

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

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

Our business, financial condition, results of operations and cash flows may be affected by **several** ~~a number of~~ factors including but not limited to those set forth below. This discussion should be considered in conjunction with the discussion under the caption “ Forward- Looking Information ” preceding Part I, the information set forth under Item 1, “ Business ” and with the discussion of the business included in Part II, Item 7, “ Management ’ s Discussion and Analysis of Financial Condition and Results of Operations. ” These risks comprise the material risks of which we are aware. If any of the events or developments described below or elsewhere in this Annual Report on Form 10- K, or in any documents that we subsequently file publicly were to occur, it could have a material adverse effect on our business, financial condition, results of operations and cash flows. Risks Relating to Our Business Macroeconomic fluctuations may harm our business, results of operations and stock price. Our business, financial condition, operating results and cash flows may be adversely affected by changes in global economic conditions and geopolitical risks, including credit market conditions, trade policies, levels of consumer and business confidence, commodity prices and availability, inflationary pressures, exchange rates, levels of government spending and deficits, political conditions, **market instability**, extraordinary public health issues such as large- scale health epidemics or pandemics and other challenges that could affect the global economy including impacts associated with any economic sanctions imposed **on countries or regions** against Russia, including any territory within the Ukraine that Russia has occupied, in **which we are doing** response to their invasion of the Ukraine. These economic and geopolitical conditions could affect businesses -- **business** such as ours in a number of ways. Such conditions could have an adverse impact on our flexibility to react to changing economic and business conditions and on our ability to fund our operations, **for grow growth** through operations or refinance maturing debt balances at economically favorable interest rates. In addition, **such conditions** restrictions on credit availability could adversely affect the ability of our customers to obtain financing for significant purchases, **and could** result in decreases in or cancellation of orders for our products and services, **and** as well as impact the ability of our customers to make payments. Similarly, ~~credit restrictions~~ **such macroeconomic fluctuations** may adversely affect our supplier base and increase the potential for one or more of our suppliers to experience financial distress or bankruptcy. Demand for our products is variable and subject to factors beyond our control, which could result in unanticipated events significantly impacting our results of operations. A substantial portion of our sales is concentrated in industries that are ~~cyclical in nature or~~ subject to market conditions which may cause customer demand for our products to be volatile. **Global trends in the use of cash as well as increased durability of banknotes could impact demand.** Reductions in demand by these industries would reduce the sales and profitability of our business. Our CPI ~~business segment~~ could be affected by sustained weakness in certain geographic markets or certain end markets such as gaming, retail or banking, as well as low employment levels, office occupancy rates and factors affecting vending operator profitability such as higher fuel, food and equipment financing costs; results could also be impacted by unforeseen advances in payment processing technologies. In addition, our results in ~~Currency~~ **the SAT segment** are subject to significant variability due to the timing and size of contract awards by central banks for banknote production and actual order rates, particularly with the U. S. government. **We conduct a substantial portion of our business outside the U. S. and face risks inherent in non- domestic operations.** Net sales by destination outside the U. S. were 48 % of our consolidated amounts in 2024. We expect that non- U. S. sales will continue to account for a significant portion of our revenues for the foreseeable future. In addition, our operations outside the U. S. are subject to the risks associated with conducting business internationally, including, but not limited to: • economic and political instability, including the risk of geopolitical conflict or territorial incursions, in the countries and regions in which we operate; • the risks of fluctuations in foreign currency exchange rates, primarily the Japanese yen, the British pound, the euro, and the Swedish krona, could adversely affect our reported results, as amounts earned in other countries are translated into U. S. dollars for reporting purposes; and • changes in the U. S. government' s approach to trade policy, including in some cases renegotiating and terminating certain existing bilateral or multi- lateral trade agreements. The adoption and expansion of trade restrictions, the occurrence of a trade war, or other governmental action related to tariffs (including in Mexico where our facility operates under the Mexican Maquiladora program, which provides for reduced tariffs and eased import regulations) or trade agreements or policies has the potential to adversely impact demand for our products, our costs, our customers, our suppliers, and the U. S. economy, which in turn could have a material adverse effect on our business, financial condition, results of operations and cash flows. Information systems and technology networks failures and breaches in data security, personally identifiable and other information, non- compliance with our contractual or other legal obligations regarding such information, or a violation of our privacy and security policies with respect to such information, could adversely affect us. We are dependent on information technology networks and systems, including the Internet, to process, transmit and store electronic information, and, in the normal course of our business, we collect and retain certain types of personally identifiable and other information pertaining to our customers, stockholders and employees. The legal, regulatory and contractual environment surrounding information security and privacy is constantly evolving and companies that collect and retain such information are under increasing attack by cyber- criminals around the world. A theft, loss, fraudulent use or misuse of customer, vendor, employee or our proprietary data by cybercrime or otherwise, non- compliance with our contractual or other legal obligations regarding such data or a violation of our privacy and security policies with respect to such data could adversely impact our reputation and could result in costs, fines, litigation or regulatory action against us. Security breaches can create system

