

Risk Factors Comparison 2024-02-26 to 2023-02-21 Form: 10-K

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

Our business, financial condition, results of operations and / or cash flows could be materially and adversely affected by any of the following risks. Our business could also be affected by additional risks that are not presently known to us or that we currently consider to be immaterial. The below risks should be read in conjunction with Part II- Item 7-" Management' s Discussion and Analysis of Financial Condition and Results of Operations." ~~RISKS RELATED TO THE COVID-19 PANDEMIC~~ Our business, results of operations and financial condition have been adversely affected, and could be materially adversely affected in the future, by the global COVID-19 pandemic and related economic disruptions. COVID-19 has negatively impacted the global economy, disrupted global supply chains, caused inflationary pressure in the U. S. and elsewhere, and created significant volatility, uncertainty and disruption within global financial markets. COVID-19 has adversely affected, and continues to pose risks to, our business, including our operational and financial performance, and may adversely impact our stock price, our ability to access capital markets and our ability to fund liquidity needs. Moreover, it may have the effect of heightening many of the other risks described in this Part I, Item 1A. There continues to be considerable uncertainty regarding the duration and extent to which COVID-19 will resurge in certain regions of the world; its severity; the emergence, contagiousness, and threat of new and different strains of the virus; disruptions or closures of our manufacturing operations or those of our customers and suppliers in certain regions due to government shutdowns and other restrictions or due to employee absenteeism and other staffing issues related to COVID-19; and disruptions in the supply chain, including those caused by industry capacity constraints and material availability. Although certain restrictions related to COVID-19 have eased, uncertainty continues to exist regarding such measures and potential future measures, and this uncertainty is expected to continue in 2023, and may significantly adversely affect our business and outlook. ~~RISKS RELATED TO OUR BUSINESSES AND THE INDUSTRIES WITHIN WHICH WE OPERATE~~ We depend on revenues and earnings from a small number of significant customers. Any bankruptcy of or loss of or cancellation, reduction or delay in purchases by these customers could harm our business. Net sales to GE and its subsidiaries in **2022-2023** accounted for **20-21** % of our total sales and approximately **57-49** % of Aerospace' s net sales. Approximately 15 % of Aerospace' s net sales in **2022-2023** were to its next **three-four** largest customers. Approximately 10 % of Industrial' s sales in **2022-2023** were to its five largest customers. Some of our success will depend on the business strength and viability of those customers. We cannot assure you that we will be able to retain our largest customers. Some of our customers may in the future reduce their purchases due to economic conditions or shift their purchases from us to our competitors, in- house or to other sources. Some of our long- term sales agreements provide that the customer may unilaterally reduce or discontinue its projected purchases without penalty or terminate for convenience. The loss of one or more of our largest customers, any reduction, cancellation or delay in sales to these customers (including a reduction in aftermarket volume in our Aerospace Aftermarket business' Revenue Sharing Programs), our inability to successfully develop relationships with new customers, or future price concessions we make to retain customers could significantly reduce our sales and profitability. We may not recover all of our up- front costs related to new or existing programs. New programs may require significant up- front investments for capital equipment, engineering, inventory, design and tooling. As OEMs in the transportation and aerospace industries have looked to suppliers to bear increasing responsibility for the design, engineering and manufacture of systems and components, they have increasingly shifted the financial risk associated with those ~~responsibilities to~~ **responsibilities to** the suppliers as well. This trend may continue and is most evident in the area of engineering cost reimbursement. We cannot assure you that we will have adequate funds to make such up- front investments or to recover such costs from our customers as part of our product pricing or through sales volume. In such event, our profitability, liquidity and cash flows may be adversely affected. In addition, we incur costs and make capital expenditures for new program awards based upon certain estimates of production volumes and production complexity. While we attempt to recover such costs and capital expenditures by appropriately pricing our products, the prices of our products are based in part upon planned production volumes. If the actual production is significantly less than planned or significantly more complex than anticipated, we may be unable to recover **such costs** ~~such costs~~. In addition, because a significant portion of our overall costs is fixed, declines in our customers' production levels can adversely affect the level of our reported profits even if our up- front investments are recovered. We may not realize all of the sales expected from our existing backlog or anticipated orders. At December 31, **2022-2023**, we had \$ **1,020-530** . **3-2** million of order backlog, the majority of which related to Aerospace OEM customers, as compared with \$ **904-1,020** . **6-3** million at the end of **2021-2022** . Of the **2022-2023** year- end backlog, \$ **759-1,257** . **8-3** million was attributable to Aerospace and \$ **260-272** . **5-9** million was attributable to Industrial. Approximately **60-50** % of the Company' s consolidated year- end backlog is expected to be recognized during **2023-2024** , with the remainder scheduled to be recognized after **2023-2024** . There can be no assurances that the revenues projected in our backlog will be realized or, if realized, will result in profits. We consider backlog to be firm customer orders for future delivery. OEM customers may provide projections of components and assemblies that they anticipate purchasing in the future under existing programs. These projections may represent orders that are beyond lead time and are included in backlog when supported by a long term agreement. Our customers may have the right under certain circumstances or with certain penalties or consequences to terminate, reduce or defer firm orders that we have in backlog. If this occurs, we may be protected from certain costs and losses, but our sales will nevertheless be adversely affected. Although we strive to maintain strong relationships with our customers, there is an ongoing risk that orders may be canceled or rescheduled due to fluctuations in our customers' business requirements. Also, our realization of sales from new and existing programs is inherently subject to a number of important risks and

