

Risk Factors Comparison 2023-05-25 to 2022-05-18 Form: 10-K

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Consider carefully the following risk factors, which we believe are the principal risks that we face and of which we are currently aware, and the other information in this Annual Report, including our consolidated financial statements and related notes to those financial statements. It is possible that additional risks and uncertainties not presently known to us, or that we currently deem immaterial, may also impair our business operations. ~~Furthermore, the impact of the COVID-19 pandemic may exacerbate the risks discussed in this Annual Report, which could have a material effect on the Company.~~ Market, Economic and Geopolitical Risks Adverse changes in global economic conditions, particularly in the U. S. and including changes resulting from the effects of the COVID- 19 pandemic, could materially adversely affect our financial position, results of operations and cash flows. Our served industries and key end markets are affected by changes in economic conditions outside our control, which can affect our business in many ways. Any adverse occurrence, including among others, industry slowdown, recession, public health ~~crisis~~ **crises (including the COVID- 19 pandemic)**, political instability, costly or constraining **government policies, laws and** regulations, armed hostilities, ~~(including any impacts from Russia's invasion of the Ukraine and economic or trade sanctions enacted to condemn or counteract Russian aggression)~~, terrorism, excessive inflation, ~~(including the current high inflationary environment)~~, **interest rates, tax rates, unemployment rates, high labor costs, labor disturbances**, prolonged disruptions in one or more of our customers' production schedules ~~or~~, **supply chain disruptions (including those caused by industry capacity constraints, labor disturbances-shortages, raw material availability and transportation and logistics delays and constraints), business disruptions due to cybersecurity incidents and other economic factors have in the past and could in the future** materially adversely affect our business, financial condition, and operating results **and that of** ~~our customers and third party suppliers~~ **customers and third party suppliers** ~~19 pandemic and the corresponding decline in economic activity, in particular the effect it may have on demand for our products in the short and long term. Reduced demand may cause us and our competitors to compete on the basis of price, which would have a negative impact on our revenues and profitability. In turn, this could cause us to not be able to satisfy the financial and other covenants to which we are subject under our existing indebtedness.~~ In particular, the COVID- 19 pandemic and subsequent supply chain disruptions and uncertainties have had a significant negative impact on the global economy ~~in~~ **since** 2020 ~~and 2021~~, including negatively impacting the global supply chain and increasing the cost of materials and operations. **Additionally, adverse changes in economic conditions in the United States and worldwide may reduce the demand for some of our products, adversely impact our ability to predict and meet any future changes in the demand for our products and impair the ability of those with whom we do business to satisfy their obligations to us. Reduced demand may cause us and our competitors to compete on the basis of price, which would have a negative impact on our revenues and profitability. In turn, this could cause us to not be able to satisfy the financial and other covenants to which we are subject under our existing indebtedness** Reduced demand may also hinder our growth plans and otherwise delay or impede execution of our long- term strategic plan and capital allocation strategy. If there is deterioration in the general economy or in the industries we serve, our business, results of operations and financial condition could be materially adversely affected. The industries in which we operate are highly competitive, and many of our products are in highly competitive markets. We may lose market share to producers of other products that directly compete with or that can be substituted for our products. The industries in which we operate are highly competitive, and we face significant competition from both large domestic and international competitors and from smaller regional competitors. Our competitors may improve their competitive position in our served markets by successfully introducing new or substitute products, improving their manufacturing processes or expanding their capacity or manufacturing facilities. Further, some of our competitors benefit from advantageous cost positions that could make it increasingly difficult for us to compete in markets for less- differentiated applications. If we are unable to keep pace with our competitors' products and manufacturing process innovations or cost position, our financial condition and results of operations could be materially adversely affected. Certain end markets that we serve are cyclical, which can cause significant fluctuations in our results of operations and cash flows. The cyclical nature of the supply and demand balance of certain end markets that we serve, including manufacturing **HVAC / R, general industrial**, construction, energy, **rail transportation** and mining, poses risks to us that are beyond our control and can affect our operating results. These markets are highly competitive; are driven to a large extent by end- use markets; **are affected by distributor stocking behaviors;** and may experience overcapacity, all of which may affect demand for and pricing of our products and result in volatile operating results and cash flows over our business cycle. Our operations and earnings may also be significantly affected by changes in oil, gas and petrochemical prices and drilling activities, which depend on local, regional and global events or conditions that affect supply and demand for the relevant commodity. ~~Additionally, the cyclical nature of these end markets could be further exaggerated or interrupted by the effects of the COVID- 19 pandemic, which in turn could significantly affect demand for our products.~~ Product demand may not be sufficient to utilize current or future capacity. Excess industry capacity may continue to depress our volumes and margins on some products. Our operating results, accordingly, may be volatile as a result of excess industry capacity, as well as from rising energy and raw materials costs. Growth of our business will depend in part on market awareness of our industrial brands, and any failure to develop, maintain, protect or enhance our industrial brands would hurt our ability to retain or attract customers. We believe that building and maintaining market awareness, brand recognition and goodwill is critical to our success. This will depend largely on our ability to continue to provide high- quality products, and we may not be able to do so effectively. Our efforts in developing our industrial brands may be affected by the marketing efforts of our

