Risk Factors Comparison 2024-02-14 to 2023-02-14 Form: 10-K

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

Risks related to our business and our industry **Significant interruptions in our operations could harm** ~~The COVID- 19 pandemic has impacted, and continues to pose risks to,~~ our business, **financial condition and results of operations. Any significant disruptions to the operations of our manufacturing or distribution centers or logistics providers for any reason, including labor relations issues, power interruptions, severe weather, destruction or damage or other circumstances beyond our control could have a significant impact on our** operating results, **including** ~~cash flows and~~ - **an** ~~/~~ **increase to** ~~or~~ **our** ~~our~~ operating expenses ~~to increase~~ without coverage or compensation **,** or seriously harm our ability to fulfill our customers' orders or deliver products on a timely basis,or both.We must also maintain sufficient production capacity ~~in order~~ to meet anticipated customer demand,which carries fixed costs that we may not be able to offset if orders slow,which would adversely affect our operating margins.If we are unable to manufacture our products consistently,in sufficient quantities,and on a timely basis,our net sales,gross margins and our other operating results will be materially and adversely affected. **In addition,we** ~~Prompt shipment of our products is also very important to our business.We~~ have experienced problems ~~,both as a result of the COVID- 19 pandemic and otherwise,~~ with,or delays in,our production,shipping and logistics capabilities that **have** resulted in delays in our ability to ship finished products,and there can be no assurance that we will not encounter such problems in the future. **Significant delays in our manufacturing,shipping or logistics processes could damage our customer relationships,cause disruption to our customers and adversely affect our business,** financial condition ~~, the nature and extent of which could be material. The COVID- 19 pandemic has affected global economies, financial markets and the overall environment in which we do business, and the extent to which it may impact our future results of operations and overall financial performance remains uncertain. Many countries including the United States implemented measures such as quarantine, shelter- in- place, curfew, travel and activity restrictions and similar isolation measures, including government orders and other restrictions on the conduct of business operations. These measures resulted in significant and unpredictable reductions or increases in demand for certain of our offerings. We experienced, and may again experience, a decline in sales activities and customer orders in certain elements of our businesses, including our education & government and healthcare customer groups. The COVID- 19 pandemic has also impacted our supply chain as we experienced disruptions or delays in shipments of certain raw materials used in the products we manufacture and in the finished goods that we sell globally. While many of our customers and suppliers have returned to pre- pandemic operations, uncertainty remains as to how materially COVID- 19 will affect our global operations generally if these impacts persist, worsen or re- emerge over an~~ **and** ~~extended period of time. Moreover, any actions we take in response to any improvements in conditions may also vary widely by geography and by business and will likely be made with incomplete information; pose the risk that such actions may prove to be premature, incorrect or insufficient; and could have a material, adverse impact on our business,~~ operating results ~~, cash flows and / or financial condition. While conditions surrounding the COVID- 19 pandemic have improved in many geographies, changes in COVID- 19 infection rates regionally, nationally and globally, rapidly changing governmental directives, public health challenges and economic disruption and the duration of the foregoing, the potential impact that COVID- 19 could have on the other Risk Factors described in this " Risk Factors " section remains unclear. We refer you to " Management' s Discussion and Analysis of Financial Condition and Results of Operations " for a more detailed discussion of the potential impact of the COVID- 19 pandemic and associated economic disruptions, and the actual operational and financial impacts that we have experienced to date~~ . We have been impacted by supply chain constraints and inflationary pressures We have experienced challenges in sourcing certain products and raw materials as a result of global supply chain disruptions and have experienced inflationary pressures across all of our cost categories. While we have implemented pricing and productivity measures to combat these pressures, they may continue to adversely impact our results. Significant interruptions in our operations could harm......, financial condition and operating results. We compete in highly competitive markets. Failure to compete successfully could adversely affect our business, financial condition and results of operations. We face competition across our products and the markets in which we operate ~~. We compete on several fronts~~ , both domestically and internationally ~~, including competing with other companies that provide similar offerings~~ . Competition is driven by proprietary technologies and know- how, capabilities, consistency of operational performance, quality, supply chain control, price, value and speed. Our competitors range from regional companies, which may be able to more quickly respond to customers' needs because of geographic proximity, to large multinational companies, which may have greater financial, marketing, operational and research and development resources than we do **,** ~~. Such greater resources may allow~~ **allowing for a** ~~our competitors to respond~~ more ~~quickly~~ **rapid response** with new, alternative or emerging technologies. In addition, consolidation trends in the biopharma and healthcare industries have served to create fewer customer accounts and to concentrate purchasing decisions for some customers, resulting in increased pricing pressures. **New competitors** ~~The entry into the market by manufacturers~~ in low- cost manufacturing locations ~~also~~ **, particularly developing markets, may** ~~creates~~ - **create** increased pricing and competitive pressures **and** ~~, particularly in developing markets, which may~~ impede our goal to grow in those markets. Failure to anticipate and respond to competitors' actions may adversely affect our results of operations and financial condition. It may be difficult for us to implement our strategies for improving growth **and optimizing costs** . We **have announced a transition to a new operating model consisting of two complementary business segments, the Laboratory Solutions segment and the Bioscience Production segment, effective January 1, 2024, and** plan to continue expanding our commercial sales operations and scope and complexity of our business both domestically and internationally, while maintaining our commercial operations and administrative activities. **In conjunction with** ~~For example,~~