uncertainties, including whether our customers execute the launch of programs on time, or at all, the number of units that our customers actually produce, the timing of production and manufacturing insourcing decisions made by our customers. In addition, until firm orders are placed, our customers may have the right to discontinue a program or replace us with another supplier at any time without penalty. Our failure to realize sales from new and existing programs could have a material adverse effect on our net sales, results of operations and cash flows. We face risks of cost overruns and losses on fixed-price contracts and orders in backlog. We sell certain of our products under firm, fixed-price contracts providing for a fixed price for the products regardless of the production or purchase costs incurred by us, which includes certain orders in backlog, some of which have long lead times. The cost of producing and delivering products may be adversely affected by increases in the cost of labor, materials, fuel, outside processing, freight, shipping, overhead and other factors, including manufacturing inefficiencies. Such increased costs may result in cost overruns and losses on contracts. Original equipment manufacturers in the aerospace and transportation industries have significant pricing leverage over suppliers and may be able to achieve price reductions over time. Additionally, we may not be successful in our efforts to raise prices on our customers. While many of our customers permit periodic adjustments to pricing based on changes in component prices and other factors, we may bear the risk of price increases that occur between any such repricing or, if such repricing is not permitted, during the balance of the term of the particular customer contract. There is substantial and continuing pressure from OEMs in the aerospace and transportation industries, including automotive, to reduce the prices they pay to suppliers. We attempt to manage such downward pricing pressure, while trying to preserve our business relationships with our customers, by seeking to reduce our production costs through various measures, including purchasing raw materials and components at lower prices and implementing cost-effective process improvements. Our suppliers have periodically resisted, and in the future may resist, pressure to lower their prices and may seek to impose price increases. If we are unable to offset OEM price reductions, our profitability and cash flows could be adversely affected. In addition, OEMs have substantial leverage in setting purchasing and payment terms, including the terms of accelerated payment programs under which payments are made prior to the account due date in return for an early payment discount. OEMs can unexpectedly change their purchasing policies and / or payment practices, which could have a negative impact on our short-term working capital. We operate in highly competitive markets. Our future growth is dependent upon our ability to bring to market competitive, and increasingly complex, new products and services that achieve market acceptance with acceptable margins. Our two global business segments compete with a number of larger and smaller companies in the markets we serve. Some of our competitors have greater financial, production, research and development, or other resources than we do. Within Aerospace, certain of our OEM customers compete with our repair and overhaul business, and some compete with us where they have the ability to manufacture the components and assemblies that we supply to them but have chosen, for capacity limitations, cost considerations or other reasons, to outsource the manufacturing to us. Our customers award business based on, among other things, price, quality, reliability of supply, service, technology and design. Our competitors' efforts to grow market share could exert downward pressure on our product pricing and margins. Our competitors may also develop products or services, or methods of delivering those products or services, that are superior to ours. In addition, our competitors may adapt more quickly than us to new technologies or evolving customer requirements. We cannot assure you that we will be able to compete successfully with our existing or future competitors. The industries in which we operate have been experiencing consolidation, both in our suppliers and the customers we serve. Supplier consolidation is in part attributable to OEMs more frequently awarding long-term sole source or preferred supplier contracts to the most capable suppliers in an effort to reduce the total number of suppliers. If consolidation of our existing competitors or customers occurs, we would expect the competitive pressures we face to increase, and we cannot assure you that our business, financial condition, results of operations or cash flows will not be adversely impacted as a result. Our operations focus on highly engineered components which require extensive engineering and research and development time. Moreover, our ability to develop new products and services and to compete successfully will depend, in part, on our ability to continue to make investments of significant resources. These efforts divert resources from other potential investments in our businesses, may not lead to the development of new products or services on a timely basis, and may require us to reduce costs by such means as reducing excess capacity, improving productivity, eliminating redundancies and increasing production in low-cost countries. We have invested, and expect to continue to invest, in optimizing our manufacturing footprint in low-cost countries. We cannot assure you that we will have sufficient resources to continue to make such investments or that we will be successful in maintaining our competitive position. If we are unable to differentiate our products and services or maintain a low-cost footprint, we may lose market share or be forced to reduce prices, thereby lowering our margins. Our competitive advantage may be adversely impacted if we cannot continue to introduce new products ahead of our competition, or if our products are rendered obsolete by other products or by new, different technologies and processes. The success of our new products will depend on a number of factors, including innovation, customer acceptance, the efficiency of our suppliers in providing materials and component parts, and the performance and quality of our products relative to those of our competitors. Additionally, we may face increased or unexpected costs associated with new product introduction, including the use of additional resources such as personnel and capital. We cannot provide assurance that we will not experience new product introduction delays in the future. As we introduce new products, we may be unable to detect and correct defects in product design. Even after introduction, new or enhanced products may not satisfy customer preferences and product failures may cause customers to reject our products. As a result, these products may not achieve market acceptance and our brand image could suffer. Any such occurrences could significantly reduce our revenues, increase our operating costs, or otherwise materially and adversely affect our business, financial condition, results of operations and cash flows. The development of new products and services presents security risks. An increasing number of our products and services are delivered with digital capabilities and the accompanying interconnected device networks, some of which include sensors, data, and advanced computing capabilities. If we are unable to manage the lifecycle cybersecurity risk in development, deployment and operation of our digital platforms and services, the possible consequences include financial loss, reputational damage, exposure to legal claims or

enforcement actions, theft of intellectual property, the diminution in the value of our investment in research, development and engineering, and increased cybersecurity protection and remediation costs, which in turn could adversely affect our business, financial condition, results of operations and cash flows. A significant portion of the sales of certain businesses within our Industrial segment are realized from the design, manufacture, distribution and service of highly- engineered and customized products and systems for plastic injection molding and plastics processing across a broad spectrum of applications. Sales volume is dependent upon the need for equipment used to produce plastic products, which may be significantly influenced by the demand for plastic products, the capital investment needs of companies in the plastic injection molding and plastics processing industries, changes in technological advances, and changes in laws or regulations such as those related to single- use plastics, product and packaging composition, and recycling. Decrease in demand for plastic products or equipment used in the production of plastic products or unfavorable developments in these industries generally could have a material adverse effect on our business, financial condition, and results of operations. Demand for our defense- related products depends on government spending. A portion of Aerospace' s sales is derived from defense markets, including single- sourced and dual- sourced sales. The defense market is largely dependent upon government budgets and is subject to governmental appropriations. Although multi- year contracts may be authorized in connection with major procurements, funds are generally appropriated on a fiscal year basis even though a program may be expected to continue for several years. Consequently, programs are often only partially funded and additional funds are committed only as further appropriations are made. We cannot assure you that maintenance of or increases in defense spending will be allocated to programs that would benefit our business. Moreover, we cannot assure you that new defense- related aircraft programs in which we participate will enter full- scale production as expected. A decrease in levels of defense spending or the government' s termination of, or failure to fully fund, one or more of the contracts for the programs in which we participate, **including due to a government shutdown,** could have a material adverse effect on our financial position and results of operations. The aerospace industry is highly regulated. Complications related to aerospace regulations may adversely affect the Company. A substantial portion of our income is derived from our aerospace businesses. The aerospace industry is highly regulated in the U. S. by the Federal Aviation Administration and in other countries by similar regulatory agencies. We must be certified by these agencies and, in some cases, by individual OEMs in order to engineer, produce and service systems and components used in specific aircraft models. If material authorizations or approvals **were are** delayed, suspended or revoked, our business could be adversely affected. In the future, new or more stringent governmental regulations may be adopted or industry oversight heightened, and we may incur significant expenses to comply with any such new regulations or heightened industry oversight. Fluctuations in the price of jet fuel, resins, energy and other raw materials and their availability may impact our operating results. Fuel costs constitute a significant portion of operating expenses for companies in the aerospace industry. Fluctuations in fuel costs could impact levels and frequency of aircraft maintenance and overhaul activities, and airlines' decisions on maintaining, deferring or canceling new aircraft purchases, in part based on the value associated with new fuel efficient technologies. Increases in fuel prices can also increase our packaging and transportation costs. Both we and our customers purchase supplies of resins, which are oil- based components used in the manufacture of certain products, and any significant increases in resin costs could adversely impact future operating results, including as a result of customers' decisions on maintaining, deferring or canceling new programs. Weather- related events, natural disasters, political disruptions or wars involving oil- producing countries, changes in governmental policy concerning aircraft fuel production, changes in refining capacity, and other unpredictable events may result in future fuel supply shortages and fuel price increases. For example, widespread disruption to oil production, refinery operations and pipeline capacity in certain areas of the U. S. can impact the price of jet fuel significantly. Geopolitical conflicts, such as conflicts in the Middle East, an important source of oil for the U. S. and other countries where we do business, and the Russia- Ukraine war, cause prices for fuel and energy to be volatile and availability to be impacted. In addition, new laws or regulations adopted in response to climate change could increase energy and transportation costs, as well as the costs of certain raw materials and components. In recent years, the costs of certain raw materials, transportation and energy necessary for our operations and the production and distribution of our products have increased significantly. While we have implemented cost containment measures and selective price increases, as well as taken other actions to offset these inflationary pressures in our supply chain, we may not be able to completely offset all the increases in our operational costs, and there could be a material adverse effect on our financial condition or results of operations.

