

## Risk Factors Comparison 2025-02-20 to 2024-02-22 Form: 10-K

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You should consider carefully the following risk factors and all other information contained in this Annual Report on Form 10-K and the documents we incorporate by reference in this Annual Report on Form 10-K. Any of the following risks could materially and adversely affect our business, financial condition, results of operations and cash flows. Risks Related to Our Operations Our growth could suffer if the markets into which we sell our products and services decline, do not grow as anticipated, experience cyclicity, or a general downturn in the economy could adversely affect our business. A number of the industries in which we operate are cyclical in nature and therefore are affected by factors beyond our control. A downturn in the U. S. or global economy, and, in particular, in the aerospace and defense, oil and gas, process instrumentation or power markets could have an adverse effect on our business, financial condition and results of operations. Our growth depends in part on the growth of the markets which we serve. Visibility into the future performance of certain of our markets is limited (particularly for markets into which we sell through distribution). Our quarterly sales and profits depend substantially on the volume and timing of orders received during the fiscal quarter, which are difficult to forecast. Any decline or lower than expected growth in our served markets could diminish demand for our products and services, which would adversely affect our financial statements. A number of our businesses operate in industries that may experience periodic, cyclical downturns. In addition, in certain of our businesses, demand depends on customers' capital spending budgets, as well as government funding policies. Matters of public policy and government budget dynamics, as well as product and economic cycles, can affect the spending decisions of these customers. Demand for our products and services is also sensitive to changes **in in customer -- customer** order patterns, which may be affected by announced price changes, changes in incentive programs, ~~new product~~ **new product** introductions and customer inventory levels. Any of these factors could adversely affect our growth and results of operations in any given period. We may not properly execute, or realize anticipated cost savings or benefits from, our Operational Excellence initiatives. Our success is partly dependent upon properly executing and realizing cost savings or other benefits from our ongoing production and procurement initiatives. These initiatives are primarily designed to make the Company more efficient, which is necessary in the Company's highly competitive industries. These initiatives are often complex, and a failure to implement them properly may, in addition to not meeting projected cost savings or benefits, adversely affect our business and operations. Foreign and domestic economic, political, legal, compliance and business factors could negatively affect our international sales and operations. International sales for **2024 and 2023** and ~~2022~~ represented 47.4% and 48.7% of our consolidated net sales, ~~respectively~~. As a result of our growth strategy, we anticipate that the percentage of sales outside the United States will increase in the future. As of December 31, ~~2023~~ **2024**, we have manufacturing operations in 20 countries outside the United States, with significant operations in Canada, China, France, Germany, Mexico, Serbia, Poland and the United Kingdom. A disruption of our ability to obtain a supply of goods from these countries or a change in the cost to purchase, manufacture, or distribute these products could have an adverse effect on our sales and operations. International sales and operations are subject to the customary risks of operating in an international environment, including: • Imposition of trade or foreign exchange restrictions, including in the United States; • Overlap of different tax structures, including the development of a global minimum tax; • Unexpected changes in regulatory requirements, including in the United States; • Trade protection measures, such as the imposition of or increase in tariffs and other trade barriers, including in the United States; • The difficulty and / or costs of designing and implementing an effective control environment across diverse regions and employee bases; • Restrictions on currency repatriation; • General economic conditions; • Unstable political situations and social unrest, both internationally and in the United States; • Increasing trade tensions between the United States and certain countries, including China; • Nationalization of assets; and • Compliance with a wide variety of international and U. S. laws and regulatory requirements. Furthermore, fluctuations in foreign currency exchange rates, including changes in the relative value of currencies in the countries where we operate, subject us to exchange rate exposure and may adversely affect our financial statements. For example, increased strength in the U. S. dollar will increase the effective price of our products sold overseas, which may adversely affect sales or require us to lower our prices. In addition, our consolidated financial statements are presented in U. S. dollars, and we must translate our assets, liabilities, sales and expenses into U. S. dollars for external reporting purposes. As a result, changes in the value of the U. S. dollar due to fluctuations in currency exchange rates or currency exchange controls may materially and negatively affect the value of these items in our consolidated financial statements, even if their value has not changed in their local currency. Our international sales and operations may be adversely impacted by compliance with export laws. We are required to comply with various import, export, export control and economic sanctions laws, which may affect our transactions with certain customers, business partners and other persons, including in certain cases dealings with or between our employees and subsidiaries. In certain circumstances, export control and economic sanctions regulations may prohibit the export of certain products, services and technologies and in other circumstances, we may be required to obtain an export license before exporting a controlled item. In addition, failure to comply with any of these regulations could result in civil and criminal, monetary and non-monetary penalties, disruptions to our business, limitations on our ability to import and export products and services and damage to our reputation. Our reputation, ability to do business and financial statements may be impaired by improper conduct by any of our employees, agents or business partners. We cannot provide assurance that our internal controls and compliance systems will always protect us from acts committed by employees, agents or business partners of ours (or of businesses we acquire or partner with) that would violate U. S. and / or non-U. S. laws, including the laws governing payments to government officials, bribery, fraud, kickbacks and false claims, pricing, sales and marketing practices, conflicts of interest, competition, export and import

