Risk Factors Comparison 2024-02-16 to 2023-02-16 Form: 10-K

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

Our operations and financial results are subject to certain risks and uncertainties, including those described below, which could adversely affect our business, financial condition, results of operations, cash flows, and the trading price of our common stock. RISKS RELATED TO ECONOMIC AND MARKET CONDITIONS Worldwide economic conditions significantly affect our industries and businesses, and economic decline can materially impact our financial results. In times of economic uncertainty or recession, consumers tend to have less discretionary income and ~~to~~ defer significant spending on non- essential items, which may adversely affect our financial performance. ~~Although portions of the marine industry experienced positive trends as a result of the unique consumer environment resulting from the coronavirus (COVID- 19) pandemic, economic~~ **Economic** uncertainty caused by rising interest rates, inflation, **international** ~~the Russia- Ukraine conflict~~ **conflicts** , and the ~~macro- economic~~ **macroeconomic** environment may lead to unfavorable business outcomes. We continue to enhance our portfolio with new and / or expanded technologies, business models, services, and solutions that are less susceptible to economic cycles, but a portion of our business remains cyclical and sensitive to consumer spending on new engines, boats, and associated parts and accessories. Deterioration in general economic conditions that in turn diminishes consumer confidence or discretionary income may reduce our sales, or we may decide to lower pricing for our products, thus adversely affecting our financial results, including increasing the potential for future impairment charges. Further, most of our products are recreational, and consumers' limited discretionary income may be diverted to other activities that occupy their time, such as other forms of recreational, religious, cultural, or community activities. We cannot predict the strength of global economies or the timing of economic recoveries, either worldwide or in the specific markets in which we compete. Changes in currency exchange rates can adversely affect our results. Some of our sales are denominated in a currency other than the U. S. dollar. Consequently, a strong U. S. dollar may adversely affect reported revenues and our profitability. We have hedging programs in place to reduce our risk to currency fluctuations; however, we cannot hedge against all currency risks, especially over the long term. We maintain a portion of our cost structure in currencies other than the U. S. dollar, which partially mitigates the impact of a strengthening U. S. dollar. This includes boats manufactured in Europe and Canada, and smaller outboard engines either manufactured in China or purchased from our joint venture in Japan. We also continue to evaluate the supply chain and cost structure for opportunities to further mitigate foreign currency risks. We sell products manufactured in the U. S. into certain international markets, including **Europe,** Canada, ~~Europe, and~~ Latin America ~~,~~ **and Asia- Pacific** in U. S. dollars. Demand for our products in these markets may be diminished by a strengthening U. S. dollar, or we may need to lower prices to remain competitive. Some of our competitors with cost positions based outside the U. S., including Asian- based outboard engine manufacturers and European- based large fiberglass boat manufacturers, may have an improved cost position due to a strengthening U. S. dollar, which could result in pricing pressures on our products. Although these factors have existed for several years, we do not believe they have had a material adverse effect on our competitive position. Fiscal and monetary policy changes may negatively impact worldwide economic and credit conditions and adversely affect our industries, businesses, and financial condition. Fiscal and monetary policy could have a material adverse impact on worldwide economic conditions, the financial markets, and availability of credit and, consequently, may negatively affect our industries, businesses, and overall financial condition. Customers often finance purchases of our products, particularly boats, and as interest rates rise, the cost of financing the purchase also increases. If credit conditions worsen and adversely affect the ability of customers to finance potential purchases at acceptable terms and interest rates, it could result in a decrease in sales or delay improvement in sales. **Adverse capital market conditions could have a negative impact on our financial results.We may rely on short- term capital markets to meet our working capital requirements,fund capital expenditures or pay dividends,and we maintain short- term borrowing facilities that can be used to meet these capital requirements.In addition,over the long term,we may determine that it is necessary to access the capital markets to refinance existing long- term indebtedness or to raise capital for other initiatives.Adverse economic and capital market conditions,market volatility,and regulatory uncertainty could negatively affect our ability to access capital markets or increase the cost to do so,which could adversely impact our business,financial results,and competitive position.** Our profitability may suffer as a result of competitive pricing and other pressures.The introduction of lower- priced alternative products or services by other companies can hurt our competitive position in all of our businesses.We are constantly subject to competitive pressures in which predominantly international manufacturers may pursue a strategy of aggressive pricing,particularly during periods when their local currency weakens versus the U.S.dollar.Such pricing pressure may limit our ability to increase prices for our products in response to raw material and other cost increases and negatively affect our profit margins.In addition,our independent boat builder customers may react negatively to potential competition for their products from Brunswick' s own boat brands,which can lead them to purchase marine engines,boat systems,parts and accessories,and marine engine supplies from competing manufacturers and may negatively affect demand for our products. ~~Adverse capital market conditions could have a negative impact on our financial results.Adverse global economic conditions,market volatility,and regulatory uncertainty could lead to volatility and disruptions.We may rely on short- term capital markets to meet our working capital requirements,fund capital expenditures or pay dividends,and we maintain short- term borrowing facilities that can be used to meet these capital requirements.In addition,over the long term,we may determine that it is necessary to access the capital markets to refinance existing long- term indebtedness or to raise capital