RISKS ASSOCIATED WITH OPERATING A GLOBAL BUSINESS AND REGULATORY RISKS Our operations depend on our global manufacturing, sales and service facilities and information systems which are subject to physical, environmental, operational and other risks that could disrupt our operations. We have a significant number of manufacturing facilities, technical service centers, and sales and distribution centers both within and outside the U. S. The global scope of our business subjects us to increased risks and uncertainties such as threats of war, terrorism and instability of governments, and economic, regulatory and legal systems in countries in which we or our customers conduct business. In addition, our customers' and suppliers' facilities, as well as our own facilities, are located in areas that may be affected by natural disasters, including earthquakes, windstorms, droughts and floods, or by limited accessibility to sufficient water resources, which could cause significant physical damage and disruption to our equipment and facilities, as well as the infrastructure of our customers and suppliers, and, in turn, could have a material adverse effect on our business, financial condition, results of operations and cash flows. Additionally, some of our manufacturing equipment and tooling is custom- made and is not readily replaceable. Loss of such equipment or tooling could have a negative impact on our manufacturing capabilities and, as a result, our financial condition, results of operations and cash flows. A major catastrophe such as an earthquake, windstorm, drought, flood or other natural disaster, infectious disease outbreak, significant labor strikes, work stoppages, or political unrest, in any of the areas where we or our customers or key suppliers conduct operations could result in a prolonged interruption of our business. Any disruption resulting from these events could cause significant delays in the manufacture or shipment of products or the provision of repair and other services that may result in our loss of sales and

customers. Although we have obtained property damage and business interruption insurance, our insurance will not cover all potential risks, and we cannot assure you that we will have adequate insurance to compensate us for all losses that result from any insured risks. Any material loss not covered by insurance could have a material adverse effect on our financial condition, results of operations and cash flows. We cannot assure you that insurance will be available in the future at a cost acceptable to us or at a cost that will not have a material adverse effect on our profitability, net income and cash flows. The global nature of our operations subjects us to financial and regulatory risks in the countries in which we and our customers, suppliers and other business partners operate. In addition, we sell ~~or and~~ may in the future sell our products and services to the U. S. and foreign governments and in foreign countries. As a global business, we are subject to complex laws, regulations and other conditions in the U. S. and other countries in which we operate, and associated risks, including: U. S.- imposed embargoes of sales to specific countries; foreign import controls; import regulations and duties; export regulations (which require us to comply with stringent licensing regimes); reporting requirements regarding the use of " conflict" minerals mined from certain countries; anti- dumping regulations; unclaimed property laws; price and currency controls; dividend remittance restrictions; expropriation of assets; war, civil uprisings and riots; government instability; government- imposed economic uncertainties, such as a prolonged U. S. federal government shutdown; government contracting requirements including cost accounting standards and various procurement, security and audit requirements, as well as requirements to certify to the government compliance with these requirements; the necessity of obtaining governmental approval for new and continuing products and operations; and legal systems or decrees, laws, taxes, regulations, interpretations and court decisions that are not always fully developed and that may be retroactively or arbitrarily applied. In the past, we have ~~experienced inadvertent~~ **inadvertently violated** violations of some of these regulations, including export regulations and regulations prohibiting sales of certain products, none of which has had or, we believe, will have a material adverse effect on our business. Any significant violations of these or other regulations in the future could result in civil or criminal sanctions, suspension of production, loss of export or other licenses, other restrictions on our operations or damage to our reputation. We may also be subject to unanticipated income taxes, excise and custom duties, import taxes, export taxes, value added taxes, or other governmental assessments, and taxes may be impacted by changes in legislation in the tax jurisdictions in which we operate. In addition, our organizational and capital structure may limit our ability to transfer funds between countries without incurring adverse tax consequences. Any of these events could result in a loss of business or other unexpected costs that could reduce sales or profits and have a material adverse effect on our financial condition, results of operations and cash flows. We are subject to environmental laws and regulations and the risk of environmental liabilities, violations and litigation. We are subject to a variety of U. S. federal, state, local and non- U. S. environmental, health and safety laws and regulations concerning, among other things, the health and safety of our employees, the generation, storage, use, transportation and disposal of certain materials including hazardous materials, emissions or discharges of substances into the environment, and investigation and remediation of hazardous substances or materials at various sites. Our operations involve the use, primarily in our manufacturing processes, of substances subject to these laws and regulations. Our failure to comply with these laws or regulations could result in regulatory penalties, fines, and legal liabilities; suspension of production; alteration of our manufacturing; damage to our reputation; and restrictions on our operations or sales. Furthermore, environmental laws outside of the U. S. are becoming more stringent, resulting in increased costs and compliance burdens. In addition, certain environmental laws assess liability on current or previous owners or operators of real property for the costs of investigation, removal or remediation of hazardous substances or materials at their properties or at properties from or upon which they have disposed of hazardous substances. In addition to cleanup actions brought by governmental authorities, private parties could bring personal injury or other claims based on alleged presence of, or exposure to, hazardous substances. The ultimate cost of site cleanup and timing of future cash outflows is difficult to predict, given the uncertainties regarding the extent of the required cleanup, the interpretation of applicable laws and regulations, and alternative cleanup methods. The costs of complying with current or future environmental protection and health and safety laws and regulations, or liabilities arising from past or future releases of, or exposures to, hazardous substances, may exceed our estimates, or have a material adverse effect on our business, results of operations, financial condition, and cash flows. Climate change, or legal, regulatory or market measures to address climate change, may materially adversely affect our financial condition and business operations. Climate change resulting from increased concentrations of greenhouse gases in the atmosphere could present risks to our future operations from natural disasters and extreme weather conditions, such as hurricanes, tornadoes, earthquakes, wildfires, droughts or flooding. Such extreme weather conditions could pose physical risks to our facilities and disrupt operation of our supply chain and may impact operational costs. The impacts of climate change on global water resources may result in water scarcity, which could in the future impact our ability to access sufficient quantities of water in certain locations and result in increased costs. Concern over climate change will likely result in new legal or regulatory requirements designed to reduce greenhouse gas emissions and mitigate the effects of climate change. Further, our customers and the markets we serve may impose emissions reduction or other environmental standards and requirements, including plastic injection molding and plastics processing and conventional fuel- based automotive markets. As a result, we may experience increased compliance burdens and operational costs and raw material sourcing, manufacturing operations and the distribution of our products may be adversely affected. Moreover, we may not be able to timely meet these requirements due to the required level of capital investment or technological advancement. While we have been committed to continuous improvements to meet anticipated regulations and preferences, there can be no assurance that our commitments will be successful, that our products will be accepted by the market, that proposed regulations will not have a negative competitive impact or that economic returns will reflect our investments in new product development. There also continues to be a lack of consistent climate legislation, which creates economic and regulatory uncertainty. These factors may impact the demand for, or obsolescence of, certain of our products, and adversely affect our **business,** results of operations **and financial condition.** We are committed to reducing our carbon emissions, water consumption and waste generation, which may require us to expend significant resources that could increase our operational costs. Further, there can be