disruptions and shutdowns that could result in disruptions to our operations. We cannot be certain that advances in criminal capabilities, including the use of artificial intelligence, new vulnerabilities or other developments will not compromise or breach the security solutions protecting our information technology, networks and systems. A cyber-attack on our information systems technology or those of our partners, vendors, or suppliers could adversely affect our ability to process orders, maintain proper levels of inventory, collect accounts receivable and pay expenses, all of which could have an adverse effect on our results of operations, financial condition and cash flows. Failure to effectively prevent, detect and recover from security breaches, including attacks on information technology and infrastructure by hackers, viruses, breaches due to employee error or actions, or other disruptions, could seriously harm our operations as well as the operations of our customers and suppliers. Such serious harm can involve, among other things, misuse of our assets, business disruptions, loss of data, unauthorized access to trade secrets and confidential business information, unauthorized access to personal information, legal claims or proceedings, reporting errors, processing inefficiencies, negative media attention, reputational harm, loss of sales, remediation and increased insurance costs, and interference with regulatory compliance. We have experienced and expect to continue to experience some of these types of cybersecurity threats and incidents, which could be material in the future. We may be unable to identify or to complete acquisitions, or to successfully integrate the businesses we acquire. We have evaluated, and expect to continue to evaluate, a wide array of potential acquisition transactions. Our acquisition program attempts to address the potential risks inherent in assessing the value, strengths, weaknesses, contingent or other liabilities, systems of internal control and potential profitability of acquisition candidates, as well as other challenges such as retaining the employees and integrating the operations of the businesses we acquire. Integrating acquired operations involves significant risks and uncertainties, including: • Maintenance of uniform standards, controls, policies and procedures; • Unplanned expenses associated with the integration efforts; • Inability to achieve planned facility repositioning savings or related efficiencies from recent and ongoing investments; and • Unidentified issues not discovered in the due diligence process, including legal contingencies. There can be no assurance that suitable acquisition opportunities will be available in the future, that we will continue to acquire businesses or that any business acquired will be integrated successfully or prove profitable, which could adversely impact our growth rate. Our ability to achieve our growth goals depends in part upon our ability to identify and successfully acquire, finance and integrate companies and businesses at appropriate prices and realize anticipated cost savings. Fluctuation in the prices of, or our ability to source, our components and raw materials, and delays in the distribution of our products could adversely affect our results of operations. Our operations require significant amounts of necessary components and raw materials that are critical to our profitability and can fluctuate in price. Our costs are affected by price fluctuations of metals such as steel and copper as well as other raw materials such as electronic components, cotton and flax. We have seen a period of sustained price increases for certain components and raw materials, which has resulted in, and increased trade tariffs may continue to result in, increased costs for us. We deploy a continuous, company-wide process to secure an adequate supply of raw materials at prices which are favorable to us, to source our components and raw materials from fewer suppliers, and to obtain parts from suppliers in low-cost countries where possible. If we are unable to timely source these components or raw materials, whether resulting from more stringent regulatory requirements; supplier financial condition; disruptions in transportation; an outbreak of a severe public health pandemic; severe weather; or the occurrence or threat of wars, including Russia's invasion of Ukraine or other conflicts, our operations may be disrupted, or we could experience a delay or temporary stoppage in certain of our manufacturing operations. If the prices of critical components and raw materials continue to increase or we are unable to pass increased costs of components and raw materials to customers, our results of operations could be adversely affected. Additionally, a disruption within our supply chain network could adversely affect our results of operations. Information systems and technology networks failures..... and cash flows could be adversely impacted. We compete with other industrial technology businesses for highly qualified employees in the countries in which we operate, and we may not be able to retain our personnel or hire and retain additional personnel needed for us to sustain and grow our business as planned. Our business segments and corporate offices are dependent upon highly qualified personnel, and we generally are dependent upon the continued efforts of key management employees. Several A number of factors may adversely