~~we intend to pursue the following growth strategies: (i) increase integration of~~ our ~~products and services into customers' workflows; (ii) develop~~ new **operating model, we** ~~products and services; (iii) expand in geographies expected to~~ have **also launched a cost optimization initiative** ~~outsized growth; (iv) continue to enhance our global online platform; (v) increase commercial excellence and operational efficiency to drive margin expansion; and (vi) pursue strategic acquisitions to expand our platform~~ . **Our** ~~However, our~~ ability to manage our business and conduct our global operations while also pursuing ~~the aforementioned~~ **our strategies for improving** growth ~~strategies~~ **and optimizing costs** requires considerable management attention and resources and is subject to the challenges of supporting a rapidly growing business in an environment of multiple languages, cultures and customs, legal and regulatory systems, alternative dispute systems and commercial markets. Our failure to implement these strategies in a cost- effective and timely manner could have an adverse effect on our business, results of operations and financial condition. Part of our growth strategy is to pursue strategic acquisitions, which will subject us to a variety of risks that could harm our business. As part of our business strategy, we intend to continue to review, pursue and complete selective acquisition opportunities. There can be no assurances that we will be able to complete suitable acquisitions for a variety of reasons, including the identification of, and competition for, acquisition targets, the need for regulatory approvals, the inability of the parties to agree to the structure or purchase price of the transaction and the inability to finance the transaction on commercially acceptable terms. In addition, any completed acquisition will subject us to a variety of other risks, including: **(i) potential** ~~• acquisitions may have an~~ adverse ~~effect~~ **effects** on our business relationships with existing or future suppliers and other business partners ~~,~~ **(** in particular, to the extent we consummate acquisitions that vertically integrate portions of our business **)** ; ~~• we may assume~~ **(ii) the assumption of** substantial actual or contingent liabilities, known ~~and~~ **or** unknown, including environmental liabilities; ~~• acquisitions may not~~ **(iii) failure to** meet ~~our~~ expectations of future financial performance; **(iv)** ~~• we may experience~~ delays or reductions in realizing expected synergies; **(v)** ~~• we may incur~~ substantial unanticipated costs or ~~encounter~~ other problems associated with acquired businesses or ~~devote~~ **devoting** time and capital **to** ~~investigating~~ **investigate** a potential acquisition ~~and~~ **that is** not ~~complete~~ **completed** ~~the transaction~~ ; **(vi) failure** ~~• we may be unable~~ to achieve ~~our~~ intended objectives for ~~the~~ **a** transaction; **(vii) failure** ~~and • we may not be able~~ to retain ~~the~~ key personnel, customers and suppliers of the acquired business **; and (viii) adverse impacts resulting from impairment charges on goodwill, other intangible assets and tangible assets.** These factors related to our acquisition strategy, among others, could have an adverse effect on our business, financial condition and results of operations. The customers we serve have experienced, and will continue to experience **,** significant industry- related changes that could adversely affect our business. Many of the customers we serve have experienced **, and are expected to continue to experience,** significant industry- related ~~changes in the last several years and are expected to continue to experience significant~~ changes, including reductions in governmental payments for biopharmaceutical products, expirations of significant patents, adverse changes in legislation or regulations regarding the delivery or pricing of general healthcare services or mandated benefits, and increased requirements on quality. General industry changes include: • development of large and sophisticated group purchasing organizations and on- line auction sites that increase competition for, and reduce spending on, laboratory products; • consolidation of biopharmaceutical companies resulting in a rationalization of research expenditures; • increased regulatory scrutiny over drug production requiring safer raw materials; • customers' purchasing the products that we supply directly from our suppliers; and • significant reductions in development and production activities. Some of our customers have implemented, or may in the future implement, certain measures described above in an effort to control and reduce costs. The ability of our customers to develop new products to replace sales decreases attributable to expirations of significant patents, along with the impact of other past or potential future changes in the industries we serve, may result in our customers significantly reducing their purchases of products from us or the prices they are willing to pay for those products. While we believe we ~~are~~ **will be** able to adapt our business to maintain existing customer relationships and develop new customer relationships, if we are unsuccessful or untimely in these efforts, our results of operations may suffer. Our offerings are highly complex, and, if our products do not satisfy applicable quality criteria, specifications and performance standards, we could experience lost sales, delayed or reduced market acceptance of our products, increased costs and damage to our reputation. The high- purity materials and customized solutions we offer are highly exacting and complex due to demanding customer specifications and stringent regulatory and industry requirements. Our operating results depend on our ability to execute and, when necessary, improve our global quality control systems, including our ability to effectively train and maintain our employees with respect to quality control. A failure of our global quality control systems could result in problems with facility operations or preparation or provision of defective or non- compliant products. Nearly all of our products are subsequently incorporated into products sold to end users by our customers, and we have no control over the manufacture and production of such products. Our success depends on our customers' confidence that we can provide reliable, high- quality products. We believe that customers in our target markets are likely to be particularly sensitive to product defects and errors. Our reputation and the public image of our products and technologies may be impaired if our products fail to perform as expected or fail to meet applicable quality criteria, specifications or performance standards. If our products experience, or are perceived to experience, a material defect or error, this could result in loss or delay of net sales, damaged reputation, diversion of development resources, and increased insurance or warranty costs, any of which could harm our business. The loss of a significant number of customers or a **significant** reduction in **customer** orders ~~from a significant number of customers~~ could reduce our net sales and harm our operating results. Our operating results could be negatively affected by the loss of revenue from a significant number of our customers, including direct distributors and end users. Though we often include pricing and volume incentives in our contracts, our customers are generally not obligated to purchase any fixed quantities of products, and they may stop placing orders with us at any time. If **we experience** a significant ~~number of~~ **reduction in** ~~customers~~ - **customer** ~~purchase fewer of our products, defer~~ orders **, increased** ~~or fail to place additional orders~~ - **order deferrals** ~~with us~~ , our sales could decline, and our operating results may not meet our expectations. In addition, if ~~those~~ customers order our products, but fail to pay on time or at all, our liquidity and operating results could be adversely affected. Our