for other initiatives.Adverse economic and capital market conditions could negatively affect our ability to access capital markets or increase the cost to do so,which could adversely~~ Higher energy and fuel costs can affect our results. Higher energy and fuel costs increase operating expenses at our manufacturing facilities and the cost of shipping products to customers. In addition, increases in energy costs can adversely affect the pricing and availability of petroleum- based raw materials such as resins and foam that are used in many of our marine products. Higher fuel prices may also have an adverse effect on demand for our parts and accessories businesses, as they increase the cost of boat ownership and possibly affect product use. Our profitability may suffer as a result...... financial results, and competitive position. RISKS RELATED TO OUR BUSINESS AND OPERATIONS **.Loss of** key customers could harm our business.In each segment,we have important relationships with key customers,including White River Marine Group,LLC ~~for the Propulsion and Navico Group segments~~ and MarineMax,Inc ~~.for the Boat segment~~ .From time to time,contracts with these customers come up for renewal.We cannot be certain we will renew such contracts,or renew them on favorable terms.If we lose a key customer,or a significant portion of its business,we could be adversely affected.In addition,certain customers could try to negotiate more favorable pricing of our products,which could depress earnings.In an effort to mitigate the risk associated with reliance on key customer accounts,we continually monitor these **relationships and maintain a complete and competitive product lineup** Our financial results may be adversely affected by our third party suppliers' increased costs or inability to meet required production levels due to increased demand or disruption of supply of raw materials, parts, and product components. We rely on third parties to supply raw materials used in the manufacturing process, including oil, aluminum, copper, steel, and resins, as well as product parts and components. The prices for these raw materials, parts, and components fluctuate depending on market conditions and, in some instances, commodity prices or trade policies, including tariffs. Substantial increases in the prices of raw materials, parts, and components would increase our operating costs, and could reduce our profitability if we are unable to recoup the increased costs through higher product prices or improved operating efficiencies. Similarly, if a critical supplier were to close its operations, cease manufacturing, or otherwise fail to deliver an essential component necessary to our manufacturing operations, that could detrimentally affect our ability to manufacture and sell our products, resulting in an interruption in business operations and / or a loss of sales. In addition, some components used in our manufacturing processes, including certain engine components, furniture, upholstery, and boat windshields, are available from a sole supplier or a limited number of suppliers. Operational and financial difficulties that these or other suppliers may face in the future could adversely affect their ability to supply us with the parts and components we need, which could significantly disrupt our operations. It may be difficult to find a replacement supplier for a limited or sole source raw material, part, or component without significant delay or on commercially reasonable terms. In addition, an uncorrected defect or supplier' s variation in a raw material, part, or component, either unknown to us or incompatible with our manufacturing process, could jeopardize our ability to manufacture products. Some additional supply risks that could disrupt our operations, impair our ability to deliver products to customers, and negatively affect our financial results include: • financial pressures on our suppliers due to a weakening economy or unfavorable conditions in other end markets; • supplier manufacturing constraints and investment requirements; • deterioration of our relationships with suppliers; • events such as natural disasters, power outages, or labor strikes; • disruption at major global ports and shipping hubs; or • an outbreak of disease or facility closures due to COVID- 19 or a similar public health threat. These risks are exacerbated in the case of single- source suppliers, and the exclusive supplier of a key component could potentially exert significant bargaining power over price, quality, warranty claims, or other terms. ~~As we increase production, our need for raw materials and supplies continues to increase. Our suppliers must be prepared to ramp- up operations and, in many cases, hire additional workers and / or expand capacity in order to fulfill our orders and those of other customers. Cost increases, defects, or sustained interruptions in the supply of raw materials, parts, or components our suppliers experience as they increase production create risks to our operations and financial results.~~ We experienced supply shortages and increases in costs to certain materials in ~~2022~~ **2023** . We continue to address these issues by identifying alternative suppliers for key materials and components, working to secure adequate inventories of critical supplies, and continually monitoring the capabilities of our supplier base. In the future, however, we may experience shortages, delayed delivery, and / or increased prices for key materials, parts, and supplies that are essential to our manufacturing operations . Successfully managing our manufacturing activity is...... warranty service, and increased credit risk . Adverse weather conditions and climate change events can have a negative effect on revenues. Changes in seasonal weather conditions can have a significant effect on our operating and financial results. Sales of our marine products are typically stronger just before and during spring and summer, and favorable weather during these months generally has a positive effect on consumer demand. Conversely, unseasonably cool weather, excessive rainfall, or drought conditions during these periods can reduce or change the timing of demand. Climate change could have an impact on longer- term natural weather trends, resulting in environmental changes including, but not limited to, increases in severe weather; changing sea levels; changes in sea, land, and air temperatures; poor water conditions; and reduced access to water, which could disrupt or negatively affect our business. Catastrophic events, including natural and environmental disasters, acts of terrorism, or civil unrest, could have a negative effect on our operations and financial results. Hurricanes, floods, earthquakes, storms, and catastrophic natural or environmental disasters, as well as acts of terrorism or civil unrest, could disrupt our distribution channel, operations, or supply chain and decrease