competitors and our reliance on our independent dealers, distributors and strategic partners to promote our industrial brands effectively. If we are unable to cost-effectively maintain and increase positive awareness of our industrial brands, our businesses, results of operations and financial condition could be harmed. Climate change could have an adverse effect on our business. While we seek to mitigate our business risks associated with climate change, we recognize that there are inherent climate-related risks wherever business is conducted, and climate change could create physical and financial risk to our business. Physical risks from climate change could, among other things, include an increase in extreme weather events (such as floods, droughts, tornados or hurricanes), limitations on availability in of water and reliable energy, and the health and well-being of individuals in communities where we conduct business. Such events have the potential to disrupt our business, our third-party suppliers or the businesses of our customers, which in turn could have an adverse effect on our financial condition and results of operations. Climate change regulations may impact our ability to operate at a profit and harm our operating margins. **Existing Increased global focus on climate change may result in the imposition of new or additional regulations or requirements applicable to, and increased financial and transition risks for, our business and the industries in which we operate. A number of government authorities and agencies have introduced, or are contemplating, regulatory changes to address climate change, including the regulation and disclosure of greenhouse gas emissions. The outcome of new legislation or regulation in the U. S. and other jurisdictions in which we operate may result in fees or restrictions on certain activities or materials and new or additional requirements, including to fund energy efficiency activities or renewable energy use and to disclose information regarding our greenhouse gas emissions performance, renewable energy usage and efficiency, waste generation and recycling rates, climate-related risks driven environmental and social regulations may negatively impact our business, our customers, opportunities and oversight and related strategies and initiatives across or our global our suppliers, in terms of availability and cost of natural resources and raw materials, product demand, or manufacturing. Furthermore, future regulations may impose new operational operations burdens, require investment in additional emission control technology, or result in unfavorable market changes.** The cost of compliance with stringent climate change regulations could adversely affect our ability to compete with companies in locations that are not subject to stringent climate change regulations. **Existing and future climate change-driven environmental and social regulations may negatively impact our business, our customers, or our suppliers, in terms of availability and cost of natural resources and raw materials, product demand, or manufacturing. Despite our efforts to timely comply with climate change initiatives, implement measures to improve our operations and execute on our related strategies and initiatives, any actual or perceived failure to comply with new or additional requirements or meet stakeholder expectations with respect to the impacts of our operations on the environment and related strategies and initiatives may result in adverse publicity, increased litigation risk and adversely affect our business and reputation, which could adversely impact our business, financial condition, results of operation and cash flow.** Business, Operations and Human Capital Risks Our attempts to address evolving customer needs require that we continually enhance our products. Our efforts to enhance our products may not be commercially viable and failure to develop commercially successful products or keep pace with our competitors could harm our business and results of operations. A failure to develop commercially successful products or product enhancements or to identify product extensions could materially adversely affect our financial results. If our attempts to develop or enhance products are unsuccessful, we may be unable to recover our development costs, which could have an adverse effect on our business and results of operations. In addition, our inability to enhance or develop products that can meet the evolving needs of our customers, including a failure to do so that results in our products lagging those of new or existing competitors, could reduce demand for our products and may have a material adverse effect on our business and results of operations. Our international sales and manufacturing operations, including our use of third-party manufacturers for certain products that we sell, involve inherent risks that could result in harm to our business. We have worldwide sales and manufacturing operations, including in North America, Europe, the Middle East, Australia and Asia, including Vietnam. We also use third parties to manufacture certain of our products, most of which are located in jurisdictions outside the United States, including China. Foreign sales and manufacturing are subject to a number of risks, including political and economic uncertainty, social unrest, sudden changes in laws and regulations (including those enacted in response to pandemics **and those that may be related to climate change or otherwise**), ability to enforce existing or future contracts, labor shortages and work stoppages, natural disasters, currency exchange rate fluctuations, transportation delays or loss or damage to products in transit, expropriation, nationalization, **business disruptions due to cybersecurity incidents**, compliance with foreign laws and changes in domestic and foreign governmental policies, including the imposition of new or increased tariffs and duties on exported and imported products. To the extent that we rely on independent third parties to perform sales and manufacturing functions, we do not directly control their activity, including product delivery schedules and quality assurance, which may result in product shortages or quality assurance problems that could delay shipments of products, increase manufacturing, assembly, testing or other costs, or diminish our brand recognition or relationships with our customers. If a third party sales representative or manufacturer experiences capacity constraints or financial difficulties, suffers damage to its facilities, experiences power outages, natural disasters, labor shortages or labor strikes, or any other disruption, we may not be able to obtain alternative resources in a timely manner or on commercially acceptable terms. Any of these factors could negatively affect our business, results of operations and financial condition. Loss of key suppliers, the inability to secure raw materials on a timely basis, the potential impacts of global inflation, or our inability to pass commodity price increases on to customers could have an adverse effect on our business. Materials used in our manufacturing operations are generally available on the open market from multiple sources. However, some of the raw materials we use are only available from a limited number of sources. Accordingly, any disruptions to a critical suppliers' operations **or the availability of key product inputs** could have a material adverse effect on our business and results of operations. **Macroeconomic conditions and We are closely monitoring the impact of the COVID-19 pandemic have caused and other macroeconomic conditions on our supply chain, which is causing supply chains for many**