contracts generally do not contain minimum purchase requirements, and we sell primarily on a purchase order basis. Therefore, our sales are subject to changes in demand from our customers, and these changes have been material in the past. The level and timing of orders placed by our customers vary for a number of reasons, including individual customer strategies, the introduction of new technologies, the desire of our clients to reduce their exposure to any single supplier and general economic conditions. If we are unable to anticipate and respond to the demands of our customers, we may lose customers because we have an inadequate supply of raw materials with which to manufacture our products or insufficient capacity in our sites. Alternatively, we may have excess inventory or excess capacity. Either of these factors may have a material adverse effect on our business, financial position and operating results. We are subject to risks associated with doing business globally, which may harm our business. We have global operations and derive a **substantial** portion of our net sales from customers outside of the United States. Accordingly, our international operations or those of our international customers could be substantially affected by a number of risks arising from operating an international business, including: ~~•~~ **(i)** limitations on repatriation of earnings; ~~•~~ **(ii)** taxes on imports; ~~•~~ **(iii)** the possibility that unfriendly nations or groups could boycott our products; ~~•~~ **(iv)** general economic and political conditions in the markets where we operate, including actual or anticipated military or political conflicts **,** such as the Ukraine / Russia **or Israel / Hamas** ~~conflict~~ **conflicts** ; ~~•~~ **(v)** foreign currency exchange rate fluctuations; ~~•~~ **(vi)** potential changes in diplomatic and trade relationships **; (vii) a global health crisis of unknown duration** , such as the **COVID- 19 pandemic** ~~United Kingdom' s exit from the European Union~~ ; ~~•~~ **(viii)** potential increased costs associated with overlapping tax structures; ~~•~~ **(ix)** potential increased reliance on third parties within less developed markets; ~~•~~ **(x)** potential trade restrictions, tariffs and exchange controls; ~~•~~ **(xi)** more limited protection for intellectual property rights in some countries; ~~•~~ **(xii)** difficulties and costs associated with staffing and managing foreign operations; **(xiii)** ~~• unexpected changes in regulatory requirements; •~~ difficulties in complying with a wide variety of foreign laws and regulations **and unexpected changes thereto** ; ~~•~~ **(xiv) expanded enforcement of laws related to data protection and personal privacy; (xv)** the risk that certain governments may adopt regulations or take other actions that would have a direct adverse impact on our business and market opportunities, including nationalization of private enterprise; ~~•~~ **(xvi)** violations of anti- bribery and anti- corruption laws, such as the FCPA; ~~•~~ **(xvii)** violations of economic sanctions laws, such as the regulations enforced by OFAC; ~~•~~ **(xviii)** longer accounts receivable cycles in certain foreign countries, whether due to cultural differences, exchange rate fluctuation or other factors; ~~•~~ **(xix)** the credit risk of local customers and distributors; ~~•~~ **(xx)** limitations on our ability to enforce legal rights and remedies with third parties or partners outside of the United States; ~~•~~ **(xxi)** import and export licensing requirements and other restrictions, such as those imposed by OFAC, BIS, DDTC and comparable regulatory agencies and policies of foreign governments; and ~~•~~ **(xxii)** changes to our distribution networks. Changes in exchange rates can adversely affect our net sales, profits and cash flows. A substantial amount of our revenues ~~are~~ **is** derived from international operations, and we anticipate that a significant portion of our sales will continue to come from outside of the United States in the future. The revenues we report with respect to our operations outside of the United States may be adversely affected by fluctuations in foreign currency exchange rates. Further, we have a substantial amount of Euro denominated indebtedness. Fluctuations in the exchange rate between U. S. dollars and Euros may have a material adverse effect on our ability to repay such indebtedness. See Item 7A. " Quantitative and qualitative disclosures about market risk. " Our business depends on our ability to use and access information systems, and any failure to successfully maintain these systems or implement new systems to handle our changing needs could materially harm our operations. ~~We depend~~ **Our businesses rely** on **sophisticated** ~~standardized procedures and multiple~~ information systems **: (i) to obtain, rapidly process, analyze, and manage data to facilitate the purchase and distribution of thousands of inventory items from numerous distribution centers; (ii) to receive, process, and ship orders on a timely basis; (iii) to account for other product and service transactions with customers; (iv) to manage the accurate billing and collections for thousands of customers; and (v) to process payments to suppliers. We continue to make substantial investments in data centers and information systems. To the extent our information systems are not successfully implemented or fail, or there are data center interruptions or outages, our business and results of operations may be adversely affected. Our business and results of operations may also be adversely affected if a third- party service provider does not perform satisfactorily, or if the information systems are interrupted or damaged by unforeseen events** , including **due to the actions** ~~our~~ - **or** ~~online customer portal and distribution and enterprise resource~~ **inactions of third parties. Like other companies, the** systems **and networks we maintain and third- party systems and networks we use have in the past been** , **and will likely in the future be, subject to** ~~for~~ - **or targets of unauthorized** ~~our~~ - **or fraudulent access, including physical or electronic break- ins or unauthorized tampering, as well as attempted cyber and other security threats and other attacks such as " denial of service " attacks, phishing, untargeted but sophisticated and automated attacks, ransomware, and other disruptive software. For example, as artificial intelligence (" AI ") continues to evolve, cyber- attackers could also use AI to develop malicious code and sophisticated phishing attempts. We are also exposed to similar risks resulting from cyber- attacks that are experienced by our third- party service providers. Security breaches can also occur as a result of intentional or inadvertent actions by our employees, third- party service providers or their personnel or other parties. A failure, interruption, or breach of our systems, or those of our third- party service providers, as a result of cyber- attacks or information security breaches, could disrupt our business, result in the disclosure or misuse of confidential or proprietary information or personal data, damage our reputation, cause loss of customers or revenue, increase our costs, result in litigation and / or regulatory action, and / or cause other losses, any of which may have a material adverse impact on our business** operations ~~, customer service~~ and ~~quality and safety~~ **our financial position or results of operations. Although we believe that we have robust information security** procedures ~~. Furthermore~~ , **controls and other safeguards in place, as cyber threats continue to evolve,** we ~~rely on~~ **will be required to expend additional resources to continue to enhance our** information **security measures** ~~technology systems to process, transmit, store~~ and **/ or to investigate and remediate information security vulnerabilities. Our actual or perceived failure to adequately** protect **personal data could adversely affect** ~~electronic~~