affect the labor force available to us or increase labor costs, including high employment levels, federal unemployment subsidies, and other government regulations. We have recently observed an overall tightening and increasingly competitive labor market which has, and could continue to result in, higher compensation costs. While we believe we have a robust intellectual capital process, we may have difficulty retaining key personnel or locating and hiring additional qualified personnel. The loss of the services of any of such personnel or our failure to attract and retain other qualified and experienced personnel on acceptable terms could impair our ability to successfully sustain and grow our business, which could have an adverse effect on our results of operations and financial condition. We may be unable to identify or to complete acquisitions, or to successfully develop integrate the businesses we acquire. We have evaluated, and introduce new products expect to continue to evaluate, a wide array which would limit our ability to grow and maintain our competitive position and adversely affect our financial condition, results of potential acquisition transactions operations and cash flow. Our growth depends acquisition program attempts to address the potential risks inherent in assessing the value, strengths in part, on continued sales weaknesses, contingent or other liabilities, systems of existing products internal control and potential profitability of acquisition candidates, as well as the successful development and introduction of new products or technologies, which face the uncertainty of customer acceptance and reaction from competitors. Any delay in the development or launch of a new product could result in our not being the first to market, which could compromise our competitive position. The inability of new products to meet targeted performance measures, or the discovery of a successful counterfeit of our security technology products, could cause reputational harm and hurt future sales. Further, the development and introduction of new products may require us to make investments in specialized personnel and capital equipment, increase marketing efforts and reallocate resources away from other uses challenges

such as retaining the employees and integrating the operations of the businesses we acquire. **We also may need** Integrating acquired operations involves significant risks and uncertainties, including: • Maintenance of uniform standards, controls, policies and procedures; • Unplanned expenses associated with the integration efforts; • Inability to **modify** achieve planned facility repositioning savings or **our systems** related efficiencies from recent and **strategy considering new products** ongoing investments; and • Unidentified issues not discovered in the due diligence process, including legal contingencies. There can be no assurance that suitable acquisition opportunities will be available in the future, that we will continue **develop. If we are unable** to acquire businesses **develop and introduce new products in a cost- effective manner or otherwise manage effectively the operations related to new products, or our** that any business acquired will **financial condition, results of operations and cash flows could** be integrated successfully or prove profitable, which could adversely **impacted** our growth rate. Our ability to achieve our growth goals depends in part upon our ability to identify and successfully acquire, finance and integrate companies and businesses at appropriate prices and realize anticipated cost savings. Our businesses are subject to governmental regulation; failure to comply with those regulations, as well as changes in those regulations, could adversely affect our financial condition, results of operations, cash flows and reputation. We are required to comply with various import and export control laws, which may affect our transactions with certain customers. In certain circumstances, export control and economic sanctions, and other trade- related regulations may prohibit the export of certain products, services and technologies, and in other circumstances we may be required to obtain an export license before exporting the controlled item. A failure to comply with these requirements might result in suspension of these contracts and suspension or debarment from government contracting or subcontracting. We are subject to the Foreign Corrupt Practices Act, which prohibits U. S. companies and their intermediaries from making improper payments to foreign officials for the purpose of obtaining or retaining business ~~or securing any improper advantage.~~ We are also subject to the anti- bribery laws of other jurisdictions. Failure to comply with any of these and similar regulations could result in civil and criminal liability, monetary and non- monetary penalties, fines, disruptions to our business, limitations on our ability to export products and services, and damage to our reputation. Our business is directly and indirectly exposed to changes in government regulations; for example, changes in gaming regulations could influence the spending patterns of our casino operator customers, or changes in anti- money laundering regulations could result in additional technical requirements for our products. We are also subject to investigation and audit for compliance with the requirements governing government contracts, including requirements related to procurement integrity, manufacturing practices and quality procedures, export control, employment practices, the accuracy of records and the recording of costs and information security requirements. A failure to comply with these requirements could result in suspension of these contracts, and suspension or debarment from government contracting or subcontracting. Failure to comply with any of these regulations could result in civil and criminal liability, monetary and non- monetary penalties, fines, disruptions to our business, limitations on our ability to export products and services, and damage to our reputation **could have an adverse effect on our financial condition, results of operations and cash flows.