compliance, money laundering and data privacy. In particular, the U. S. Foreign Corrupt Practices Act, the U. K. Bribery Act and similar anti-bribery laws in other jurisdictions generally prohibit companies and their intermediaries from making improper payments to government officials for the purpose of obtaining or retaining business, and we operate in many parts of the world that have experienced governmental corruption to some degree. Any such improper actions or allegations of such acts could damage our reputation and subject us to civil or criminal investigations in the U. S. and in other jurisdictions and related shareholder lawsuits could lead to substantial civil and criminal, monetary and non-monetary penalties and could cause us to incur significant legal and investigatory fees. In addition, we rely on our suppliers to adhere to our supplier standards of conduct and violations of such standards of conduct could occur that could have a material effect on our financial statements. Any inability to hire, train and retain a sufficient number of skilled officers and other employees could impede our ability to compete successfully. If we cannot hire, train and retain a sufficient number of qualified employees, we may not be able to effectively integrate acquired businesses and realize anticipated results from those businesses, manage our expanding international operations and otherwise profitably grow our business. Even if we do hire and retain a sufficient number of employees, the expense necessary to attract and motivate these officers and employees may adversely affect our results of operations. If we are unable to develop new products on a timely basis, it could adversely affect our business and prospects. We believe that our future success depends, in part, on our ability to develop, on a timely basis, technologically advanced products that meet or exceed appropriate industry standards. Maintaining our existing technological advantages will require us to continue investing in research and development and sales and marketing. There can be no assurance that we will have sufficient resources to make such investments, that we will be able to make the technological advances necessary to maintain such competitive advantages or that we can recover major research and development expenses. We are not currently aware of any emerging standards or new products which could render our existing products obsolete, although there can be no assurance that this will not occur or that we will be able to develop and successfully market new products. Our technology is important to our success and our failure to protect this technology could put us at a competitive disadvantage. Many of our products rely on proprietary technology; therefore, we endeavor to protect our intellectual property rights through patents, copyrights, trade secrets, trademarks, confidentiality agreements and other contractual provisions. Despite our efforts to protect proprietary rights, unauthorized parties or competitors may copy or otherwise obtain and use our products or technology. In addition, our ability to protect and enforce our intellectual property rights may be limited in certain countries outside the U. S. Actions to enforce our rights may result in substantial costs and diversion of resources and we make no assurances that any such actions will be successful. A disruption in, shortage of, or price increases for, supply of our components and raw materials may adversely impact our operations. While we manufacture certain parts and components used in our products, we require substantial amounts of raw materials and purchase some parts and components, including semiconductor chips and other electronic components, from suppliers. The availability and prices for raw materials, parts and components may be subject to curtailment or change due to, among other things, suppliers' allocation to other purchasers, interruptions in production by suppliers, changes in exchange rates and prevailing price levels. In addition, our facilities, supply chains, distribution systems, and products may be impacted by natural or man-made disruptions, including armed conflict, damaging weather or other acts of nature, pandemics or other public health crises. A shutdown of, or inability to utilize, one or more of our facilities, our supply chain, or our distribution system could significantly disrupt our operations, delay production and shipments, damage our relationships and reputation with customers, suppliers, employees, stockholders and others, result in lost sales, result in the misappropriation or corruption of data, or result in legal exposure and large remediation or other expenses. Furthermore, certain items, including base metals and certain steel components, are available only from a limited number of suppliers and are subject to commodity market fluctuations. Shortages in raw materials or price increases therefore could affect the prices we charge, our operating costs and our competitive position, which could adversely affect our business, financial condition, results of operations and cash flows. We are subject to numerous governmental regulations, which may be burdensome or lead to significant costs. Our operations are subject to numerous federal, state, local and foreign governmental laws and regulations. In addition, existing laws and regulations may be revised or reinterpreted and new laws and regulations, including with respect to privacy legislation and climate change, may be adopted or become applicable to us or customers for our products. These laws continue to develop and may be inconsistent from jurisdiction to jurisdiction. Complying with emerging and changing international requirements may cause the Company to incur substantial costs or require the Company to change its business practices. We cannot predict the form any such new laws or regulations will take or the impact any of these laws and regulations will have on our business or operations. We operate in highly competitive industries, which may adversely affect our results of operations or ability to expand our business. Our markets are highly competitive. We compete, domestically and internationally, with individual producers, as well as with vertically integrated manufacturers, some of which have resources greater than we do. The principal elements of competition for our products are product technology, quality, service, distribution and price. Although we believe EIG is a market leader, competition is strong and could intensify in the markets served by EIG. In the aerospace markets served by EIG, a limited number of companies compete on the basis of product quality, performance and innovation. EMG's competition in specialty metal products stems from alternative materials and processes. Our competitors may develop new or improve existing products that are superior to our products or may adapt more readily to new technologies or changing requirements of our customers. There can be no assurance that our business will not be adversely affected by increased competition in the markets in which it operates or that our products will be able to compete successfully with those of our competitors. Our business and financial performance could be adversely impacted by a significant disruption in, or breach in security of, our information technology systems. We rely on information technology systems, some of which are managed by third-parties, to process, transmit and store electronic information (including sensitive data such as confidential business information and personally identifiable data relating to employees, customers, other business partners and patients), and to monitor, manage, and support a variety of critical business processes and activities including receiving and fulfilling orders,