no assurance of the extent to which any of our commitments will be achieved, or that any future investments we make in furtherance of achieving such targets and goals will meet investor expectations or any binding or non-binding legal standards regarding sustainability performance. Moreover, we may determine that it is in the best interest of our Company and our stockholders to prioritize other business, social, governance or sustainability investments over the achievement of our current commitments based on economic, regulatory and social factors, business strategy or pressure from investors, activist groups or other stakeholders. If we are unable to meet these commitments, then we could incur adverse publicity and reaction from investors, activist groups or other stakeholders, which could adversely impact the perception of us and our products and services by current and potential customers, as well as investors, which could in turn adversely impact our **business, results of operations and financial condition**. We could be adversely affected by violations of the U. S. Foreign Corrupt Practices Act ("FCPA") and similar worldwide anti-corruption laws and data privacy and security laws. The FCPA and similar anti-corruption laws generally prohibit companies and their intermediaries from making improper payments to government officials for the purpose of obtaining or retaining business or obtaining an unfair advantage. Recent years have seen a substantial increase in the global enforcement of anti-corruption laws. Our operations outside the United States, including in developing countries, expose us to the risk of such violations. Our policies mandate compliance with these anti-corruption laws. Despite our training and compliance program, we cannot provide assurance that our internal control policies and procedures will always protect us from reckless or criminal acts committed by our employees or agents. Violations, or allegations, could damage our reputation, as well as result in substantial fines, sanctions, civil and / or criminal penalties, termination of relationships with business partners and curtailment of operations in certain jurisdictions, and as a result might materially and adversely affect our business, results of operations or financial condition. Additionally, to conduct our operations, we regularly move data across borders, and consequently we are subject to a variety of increasingly complex and changing laws and regulations regarding privacy, data protection and data security, including those related to the collection, storage, use, transmission and protection of personal information and other customer, vendor or employee data. The interpretation and enforcement of such laws and regulations, such as the European Union's General Data Protection Regulation, continue to develop and there is significant uncertainty with respect to how compliance with these laws and regulations may evolve and the costs and complexity of future compliance. Violations could result in substantial fines, sanctions or civil penalties, and damage to our reputation and might materially and adversely affect our business, results of operations or financial condition. International trade policies may impact demand for our products and our competitive position. Our results could be impacted by changes in tariffs, trade agreements, sanctions or other trade restrictions imposed or agreed to by the U. S. or foreign governments. For example, a government's adoption of "buy national" policies or imposition of trade regulations in response to war or other global crises could have a negative impact on our results of operations due to their impact on commodity pricing and supply chains. Trade restrictions, including withdrawal from or modification of existing trade agreements, negotiation of new trade agreements, and imposition of new (and retaliatory) tariffs against certain countries or covering certain products has the potential to adversely impact demand for our products, our costs, customers, suppliers and / or the U. S. or foreign economies or certain sectors thereof in which we compete, and impair our ability to expand our business by offering new technologies, products and services. It remains unclear what the U. S. federal government or foreign governments will or will not do in the future with respect to tariffs or other international trade agreements and policies. Trade restrictions, and changes in or uncertainty surrounding global trade policies, may adversely impact our competitive position, businesses, financial condition, results of operations and cash flows. The global nature of our business exposes us to foreign currency fluctuations that **have affected and** may **continue to** affect our future revenues, debt levels and profitability. As noted above, we have manufacturing facilities and technical service centers, and sales and distribution centers around the world, and the majority of our foreign operations use the local currency as their functional currency. These include, among others, the Brazilian real, British pound sterling, Canadian dollar, Chinese renminbi, Czech koruna, Euro, ~~Japanese yen, Korean won,~~ Malaysian ringgit, Mexican peso, **New Taiwan dollar, Polish zloty**, Singaporean dollar, Swedish krona, and the Swiss franc. Since our financial statements are denominated in U. S. dollars, changes in currency exchange rates between the U. S. dollar and other currencies expose us to translation risk when the local currency financial statements are translated to U. S. dollars. Changes in currency exchange rates may also expose us to transaction risk. We may buy hedges in certain currencies to reduce or offset our exposure to currency exchange rate fluctuations; however, these transactions may not be adequate or effective to protect us against unfavorable exchange rate fluctuations. We have not engaged in any speculative hedging activities. Currency fluctuations **have adversely impacted and** may **continue to** adversely impact our revenues and profitability in the future.

RISKS RELATED TO SUPPLY AND MANUFACTURING The ability of suppliers to deliver raw materials, parts and components and energy resources, and our ability to manufacture without disruption, could affect our results of operations. We use a wide range of materials (including steel, stainless steel, titanium, aluminum, Inconel, Hastelloys and other specialty materials) and components (including semiconductors and other electronic components) in the global production of our products, which come from numerous suppliers around the world. Our operations and those of our suppliers are subject to disruption for a variety of reasons, including ~~COVID-19 related supplier plant shutdowns or slowdowns,~~ transportation delays, work stoppages, labor shortages, price inflation, financial issues such as supplier bankruptcy, information technology failures, and hazards such as fire, earthquakes, flooding, droughts or other natural disasters, new laws or regulations, global economic or political events including terrorist attacks and war, and suppliers' allocations to other purchasers. Because not all of our business arrangements provide for guaranteed supply, and some key raw materials, parts and components and energy resources may be available only from a single supplier or a limited group of suppliers, we are subject to supply and pricing risk. For example, we expect to continue to be impacted by supply chain issues due to economic, political, **geopolitical** and other factors largely beyond our control, increased material costs and component shortages, supply chain disruptions and delays, and cost inflation, all of which could continue or escalate in the future. The effects of climate change, including extreme weather events, long-term changes in temperature levels, water availability, supply