~~information, including confidential customer, supplier, employee or~~ **our** ~~other~~ business ~~information~~ . ~~Through~~ **Given the nature of** our **business** ~~online customer portal~~ , we collect and store confidential information that customers provide in order to, among other things, purchase products and services and register on our website. We ~~utilize commercially available third~~ **are required to comply with increasingly complex and changing data privacy regulations both in the United States and beyond that regulate the collection, use, sharing, and transfer of personal data. Many of these regulations also grant rights to individuals. Many foreign data privacy regulations (including GDPR in the European Union) and certain state laws and regulations (including California' s CPRA) impose requirements beyond those enacted under federal law including, in some instances, private rights of action. For example, the EU GDPR imposes more stringent data protection requirements, including a broader scope of protected data, restrictions on cross** - ~~party technology solutions, software~~ **border transfers of personal data** and ~~software systems~~ **more onerous breach reporting requirements, and greater penalties for non- compliance than the federal data protection laws. Other states and countries continue to enact similar legislation. We are also required to comply** with ~~some proprietary configurations~~ **expanding and increasingly complex privacy and data protection regulations in the United States and abroad with respect to reporting adverse events and additional requirements for avoiding or responding to an adverse event** . We also ~~store~~ **have contractual obligations to our customers related to the protection of personal** data ~~using third- party cloud services. Our information systems are subject to damage or interruption from power outages, computer~~ and **compliance** ~~telecommunications failures, computer viruses, security breaches, vandalism, catastrophic events, natural disasters, terrorist attacks, hackers and other security issues as well as human error. Such attacks are of ever- increasing levels of sophistication and are made by groups and individuals~~ with ~~a wide range of motives and expertise, including by organized criminal groups," hacktivists," nation states and others. If our information systems are damaged, fail to work properly or otherwise become unavailable, we may incur substantial costs to repair or replace them, and we may experience a loss of critical information, customer disruption and interruptions or delays in our ability to perform essential functions and implement new and innovative services. A compromise of our information systems or those with which we interact could harm our reputation and expose us to regulatory actions and claims from customers and other persons, any of which could adversely affect our business, financial position and results of operations. Our compliance obligations include those relating to international, federal and state U. S. laws and regulations. For example, on the state level, the CPRA provides for enhanced consumer protections for California residents, a private right of action for data breaches of certain " personal information " and statutory fines and damages for such data breaches or other CPRA violations, as well as a requirement of " reasonable " cybersecurity. Our compliance obligations also include those relating to foreign data collection and~~ privacy laws ~~, including, for example, the GDPR, as well as laws in many other jurisdictions globally. The GDPR, which went into effect in the EU on May 25, 2018, applies to the collection, use, retention, security, processing, and transfer of " personal data " of residents of countries in the European Economic Area. The GDPR created a range of new compliance obligations and imposes significant fines and sanctions for violations~~ . While we have taken various measures and made significant efforts and investment **and designed** ~~to ensure that~~ our policies, processes and systems ~~are both~~ **to be** robust ~~and compliant with these obligations~~ , ~~any~~ **a** failure, or perceived failure, by us to comply ~~with the CPRA, GDPR, or~~ with any applicable regulatory requirements or orders, including but not limited to privacy, data protection, information security, or consumer protection- related privacy laws and regulations, in one or more jurisdictions within the United States, the EU or elsewhere, could ~~:~~ result in proceedings or actions against us by governmental entities or individuals; subject us to significant fines, penalties, and / or judgments; require us to change our business practices; limit access to our products and services in certain countries, incur substantial costs (even if we ultimately prevail) or otherwise adversely affect our business. Our inability to protect our intellectual property could adversely affect our business. In addition, third parties may claim that we infringe their intellectual property, and we could suffer significant litigation or licensing expenses as a result. We rely on a variety of intellectual property rights, including patents, trademarks, copyrights and trade secrets, to protect our proprietary technology and products. We place considerable emphasis on obtaining patent or maintaining trade secret protection for significant new technologies, products and processes because of the length of time and expense associated with bringing new products and processes through development and to the market. We may need to spend significant resources monitoring and enforcing our intellectual property rights and we may not be able to prove infringement by third parties. Our competitive position may be harmed if we cannot enforce our intellectual property rights. In some circumstances, we may choose to not pursue enforcement for business reasons. In addition, competitors might avoid infringement by designing around our intellectual property rights or by developing non- infringing competing technologies. Intellectual property rights and our ability to enforce them may be unavailable or limited in some countries, which could make it easier for competitors to capture market share and could result in lost revenues. Our trademarks are valuable assets and if we are unable to protect them from infringement, our business prospects may be harmed. Our brands, particularly our J. T. Baker, NuSil, VWR and Masterflex brands, are valuable assets. Therefore, we actively manage our trademark portfolio, including by maintaining registrations for long- standing trademarks and applying to obtain trademark registrations for new brands. We also police our trademark portfolio against infringement. Our efforts to protect and defend our trademarks may fall short or be unsuccessful against competitors or other third parties for a variety of reasons. To the extent that third parties or distributors sell products that are counterfeit versions of our branded products, our customers could inadvertently purchase products that are inferior. This could cause our customers to refrain from purchasing our brands in the future and in turn could impair our brand equity and adversely affect our sales. We are subject to product liability and other claims in the ordinary course of business. Our business