companies to be interrupted, slowed or temporarily rendered inoperable. In addition, supply chain shortages have negatively impacted, and could continue to negatively impact, our manufacturing costs and logistics costs and, in turn, our gross margins. We may also be required to pay higher prices for raw materials due to inflationary trends regardless of supply. In addition, inflation can also result in higher interest rates. **In response to increasing inflation, the U. S. Federal Reserve began to raise interest rates in March 2022 has done so multiple times since then, and has kept open the possibility of further increases. We expect inflationary pressures to impact customer behavior during calendar year 2023.** With inflation, the ~~costs~~ **cost** of capital ~~has increases~~ **increased**, and the purchasing power of our and our end - users' cash resources ~~can has decline~~ **declined**. Current or future efforts by the government to **manage inflationary pressures or** stimulate the economy may **result in unintended economic consequences** ~~increase the risk of significant inflation~~, which could have a direct and indirect adverse impact on our business and results of operations. While we believe many challenges are temporary and can be managed in the near- term, our business and results of operations could be materially adversely affected by prolonged or increasing supply chain disruptions. Availability and cost of raw materials could be affected by a number of factors, including the ~~condition~~ **cost** of the **reliable** energy ; ~~industry and other~~ commodity prices; inflation; tariffs and duties on imported materials; foreign currency exchange rates; and phases of the general business cycle and global demand. We may be unable to pass along price increases to our customers, which could have a material adverse effect on our business and results of operations. We rely on independent distributors as a channel to market for many of our products. Termination of a substantial number of our distributor relationships or an increase in a distributor' s sales of our competitors' products could have a material adverse effect on our business, financial condition, results of operations or cash flows. We depend on the services of domestic and international independent distributors to sell our products and, in many cases, provide service and aftermarket support to end - users of our products. Rather than serving as passive conduits for delivery of products, our distributors play a significant role in determining which of our products are available for purchase **either by end- users or** by contractors to service end - users. While the use of distributors expands the reach and customer base for our products, the maintenance and administration of distributor relationships is costly and time - consuming. The loss of a substantial number of our distributors, for any reason , ~~including among others changing market conditions resulting from the COVID- 19 pandemic~~, could have a material adverse effect on our business, financial condition, results of operations or cash flows. In certain international jurisdictions, distributors are conferred certain legal rights that could limit our ability to modify or terminate distribution relationships. Many of the distributors with whom we transact business also offer competitors' products and services to our customers. An increase in the distributors' sales of our competitors' products to our customers, or a decrease in the number of our products the distributor makes available for purchase, could have a material adverse effect on our business, financial condition, results of operations or cash flows. Our insurance policies may not cover, or fully cover, us against natural disasters, global conflicts or environmental risk. We currently have insurance policies for certain business risks, which include property damage, business interruption, operational and product liability, transit, directors' and officers' liability, cybersecurity, industrial ~~accident~~ **accidents** and other risks customary in the industries in which we operate. However, we may become subject to liability (including in relation to pollution, occupational illnesses, injury resulting from tampering, product contamination or degeneration or other hazards) against which we have not insured or cannot fully insure. For example, hurricanes may affect our facilities or the failure of our information systems as a result of breakdown, malicious attacks, unauthorized access, viruses or other factors could severely impair several aspects of operations, including, but not limited to, logistics, revenues, customer service and administration. In addition, in the event that a product liability or third- party liability claim is brought against us, we may be required to recall our products in certain jurisdictions if they fail to meet relevant quality or safety standards, and we cannot guarantee that we will be successful in making an insurance claim under our policies or that the claimed proceeds will be sufficient to compensate the actual damages suffered. Should we suffer a major uninsured loss, a product liability judgment against us or a product recall, future earnings could be materially adversely affected. We could be required to increase our debt or divert resources from other investments in our business to discharge product related claims. In addition, adverse publicity in relation to our products could have a significant effect on future revenues, and insurance may not continue to be available at economically acceptable premiums. As a result, our insurance coverage may not cover the full scope and extent of claims against us or losses that we incur. Cybersecurity breaches and other disruptions to our information technology systems could compromise our information, disrupt our operations, and expose us to liability, which may adversely impact our operations. In the ordinary course of our business, we store sensitive data, including our proprietary business information and that of our customers, suppliers and business partners, and personally identifiable information of our employees in our information technology systems, including in our data centers and on our networks. The secure processing, maintenance and transmission of this data is critical to our operations. **Some of these systems are maintained or operated by third- party contractors, including cloud- based systems.** Despite our efforts to secure our information systems from cybersecurity attacks or breaches, our information technology systems may be vulnerable to attacks by hackers or breached or disrupted due to employee error, malfeasance or other disruptions. If these technologies, systems, products or services are damaged, cease to function properly, are compromised due to employee or third- party contractor error, user error, malfeasance, system errors, or other vulnerabilities, or are subject to cybersecurity attacks, such as those involving denial of service attacks, unauthorized access, malicious software, or other intrusions, including by criminals, nation states or insiders, our business may be adversely impacted. The impacts of any such circumstances could include production downtimes, operational delays, and other impacts on our operations and ability to provide products and services to our customers; compromise of confidential, proprietary or otherwise protected information, including personal information and customer confidential data; destruction, corruption, or theft of data or intellectual property; manipulation, disruption, or improper use of these technologies, systems, products or services; financial losses from fraudulent transactions, remedial actions, loss of business or potential liability; adverse media coverage; and legal claims or legal proceedings, including regulatory investigations, actions and fines; and damage to our reputation. There has been a rise in the number of cyberattacks targeting confidential business information