costs impacted by increasing energy costs, or energy costs impacted by carbon prices or offsets may exacerbate these risks. Such disruptions could interrupt our ability to manufacture certain products and result in increased pricing, and could materially and adversely affect our business, financial condition, results of operations and cash flows. Any product liability, warranty, contractual or other claims may harm our business or otherwise adversely affect our financial condition. We are exposed to potential product liability risks that are inherent in the design, manufacture and sale of our products and the products we buy from third parties and sell to our customers, and to potential warranty, contractual or other claims. Our products are complex and may contain defects, errors, or experience failures or unsatisfactory performance, due to any number of issues, including issues in materials, design, fabrication, packaging and / or use within a system or item of equipment. Further, because of the complexity of our products, defects or errors might only be detected when the products are in use. Development of new products increases complexity and adds risk to manufacturing reliability, and increases the likelihood of product defects or errors. Risks associated with product defects are exacerbated by the fact that our customers typically integrate our products into other equipment and systems. Our products may be responsible for critical functions in our customers' products. Failure of our products to perform to specifications, or other product defects, could lead to substantial damage to the products we sell to our customers, the equipment and / or systems into which our products are integrated and to the end users of such equipment / and or systems. Such defects could give rise to warranty claims or claims under indemnification clauses in our agreements, which may range from individual customer claims to full recalls of all products in the field, and result in significant costs, including costs related to developing solutions, recalling products, inspecting, repairing or replacing defective products, ~~or~~ writing down defective inventory, **or attorney' s fees** and could result in the loss of sales and divert the attention of our engineering personnel from our product development efforts. In addition, defects in our products could result in failure to achieve market acceptance, a loss of participation in customer programs, a shifting of business to our competitors, and litigation or regulatory action against us, and could harm our reputation, our relationships with customers and our ability to attract new customers, as well as the perceptions of our brands. Other potential adverse impacts of product defects include shipment delays, write- offs of property, plant and equipment and intangible assets, and losses on unfavorable purchase commitments. Moreover, the occurrence of defects may give rise to product liability claims, particularly if defects in our products or the products into which they are integrated result in personal injury or death, and could result in significant costs, expenses and losses. For example, we may be exposed to potential liability for personal injury, property damage or death as a result of the failure of an aircraft or automotive component designed, manufactured or sold by us, or the failure of an aircraft or automotive component that has been serviced by us or of the components themselves. If a product liability claim is brought against us, the cost of defending the claim could be significant, and could divert the efforts of our technical and management personnel and harm our business, even if we are successful. We may be named in product liability claims even if there is no evidence that our products caused the damage in question, and even though we may have indemnity from our customers, and such claims could result in significant costs and expenses. We vigorously defend ourselves in connection with these matters. We cannot, however, assure you that the costs, charges and liabilities associated with these matters will not be material, or that those costs, charges and liabilities will not exceed any amounts reserved for them in our Consolidated Financial Statements. Further, while we have liability insurance for certain risks, our insurance may not cover all liabilities, including potential reputational impacts. Additionally, insurance coverage may not be available in the future on acceptable terms or at a cost acceptable to us. The above is exacerbated by the fact that our products may be used, and perform critical functions, in various high- risk applications such as aerospace, automobiles, and robotics, among others. Accordingly, defects in our products could have an adverse impact on us, on our customers and the end users of our customers' products. If any of these risks materialize, there could be a material adverse effect on our business, results of operations and financial condition.

RISKS RELATED TO HUMAN CAPITAL Our future success depends, in part, on our ability to continue to attract, develop, engage and retain qualified employees. Our executive officers and key management personnel are critical to driving business performance and successfully executing the Company' s growth strategy. Because of the complex nature of many of our products and services, and our focus on technological and product innovations, we are generally dependent on an educated and highly skilled workforce, including our engineering talent and our sales professionals. We manage human capital through our Talent Management System, which is aimed at enhancing our ability to attract and hire talented employees, as well as supporting their growth, development and engagement; however, we cannot guarantee the system' s effectiveness. Failure to attract, develop, engage and retain qualified employees, whether as a result of an insufficient number of qualified applicants, difficulty in recruiting new employees, or inadequate resources to train, integrate and retain qualified employees, could impair our ability to execute our business strategy, and could adversely affect our business, financial condition, results of operations or cash flows. In addition, while we aim to reduce the impact of the departure of employees, our operations or ability to execute our business strategy **have been impacted and** may **continue to** be impacted by the loss of employees, particularly when departures involve groups of employees, such as restructuring and workforce reduction actions. Such losses may adversely affect the Company through decreased employee morale, the loss of knowledge of departing employees, and the devotion of resources to reorganizing and reassigning job roles and responsibilities, and could increase the risk of claims or litigation from former employees. Our business, financial condition, results of operations and cash flows could be adversely impacted by strikes or work stoppages. We employ approximately **5-6, 200-500** people worldwide. Approximately **35-20** % of these employees are covered by collective bargaining agreements, trade union agreements and / or national industry agreements. Although we believe that our relations with our employees and labor unions that represent our employees are good, and we have experienced no material strikes or work stoppages recently, we cannot assure you that we will not experience in the future these and other types of conflicts with labor unions, works councils, other groups representing employees or our employees generally, nor that any future negotiations with our labor unions will not result in significant increases in the cost of labor, including healthcare, pensions or other benefits. Any potential strikes or work stoppages, and the resulting adverse impact on our relationships with customers, could have a material adverse effect on our business, financial condition, results of

operations or cash flows. Similarly, a protracted strike or work stoppage at any of our major customers, suppliers or other vendors could materially adversely affect our business.

RISKS RELATED TO INFORMATION TECHNOLOGY, CYBERSECURITY AND DATA PRIVACY

Any disruption or failure in the operation of our information systems, including from conversions or integrations of information technology (“IT”) or reporting systems, could have a material adverse effect on our business, financial condition, results of operations and cash flows. Our IT systems are an integral part of our business. We depend on our IT systems to help communicate internally and externally, and to manage and support a variety of business processes and activities, such as processing orders, managing inventory, making payments, collecting accounts receivable, and storing information. In addition, our IT systems allow us to purchase, sell and ship products timely and efficiently, to maintain cost-effective operations, and to provide superior service to our customers. Moreover, we use IT systems to record, process and summarize financial information and results of operations for internal reporting purposes and to comply with regulatory financial reporting, legal and tax requirements. We periodically implement, upgrade and integrate IT systems, such as our enterprise resource planning (“ERP”) and customer relationship management (“CRM”) platforms across our businesses. If we experience a problem with the functioning of an important IT system as a result of the increased burden placed on our IT infrastructure or a security breach or a service issue experienced by an external third party vendor that stores or processes our data, including during system upgrades and / or new system implementations, the resulting disruptions could have an adverse effect on our business or operating results. Increased cybersecurity requirements, vulnerabilities, threats and more sophisticated and targeted IT-related crime could pose a risk to our systems, networks, products, data and services and have a material adverse effect on our business, financial condition, results of operations and cash flows. In the ordinary course of our business, we store sensitive data, including intellectual property, our proprietary business information and that of our customers, suppliers and business partners, and personally identifiable information in our data centers and on our networks. In addition to utilizing non-cloud environments, we also leverage cloud-based systems, where data is stored and exchanged with external third party vendors. The secure maintenance and transmission of this information is critical to our business operations. Despite our security measures, our IT systems and infrastructure, including vendor-hosted systems, may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. These cybersecurity threats and incidents can range from uncoordinated individual attempts to gain unauthorized access to IT systems to sophisticated and targeted measures known as advanced persistent threats, directed at the Company, its products, its customers and / or its third-party service providers, including cloud providers. These threats and incidents originate from many sources globally and include malwares that take the form of computer viruses, ransomware, worms, Trojan horses, spyware, adware, scareware, rogue software, and other programs that act against the computer user. Our customers are increasingly requiring cybersecurity protections, and we **have incurred and may continue to** incur additional costs to comply with such demands. While we deploy measures to deter, prevent, detect, respond to and mitigate these threats, including identity and access controls and vulnerability assessments, despite these efforts, cybersecurity incidents, depending on their nature and scope, could compromise our networks and the information stored there, including critical data and confidential or proprietary information (our own or that of third parties), could be accessed, altered, publicly disclosed, lost or stolen. Such incidents could remain undetected for an extended period of time, and the losses arising from such incidents could exceed our available insurance coverage for such matters. Such incidents could also disrupt our operations, impacting manufacturing production and transactional processing, and result in increased cybersecurity protection and remediation costs, legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, theft of intellectual property, and damage our reputation, which could adversely affect our business, revenues and competitive position. Further, cybersecurity and data protection laws and regulations continue to evolve in the U.S. and worldwide. This adds compliance complexity and may increase our costs of compliance and expose us to litigation, monetary damages, regulatory enforcement actions or fines in one or more jurisdictions. In addition, as security threats continue to evolve and increase in frequency and sophistication, ~~if we~~ will likely ~~be required to invest~~ **invest** in additional resources to protect the security of our IT systems.