billing, collecting and making payments, shipping products, providing services and support to customers and fulfilling contractual obligations. Despite our implementation of certain controls to protect our systems and sensitive, confidential or personal data or information, these systems, products, data and services may be damaged, compromised, disrupted or shut down due to attacks by computer hackers, computer viruses, ransomware, human error or malfeasance, power outages, hardware failures, telecommunication or utility failures, catastrophes or other unforeseen events. In any such circumstances, our system redundancy and other disaster recovery planning may be ineffective or inadequate. Further, we also face information security risks due to our reliance on internet technology and use of hybrid work arrangements, which could strain our technology resources or create additional opportunity for cyber- attackers to exploit vulnerabilities. Attacks may also target hardware, software and information installed, stored or transmitted in our products after such products have been purchased and incorporated into third- party products, facilities or infrastructure. Like most multinational corporations, our information technology systems have been subject to computer viruses, malicious codes, unauthorized access and other cyber- attacks and we expect the sophistication and frequency of such attacks to continue to increase. Any of the attacks, breaches or other disruptions or damage described above could interrupt our operations or the operations of our customers and partners, delay production and shipments, result in theft of intellectual property and trade secrets, damage customer and business partner relationships and our reputation or result in defective products or services, legal claims and proceedings, liability and penalties under privacy laws and increased costs for security and remediation, each of which could adversely affect our business, reputation and financial statements. Further, given the increasing sophistication of cyber- attacks and the complexity of techniques used, any of these attacks or breaches could potentially persist for an extended period before being detected. As a result, it could take a significant time before an investigation can be completed and new disclosure regulations could result in us being required to disclose information about a material cybersecurity incident before it has been mitigated or resolved, or even fully investigated. Although we maintain cyber risk insurance, damages and claims arising from such incidents may not be covered or may exceed the amount of any insurance available.