consumer demand. If a catastrophic event takes place in one of our major markets, our sales could be diminished or our assets could be damaged. Additionally, if such an event occurs near our business locations, manufacturing facilities, or key supplier facilities, business operations and / or operating systems could be interrupted. We could be uniquely affected by weather- related catastrophic events, the severity of which may increase as a result of climate change, due to the location of certain of our boat facilities in coastal Florida, the size of the manufacturing operation in Fond du Lac, Wisconsin, and Freedom Boat Club locations **on waterfronts** . Our ability to remain competitive depends on successfully introducing new products, experiences, and services that meet customer expectations. We believe that our customers look for and expect quality, innovation, and advanced features when evaluating and making purchasing decisions about products and services in the marketplace. Our ability to remain competitive and meet our growth objectives may be adversely affected by difficulties or delays in product development, such as an inability to develop viable new products or customer solutions, gain market acceptance of new products, generate sufficient capital to fund new product development, or obtain adequate intellectual property protection for new products. To meet ever- changing consumer demands, timing of market entry, pricing of new products, and satisfying customers are all critical. As a result, we may not be able to introduce new products that are necessary to remain competitive in all markets that we serve. Furthermore, we must continue to meet or exceed customers' expectations regarding product quality, experiences, and after- sales service or our operating results could suffer . Loss of key customers could harm...... maintain a complete and competitive product lineup . Our ability to meet demand in a rapidly changing environment may adversely affect our results of operations. Although we have remained focused on our strategic priorities, our businesses may experience difficulty in meeting demand, particularly in rapidly changing economic conditions. We may not be able to recruit or retain sufficient skilled labor or our suppliers may not be able to deliver sufficient quantities of parts and components for us to match production with forecasted demand. Consumers may pursue other recreational activities if our products are not readily available, consumers may purchase from competitors, or our fixed costs may grow, all of which could adversely impact our results of operations. We have a fixed cost base that can affect our profitability if demand decreases. The fixed cost levels of operating production facilities can put pressure on profit margins when sales and production decline. We have maintained discipline over our fixed cost base, and improvements in gross margin can help mitigate the risks related to a fixed cost base. However, our profitability is dependent, in part, on our ability to absorb fixed costs over an increasing number of products sold and shipped. Decreased demand or the need to reduce inventories can lower our production levels and impact our ability to absorb fixed costs, consequently materially affecting our results ~~the business as a whole~~ .Actual or potential public health emergencies,epidemics,or pandemics,such as COVID- 19,could have a material adverse effect on our business,results of operations,or financial condition.The impact of actual or potential public health emergencies,epidemics,or pandemics on the Company,our suppliers,dealers,and customers,and the general economy could be wide- ranging and significant,depending on the nature of the issue,governmental actions taken in response,and the public reaction.The impact of such events could include employee illness,quarantines,cancellation of events and travel,business and school shutdowns,reduction in economic activity,and supply chain interruptions,which could cause significant disruptions to global economies and financial markets.In addition,these events could result in future significant volatility in demand,positively or negatively,for one or more of our products. ~~Demand~~ **The COVID- 19 pandemic resulted in disruption,uncertainty,and** volatility ~~may~~ **in the global financial and credit markets,and similar future events could do the same.Such volatility could impact our access to capital resources and liquidity in the future,including making credit difficult to obtain or only available on less favorable terms.Impact on our operations could also** be **material** ~~caused by~~ , **affecting employee absenteeism rates** ~~among other things:the temporary inability of consumers to purchase our products due to illness~~ , **facility** ~~quarantine,or other travel restrictions;dealership~~ closures **,** ~~due to illness~~ or ~~government restrictions;~~ **adverse effects on customers or suppliers.These impacts could have** a **negative effect on** ~~reduction in boating activity as a result of governmental actions or self- quarantine measures;shifts in demand away from discretionary products;and reduced options for marketing and promotion of products.If such events occur over a prolonged period,they could increase our costs and difficulty of operating~~ our business, ~~including~~ **financial condition,and results of operations** . Some of our operations are conducted by joint ventures that are not operated solely for our benefit. We share ownership and management responsibilities with jointly owned companies such as BAC and Tohatsu Marine Corporation. These joint ventures may not have the same goals, strategies, priorities, or resources as we do because they are intended to be operated for the benefit of all co- owners, rather than for our exclusive benefit. If our interests are not aligned, it could negatively impact our sales or financial results. RISKS RELATED TO OUR STRATEGIC PLANS The inability to successfully integrate acquisitions,...... otherwise diminished earnings and financial results. Failure to execute our strategic plan and growth initiatives could have a material adverse effect on our business and financial condition. Our ability to continue generating strong cash flow and profits depends partly on the sustained successful execution of our strategic plan and growth initiatives, including optimizing our business and product portfolio, continuing to ~~make and~~ successfully integrate acquisitions, improving operating efficiency, and expanding into new adjacent markets. To address risks associated with our plan and growth initiatives, we have established processes to regularly review, manage, and modify our plans, and we believe we have appropriate oversight to monitor initiatives and their impact. However, our strategic plan and growth initiatives may require significant investment and management attention, which could result