RISKS RELATED TO INTELLECTUAL PROPERTY

We may be unable to adequately protect or enforce our intellectual property rights. Our intellectual property rights may not be sufficiently broad or otherwise may not provide us a significant competitive advantage, and patents may not be issued for pending or future patent applications owned by or licensed to us. As patents expire, we could face increased competition, which could negatively impact our ~~operating business,~~ results **of operations and financial condition**. Infringement of our intellectual property and other proprietary rights by a third party, or copying of our technology in countries where we do not hold patents, could result in uncompensated lost market and revenue opportunities. We cannot be certain that the measures we have implemented will prevent our intellectual property from being improperly disclosed, challenged, invalidated, or circumvented, particularly in countries where intellectual property rights are not highly developed or protected. For example, competitors may avoid infringement liability by developing non-infringing competing technologies or by effectively concealing infringement. We ~~may need~~ **have spent and expect to continue** to spend significant resources monitoring and enforcing our intellectual property rights and we may not be aware of or able to detect or prove infringement by third parties. Our ability to enforce our intellectual property rights is subject to litigation risks, as well as uncertainty as to the protection and enforceability of those rights in some countries. If we seek to enforce our intellectual property rights, we may be subject to claims that those rights are invalid or unenforceable, and others may seek counterclaims against us, which could have a negative impact on our business. In addition, changes in intellectual property laws or their interpretation may impact our ability to protect and assert our intellectual property rights, increase costs and uncertainties in the prosecution of patent applications and enforcement or defense of issued patents, and diminish the value of our intellectual property. If we do not protect and enforce our intellectual property rights successfully, or if they are circumvented, invalidated, or rendered obsolete by the rapid pace of technological change, it could have an adverse impact on our competitive position and our ~~operating business,~~ results **of operations and financial condition**. Our employees, consultants and other parties are subject to confidentiality obligations, but this protection may be inadequate to deter or prevent

misappropriation, theft, misuse, disclosure, loss or destruction of our proprietary information and / or infringement of our intellectual property. For example, employees and former employees, in particular former employees who become employees of our competitors, may misappropriate, use, publish or provide to our competitors, customers or other third parties our intellectual property, advantageous know-how or other proprietary information. Similarly, we provide access to certain of our intellectual property and other proprietary information to our direct and indirect customers and certain of our consultants who may wrongfully use or disclose such intellectual property or information. Any of these events could harm our competitive position, reduce the value of our investment in research and development and other strategic initiatives, cause us to lose business, damage our reputation, subject us to legal or regulatory proceedings, cause us to incur other loss or liability and otherwise adversely affect our business **, results of operations and financial condition**. Third parties may claim that one or more of our products or services infringe their intellectual property rights. Regardless of the merit of such claims, any dispute or litigation regarding patents or other intellectual property could be costly and time-consuming to defend and resolve due to the complexity of our technology and the uncertainty of intellectual property litigation, and could divert our management and key personnel from our business operations. A claim of intellectual property infringement could force us to enter into a costly or restrictive license agreement, which might not be available under acceptable terms or at all, require us to redesign our products, which would be costly and time-consuming, or subject us to significant damages or to an injunction against the development and sale of certain of our products or services. Our intellectual property portfolio may not be useful in asserting a counterclaim, or negotiating a license, in response to a claim of intellectual property infringement. In addition, we may face claims based on the theft or unauthorized use or disclosure of third-party trade secrets and other confidential business information. Any such incidents and claims could severely harm our business and reputation, result in significant expenses, harm our competitive position, and prevent us from selling certain products and services, all of which could have a significant adverse impact on our business **and**, results of operations **and financial condition**.

RISKS RELATED TO LIQUIDITY AND OTHER RISKS We have significant indebtedness that could affect our operations and financial condition, and our failure to meet certain financial covenants required by our debt agreements may materially and adversely affect our assets, financial position and cash flows. At December 31, **2022-2023**, we had consolidated debt obligations of \$ **571.1, 290.8** million, representing approximately **30-49** % of our total capital (indebtedness plus stockholders' equity) as of that date. Our level of indebtedness, proportion of variable rate debt obligations and the significant debt servicing costs associated with that indebtedness may adversely affect our operations and financial condition. For example, our indebtedness could require us to dedicate a substantial portion of our cash flows from operations to payments on our debt, thereby reducing the amount of our cash flows available for working capital, capital expenditures, investments in technology and research and development, acquisitions, dividends and other general corporate purposes; limit our flexibility in planning for, or reacting to, changes in the industries in which we compete; place us at a competitive disadvantage compared to our competitors, some of whom have lower debt service obligations and greater financial resources than we do; limit our ability to borrow additional funds; or increase our vulnerability to general adverse economic and industry conditions. In addition, a majority of our debt arrangements require us to maintain certain debt and interest coverage ratios and limit our ability to incur debt, make investments or undertake certain other business activities. These requirements could limit our ability to obtain future financing and may prevent us from taking advantage of attractive business opportunities. Our ability to meet the financial covenants or requirements in our debt arrangements may be affected by events beyond our control, and we cannot assure you that we will satisfy such covenants and requirements. A breach of these covenants or our inability to comply with the restrictions could result in an event of default under our debt arrangements which, in turn, could result in an event of default under the terms of our other indebtedness. Upon the occurrence of an event of default under our debt arrangements, after the expiration of any grace periods, our lenders could elect to declare all amounts outstanding under our debt arrangements, together with accrued interest, to be immediately due and payable. If this were to happen, we cannot assure you that our assets would be sufficient to repay in full the payments due under those arrangements or our other indebtedness or that we could find alternative financing to replace that indebtedness. Conditions in the worldwide credit markets may limit our ability to expand our credit lines beyond current bank commitments. In addition, our profitability **has been and** may **continue to** be adversely affected as a result of increases in interest rates. At December 31, **2022-2023**, we and our subsidiaries had \$ **571.1, 290.8** million aggregate principal amount of consolidated debt obligations outstanding, of which approximately **64-33** % had interest rates that float with the market (not hedged against interest rate fluctuations). A 100 basis point increase in the interest rate on the floating rate debt in effect at December 31, **2022-2023** would result in an approximate \$ **4.3 -7**-million annualized increase in interest expense **. A downgrade in our credit ratings could increase our cost of funding and / or adversely affect our access to funding. Our credit ratings are important to our cost and availability of capital. The major rating agencies evaluate our credit profile and assign credit ratings to us. This evaluation is based on a number of factors, which include financial strength, business and financial risk, transparency with rating agencies, and timeliness of financial reporting. Further leveraging our capital structure could result in a downgrade to our credit ratings. A downgrade to our credit rating could expose us to less favorable interest rates, harm our reputation, and make our debt less attractive to lenders. As such, failure to maintain our credit ratings could adversely affect our cost of funding and our liquidity by limiting the access to capital markets or the availability of funding from a variety of lenders**. We have significant goodwill and an impairment of our goodwill could cause a decline in our net worth. Our total assets include substantial goodwill. At December 31, **2022-2023**, our goodwill totaled \$ **835-1, 183.5-6** million. The goodwill results from our prior acquisitions, representing the excess of the purchase price we paid over the net assets of the companies acquired. We assess whether there has been an impairment in the value of our goodwill during each calendar year or more frequently if an event or change in circumstances indicates that the fair value of a reporting unit has been reduced below its carrying value. If future operating performance at one or more of our reporting units does not meet expectations or fair values fall due to significant stock market declines, we may be required to reflect an incremental non-cash charge to operating results for goodwill impairment. During the **year** **three-month period** ended

