financial condition or results of operations. Our operations are subject to anti- corruption laws including the FCPA, the U. S. domestic bribery statute contained in 18 U. S. C. § 201, the United Kingdom Bribery Act 2010, the U. S. Travel Act, and other anti- corruption laws that apply in countries where we do business. The FCPA and these other laws generally prohibit us and our employees and intermediaries from authorizing, promising, offering, or providing, directly or indirectly, improper or prohibited payments, or anything else of value, to government officials or other persons to obtain or retain business or gain some other business advantage. We and certain of our customers operate in a number of jurisdictions that pose a high risk of potential FCPA violations, and we participate in collaborations and relationships with third parties whose corrupt or illegal activities could potentially subject us to liability under the FCPA or local anti- corruption laws, even if we do not explicitly authorize or have actual knowledge of such activities. We cannot ensure that we will prevent all misconduct and violations of applicable laws of the jurisdictions in which we operate, including laws governing improper payments to government officials, the protection of export controlled or classified information, cost accounting and billing, competition and data privacy, that may be committed by our employees, agents, subcontractors, suppliers, business partners, or others working on our behalf or with us, and this risk of improper conduct may increase as we expand globally. We are also subject to a variety of other regulations including work- related and community safety laws. The Occupational Safety and Health Act of 1970 mandates general requirements for safe workplaces for all employees , and any exposure to environmental established the Occupational Safety and Health Administration (“ OSHA ”) in the Department of Labor. In particular, OSHA provides special procedures and measures for the handling of certain hazardous and toxic substances. In addition, specific safety standards have been promulgated for workplaces engaged in the treatment, disposal or storage of hazardous waste. Requirements under state law, in certain circumstances, may mandate additional measures for liabilities facilities may adversely affect us handling materials specified as extremely dangerous . Federal, state, and local requirements relating to the discharge and emission of substances into the environment, the disposal of hazardous wastes, the remediation and abatement of contaminants, and other activities affecting the environment have had and may continue to have an impact on our operations. Management cannot assess the possible effect of compliance with future environmental requirements or of future environmental claims for which we may not have adequate indemnification or insurance coverage. If we were required to pay the expenses related to any future environmental claims for which neither indemnification nor insurance coverage were available, these expenses could have an adverse impact on our results of operations and financial condition. 17-Future environmental regulatory developments in the United States and abroad concerning environmental issues, such as climate change, could adversely affect our operations and increase operating costs and, through their impact on our customers, reduce demand for our products and services. Actions may be taken in the future by the U. S. government, state governments within the United States, foreign governments, or the International Civil Aviation Organization to regulate the emission of greenhouse gases by the aviation industry. The precise nature of any such requirements and their applicability to us and our customers are difficult to predict, but the impact to us and the aviation industry would likely be adverse and could be significant, including the potential for increased fuel costs, carbon taxes or fees, or a requirement to purchase carbon credits. 24