generally and in the manufacturing industry specifically. Moreover, there has been a rise in the number of cyberattacks that depend on human error or manipulation, including phishing attacks or schemes that use social engineering to gain access to systems or perpetuate wire transfer or other frauds. These trends increase the likelihood of such events occurring as well as the costs associated with protecting against such attacks. Although such attempts have been made to attack our information technology systems, no material harm has resulted. Any such attack, breach or disruption could compromise our information technology systems and the information stored in them could be accessed, publicly disclosed, lost or stolen and our business operations could be disrupted. Additionally, any significant disruption or slowdown of our systems could cause customers to cancel orders or cause standard business processes to become inefficient or ineffective, which could adversely affect our financial position, results of operations or cash flows. Any such access, disclosure or other loss of information or business disruption could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, and damage to our reputation, which could adversely impact our operations. **The domestic and international regulatory environment related to information security, collection and privacy is increasingly rigorous and complex, with new and rapidly changing requirements applicable to our business, which often require changes to our business practices. Compliance with these new requirements, including the European Union's General Data Protection Regulation, the California Privacy Rights Act, and other international and domestic regulations, are costly and will result in additional costs in our efforts to continue to comply.** Our relationships with our employees could deteriorate, which could adversely affect our operations. As a manufacturing company, we rely on a positive relationship with our employees to produce our products and maintain our production processes and productivity. As of March 31, ~~2022~~ **2023**, we had approximately 2,400 full-time employees, of which ~~15~~ **approximately 20** were subject to collective bargaining agreements **in the United States**, and approximately 1,300 of which are located in Vietnam. If our workers were to engage in a strike, work stoppage or other slowdown, our operations could be disrupted, or we could experience higher labor costs. In addition, if significant portions of our employees were to become unionized, we could experience significant operating disruptions and higher ongoing labor costs, which could adversely affect our business, financial condition and results of operations. Loss of key personnel or our inability to attract and retain new qualified personnel could hurt our business and inhibit our ability to operate and grow successfully. Our success in the highly competitive end markets in which we operate will continue to depend to a significant extent on the experience and expertise of our senior leaders. ~~Loss of the services of any of these individuals could have an adverse effect on our business. Further, we may not be able to retain or recruit qualified individuals to join our company.~~ **The loss of executive officers any of our other key leaders or failure to fill new positions created by expansion, turnover or retirement could adversely affect our ability to implement our business strategy. The competition for talent has become increasingly intense, and we may experience increased employee turnover due to a tightening labor market, resulting in skilled labor shortages. The challenge to attract and retain qualified talent in the current competitive labor market could lead to increased wage inflation or impede our ability to execute certain key strategic initiatives as we respond to labor shortages. Failure to successfully attract and retain an appropriately qualified workforce could materially adversely affect our business, financial condition, and result results of** ~~in high transition costs and could disrupt our operations.~~

Strategic Transactions and Investments Risks Our acquisition and integration of businesses could negatively impact our financial results. Inorganic growth is an important part of our strategic growth ~~plans~~ **plan**, and we **also** seek to acquire businesses, some of which may be material, in pursuit of our plans. Acquiring businesses involves a number of financial, accounting, managerial, operational, legal, compliance and other risks and challenges, including the following, any of which could adversely affect our financial statements:

- we may experience difficulty in identifying appropriate acquisition candidates;
- any acquired business, technology, service or product could under-perform relative to our expectations and the price that we paid for it, not achieve cost savings or other synergies in accordance with our anticipated timetable or require us to take an impairment related to the acquired business;
- we may decide to divest businesses, technologies, services or products for financial, strategic or other reasons, which may require significant financial and managerial resources and may result in unfavorable accounting treatment;
- we may incur or assume significant debt in connection with our acquisitions, which would increase our leverage and interest expense, thereby reducing funds available to us for purposes such as working capital, capital expenditures, research and development and other general corporate purposes;
- pre-closing and post-closing earnings and charges could adversely impact operating results in any given period, and the impact may be substantially different from period to period;
- the process of integrating acquired operations may create operating difficulties and may require significant financial and managerial resources that would otherwise be available for existing operations;
- we could experience difficulty in integrating financial and other controls and systems;
- we may lose key employees or customers of the acquired company;
- we may assume liabilities that are unknown or for which our indemnification rights are insufficient, or known or contingent liabilities may be greater than anticipated; **and**
- conforming the acquired company's standards, process, procedures and controls, including accounting systems and controls, with our operations could cause deficiencies related to our internal control over financial reporting or exposure to regulatory sanctions resulting from the acquired company's activities ~~;~~ **and** ~~the COVID-19 pandemic may impact our ability to conduct due diligence on acquisitions in the normal manner, including forecasting future financial performance, which could cause a delay in executing transactions until alternate methods of due diligence are determined or the impacted due diligence is able to be conducted by customary means.~~ We may be unable to successfully execute and realize the expected financial benefits from strategic initiatives. From time to time, our business has engaged in strategic initiatives, and such activities may occur in the future. These efforts have included consolidating manufacturing facilities, rationalizing our manufacturing processes, and ~~establishing a joint venture within our Specialized Reliability Solutions segment.~~ While we expect meaningful financial benefits from our strategic initiatives, we may not realize the full benefits expected within the anticipated time frame. Adverse effects from strategy-driven organizational change could interfere with our realization of anticipated synergies, customer service improvements and cost savings from these strategic