~~June 30~~ **December 31**, 2022, management recorded a non- cash goodwill impairment charge of \$ 68. 2 million related to the Automation reporting unit as the estimated fair value of the reporting unit declined below its carrying value. See Note 6 of the Consolidated Financial Statements. The Company **performed its annual assessment during the second quarter of 2023 and** has continued to evaluate macro- economic conditions through December 31, ~~2022~~ **2023**. Based on our subsequent assessments, there was no additional impairment of goodwill **during** ~~as of December 31, 2022~~ **2023**. In the event there are future adverse changes in our estimated future cash flows and / or changes in key assumptions, including but not limited to discount rates, revenue growth or margins, and / or terminal growth rates, we may be required to record additional non- cash impairment charges to Automation goodwill. The recognition of an additional impairment of a significant portion of goodwill would negatively affect our results of operations and total capitalization, the effect of which could be material. See “ Part II- Item 7- Management' s Discussion and Analysis of Financial Condition and Results of Operations- Critical Accounting **Policies Estimates** . ” We may not realize all of the intangible assets related to the Aerospace Aftermarket businesses. We participate in aftermarket RSPs under which we receive an exclusive right to supply designated aftermarket parts over the life of the related aircraft engine program to our customer, GE. As consideration, we pay participation fees, which are recorded as intangible assets and are recognized as a reduction of sales over the estimated life of the related engine programs. Our total investments in participation fees under our RSPs as of December 31, ~~2022~~ **2023** equaled \$ 299. 5 million, all of which have been paid. At December 31, ~~2022~~ **2023**, the remaining unamortized balance of these participation fees was \$ ~~135-123~~ **3-4** million. We entered into CRPs, also with GE, which provide for, among other items, the right to sell certain aftermarket component repair services for CFM56, CF6, CF34 and LM engines directly to other customers over the life of the engine program as one of a few GE licensed suppliers. In addition, the CRPs extended certain contracts under which the Company currently provides these services directly to GE. Our total investments in CRPs as of December 31, ~~2022~~ **2023** equaled \$ 111. 8 million, all of which have been paid. At December 31, ~~2022~~ **2023**, the remaining unamortized balance of the CRPs was \$ ~~70-62~~ **0-3** million. We recorded the CRP payments as intangible assets which are recognized as a reduction of sales over the remaining useful life of these engine programs. The realizability of each asset is dependent upon future revenues related to the programs' aftermarket parts and services and is subject to impairment testing if circumstances indicate that its carrying amount may not be recoverable. The potential exists that actual revenues will not meet expectations due to a change in market conditions, including, for example, the replacement of older engines with new, more fuel- efficient engines or our ability to maintain market share within the aftermarket business. A shortfall in future revenues may result in the failure to realize the net amount of the investments, which could adversely affect our financial condition and results of operations. In addition, profitability could be impacted by the amortization of the participation fees and licenses, and the expiration of the international tax incentives on these programs. See “ Part II- Item 7- Management' s Discussion and Analysis of Financial Condition and Results of Operations- Critical Accounting **Policies Estimates** . ” We carry significant inventories and a loss in net realizable value could cause a decline in our net worth. At December 31, ~~2022~~ **2023**, our inventories totaled \$ ~~283-365~~ **4-2** million. Inventories are valued at the lower of cost or net realizable value based on management' s judgments and estimates concerning future sales levels, quantities and prices at which such inventories will be sold in the normal course of business. Accelerating the disposal process or changes in estimates of future sales potential may necessitate future reduction to inventory values. See “ Part II- Item 7- Management' s Discussion and Analysis of Financial Condition and Results of Operations- Critical Accounting **Policies Estimates** . ” We maintain pension and other postretirement benefit plans in the U. S. and certain international locations. Our costs of providing defined benefit plans are dependent upon a number of factors, such as the rates of return on the plans' assets, interest rates, exchange rate fluctuations, future governmental regulation, global fixed income and equity prices, and our required and / or voluntary contributions to the plans. Declines in the stock market, prevailing interest rates, declines in discount rates, improvements in mortality rates and rising medical costs may cause an increase in our pension and other postretirement benefit expenses in the future and result in reductions in our pension fund asset values and increases in our pension and other postretirement benefit obligations. These changes have caused and may continue to cause a significant reduction in our net worth and without sustained growth in the pension investments over time to increase the value of the plans' assets, and depending upon the other factors listed above, we could be required to increase funding for some or all of these pension and postretirement plans. Changes in taxation requirements could affect our financial results. Our products are subject to import and excise duties and / or sales or value- added taxes in many jurisdictions in which we operate. Increases in indirect taxes could affect our products' affordability and therefore reduce our sales. We are also subject to income tax in numerous jurisdictions in which we generate revenues. Changes in tax laws, tax rates or tax rulings may have a significant adverse impact on our effective tax rate. Among other things, our tax liabilities are affected by the mix of pretax income or loss among the tax jurisdictions in which we operate and the potential repatriation of foreign earnings to the U. S. Further, during the ordinary course of business, we are subject to examination by the various tax authorities of the jurisdictions in which we operate which could result in an unanticipated increase in taxes. Any potential changes or interpretive guidance may impact current and deferred income tax expense and deferred tax balances for U. S. operations as well as the potential future repatriation of foreign income. The impact of any proposed changes in tax regulations may adversely affect our financial condition, results of operations and cash flow. Changes in accounting guidance could affect our financial results. New accounting guidance that may become applicable to us from time to time, or changes in the interpretations of existing guidance, could have a significant effect on our reported results for the affected periods. Adoption of new accounting guidance could have a material impact on our financial statements and may retroactively affect the accounting treatment of transactions completed before adoption. See Note 1 of the Consolidated Financial Statements. Actions of activist stockholders could cause us to incur substantial costs, divert management' s attention and resources, and have an adverse effect on our business. From time to time, we may be subject to proposals by stockholders urging us to take certain corporate actions. Activist stockholder activity could have an adverse effect on our business as responding to proxy contests and reacting to other actions by activist stockholders can be costly and time- consuming, disrupt our operations and divert the

attention of management and our employees. For example, we may be required to retain the services of various professionals to advise us on activist stockholder matters, including legal, financial, and communications advisers, the costs of which may negatively impact our future financial results. In addition, perceived uncertainties as to our future direction, strategy or leadership created as a consequence of activist stockholder initiatives may result in the loss of potential business opportunities, harm our ability to attract new investors, customers, and employees, and cause our stock price to experience periods of volatility or stagnation. **RISKS RELATED TO PORTFOLIO OPTIMIZATION AND STRATEGIC TRANSACTIONS**