in the diversion of these resources from the core business and other business issues and opportunities. Additionally, any ~~new initiative~~ **strategic plan** is subject to certain risks, including **market conditions,** customer acceptance, competition, the ability to manufacture products on schedule and to specification, the ~~ability to create the necessary~~ supply chain, and / or the ability to attract and retain qualified management and other personnel. There is no assurance that we will be able to develop and successfully implement our strategic plan and growth initiatives in a manner that fully achieves our strategic objectives. Our business and operations are dependent on the expertise of our key contributors, our successful implementation of succession plans, and our ability to attract and retain management employees and skilled labor. The talents and efforts of our employees, particularly key managers, are vital to our success. Our management team has significant industry experience and would be difficult to replace. We may be unable to retain them or to attract other highly qualified employees. Failure to hire, develop, and retain highly qualified and diverse employee talent and to develop and implement an adequate succession plan for the management team could disrupt our operations and adversely affect our business and our future success. We perform an annual review of management succession plans with the Board of Directors, including reviewing executive officer and other important positions to substantially mitigate the risk associated with key contributor transitions, but we cannot ensure that all transitions will be implemented successfully. Our ability to continue to execute our growth strategy could potentially be adversely affected by the effectiveness of organizational changes. Any disruption or uncertainty resulting from such changes could have a material adverse impact on our business, results of operations, and financial condition. Much of our future success depends on, among other factors, our ability to attract and retain skilled labor. **If** ~~In 2022, nearly all facilities sought to increase production and to hire and retain sufficient skilled hourly labor to meet increased demand for our products. In the future, if~~ we are not successful in these efforts, we may be unable to meet our operating goals and plans, which may impact our financial results. We continually invest in automation and improve our efficiency, but availability and retention of skilled hourly workers remains critical to our operations. In order to manage this risk, we regularly monitor and make improvements to wages and benefit programs, as well as develop and improve recruiting, training, and safety programs to attract and retain an experienced and skilled workforce .There can be no assurance that strategic divestitures or restructurings will provide business benefits.As part of our strategy,we continuously evaluate our portfolio of businesses to further maximize shareholder value.We have previously,and may in the future,make changes to our portfolio which may be material.Divestitures involve risks,including difficulties in the separation of operations,services,products,and personnel,disruption in our operations or businesses,finding a suitable purchaser,the diversion of management' s attention from our other businesses,the potential loss of key employees,adverse effects on relationships with our dealer or supplier partners or their businesses,the erosion of employee morale or customer confidence,and the retention of contingent liabilities related to the divested business.If we do not successfully manage the risks associated with divestitures,our business,financial condition,and results of operations could be adversely affected as the potential strategic benefits may not be realized or may take longer to realize than expected . An inability to identify and complete targeted acquisitions could negatively impact financial results. Our growth initiatives include making strategic acquisitions **when appropriate** , which depend on the availability of suitable targets at acceptable terms and our ability to complete the transactions. In managing our acquisition strategy, we conduct rigorous due diligence, involve various functions, and continually review target acquisitions, all of which we believe mitigates some of our acquisition risks. However, we cannot assure that suitable acquisitions will be identified or consummated or that, if consummated, they will be successful. Acquisitions include a number of risks, including our ability to project and evaluate market demand, identify and realize potential synergies and cost savings, and make accurate financial forecasts, as well as diversion of management attention during the pursuit of acquisitions. Uncertainties exist in assessing the value, risks, profitability, and liabilities associated with certain businesses or assets, negotiating acceptable terms, obtaining financing on acceptable terms, and receiving any necessary regulatory approvals. As we continue to grow, in part, through acquisitions, our success depends on our ability to anticipate and effectively manage these risks. Our failure to successfully do so could have a material adverse effect on our financial condition and results of operations . There can be no assurance that...... may take longer to realize than expected . RISKS RELATED TO OUR DEALERS, DISTRIBUTORS, AND FRANCHISEES Our financial results could be adversely affected if we are unable to maintain effective distribution. We rely on third- party dealers and distributors to sell most of our products. Maintaining a reliable network of dealers is essential to our success. We face competition from other manufacturers in attracting and retaining distributors and independent boat dealers. A significant deterioration in the number or effectiveness of our dealers and distributors could have a material adverse effect on our financial results. Although at present we believe dealer health to be generally favorable, weakening demand for marine products could hurt our dealers' financial performance. In particular, reduced cash flow from decreases in sales and tightening credit markets could impair dealers' ability to fund operations. Inability to fund operations can force dealers to cease business, and we may be unable to obtain alternate distribution in the vacated market. An inability to obtain alternate distribution could unfavorably affect our net sales through reduced market presence. If economic conditions deteriorate, we anticipate that dealer failures or voluntary market exits would increase, especially if overall retail demand materially declines. Dealer or distributor inability to secure adequate access to capital could adversely affect our sales. Our dealers require adequate liquidity to finance their operations, including purchasing our products. Dealers are subject to numerous