**Risks Related to Our Acquisitions** Our growth strategy includes strategic acquisitions. We may not be able to consummate future acquisitions or successfully integrate recent and future acquisitions. A portion of our growth has been attributed to acquisitions of strategic businesses. We plan to continue making strategic acquisitions to enhance our global market position and broaden our product offerings. Although we have been successful with our acquisition strategy in the past, our ability to successfully effectuate acquisitions will be dependent upon a number of factors, including:

- Our ability to identify acceptable acquisition candidates;
- The impact of increased competition for acquisitions, which may increase acquisition costs, affect our ability to consummate acquisitions on favorable terms, and result in us assuming a greater portion of the seller' s liabilities;
- Successfully integrating acquired businesses, including integrating the management, technological and operational processes, procedures and controls of the acquired businesses with those of our existing operations;
- Adequate financing for acquisitions being available on terms acceptable to us;
- Unexpected losses of key employees, customers and suppliers of acquired businesses;
- Mitigating assumed, contingent and unknown liabilities; and
- Challenges in managing the increased scope, geographic diversity and complexity of our operations.

The process of integrating acquired businesses into our existing operations may result in unforeseen operating difficulties and may require additional financial resources and attention from management that would otherwise be available for the ongoing development or expansion of our existing operations. Furthermore, even if successfully integrated, the acquired business may not achieve the results we expected or produce expected benefits in the time frame planned. Failure to continue with our acquisition strategy and the successful integration of acquired businesses could have an adverse effect on our business, financial condition, results of operations and cash flows. The indemnification provisions of acquisition agreements by which we have acquired companies may not fully protect us and as a result we may face unexpected liabilities. Certain of the acquisition agreements by which we have acquired companies require the former owners to indemnify us against certain liabilities related to the operation of the company before we acquired it. In most of these agreements, however, the liability of the former owners is limited, and certain former owners may be unable to meet their indemnification responsibilities. We may also obtain representation and warranty insurance to address certain potential risks and liabilities. We cannot assure you that these indemnification provisions and insurance policies will protect us fully or at all, and as a result we may face unexpected liabilities that adversely affect our financial statements.

**Risks Related to Our Financial Condition** Certain environmental risks may cause us to be liable for costs associated with hazardous or toxic substance clean- up which may adversely affect our financial condition. Our businesses, operations and facilities are subject to a number of federal, state, local and foreign environmental and occupational health and safety laws and regulations concerning, among other things, air emissions, discharges to waters and the use, manufacturing, generation, handling, storage, transportation and disposal of hazardous substances and wastes. Environmental risks are inherent in many of our manufacturing operations. Certain laws provide that a current or previous owner or operator of property may be liable for the costs of investigating, removing and remediating hazardous materials at such property, regardless of whether the owner or operator knew of, or was responsible for, the presence of such hazardous materials. In addition, the Comprehensive Environmental Response, Compensation and Liability Act generally imposes joint and several liability for clean- up costs, without regard to fault, on parties contributing hazardous substances to sites designated for clean- up under the Act. We have been named a potentially responsible party at several sites, which are the subject of government- mandated clean- ups. As the result of our ownership and operation of facilities that use, manufacture, store, handle and dispose of various hazardous materials, we may incur substantial costs for investigation, removal, remediation and capital expenditures related to compliance with environmental laws. While it is not possible to precisely quantify the potential financial impact of pending environmental matters, based on our experience to date, we believe that the outcome of these matters is not likely to have a material adverse effect on our financial position or future results of operations. In addition, new laws and regulations, new classification of hazardous materials, stricter enforcement of existing laws and regulations, the discovery of previously unknown contamination or the imposition of new clean- up requirements could