** Our business could be harmed if we are unable to protect our intellectual property. We rely on a combination of trade secrets, patents, trademarks, copyrights and confidentiality procedures to protect our products and technology. Existing trade secret, patent, trademark and copyright laws offer only limited protection. Our patents could be invalidated or circumvented. In addition, others may develop substantially equivalent, or superseding proprietary technology, or competitors may offer equivalent non- infringing products in competition with our products, thereby substantially reducing the value of our proprietary rights. The laws of some foreign countries in which our products are or may be manufactured or sold may not protect our products or intellectual property rights to the same extent as do the laws of the U.S. We cannot assure that the steps we take to protect our intellectual property will be adequate to prevent misappropriation of our technology. We could incur significant and / or unexpected costs in our efforts to ~~successfully~~ avoid, manage, defend and litigate intellectual property matters. Our inability to protect our intellectual **property could have an adverse effect on our financial condition, results of operations and cash flows.** Our operations expose us to the risk of litigation, claims and investigations, including those related to product liability and warranties, and employee, commercial, intellectual property and environmental matters, that could adversely affect our financial condition, results of operations, cash flows and reputation. We may not have sufficient insurance coverage or indemnification rights to cover such claims. • Defending these lawsuits and becoming involved in these investigations may divert our management' s attention ~~and~~ may cause us to incur significant expenses. In addition, we may be required to pay damage awards, penalties or settlements, or become subject to injunctions or other equitable remedies, that could cause reputational harm and have a material adverse effect on our business, financial condition, results of operations and cash flows. • Our operations are subject to extensive environmental and health and safety laws and regulations, which impose limitations on the discharge of pollutants into the ground, air and water and establish standards for the generation, treatment, use, storage and disposal of solid and hazardous wastes. We must also comply with various health and safety regulations in the U. S. and abroad. The costs of compliance with these regulations results in ongoing costs that may increase over time. Failure to comply with any of these laws could result in civil and criminal liability, substantial monetary and non- monetary penalties and damage to our reputation. In addition, we cannot provide assurance that our costs related to remedial efforts or alleged environmental damage associated with past or current waste disposal practices or other hazardous materials handling practices will not exceed our estimates or adversely affect our financial condition, results of operations and cash flows. • We face an inherent business risk of exposure to product liability or other claims in the event our products are alleged to be defective **,** or the use of our products is alleged to have resulted in harm to others or to property. We may in the future incur liability if product liability lawsuits against us are successful. In addition, consistent with industry practice, we provide warranties on many of our products **,** and we may experience costs of warranty or breach of contract claims if our products have defects in manufacture or design or they do not meet contractual specifications. We estimate our future warranty costs based on historical trends and product sales, but we may fail to accurately estimate those costs and thereby fail to establish adequate warranty reserves for them. • While we maintain insurance coverage with respect to certain liability claims, that insurance

coverage may not be adequate to cover all claims that may arise, or we may not be able to maintain adequate insurance coverage in the future at an acceptable cost. Any liabilities not covered by insurance or that exceed our established reserves could have an adverse effect on our financial condition, results of operations and cash flows. We may be unable to improve productivity, reduce costs and align manufacturing capacity with customer demand. We are committed to continuous productivity improvement, and we continue to evaluate opportunities to reduce costs, simplify or improve global processes, and increase the reliability of order fulfillment and satisfaction of customer needs. ~~To In order to~~ operate more efficiently and control costs, from time to time we execute restructuring activities, which include workforce reductions and facility consolidations. For example, we recorded pre- tax restructuring charges in **2024 and 2023 and 2022 related to our 2022 restructuring program**. While these are proactive actions to increase our productivity and operating effectiveness, our inability to adequately respond to potential declines in global demand for our products and services and properly align our cost base ~~could have an adverse effect on our.....~~ Our inability to protect our intellectual property could have an adverse effect on our financial condition, results of operations and cash flows. We face significant competition which may adversely impact our financial condition, results of operations, and cash flows in the future. While we are a principal competitor in most of our markets, all of our markets are highly competitive. The competitors in many of our business segments can be expected in the future to improve technologies, reduce costs and develop and introduce new products. The ability of our business segments to achieve similar advances will be important to our competitive positions. Competitive pressures, including those discussed above, could cause one or more of our business segments to lose market share or could result in significant price erosion, either of which could have an adverse effect on our financial condition, results of operations and cash flows. **Additional tax expense or exposures could affect our financial condition, results of operations and cash flows. We are subject to income taxes in the U. S. and various