involves risk of product liability, intellectual property claims and other claims in the ordinary course of business arising from the products that we source from various manufacturers or produce ourselves. Furthermore, there may be product liability risks that are unknown or which become known in the future. Substantial, complex or extended litigation on any claim could cause us to incur significant costs and distract our management. We maintain insurance policies and in some cases, our suppliers, customers and predecessors of acquired companies have indemnified us against certain claims. We cannot assure you that our insurance coverage or indemnification agreements will be available in all pending or any future cases brought against us. Accordingly, we could be subject to uninsured and unindemnified future liabilities requiring us to provide additional reserves to address such liabilities. An unfavorable result in a case for which adequate insurance or indemnification is not available could adversely affect our business, financial condition and results of operations. We must develop new products, adapt to rapid and significant technological change and respond to introductions of new products by competitors to remain competitive. We sell our products in industries that are characterized by significant technological changes, frequent new product and technology introductions and enhancements and evolving industry standards. As a result, our customers' needs are rapidly evolving. If we do not appropriately innovate and invest in new technologies, our offerings may become less desirable in the markets we serve, and our customers could move to new technologies offered by our competitors or make products themselves. Without the timely introduction of new products, services and enhancements, our offerings will likely become less competitive over time, in which case, our competitive position, net sales and operating results could suffer. Accordingly, we focus significant efforts and resources on the development and identification of new technologies, products and services that are attractive to, and gain acceptance, in the markets we serve and further broaden our offerings. To the extent we fail to timely introduce new and innovative products or services, adequately predict our customers' needs or fail to obtain desired levels of market acceptance, our business may suffer. **We** ~~Our business, financial condition and results of operations~~ depend upon the availability of raw materials. Our operations depend upon our ability to obtain high- quality raw materials meeting our specifications and other requirements at reasonable prices, including various active pharmaceutical ingredients, components, compounds, excipients and other raw materials, many of which are sole-sourced due to market or customer demands. Our ability to maintain an adequate supply of such materials and components could be impacted by the availability and price of those raw materials and maintaining relationships with key suppliers. Moreover, we are dependent upon the ability of our suppliers to provide materials and components that meet our specifications, quality standards, other applicable criteria, and delivery schedules. Our suppliers' failure to provide expected raw materials or components that meet such criteria could adversely affect production schedules and contract profitability ~~. Our business, financial condition~~ and **negatively impact our** results of operations **. We** depend upon maintaining our relationships with suppliers. We offer products from a wide range of suppliers. While there is generally more than one source of supply for most of the categories of third- party materials & consumables and equipment & instrumentation that we sell, we currently do not manufacture the majority of our products and are dependent on these suppliers for access to those products. Our ability to sustain our gross margins has been, and will continue to be, dependent in part upon our ability to obtain favorable terms from our suppliers. These terms may change from time to time, and such changes could adversely affect our gross margins over time. In addition, our results of operations and cash flows could be adversely impacted by the acceleration of payment terms to our suppliers and / or the imposition of more restrictive credit terms and other contractual requirements. Our use of chemicals and chemical processes is subject to inherent risk. We use chemical ingredients in the manufacture of certain of our products. Due to the nature of the manufacturing process itself, there is a risk of incurring liability for damages caused by or during the storage or manufacture of both the chemical ingredients and the finished products. The processes used in certain of our facilities typically involve large volumes of solvents and chemicals, creating the potential for fires, spills and other safety or environmental impacts. If any of these risks materialize, it could result in significant remediation and other costs, potential adverse regulatory actions and liabilities, any of which could have an adverse effect on our business, results of operations and financial condition. In addition, the manufacturing, use, storage, and distribution of chemicals are subject to threats including terrorism. We have several high- risk chemical facilities that ~~possess~~ **contain** materials that could be stolen and used to make weapons. We could also be subject to an attack on our high- risk facilities that could cause a significant number of deaths and injuries ~~. As a result, many people, including our employees, could be harmed~~ . Such an occurrence could also harm the environment, our reputation and disrupt our operations. Climate change, and the legal or regulatory response thereto, may have a long- term impact on our business, financial condition and results of operations. We continue to focus on strategies and systems, such as reducing greenhouse gas emissions and packaging waste, to address climate change. However, we face climate and environmental risks and the occurrence of one or more unexpected events, including fires, tornadoes, tsunamis, hurricanes, earthquakes, drought, storms, sea level rise, floods, and other severe hazards or accidents in the United States, the United Kingdom, the European Union or in other countries or regions in which we operate could adversely affect our operations and financial performance. Extreme weather, natural disasters, power outages, or other unexpected events could result in physical damage to, and complete or partial closure of, one or more of our manufacturing or distribution centers; temporary or long- term disruption in the supply of products; and / or disruption of our ability to deliver products to customers. Increasing concern over climate change also may result in additional legal or regulatory requirements designed to reduce or mitigate the effects of carbon dioxide and other greenhouse gas emissions on the environment. The effects of climate change and legal or regulatory initiatives to address climate change could have a long- term adverse impact on our business, financial condition and results of operations. In addition, ~~from time to time,~~ we ~~may~~ **have** ~~establish~~ **established** and publicly ~~announce~~ **announced** goals and commitments to reduce our carbon footprint ~~by increasing our use of recycled packaging materials~~ , **including targets** ~~expanding our renewable energy usage, and participating in environmental and sustainability programs and initiatives organized or sponsored by nongovernmental organizations and other groups~~ to reduce greenhouse gas emissions ~~industrywide~~ **(scope 1, scope 2 and scope 3)** . If we are unable to achieve, or improperly report on our progress toward, our carbon footprint reduction goals and commitments, ~~the~~ **this may** ~~resulting~~ --- **result in litigation and / or regulatory action as well as** negative publicity **, which** could ~~result in~~ **lead to** the loss of business, adverse reputational impacts, diluted market valuations and challenges in attracting and retaining customers and talented employees. We are highly dependent on our senior management and key employees. Our success depends on our ability to attract, motivate and retain highly qualified individuals. Competition for senior management and other key personnel in our industry is intense, and the pool of suitable candidates is limited. The failure to attract, retain and properly motivate members of our senior management team and other key employees, or to find suitable replacements for them in the event of death, illness or their desire to pursue other professional opportunities, could have a negative effect on our operating results. 