initiatives. Additionally, our ability to fully realize the benefits and implement strategic initiatives may be limited by certain contractual commitments. Moreover, we may incur substantial expenses in connection with the execution of strategic plans in excess of what is forecasted. Further, strategic initiatives can be a complex and time-consuming process that can place substantial demands on management, which could divert attention from other business priorities or disrupt our daily operations. Any of these failures could materially adversely affect our business, financial condition, results of operations and cash flows, which could constrain our liquidity. Changes in future business or other market conditions could cause business investments and / or recorded goodwill or other long-term assets to become impaired, resulting in substantial losses and write-downs that would materially adversely affect our results of operations and financial condition. From time to time, we acquire businesses, following careful analysis and due diligence procedures designed to achieve a desired return or strategic objective. These procedures often involve certain assumptions and judgments in determining acquisition price. After acquisition, such assumptions and judgments may prove to be inaccurate due to a variety of circumstances, which could adversely affect the anticipated returns or which are otherwise not recoverable as an adjustment to the purchase price. Additionally, actual operating results for an acquisition may vary significantly from initial estimates. As of March 31, 2022-2023, we had goodwill of \$ 224-242.7 million recorded in our consolidated balance sheet, the majority of which was recorded in connection with the TRUaire acquisition. We evaluate the recoverability of recorded goodwill annually, as well as when we changed reporting units and when events or circumstances indicate the possibility of impairment. Because of the significance of our goodwill and other intangible assets, a future impairment of these assets could have a material adverse effect on our results of operations and financial condition. For additional information on our accounting policies related to goodwill, see our discussion under Note 1 to our consolidated financial statements in Item 8 of this Annual Report.

Financial Risks Our outstanding indebtedness and the restrictive covenants in the agreements governing our indebtedness limit our operating and financial flexibility. We are required to make scheduled repayments and, under certain events of default, accelerated repayments on our outstanding indebtedness, which may require us to dedicate a substantial portion of our cash flows from operations to payments on our indebtedness. Such repayment requirements could reduce the availability of our cash flows to fund working capital acquisitions, capital expenditures, R & D efforts and other general corporate purposes, and could generally limit our flexibility in planning for, or reacting to, changes in our business and industry. In addition, the agreements governing our indebtedness impose certain operating and financial restrictions on us and somewhat limit management's discretion in operating our businesses. These agreements limit or restrict our ability, among other things, to: incur additional debt; pay dividends and make other distributions; make investments and other restricted payments; create liens; sell assets; and enter into transactions with affiliates. **We are also required to comply with leverage and interest coverage financial covenants and deliver to our lenders audited annual and unaudited quarterly financial statements. Our ability to comply with these covenants may be affected by events beyond our control. Failure to comply with these covenants could result in an event of default that, if not cured or waived, may have a material adverse effect on our business, financial condition, results of operations and cash flows.** In the event we incur additional indebtedness, or if interest rates on our indebtedness increase, the risks described above could increase. **In addition, certain of our variable rate indebtedness use the London Inter-bank Offered Rate ("LIBOR") as a benchmark for establishing the rate of interest. LIBOR has been the subject of national, international, and other regulatory guidance and proposals for reform. On March 5, 2021, the United Kingdom's Financial Conduct Authority published the dates that the use of LIBOR as an index for commercial loans will be phased out. Foreign currency indices, including the British pound, the Euro, and Swiss franc, along with the U. S. dollar 1- week and 2- month settings ceased after December 31, 2021. Also, while after June 30, 2023, the remaining U. S. dollar settings will cease after June 30, 2023. While In December 2022, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2022- 06, "Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848," which extended the sunset date from December 31, 2022 to December 31, 2024. On December 15, 2022, we entered into an amendment to our Second Amended and Restated Credit Agreement, dated as of May 18, 2021, and as part of that amendment we transitioned from the use of LIBOR to the Secured Overnight Funding Rate ("SOFR") in such agreement. We have no other material financing agreements indexed to that use LIBOR as provide for an alternative base rate interest index. There is no guarantee that could be applied in the event that transition from LIBOR is discontinued, there can be no assurances as to SOFR whether such alternative base rate will be more not result in financial market disruptions, significant increases in benchmark rates, or borrowing costs less favorable than LIBOR. We intend to borrowers, monitor developments with respect to the phasing out of LIBOR and will work to minimize the impact of any LIBOR transitions. The consequences of these developments cannot be entirely predicted but could include an increase in the cost of variable rate indebtedness. In addition, the overall financial markets may be disrupted as a result of the replacement of LIBOR, which could affect our interest expense and earnings and may have an adverse effect on our cost of capital and our financial position. We are also required to comply with leverage and interest coverage financial covenants and deliver to our lenders audited annual and unaudited quarterly financial statements. Our ability to comply with these covenants may be affected by events beyond our control. Failure to comply with these covenants could result in an event of default that, if not cured or waived, may have a material adverse effect on our business, results of operations, financial condition, results of operations and cash flows stock price. Whether or not SOFR attains market acceptance as a LIBOR replacement tool remains in question. As such, the future of SOFR at this time remains uncertain.** Fluctuations in currency exchange rates may significantly impact our results of operations and may significantly affect the comparability of our results between financial periods. Our operations are conducted in many countries. The results of the operations and the financial position of these subsidiaries are reported in the relevant foreign currencies and then translated into U. S. dollars at the applicable exchange rates for inclusion in our consolidated financial statements. The main currencies to which we are exposed, besides the U. S. dollar, are primarily the Australian dollar, the British pound, the Canadian dollar and