INITIATIVES Risks associated with our portfolio optimization efforts, including as a result of restructuring, acquisitions and divestitures, may adversely affect us. As described elsewhere in this Annual Report on Form 10-K, we have been executing a comprehensive business transformation strategy to rationalize our portfolio and generate improved growth, profitability, and cash flow. These portfolio optimization efforts may expose us to unknown risks, liabilities and fluctuations in quarterly results. In addition, implementation of our portfolio optimization efforts may divert management's attention from day-to-day business operations and other business concerns or otherwise disrupt our business. Any of these risks may adversely affect our financial condition, results of operations and cash flows. We are subject to risks relating to the acquisition of MB Aerospace. We expect to incur significant costs in connection with the integration, which may exceed those currently anticipated; and we have incurred significant additional indebtedness in connection with the acquisition, which has increased our interest expense and financial leverage. Any of the foregoing risks and uncertainties could have a material adverse effect on our business, financial condition, results of operations or cash flows and negatively impact the value of our securities. Challenges arising from our expanded operations as a result of the acquisition of MB Aerospace may affect our future results. The acquisition of MB Aerospace greatly expanded the size and complexity of our aerospace business. Our future success depends, in part, on the ability to integrate MB Aerospace with our existing aerospace business, and to anticipate and overcome challenges arising from the expansion and integration of our operations, including challenges related to expanded global operations and new manufacturing processes and products or services, and the associated costs and complexity. There can be no assurance that we will be able to anticipate or overcome all of the challenges resulting from our expanding operations or that we will be able to successfully integrate the MB Aerospace business or realize the expected benefits of the acquisitions within the intended timeframe or at all, which may cause our future results to be adversely affected.

Our restructuring and integration actions could have long-term adverse effects on our business. As we implement restructuring activities across our businesses to adjust our cost structure, we may not achieve expected cost savings from workforce reductions or restructuring activities and actual charges, costs and adjustments due to these actions may vary materially from our estimates. In addition, our consolidation and integration activities may not provide the expected benefits. Our ability to realize anticipated cost savings, synergies and revenue enhancements may be affected by a number of factors, including the following: our ability to effectively eliminate duplicative back office overhead and overlapping personnel, rationalize manufacturing capacity, synchronize IT systems, consolidate warehousing and other facilities and shift production to more economical facilities; significant cash and non-cash integration and implementation costs or charges in order to achieve those cost savings, which could offset any such savings; and our ability to avoid labor disruption in connection with these activities. In addition, delays in implementing planned restructuring, consolidation or integration activities or other productivity improvements may diminish the expected operational or financial benefits. Our acquisition and other strategic initiatives, some of which may be outside the industries in which we currently operate, may not be successful. We have made a number of acquisitions in the past, and we anticipate that we may, from time to time, acquire additional businesses, assets or securities of companies, and enter into joint ventures and other strategic relationships that we believe would provide a strategic fit with our businesses. These activities expose the Company to a number of risks and uncertainties, the occurrence of any of which could materially adversely affect our business, cash flows, financial condition and results of operations. A portion of the industries that we serve are mature industries. As a result, our future growth may depend in part on the successful acquisition and integration of acquired businesses into our existing operations. On the other hand, if we acquire a company that operates in an industry that is different from the ones in which we currently operate, our lack of experience with that company's industry could have a material adverse impact on our ability to manage that business and realize the benefits of that acquisition. We may not be able to identify and successfully negotiate suitable acquisitions, obtain financing on satisfactory terms, negotiate reasonable terms, properly perform due diligence and determine all the significant risks associated with a particular acquisition, avoid diversion of our management's attention from other important business activities, or obtain regulatory approvals or otherwise complete acquisitions in the future. We could have difficulties integrating acquired businesses with our existing operations, including coordinating and consolidating separate systems, retaining market acceptance of acquired products and services, maintaining employee morale and retaining key employees, and implementing our enterprise resource planning systems and operational procedures and disciplines. Any such difficulties may make it more difficult to maintain relationships with employees, customers, business partners and suppliers. In addition, even if integration is successful, the financial performance of acquired businesses may not be as expected and there can be no assurance that we will realize anticipated benefits from our acquisitions. We cannot assure you that we will effectively assimilate the business or product offerings of acquired companies into our business or product offerings or realize anticipated operational synergies. These activities may result in difficulties, significant expense and accounting charges, disrupt our business or divert management's time and attention. Acquisitions involve numerous other risks, including potential exposure to unknown liabilities of acquired companies and the possible loss of key employees and customers of the acquired business. Certain of the acquisition agreements by which we have acquired businesses require the former owners to indemnify us against certain liabilities related to the business operations before we acquired it. 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 condition. In connection with acquisitions or joint venture investments outside the U. S., we may enter into derivative contracts to purchase foreign currency in order to hedge against the risk of foreign currency fluctuations in connection with such acquisitions or joint venture investments, which subjects us to the risk of foreign currency fluctuations associated with such derivative contracts. Additionally, our final determinations and appraisals of the fair value of assets acquired and liabilities assumed in our acquisitions may vary materially from earlier estimates. We continually assess the strategic fit of our existing businesses and may divest or otherwise dispose of businesses that are deemed not to fit with our strategic plan or are not achieving the desired return on investment, and we cannot be certain that our business, operating results and financial condition will not be materially and adversely affected. A successful divestiture depends on various factors, including our ability to effectively transfer liabilities, contracts, facilities and employees to any purchaser, identify and separate the intellectual property to be divested from the intellectual property that we wish to retain, reduce fixed costs previously associated with the divested assets or business, and collect the proceeds from any divestitures. In addition, if customers of the divested business do not receive the same level of service from the new owners, this may adversely affect our other businesses to the extent that these customers also purchase other products offered by us. All of these efforts require varying levels of management resources, which may divert our attention from other business operations. If we do not realize the expected benefits, our consolidated financial position, results of operations and cash flows could be negatively impacted. In addition, divestitures of businesses involve a number of risks, including significant costs and expenses, the loss of customer relationships, and a decrease in revenues and earnings associated with the divested business. Furthermore, divestitures potentially involve significant post-closing separation activities, which could involve the expenditure of material financial resources and significant employee resources. Any divestiture may result in a dilutive impact to our future earnings if we are unable to offset the dilutive impact from the loss of revenue associated with the divestiture, as well as significant write-offs, including those related to goodwill and other intangible assets, which could have a material adverse effect on our results of operations and financial condition. **In January 2024, the Company announced that it entered into a definitive agreement to sell its Associated Spring and Hänggi businesses, currently included within the MCS business unit. See Item 7 and Note 23 of the Consolidated Financial Statements for additional disclosure related to this planned divestiture.**