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 cannot assure you that these indemnification provisions will protect us fully or at all, and as a result, we may face unexpected liabilities that adversely affect our financial statements. **We face risks related to health epidemics and pandemics. We face risks related to health epidemics and pandemics, including risks related to any responses thereto by the federal, state or foreign governments, as well as customers and suppliers. A pandemic could adversely affect our operations, supply chains and distribution network, and we could experience and expect prolonged unpredictable reductions in supply and demand for certain of our offerings similar to those experienced during the COVID- 19 pandemic, as well as unpredictable increases in demand for certain of our offerings similar to those experienced during the COVID- 19 pandemic. Further, it is possible that disruptions or delays in shipments of certain raw materials used in the products we manufacture and in the finished goods that we sell globally could be similar to those experienced during the COVID- 19 pandemic. The implementation of any government-mandated vaccination or testing mandates may impact our ability to retain current employees and attract new employees. Any extended disruption in our ability to service our customers could have a negative effect on our operating results.** Changes in tax law relating to multinational corporations could adversely affect our tax position. The U. S. Congress, **foreign** ~~government~~ **governments , and their** agencies in non- U. S. jurisdictions where we and our affiliates do business, and the ~~Organisation~~ **Organization** for Economic Cooperation and Development ~~, or~~ **(“** OECD **”)** , continue to focus on issues related to the taxation of multinational corporations. **As part** ~~One example is in the area~~ of **this focus** ~~“ base erosion and profit shifting~~ , **the** ~~” where profits are claimed to be earned for tax purposes in low- tax jurisdictions, or payments are made between affiliates from a jurisdiction with high tax rates to a jurisdiction with lower tax rates. The~~ OECD has **introduced a framework to implement a 15 % global minimum corporate tax rate. Many aspects of this minimum tax directive will be effective beginning in 2024. While it is uncertain whether the U. S. will enact legislation to adopt the minimum tax directive, certain countries in which we operate have adopted legislation and other countries are in the process of introducing legislation to implement the minimum tax directive. While we do not currently expect the minimum tax directive to have a material impact on our effective tax rate, our analysis is ongoing as the OECD continues to** ~~released -~~ **release** ~~several components of its comprehensive plan to create~~ **additional guidance. There can be no assurance that these changes, and any further contemplated changes when finalized and adopted by countries, will not have** an ~~agreed set of international rules~~ **adverse impact on our provision** for **income taxes** ~~addressing base erosion and profit shifting~~ . Due to the potential for changes to tax laws and regulations or changes to the interpretation thereof, the ambiguity of tax laws and regulations, the subjectivity of factual interpretations, the complexity of our intercompany arrangements, uncertainties regarding the geographic mix of earnings in any particular period, and other factors, our estimates of effective tax rate and income tax assets and liabilities may be incorrect and our financial statements could be adversely affected. The impact of the factors referenced in the first sentence of this paragraph may be substantially different from period- to- period. Certain of our businesses rely on relationships with collaborative partners and other third parties for development, supply and marketing of certain products and potential products, and such collaborative partners or other third parties could fail to perform sufficiently. We believe that for certain of our businesses, success in penetrating target markets depends in part on their ability to develop and maintain collaborative relationships with other companies. Relying on collaborative relationships is risky because, among other things, our collaborative partners may (i) not devote sufficient resources to the success of our collaborations; (ii) fail to obtain regulatory approvals necessary to continue the collaborations in a timely manner; (iii) be acquired by other companies and terminate our collaborative partnership or become insolvent; (iv) compete with us; (v) disagree with us on key details of the collaborative relationship; (vi) have insufficient capital resources; and (vii) decline to renew existing collaborations on acceptable terms. Because these and other factors may be beyond our control, the development or commercialization of our products involved in collaborative partnerships may be delayed or otherwise adversely affected. If we or any of our collaborative partners terminate a collaborative arrangement, we may be required to devote additional resources to product development and commercialization or we may need to cancel some development programs, which could adversely affect our business and financial statements. Risks related to regulation We are required to comply with a wide variety of laws and regulations, and are subject to regulation by various federal, state and foreign agencies, and our failure to comply with existing and future regulatory requirements could adversely affect our results of operations and financial condition. We compete in markets in which we and our customers are subject to federal, state, local, international and transnational laws and regulations, including the operating, quality and security standards of the FDA, various state health departments, the DHHS, similar bodies of the EU and its member states and other comparable agencies around the world, and, in the future, any changes to such laws and regulations could adversely affect us. We develop, configure and market our products to meet customer needs driven by those regulations. Among other rules affecting us, we are subject to laws and regulations concerning cGMP and product safety. Our subsidiaries may be required to register for permits and / or licenses with, and may be required to comply with, the laws and regulations of the FDA, the DHHS, the DEA, foreign agencies including the EMA, and other various state health departments and / or comparable state and foreign agencies as well as certain accrediting bodies depending upon the