the Vietnamese **Dong dong**. The exchange rates between these currencies and the U. S. dollar in recent years have fluctuated significantly and may continue to do so in the future for a variety of reasons, including general economic conditions and event-driven circumstances. A depreciation of these currencies against the U. S. dollar will decrease the U. S. dollar equivalent of the amounts derived from these operations reported in our consolidated financial statements, and an appreciation of these currencies will result in a corresponding increase in such amounts. Because many of our raw material costs are determined with respect to the U. S. dollar rather than these currencies, depreciation of these currencies may have an adverse effect on our profit margins or our reported results of operations. Conversely, to the extent that we are required to pay for goods or services in foreign currencies, the appreciation of such currencies against the U. S. dollar will tend to negatively impact our results of operations. In addition, currency fluctuations may affect the comparability of our results of operations between financial periods. We incur currency transaction risk whenever we enter into either a purchase or sale transaction using a currency other than the local currency of the transacting entity. Given the volatility of exchange rates, there can be no assurance that we will be able to effectively manage our currency transaction risks, that our hedging activities will be effective or that any volatility in currency exchange rates will not have a material adverse effect on our financial condition or results of operations. Changes in effective tax rates or adverse outcomes resulting from examination of our income tax returns could adversely affect our results. **We are subject to tax laws and regulations in the United States and multiple foreign jurisdictions.** Our future effective tax rates could be adversely affected by changes in tax laws, regulations, accounting principles or interpretations thereof, ~~which can impact our current~~ **as well as changes in related interpretations and other future years' tax guidance. For example, the Organization for Economic Co- operation and Development, an international association of 38 countries including the United States, has proposed changes to numerous long- standing tax principles. These proposals, if finalized and adopted by the associated countries, will likely increase tax uncertainty and may adversely affect our provision for income taxes .** The effect of such tax law changes or regulations and interpretations, as well as any additional tax reform legislation in the U. S., U. K, Canada, Australia, Vietnam or elsewhere, could have a material adverse effect on our business, financial condition and results of operations. In addition, we are also subject to periodic examination of our income tax returns by the Internal Revenue Service and other tax authorities. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes. As of March 31, ~~2022~~ **2023**, we had a reserve of \$ ~~14.16~~ **0.5** million relating to uncertain tax positions, and taxing authorities may disagree with the positions we have taken regarding the tax treatment or characterization of our transactions. ~~There can be no assurance~~ **Although we believe that our tax filing positions are appropriate, the final determination of tax audits or tax disputes may be different from what is reflected in our historical income tax provisions and accruals. If future audits find that the outcomes from these examinations will not additional taxes are due, we may be subject to incremental tax liabilities, possibly including interest and penalties, which could** have a material adverse effect on our business, financial condition and results of operations. We may acquire various structured financial instruments for purposes of hedging or reducing our risks, which may be costly and ineffective. We may seek to hedge against commodity price fluctuations and credit risk by using structured financial instruments such as futures, options, swaps and forward contracts. Use of structured financial instruments for hedging purposes may present significant risks, including the risk of loss of the amounts invested. Defaults by the other party to a hedging transaction can result in losses in the hedging transaction. Hedging activities also involve the risk of an imperfect correlation between the hedging instrument and the asset being hedged, which could result in losses both on the hedging transaction and on the instrument being hedged. Use of hedging activities may not prevent significant losses and could increase our losses. We may inadvertently fail to maintain effective disclosure controls and procedures and internal controls over financial reporting. Effective internal controls are necessary for us to provide reliable financial reports, effectively prevent fraud and operate successfully as a public company. If we cannot provide reliable financial reports or effectively prevent fraud, our reputation and operating results could be harmed. If we are unable to maintain effective disclosure controls and procedures and internal controls over financial reporting, we may not be able to provide reliable financial reports, which in turn could affect our operating results or cause us to fail to meet our reporting obligations. Ineffective internal controls could also cause investors to lose confidence in reported financial information, which could negatively affect our stock price, limit our ability to access capital markets in the future, and require additional costs to improve internal control systems and procedures. Legal and Regulatory Risks Regulatory and statutory changes applicable to us or our customers could adversely affect our financial condition and results of operations. We and many of our customers are subject to various national, state and local laws, rules and regulations. Changes in any of these areas could result in additional compliance costs, seizures, confiscations, ~~recall~~ **recalls** or monetary fines, any of which could prevent or inhibit the development, distribution and sale of our products. In addition, we benefit from certain regulations, including building code regulations, which require the use of products that we and other manufacturers sell. For example, certain environmental regulations may encourage the use of more environmentally friendly products, such as some of the lubricants and greases that we manufacture. If these regulations were to change, demand for our products could be reduced and our results of operations could be adversely affected. Compliance with extensive environmental, health and safety laws could require material expenditures, changes in our operations or site remediation. Our operations and properties are subject to regulation under environmental laws, which can impose substantial sanctions for violations. We must conform our operations to applicable regulatory requirements and adapt to changes in such requirements in all jurisdictions in which we operate. Certain materials we use in the manufacture of our products can represent potentially significant health and safety concerns. We use hazardous substances and generate hazardous wastes in certain of our manufacturing operations. Consequently, our operations are subject to extensive environmental, health and safety laws and regulations at the international, national, state and local level in multiple jurisdictions. These laws and regulations govern, among other things, air emissions, wastewater discharges, solid and hazardous waste management, site remediation programs and chemical use and management. Many of these laws and regulations have become more stringent over time, and the costs of compliance with these requirements may increase, including costs associated