risks and uncertainties that could unfavorably affect their liquidity positions, including, among other things, continued access to adequate financing sources on a timely basis on reasonable terms. These financing sources are vital to our ability to sell products through our distribution network, particularly to boat and engine dealers. Entities affiliated with Wells Fargo & Company, including BAC, our 49 percent owned joint venture, finance a significant portion of our boat and engine sales to dealers through floor plan financing to marine dealers. Many factors continue to influence the availability and terms of financing that our dealer floor plan financing providers offer, including: • their ability to access certain capital markets, such as the securitization and the commercial paper markets, and to fund their operations in a cost effective manner; • the performance of their overall credit portfolios; • their willingness to accept the risks associated with lending to marine dealers; • the overall creditworthiness of those dealers; and • the overall aging and level of pipeline inventories. Our sales could be adversely affected if financing terms change unfavorably or if BAC were to be terminated. This could require dealers to find alternative sources of financing, including our direct financing to dealers, which could require additional capital to fund the associated receivables. Inventory reductions by major dealers,retailers,and independent boat builders could adversely affect our financial results.If demand ~~begins to~~ **for our products** ~~decline~~ **declines** or if new product introductions are expected to replace existing products, ~~the Company and~~ our dealers,retailers,and other distributors could decide to reduce the number of units they hold.These actions could result in wholesale sales reductions in excess of retail sales reductions and would likely result in lower production levels of certain products,potentially causing lower rates of absorption of fixed costs in our manufacturing facilities and lower margins.While we have processes in place to help manage dealer inventories at appropriate levels,potential inventory reductions remain a risk to our future sales and results of **operations.** We may be required to repurchase inventory or accounts of certain dealers. We have agreements with certain third-party finance companies to provide financing to our customers, enabling them to purchase our products. In connection with these agreements, we may either have obligations to repurchase our products from the finance company or have recourse obligations. These obligations may be triggered if our dealers default on their payment or other obligations to the finance companies. Our maximum contingent obligation to repurchase inventory and our maximum contingent recourse obligations on customer receivables are less than the total balances of dealer financings outstanding under these programs, because our obligations under certain of these arrangements are subject to caps or are limited based on the age of product. Our risk related to these arrangements is partially mitigated by the proceeds we receive on the resale of repurchased product to other dealers, or by recoveries on receivables purchased under the recourse obligations. Our inventory repurchase obligations relate mainly to the inventory floor plan credit facilities of our boat and engine dealers. Our actual historical repurchase experience related to these arrangements has been substantially less than our maximum contractual obligations. If dealers default on their obligations, file for bankruptcy, or cease operations, we could incur losses associated with the repurchase of our products. In addition, our net sales and earnings may be unfavorably affected due to reduced market coverage and an associated decline in sales. Future declines in marine industry demand could cause an increase in repurchase activity, or could require us to incur losses in excess of established reserves. In addition, our cash flow and loss experience could be adversely affected if repurchased inventory is not successfully distributed to other dealers in a timely manner, or if the recovery rate on the resale of the product declines. The finance companies could require changes in repurchase or recourse terms that would result in an increase in our contractual contingent obligations. Inventory reductions by major dealers, retailers...... future sales and results of operations. The franchise business model of Freedom Boat Club presents risks. Our franchisees are an integral part of our Freedom Boat Club business and its growth strategies. We may be unable to successfully implement the growth strategies if our franchisees do not participate in the implementation of those strategies or if we are unable to attract a sufficient number of qualified franchisees. While our franchisees are required to comply with our franchise and related agreements, our franchisees are independent and manage their boat clubs as independent businesses, responsible for all day- to- day operations of their boat clubs. If these franchisees fail to maintain or act in accordance with applicable brand standards; experience service, safety, or other operational problems, including any data breach involving club member information; or project a brand image inconsistent with ours, our image and reputation could suffer, which in turn could hurt our business and operating results. RISKS RELATED TO CYBERSECURITY AND TECHNOLOGY Our business operations could be negatively impacted by an outage or breach of our information technology systems, operational technology systems, or a cybersecurity event. We manage our global business operations through a variety of information technology (IT) and operational technology systems which we continually enhance to increase efficiency and security. We depend on these systems for commercial transactions, customer interactions, manufacturing, branding, employee tracking, and other applications. Some of the systems are based on legacy technology and operate with a minimal level of available support, and recent acquisitions using other systems have added to the complexity of our IT infrastructure. New system implementations across the enterprise also pose risks of outages or disruptions, which could affect our suppliers, commercial operations, and customers. We continue to upgrade, streamline, and integrate these systems and have invested in strategies to prevent a failure or breach but, like those of other companies, our systems are susceptible to outages due to natural disasters, power loss, computer viruses, security breaches, hardware or software vulnerabilities, disruptions, and similar events. ~~If~~ **In June 2023, Brunswick disclosed an IT security incident that impacted some systems and global facilities. We activated our response protocols, which included pausing operations in some locations, engaging