types of operations and locations of distribution and sale of the products manufactured or services provided by those subsidiaries. Any significant change in regulations could reduce demand for our products or increase our expenses. For example, many of our products are marketed to the biopharma industry for use in discovering, developing and manufacturing drugs, or are sold as raw materials or components to drug device manufacturers or for use in the manufacture of implantable devices. Changes in the domestic or foreign regulation of drug discovery, development or manufacturing processes or medical device manufacturing processes, or adverse findings concerning any health effects associated with these products, could have an adverse effect on the demand for these products and could also result in legal liability and claims. We are also registered with the DDTC, as a manufacturer and exporter of goods controlled by ITAR, and we are subject to strict export control and prior approval requirements related to these goods. Our failure to comply with ITAR and other export control laws and regulations, as well as economic sanctions, could result in penalties, loss, or suspension of contracts or other consequences. Any of these could adversely affect our operations and financial condition. Failure by us or by our customers to meet one or more of these various regulatory obligations could have adverse consequences in the event of material non- compliance. Compliance with relevant sanctions and export control laws could restrict our access to, and increase the cost of obtaining, certain products and at times could interrupt our supply of imported inventory or our ability to service certain customers. Conversely, compliance with these regulatory obligations may require us to incur significant expenses. In addition, certain of our facilities are certified to ISO, including ISO 13485, ISO 9001, AS9100, ISO 22000 and / or ISO 14001. These standards are voluntary quality management system standards, the maintenance of which indicates to customers certain quality and operational norms. Customers may rely on contractual assurances that we make with respect to ISO certificates to transact business. Failure to comply with these ISO standards can lead to observations of non- compliance or even suspension of ISO or Aerospace Standard (AS) certifications or European Community (EC) Declarations of Conformity Certificates by the registrar. If we were to lose ISO or AS certifications or EC Declarations of Conformity, we could lose sales and customers to competitors or other suppliers. We are also subject to periodic inspections or audits by our customers. If these audits or inspections identify issues or the customer perceives there are issues, the customer may decide to cease purchasing products from us which could adversely affect our business. 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 FCPA, the U. K. Bribery Act and similar anti- bribery laws in other jurisdictions generally prohibit companies and their intermediaries from making improper payments for the purpose of obtaining or retaining business, and we operate in many parts of the world that have experienced 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 United States and in other jurisdictions and related shareholder lawsuits, could lead to substantial civil and criminal, monetary and **non** ~~nonmonetary~~ --- **monetary** penalties and could cause us to incur significant legal and investigatory fees. In addition, the government in relevant jurisdictions may seek to hold us liable as a successor for violations committed by companies in which we invest or that we acquire. We also rely on our suppliers to adhere to our supplier standards of conduct, and material violations of such standards of conduct could occur that could have a material effect on our business, reputation and financial statements. We are subject to **laws and regulations governing government contracts, and failure to address these laws and regulations or comply with government contracts could harm our business by leading to a reduction in sales to these customers or penalties. We sell products to government entities and, as a result, we are subject to various statutes and regulations that apply to companies doing business with the government. The laws governing government contracts differ from the laws governing private contracts and government contracts may contain pricing terms and conditions that are not applicable to private contracts. We are also subject to investigation for compliance with the regulations governing government contracts. A failure to comply with these regulations could result in suspension of these contracts, criminal, civil and administrative penalties or debarment. We are subject to** environmental, health and safety laws and regulations, and costs to comply with such laws and regulations, or any liability or obligation imposed under such laws or regulations, could negatively impact our business, financial condition and results of operations. We are subject to a broad range of foreign, federal, state and local environmental, health and safety laws and regulations, including those of the EPA, OSHA and equivalent local, state, and foreign regulatory agencies in each of the jurisdictions in which we operate ~~. We~~ **, and we** may be fined or penalized ~~by regulators~~ for **non- compliance** ~~failing to comply with environmental, health and safety laws and regulations~~ . ~~For example, we entered into a settlement with the EPA to resolve alleged violations of the Toxic Substances Control Act and the Emergency Planning and Community Right to Know Act at our Phillipsburg, New Jersey and Paris, Kentucky facilities. See Item 3, " Legal Proceedings. "~~ In addition, contamination resulting from our current or past operations or from past uses of land that we own or operate may trigger investigation or remediation obligations, which may have an adverse effect on our business, financial condition and results of operations. We cannot be certain that identification of presently unidentified environmental, health and safety conditions, new regulations, more vigorous enforcement by regulatory authorities or other unanticipated events will not arise in the future and give rise to additional environmental liabilities, business interruptions, compliance costs or penalties, which could have an adverse effect on our business, financial condition and results of operations. We currently incur costs and may incur additional costs related to remediation of alleged environmental damage associated with past or current waste disposal practices or other hazardous materials handling at property that we currently own or operate, or formerly owned or operated, or facilities to which we arranged for the disposal of hazardous substances. Our liabilities arising from past or future releases of, or exposures to, hazardous substances may exceed our estimates or adversely affect our financial statements and reputation and we may be subject to additional claims for cleanup or other environmental claims in the future based on our past, present or future business activities, and we may not be able to recover any costs under any of our indemnifications that we have. For additional information regarding environmental matters, see **[** note ~~13~~ **12]** to the consolidated financial statements beginning on page F- 1 of this report **. Changes in corporate governance and public disclosure requirements and expectations could impact**