with any necessary capital investments. In addition, our production facilities require operating permits that are subject to renewal and, in some circumstances, revocation. The necessary permits may not be issued or continue in effect, and renewals of any issued permits may contain significant new requirements or restrictions. Compliance with environmental laws and regulations generally increases the costs of transportation and storage of raw materials and finished products, as well as the costs of storage and disposal of wastes. We may incur substantial costs, including fines, damages, criminal or civil sanctions and remediation costs, or experience interruptions in our operations for violations arising under environmental laws, regulations or permit requirements. We are subject to the U. S. Foreign Corrupt Practices Act and other anti- corruption laws, as well as other laws governing our operations. If we fail to comply with these laws, we could be subject to civil or criminal penalties, other remedial measures, and legal expenses, which could adversely affect our business, financial condition and results of operations. Our operations are subject to anti- corruption laws, including the U. S. Foreign Corrupt Practices Act (“FCPA”), and other anti- corruption laws that apply in countries where we do business. The FCPA and these other laws generally prohibit us and our employees and intermediaries from bribing, being bribed or making other prohibited payments to government officials or other persons to obtain or retain business or gain some other business advantage. We conduct business in a number of jurisdictions that pose a high risk of potential FCPA violations, and we participate in relationships with third parties whose actions could potentially subject us to liability under the FCPA or other anti- corruption laws. In addition, we cannot predict the nature, scope or effect of future regulatory requirements to which our international operations might be subject or the manner in which existing laws might be administered or interpreted. We are also subject to other laws and regulations governing our international operations, including regulations administered by the U. S. Department of Commerce’s Bureau of Industry and Security, the U. S. Department of Treasury’s Office of Foreign Asset Control and various non- U. S. government entities, including applicable export control regulations, economic sanctions on countries and persons, customs requirements, currency exchange regulations and transfer pricing regulations (collectively, “Trade Control Laws”). We have and maintain a compliance program with policies, procedures and employee training to help ensure compliance with applicable anti- corruption laws and the Trade Control Laws. However, despite our compliance programs, there is no assurance that we will be completely effective in ensuring our compliance with all applicable anti- corruption laws, including the FCPA or other legal requirements, or Trade Control Laws. If we are not in compliance with the FCPA and other anti- corruption laws or Trade Control Laws, we may be subject to criminal and civil penalties, disgorgement and other sanctions and remedial measures, and legal expenses, which could have an adverse impact on our business, financial condition, results of operations and liquidity. Likewise, any investigation of any potential violations of the FCPA, other anti- corruption laws or Trade Control Laws by the U. S. or foreign authorities could also have an adverse impact on our reputation, business, financial condition and results of operations. Our permits, licenses, registrations or authorizations and those of our customers or distributors may be modified, suspended, terminated or revoked before their expiration or we and / or they may be unable to renew them upon their expiration. We may bear liability for failure to obtain, maintain or comply with required authorizations. We are required to obtain and maintain, and may be required to obtain and maintain in the future, various permits, licenses, registrations and authorizations for the ownership or operation of our business, including the manufacturing, distribution, sale and marketing of our products and importing of raw materials. These permits, licenses, registrations and authorizations could be modified, suspended, terminated or revoked or we may be unable to renew them upon their expiration for various reasons, including for non- compliance. These permits, licenses, registrations and authorizations can be difficult, costly and time consuming to obtain and could contain conditions that limit our operations. Our failure to obtain, maintain and comply with necessary permits, licenses, registrations or authorizations for the conduct of our business could result in fines or penalties, which may be significant. Additionally, any such failure could restrict or otherwise prohibit certain aspects of our operations, which could have a material adverse effect on our business, financial condition and results of operations. Many of our customers and distributors require similar permits, licenses, registrations and authorizations to operate. If a significant customer, distributor or group thereof were to lose an important permit, license, registration or authorization, forcing them to cease or reduce their business, our revenues could decrease, which would have a material adverse effect on our business, financial condition and results of operations. Industrial manufacturing is inherently hazardous, which could result in accidents that disrupt our operations or expose us to significant losses or liabilities. Hazards associated with our manufacturing processes and the related storage and transportation of raw materials, products and wastes exist in our operations and the operations of other occupants with whom we share manufacturing sites. These hazards could lead to an interruption or suspension of operations and have an adverse effect on the productivity and profitability of a particular manufacturing facility or on us as a whole. These potential risks include, but are not necessarily limited to, spills and other discharges or releases of toxic or hazardous substances or gases, pipeline and storage tank leaks and ruptures, explosions and fires and mechanical failure. These hazards may result in personal injury and loss of life, damage to property and contamination of the environment, which may result in a suspension of operations and the imposition of civil or criminal penalties, including governmental fines, expenses for remediation and claims brought by governmental entities or third parties. The loss or shutdown of operations over an extended period at any of our major operating facilities could have a material adverse effect on our financial condition and results of operations. Our property, business interruption and casualty insurance may not fully insure us against all potential hazards incidental to our business. Regulation of our employees’ exposure to certain chemicals or other hazardous products could require material expenditures or changes in our operations. Certain chemicals and other raw materials that we use in the manufacture of our products may have adverse health effects. The Occupational Safety and Health Administration limits the permissible employee exposure to some of those materials. Future studies on the health effects of certain chemicals and materials may result in additional or new regulations that further restrict or prohibit the use of, and exposure to, certain chemicals and materials. Additional regulation of certain chemicals and materials could require us to change our operations, and these changes could affect the quality of our products and materially increase our costs. We may be unable to protect our trademarks, trade secrets, other intellectual property and proprietary information, which could harm our