leading security experts and coordinating with relevant law enforcement agencies. Normal global business operations resumed over the course of nine days following the incident. However, if** a **similar event occurred, and if** legacy ~~system~~ **systems** or ~~another~~ -- **other** ~~of our~~ key systems were to fail or if our IT systems were unable to communicate effectively, this could result in missed or delayed sales or lost opportunities for cost- reduction or efficient cash management. We exchange information with many trading partners across all aspects of our commercial operations through our IT systems. A breakdown, outage, malicious intrusion, breach, ransom attack, or other disruption of communications could result in erroneous or fraudulent transactions, disclosure of confidential information, loss of reputation and confidence, and may also result in legal claims or proceedings, penalties, and remediation costs. We have numerous e- commerce and e- marketing portals and our systems may contain personal information of customers or employees; therefore, we must continue to be diligent in protecting against malicious cyber attacks. We have been the target of attempted cyber attacks and other security threats and we may be subject to **future** breaches of our IT systems. We have programs in place that are intended to detect, contain, and respond to data security incidents and that provide at least annual employee awareness training regarding phishing, malware, and other cyber risks. However, because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and may be difficult to detect, we may be unable to anticipate these techniques or implement adequate preventive measures. **Moreover, the rapid evolution and increased adoption of artificial intelligence technologies may intensify our cybersecurity risks.** If our security measures are breached or fail, unauthorized persons may be able to obtain access to or acquire personal or other confidential data. Depending on the nature of the information compromised, we may also have obligations to notify consumers and / or employees about the incident, and we may need to provide some form of remedy, such as a subscription to a credit monitoring service, for the individuals affected by the incident. **For example, we provided certain affected individuals credit monitoring as a result of the June IT Security Incident.** This **or future events** could negatively affect our relationships with customers or trading partners, lead to potential claims against us, and damage our image and reputation. We rely on third parties for computing, storage, processing, and similar services. Any disruption of or interference with our use of these third- party services could have an adverse effect on our business, financial condition, and operating results. Most of our business systems reside on third- party outsourced cloud infrastructure providers. We are therefore vulnerable to service interruptions experienced by these providers and could experience interruptions, delays, or outages in service availability in the future due to a variety of factors, including infrastructure changes, human, hardware or software errors, cyber attacks, hosting disruptions, and capacity constraints. While we have mitigation and service redundancy plans in place, outages and / or capacity constraints could still arise from a number of causes such as technical failures, natural disasters, fraud, or internal or third- party security attacks on us or our third- party providers, which could negatively impact our ability to manufacture and / or operate our business. We collect, store, process, share, and use personal information, and rely on third parties that are not directly under our control to do so as well, which subjects us to legal obligations, laws and regulations related to security and privacy, and any actual or perceived failure to meet those obligations could harm our business. We are subject to various data protection and privacy laws and regulations in the countries where we operate because we collect, store, process, share, and use personal information, and we rely on third parties that are not directly under our control to do so as well. ~~The~~ **For**

example, we are subject to the General Data Protection Regulation (GDPR) in the European Union (EU) ~~went into effect in May 2018~~ and the California Consumer Privacy Act (CCPA) ~~became effective January 1, 2020~~. Although we have implemented plans to comply with these laws, GDPR, CCPA, and future laws and regulations could impose even greater compliance burdens and risks with respect to privacy and data security than prior laws. The EU (through the GDPR) and a growing number of legislative and regulatory bodies elsewhere in the world have adopted consumer notification requirements in the event of unauthorized access to or acquisition of certain types of personal information. These breach notification laws continue to evolve and may be inconsistent from one jurisdiction to another. Complying with these obligations could cause us to incur substantial costs, require significant management time and attention, and increase negative publicity surrounding any incident that compromises personal information. RISKS RELATED TO OUR INTELLECTUAL PROPERTY Our success depends upon the continued strength of our brands. We believe that our brands, particularly including Mercury Marine, Boston Whaler, Lund, and Sea Ray, significantly contribute to our success, and that maintaining and enhancing these brands is important to expanding our customer base. A failure to adequately promote, protect, and strengthen our brands could adversely affect our business and results of operations. Further, in connection with the divestiture of the bowling and billiards businesses, we licensed certain trademarks and servicemarks, including use of the name" Brunswick," to the acquiring companies. Our reputation may be adversely affected by the purchasers' inappropriate use of the marks or of the name Brunswick, including potential negative publicity, loss of confidence, or other damage to our image due to this licensed use. Either inadequate intellectual property protection that could allow others to use our technologies and impair our ability to compete or the failure to successfully defend against patent infringement claims could have a material adverse effect on our financial condition and results of operations. We regard much of the technology underlying our products as proprietary. We rely on a combination of patents, trademark, copyright, and trade secret laws; employee and third- party non- disclosure agreements; and other contracts to establish and protect our technology and other intellectual property rights. However, we remain subject to risks, including: • the steps we take to protect our proprietary technology may be inadequate to prevent misappropriation of our technology; • third