require us to incur costs or become the basis for new or increased liabilities that could have a material adverse effect on our business, financial condition and results of operations. There can be no assurance that future environmental liabilities will not occur or that environmental damages due to prior or present practices will not result in future liabilities. We are subject to a variety of litigation and other legal and regulatory proceedings in the course of our business that could adversely affect our financial statements. We are subject to a variety of litigation and other legal and regulatory proceedings incidental to our business (or the business operations of previously owned entities), including claims for damages arising out of the use of products or services and claims relating to intellectual property matters, employment matters, tax matters, commercial disputes, competition and sales and trading practices, environmental matters, personal injury, insurance coverage and acquisition-related matters, as well as regulatory investigations or enforcement. These lawsuits may include claims for compensatory damages, punitive and consequential damages and / or injunctive relief. The defense of these lawsuits may divert our management's attention, we may incur significant expenses in defending these lawsuits, and we may be required to pay damage awards or settlements or become subject to equitable remedies that could adversely affect our operations and financial statements. Moreover, any insurance or indemnification rights that we may have may be insufficient or unavailable to protect us against such losses. In addition, developments in proceedings in any given period may require us to adjust the loss contingency estimates that we have recorded in our financial statements, record estimates for liabilities or assets previously not susceptible of reasonable estimates or pay cash settlements or judgments. Any of these developments could adversely affect our financial statements in any particular period. We cannot assure you that our liabilities in connection with litigation and other legal and regulatory proceedings will not exceed our estimates or adversely affect our financial statements and reputation. However, based on our experience, current information and applicable law, we do not believe that any amounts we may be required to pay in connection with litigation and other legal and regulatory proceedings in excess of our reserves will have a material effect on our financial statements. Restrictions contained in our revolving credit facility and other debt agreements may limit our ability to incur additional indebtedness. Our existing revolving credit facility and other debt agreements (each a "Debt Facility" and collectively, "Debt Facilities") contain restrictive covenants, including restrictions on our ability to incur indebtedness. These restrictions could limit our ability to effectuate future acquisitions, limit our ability to pay dividends, limit our ability to make capital expenditures or restrict our financial flexibility. Our Debt Facilities contain covenants requiring us to achieve certain financial and operating results and maintain compliance with specified financial ratios. Our ability to meet the financial covenants or requirements in our Debt Facilities may be affected by events beyond our control, and we may not be able to satisfy such covenants and requirements. A breach of these covenants or our inability to comply with the financial ratios, tests or other restrictions contained in a Debt Facility could result in an event of default under one or more of our other Debt Facilities. Upon the occurrence of an event of default under a Debt Facility, and the expiration of any grace periods, the lenders could elect to declare all amounts outstanding under one or more of our other Debt Facilities, together with accrued interest, to be immediately due and payable. If this were to occur, our assets may not be sufficient to fully repay the amounts due under our Debt Facilities or our other indebtedness. Our goodwill and other intangible assets represent a substantial proportion of our total assets and the impairment of such substantial goodwill and intangible assets could have a negative impact on our financial condition and results of operations. Our total assets include substantial amounts of intangible assets, primarily goodwill. At December 31, ~~2023~~ **2024**, goodwill and other intangible assets, net of accumulated amortization, totaled \$ 10, ~~612-471~~ **9-1** million or ~~71-72~~ % of our total assets. The goodwill results from our acquisitions, representing the excess of cost over the estimated fair value of the net tangible and other identifiable intangible assets we have acquired. If future operating performance at one or more of our reporting units were to fall significantly below current levels, we could record, under current applicable accounting rules, a non-cash charge to operating income for goodwill or other intangible asset impairment. Any determination requiring the impairment of a significant portion of goodwill or other intangible assets would negatively affect our financial condition and results of operations.