competitive position. Our ability to protect and preserve our trademarks, trade secrets and other intellectual property and proprietary information relating to our business is an important factor to our success. However, we may be unable to prevent third parties from using our intellectual property and other proprietary information without our authorization or from independently developing intellectual property and other proprietary information that is similar to ours, particularly in those countries where the laws do not protect our proprietary rights to the same degree as in the U. S. In addition, because certain of our products are manufactured by third parties, we have necessarily shared some of our intellectual property with those third parties. There can be no guarantee that those third parties, some of whom are located in jurisdictions where intellectual property risks may be more pronounced, will comply with contractual and other legal commitments to preserve and protect our intellectual property. The use of our intellectual property and other proprietary information by others could reduce or eliminate any competitive advantage we have developed, potentially causing us to lose sales or otherwise harm our business. If it becomes necessary for us to litigate to protect these rights, any proceedings could be burdensome and costly, and we may not prevail. Our intellectual property may not provide us with any competitive advantage and may be challenged by third parties. Moreover, our competitors may already hold or in the future may hold intellectual property rights in the U. S. or abroad that, if enforced or issued, could possibly prevail over our rights or otherwise limit our ability to manufacture or sell one or more of our products in the U. S. or internationally. Despite our efforts, we may be sued for infringing on the intellectual property rights of others. This litigation is costly and, even if we prevail, the costs of such litigation could adversely affect our financial condition. Adequate remedies may not be available in the event of an unauthorized use or disclosure of our trade secrets and manufacturing expertise. The loss of employees who have specialized knowledge and expertise could harm our competitive position and cause our revenues and operating results to decline as a result of increased competition. In addition, others may obtain knowledge of our trade secrets through independent development or other access by legal means.

Adverse developments affecting the financial services industry, including events or concerns involving liquidity, defaults or non- performance by financial institutions or transactional counterparties, could adversely affect our business, financial condition or results of operations. Events involving limited liquidity, defaults, non- performance or other adverse developments that affect financial institutions, transactional counterparties or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks, have in the past and may in the future lead to market- wide liquidity problems. Although we assess our banking and customer relationships as we believe necessary or appropriate, our access to funding sources and other credit arrangements in amounts adequate to finance or capitalize our current and projected future business operations could be significantly impaired by factors that affect us, the financial services industry, or the economy in general. These factors could include, among others, events such as liquidity constraints or failures, the ability to perform obligations under various types of financial, credit or liquidity agreements or arrangements, disruptions or instability in the financial services industry or financial markets, or concerns or negative expectations about the prospects for companies in the financial services industry. In addition, investor concerns regarding the U. S. or international financial systems could result in less favorable commercial financing terms, including higher interest rates or costs and more restrictive financial and operating covenants, or systemic limitations on access to credit and liquidity sources, thereby making it more difficult for us to acquire financing on acceptable terms or at all. Any decline in available funding or access to our cash and liquidity resources could, among other risks, adversely impact our ability to meet our operating expenses, financial obligations, or fulfill our other obligations. Any of these impacts, or any other impacts resulting from the factors described above or other related or similar factors not described above, could have material adverse impacts on our liquidity and our business, financial condition, or results of operations.

Forward- Looking Statements This Annual Report contains forward- looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements reflect the current views of our senior management with respect to future events and our financial performance. These statements include forward- looking statements with respect to our business and industry in general. Statements that include the words “ may, ” “ expects, ” “ plans, ” “ anticipates, ” “ estimates, ” “ believes, ” “ potential, ” “ projects, ” “ forecasts, ” “ intends, ” or the negative thereof or other comparable terminology and similar statements of a future or forward- looking nature identify forward- looking statements for purposes of the federal securities laws or otherwise. Forward- looking statements include, but are not limited to, statements that relate to, or statements that are subject to risks, contingencies or uncertainties that relate to: • our business strategy; • changes in local political, economic, social and labor conditions; • potential disruptions from wars and military conflicts, including Russia's invasion of Ukraine; • future levels of revenues, operating margins, income from operations, net income or earnings per share; • the ability to respond to anticipated inflationary pressure, including reductions on consumer discretionary income and our ability to pass along rising costs through increased selling prices; • anticipated levels of demand for our products and services; • the actual impact to supply, production levels and costs from global supply chain logistics and transportation challenges • short and long- term effects of the COVID- 19 pandemic; • future levels of research and development, capital, environmental or maintenance expenditures; • our beliefs regarding the timing and effects on our business of health and safety, tax, environmental or other legislation, rules and regulations; • the success or timing of completion of ongoing or anticipated capital, restructuring or maintenance projects; • expectations regarding the acquisition or divestiture of assets and businesses; • our ability to obtain appropriate insurance and indemnities; • the potential effects of judicial or other proceedings, including tax audits, on our business, financial condition, results of operations and cash flows; • the anticipated effects of actions of third parties such as competitors, or federal, foreign, state or local regulatory authorities, or plaintiffs in litigation; • the expected impact of accounting pronouncements; and • the other factors listed above under “ Risk Factors. ” Although we believe that the expectations reflected in the forward- looking statements are reasonable based on our current knowledge of our business and operations, we cannot guarantee future results, levels of activity, performance or achievements. The foregoing factors should not be construed as exhaustive. If one or more of these or other risks or uncertainties materialize, or if our underlying assumptions

prove to be incorrect, actual results may differ materially from what we anticipate. ~~The impact of the COVID-19 pandemic may also exacerbate the risks discussed in this Annual Report, which could have a material impact on our company.~~ Any forward-looking statements you read in this Annual Report reflect our views as of the date of this Annual Report with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to our operations, results of operations, growth strategy and liquidity. You should not place undue reliance on these forward- looking statements and you should carefully consider all of the factors identified in this Annual Report that could cause actual results to differ. We assume no obligation to update or revise these forward- looking statements, except as required by law.