parties may independently develop similar technology; • agreements containing protections may be breached or terminated; • we may not have adequate remedies for breaches; • existing patent, trademark, copyright, and trade secret laws may afford limited protection; • a third party could copy or otherwise obtain and use our products or technology without authorization; or • we may be required to litigate to enforce our intellectual property rights, and we may not be successful. Policing unauthorized use of our intellectual property is difficult, particularly outside the U. S., and litigating intellectual property claims may result in substantial cost and divert management' s attention. In addition, we may be required to defend our products against patent or other intellectual property infringement claims or litigation. Besides defense expenses and costs, we may not prevail in such cases, forcing us to seek licenses or royalty arrangements from third parties, which we may not be able to obtain on reasonable terms, or subjecting us to an order or requirement to stop manufacturing, using, selling, or distributing products that included challenged intellectual property, which could harm our business and financial results. RISKS RELATED TO OUR REGULATORY, ACCOUNTING, LEGAL, AND TAX ENVIRONMENT Changes to ~~U. S.~~ trade policy, tariffs, and import / export regulations may have a material adverse effect on our business, financial condition, and results of operations. Changes in laws and policies governing ~~foreign~~ trade could adversely affect our business and trigger retaliatory actions by affected countries. We continue to be subject to meaningful **tariffs, such as China Section 301 investigation** tariffs, and there is no assurance that we will be granted exclusions in the future. Like many other multinational corporations, we do a significant amount of business that would be affected by changes to the trade policies of the U. S. and foreign countries (including governmental action related to tariffs and international trade agreements). Such changes have the potential to adversely impact the U. S. economy, our industry, our suppliers, and global demand for our products and, as a result, could have a material adverse effect on our business, financial condition, and results of operations. An impairment in the carrying value of goodwill, trade names, and other long- lived assets could negatively affect our consolidated results of operations and net worth. Goodwill and indefinite- lived intangible assets, such as our trade names, are recorded at fair value at the time of acquisition and are not amortized, but are reviewed for impairment at least annually or more frequently if impairment indicators arise. In evaluating the potential for impairment of goodwill and trade names, we make assumptions regarding future operating performance, business trends, and market and economic conditions. Such analyses further require us to make certain assumptions about sales, operating margins, growth rates, and discount rates. Uncertainties are inherent in evaluating and applying these factors to the assessment of goodwill and trade name recoverability. We could be required to evaluate the recoverability of goodwill or trade names prior to the annual assessment if we experience business disruptions, unexpected significant declines in operating results, a divestiture of a significant component of our business, or declines in market capitalization. **During the year ended December 31, 2023, the Company recorded $ 16. 6 million of intangible asset impairment charges recognized in Restructuring, exit and impairment charges in the Consolidated Statements of Operations, including a $ 13. 0 million impairment of the Navico trade name as a result of declines in forecasted revenues primarily driven by macroeconomic factors and a decline in market conditions. Further, as part of our required fourth quarter goodwill impairment testing, the estimated fair value of the Navico Group reporting unit was approximately 10 percent in excess of its carrying value, which included goodwill of $ 599. 7 million. Fair value determinations require considerable judgment and are sensitive to changes in underlying assumptions and factors. As a result, there can be no assurance that the estimates and assumptions made for purposes of the impairment tests will prove to be an accurate prediction of the future. To the extent future operating results differ from those in our current forecasts, or if the assumptions underlying the discount rates change, it is possible that further impairment charges could be recorded.** We also continually evaluate whether events or circumstances have occurred that indicate the remaining estimated useful lives of our definite- lived intangible assets and other long- lived assets may warrant revision or whether the remaining balance of such assets may not be recoverable. We use an estimate of the related undiscounted cash flow over the remaining life of the asset in measuring whether the asset is recoverable. As of

December 31, ~~2022~~ **2023**, the balance of total goodwill and indefinite lived intangible assets was $ 1, ~~273~~ **342**. ~~0~~ **2** million, which represents approximately ~~20~~ **22** percent of total assets. If the future operating performance of either the Company or individual operating segments is not sufficient, we could be required to record non- cash impairment charges. Impairment charges could substantially affect our reported earnings in the periods such charges are recorded. In addition, impairment charges could indicate a reduction in business value which could limit our ability to obtain adequate financing in the future. We manufacture and sell products that create exposure to potential claims and litigation. Our manufacturing operations and the products we produce could result in product quality, warranty, personal injury, property damage, and other issues, thereby increasing the risk of litigation and potential liability as well as regulatory fines. To manage this risk, we have established a global, enterprise- wide program charged with the responsibility for reviewing, addressing, and reporting on product integrity issues. Historically, the resolution of such claims has not had a materially adverse effect on our business, and we maintain what we believe to be adequate insurance coverage to mitigate a portion of these risks. However, we may experience material losses in the future, incur significant costs to defend claims or issue product recalls, experience claims in excess of our insurance coverage or that are not covered by insurance, or be subjected to fines or penalties. Our reputation may be adversely affected by such claims, whether or not successful, including potential negative publicity about our products. We record accruals for known potential liabilities, but there is the possibility that actual losses may exceed these