international jurisdictions. Our financial condition, results of operations and cash flow could be affected by changes to any or all of the following: tax laws, regulations, accounting principles and judicial rulings, the geographic mix of our earnings, the valuation of our deferred tax assets and liabilities, and the results of audits and examinations of previously filed tax returns**. Our future results of operations and financial condition could be adversely impacted by intangible asset impairment charges. As of December 31, ~~2023-2024~~, we had goodwill and other intangible assets, net of accumulated amortization, of \$ 1, ~~150-375~~ **+9** million, which represented approximately ~~54-58~~ % of our total assets. Our goodwill is subject to an impairment test on an annual basis and is also tested whenever events and circumstances indicate that goodwill may be impaired. Any excess goodwill resulting from the impairment test must be written off in the period of determination. Intangible assets (other than goodwill) are generally amortized over the useful life of such assets. In addition, from time to time, we may acquire or make an investment in a business that will require us to record goodwill based on the purchase price and the value of the acquired assets. We may subsequently experience unforeseen issues with such business that adversely affect the anticipated returns of the business or value of the intangible assets and trigger an evaluation of the recoverability of the recorded goodwill and intangible assets for such business. Future determinations of significant write- offs of goodwill or intangible assets as a result of an impairment test or any accelerated amortization of other intangible assets could have an adverse effect on our financial condition and results of operations. ~~Additional tax expense or exposures could affect our financial condition, results of operations and cash flows. We are subject to income taxes in the U. S. and various international jurisdictions. Our financial condition, results of operations and cash flow could be affected by changes to any or all of the following: tax laws, regulations, accounting principles and judicial rulings, the geographic mix of our earnings, the valuation of our deferred tax assets and liabilities, and the results of audits and examinations of previously filed tax returns.~~ If our internal controls are found to be ineffective, our financial results or our stock price may be adversely affected. We believe that we ~~currently~~ have adequate internal control procedures in place for future periods, including processes related to newly acquired businesses; however, increased risk of internal control breakdowns generally exists in any business environment that is decentralized such as ours. In addition, if our internal control over financial reporting is found to be ineffective, investors may lose confidence in the reliability of our financial statements, which may adversely affect our stock price. We are subject to risks related to the Separation that could negatively impact our results including not obtaining the intended tax treatment of the Separation transaction, failure of Crane Company to perform under the various transaction agreements and actual or potential conflicts of interest with Crane Company. • In connection with the Separation, we received an Internal Revenue Service (the “ IRS ”) ruling (the “ IRS Ruling ”) on certain issues relevant to the qualification of the distribution under sections 368 (a) (1) (D) and 355 of the Internal Revenue Code, based on certain facts and representations set forth in such request. The IRS Ruling does not address all of the requirements relevant to the qualification of the distribution for the intended tax treatment. It was a condition to the completion of the distribution that Crane Holdings, Co. receive a tax opinion regarding the tax treatment of the distribution (the “ Tax Opinion ”). The Tax Opinion relied on certain facts, assumptions, representations and undertakings from us and Crane Company, including those regarding the past and future conduct of the companies’ respective businesses and other matters. Notwithstanding the Tax Opinion, the IRS could determine that the distribution or any such related transaction is taxable if it determines that any of these facts, assumptions, representations or undertakings are not correct or have been violated, or that the distribution should be taxable for other reasons, including if the IRS were to disagree with the conclusions in the Tax Opinion. If the distribution or any of the above referenced related transactions is determined to be taxable for U. S. federal income tax purposes, we could incur significant U. S. federal income tax liabilities. • We and Crane Company entered into certain agreements in connection with the separation transaction, including a separation and distribution agreement, a transition services agreement, a tax matters agreement, an intellectual property matters agreement and an employee matters agreement, which provide for certain obligations of each company for the benefit of the other for a period of time after the completion of the separation transaction. If Crane Company is unable, or otherwise fails, to satisfy its obligations under these agreements, including its indemnification obligations, we could incur operational difficulties or losses and experience an adverse impact on our financial condition, results of operations and cash flows. • Crane Company is not restricted from competing with us. If Crane

Company in the future decides to engage in the type of business we conduct, it may have a competitive advantage over us, which may cause our business, financial condition and results of operations to be materially adversely affected. • Because of their positions with us prior to the completion of the separation transaction, certain of our executive officers and directors have a financial interest in shares of Crane Company common stock. Continuing ownership of shares of Crane Company common stock and equity awards could create, or appear to create, potential conflicts of interest if we and Crane Company pursue the same corporate opportunities or face decisions that could have different implications for Crane Company and us.