compliance costs and the risks of noncompliance. We are subject to the rules and regulations promulgated by a number of governmental and self- regulatory organizations, including the SEC and NYSE, as well as evolving investor expectations around environmental, social and governance practices and disclosures. These rules and regulations continue to evolve in scope and complexity, and many new requirements have been created in response to laws and directives enacted by federal, state, local and foreign governments, making compliance more difficult and uncertain. The increasing complexity and costs to comply with such evolving expectations, rules and regulations, as well as any risk of noncompliance, could adversely affect our business . Risks related to our indebtedness Our indebtedness could adversely affect our financial condition and prevent us from fulfilling our debt or contractual obligations. We now have and expect to continue to have a significant amount of debt. Our indebtedness could have important consequences to us including the following: • making it more difficult for us to satisfy our debt or contractual obligations; • exposing us to the risk of increased interest rates as certain of our borrowings, including borrowings under our senior secured credit facilities, are at variable rates of interest; • restricting us from making strategic acquisitions or causing us to make non- strategic divestitures; • requiring us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, which would reduce the funds available for working capital, capital expenditures, investments, acquisitions and other general corporate purposes; • limiting our flexibility in planning for, or reacting to, changes in our business, future business opportunities and the industry in which we operate; • placing us at a competitive disadvantage compared to any of our less leveraged competitors; • increasing our vulnerability to a downturn in our business and both general and industry- specific adverse economic conditions; and • limiting our ability to obtain additional financing. Our credit facilities contain financial and other restrictive covenants that could limit our ability to engage in activities that may be in our long- term best interests. Our failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of all of our debt, which could adversely affect our business, earnings and financial condition. Despite our current level of indebtedness, we and our subsidiaries may still be able to incur substantially more debt. We and our subsidiaries may be able to incur significant additional indebtedness in the future. Although our credit agreement and indentures contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of qualifications and exceptions, and the additional indebtedness incurred in compliance with these restrictions could be substantial. If new debt is added to our current debt levels, the related risks that we now face could intensify ~~. An increase in interest rates may negatively impact our operating results and financial condition. Certain of our borrowings, including borrowings under our senior secured credit facilities and our receivables facility, to the extent the interest rate is not fixed, are at variable rates of interest. An increase in interest rates would have a negative impact on our results of operations by causing an increase in interest expense~~ . Risks related to ownership of our stock Because we have no current plans to pay cash dividends on our common stock, you may not receive any return on investment unless you sell your common stock for a price greater than that which you paid for it. We have no current plans to pay cash dividends on our common stock. The declaration, amount and payment of any future dividends on our common stock will be at the sole discretion of our Board of Directors. Our Board of Directors may take into account general and economic conditions, our financial condition and results of operations, our available cash and current and anticipated cash needs, capital requirements, contractual, legal, tax and regulatory restrictions and implications on the payment of dividends by us to our stockholders or by our subsidiaries to us, including restrictions under our credit agreement and other indebtedness we may incur, and such other factors as our Board of Directors may deem relevant **.** As a result, you may not receive any return on an investment in our common stock unless you sell our common stock for a price greater than your purchase price. If we fail to maintain an effective system of internal controls, we may not be able to accurately report our financial results ~~, which could lead to a loss of investor confidence in our financial statements and have an adverse effect on our stock price~~ . Effective internal controls are necessary for us to provide reliable and accurate financial statements and to effectively prevent fraud. We devote significant resources and time to comply with the internal control over financial reporting requirements of the Sarbanes Oxley Act of 2002 and continue to enhance our controls. However, we cannot be certain that we will be able to prevent future significant deficiencies or material weaknesses. Inadequate internal controls could cause investors to lose confidence in our reported financial information, which could have a negative effect on investor confidence in our financial statements, the trading price of our stock and our access to capital. Our amended and restated certificate of incorporation provides, subject to limited exceptions, that state and federal courts (as appropriate) located within the State of Delaware will be the sole and exclusive forum for certain stockholder litigation matters, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or stockholders. Our amended and restated certificate of incorporation provides that unless we consent to the selection of an alternative forum, the state or federal courts (as appropriate) located within the State of Delaware shall, to the fullest extent permitted by law, be the sole and exclusive forum for any (i) derivative action or proceeding brought on behalf of our company, (ii) action asserting a claim of breach of a fiduciary duty owed by any director, officer, or other employee or stockholder of our company to us or our stockholders, creditors or other constituents, (iii) action against us or any of our directors or officers involving a claim or defense arising pursuant to any provision of the Delaware General Corporation Law or our amended and restated certificate of incorporation or our amended and restated bylaws, (iv) action against us or any director or officer of the Company involving a claim or defense implicating the internal affairs doctrine, or (v) action against us or any of our directors or officers involving a claim or defense arising pursuant to the Exchange Act or the Securities Act. It is possible that these exclusive forum provisions may be challenged in court and may be deemed unenforceable in whole or in part. Our exclusive forum provision shall not relieve the company of its duties to comply with the federal securities laws and the rules and regulations thereunder, and our stockholders will not be deemed to have waived our compliance with these laws, rules and regulations. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock shall be deemed to have notice of and consented to the forum provisions in our amended and restated certificate of incorporation. This choice of forum provision may limit a stockholder' s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or any of our directors, officers, other employees or stockholders which may discourage lawsuits with respect to such claims. Alternatively, if a court were to find the choice of forum provision contained in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, operating results and financial condition.