accruals and therefore negatively impact earnings. Compliance with environmental, health, safety, zoning, and other laws and regulations may increase costs and reduce demand for our products. We are subject to federal, state, local, and foreign laws and regulations, including product safety, environmental, health and safety, and other regulations. While we believe that we maintain the requisite licenses and permits and that we are in material compliance with applicable laws and regulations, a failure to satisfy these and other regulatory requirements could result in fines or penalties, and compliance could increase the cost of operations. The adoption of additional laws, rules, and regulations, including stricter emissions standards or limitations on the use of internal combustion engines, could increase our manufacturing costs, require additional product development investment, increase consumer pricing, and reduce consumer demand for our products or boat club operations. Environmental restrictions, boat plant emission restrictions, and permitting and zoning requirements can limit production capacity, access to water for boating (or certain types of boats or propulsion) and marinas, and storage space. While future requirements, including any imposed on recreational boating, are not expected to be unduly restrictive, they may deter potential customers, thereby reducing our sales. Furthermore, regulations allowing the sale of fuel containing higher levels of ethanol for automobiles, which is not appropriate or intended for use in marine engines, may nonetheless result in increased warranty, service costs, customer dissatisfaction with products, and other claims against us if boaters mistakenly use this fuel in marine engines, causing damage to and the degradation of components in their marine engines. Many of our customers use our products for fishing and related recreational activities. Regulatory or commercial policies and practices impacting access to water, including availability of slip locations and / or the ability to transfer boats among different waterways, access to fisheries, or the ability to fish in some areas could negatively affect demand for our products. As we evolve our product electrification strategy, we are potentially subject to emerging regulations and requirements under the proposed European Union Battery Directive or other similar regulations. These requirements, if adopted, could increase our costs, potentially reducing consumer demand for our products. Our manufacturing processes involve the use, handling, storage, and contracting for recycling or disposal of hazardous or toxic substances or wastes. Accordingly, we are subject to regulations regarding these substances, and the misuse or mishandling of such substances could expose us to liabilities, including claims for property, personal injury, or natural resources damages, or fines. We are also subject to laws requiring the cleanup of contaminated property, including cleanup efforts currently underway. If a release of hazardous substances occurs at or from one of our current or former properties or another location where we have disposed of hazardous materials, we may be held liable for the contamination, regardless of knowledge or whether we were at fault, and the amount of such liability could be material. Additionally, we are subject to laws governing our relationships with employees, including, but not limited to, employment obligations as a federal contractor and employee wage, hour, and benefits issues, such as health care benefits. Compliance with these rules and regulations, and compliance with any changes to current regulations, could increase the cost of our operations. Changes in income tax laws or enforcement could have a material adverse impact on our financial results. Our provision for income taxes and cash tax liability may be adversely impacted by changes in tax laws and interpretations in the U. S. or in other countries in which we operate. **The** ~~On August 16, 2022, President Biden signed the~~ Inflation Reduction Act of 2022 (IRA) **included** ~~, with~~ various tax provisions, including a 15 % minimum tax on global adjusted financial statement income. While we do not believe the IRA will have a material negative impact on our business, **it is possible that future interpretations or additional tax law changes could have a material impact on** the **Company' s tax rate** ~~full effects of the measures are unknown at this time~~. In addition, many non- U. S. jurisdictions are implementing local legislation based upon the Organization for Economic Co- operation and Development' s base erosion and profit shifting project. These changes could negatively impact our tax provision, cash flows, and / or tax- related balance sheet amounts, including our deferred tax asset values, and increase the complexity, burden, and cost of tax compliance. RISKS RELATED TO OUR COMMON STOCK The timing and amount of our share repurchases are subject to a number of uncertainties. The Board of Directors has authorized our discretionary repurchase of outstanding common stock, to be systematically completed in the open market or through privately negotiated transactions. In ~~2022~~ **2023**, we repurchased $ ~~450~~ **275**. 0 million of shares, and we plan to continue share repurchases in ~~2023~~ **2024** and beyond. The amount and timing of share repurchases are based on a variety of factors. Important considerations that could cause us to limit, suspend, or delay future stock repurchases include: • unfavorable market and economic conditions; • the trading price of our common stock; • the nature and magnitude of other investment opportunities available to us from time to time; • the availability of cash; and • additional taxes imposed on share repurchases. Delaying, limiting, or suspending our stock repurchase program may negatively affect performance versus earnings per share targets, and ultimately our stock price. Certain activist shareholder actions could cause us to incur expense and hinder execution of our strategy. We may at times be subject to certain divisive activist shareholder tactics, which can take many forms. Some shareholder activism, including potential proxy contests, could result in substantial costs, such as legal fees and expenses, and divert management’ s and our Board’ s attention and resources from our businesses and strategic plans. Additionally, public shareholder activism could give rise to perceived uncertainties as to our future, adversely affect our relationships with dealers, distributors, or customers, make it more difficult to attract and retain qualified personnel, and cause our stock price to fluctuate based on temporary or speculative market perceptions or other factors that do not necessarily reflect the underlying fundamentals and prospects of our business. These risks could adversely affect our business and operating results.