

## Risk Factors Comparison 2024-12-12 to 2023-12-15 Form: 10-K

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The following risks are considered material to our business based upon current knowledge, information, and assumptions. This discussion of risk factors should be considered closely in conjunction with the MD & A, including the risks and uncertainties described in the Forward- Looking Statements, and the Notes to Consolidated Financial Statements. These risk factors and other forward- looking statements relate to future events, expectations, trends, and operating periods. They involve certain factors that are subject to change and important risks and uncertainties that could cause actual results to differ materially. Some of these risks and uncertainties could affect particular lines of business, while others could affect all our businesses. Although the risks are organized by headings and each risk is discussed separately, many are interrelated. The risks described in this Annual Report on Form 10- K and the Forward- Looking Statements in this report are not the only risks ~~we faced~~ **face**. **OPERATIONAL RISKS** Our financial results largely depend upon the agricultural market business cycle, as well as general economic conditions and outlook. Negative conditions in the agricultural industry and general economy cause weakened demand for our equipment and services, limit access to funding, and result in higher funding costs. Our success largely depends on the vitality of the agricultural industry. Historically, the agricultural industry has been cyclical and subject to a variety of economic and other factors. Sales of agricultural equipment, in turn, are also cyclical and generally reflect the economic health of the agricultural industry. The economic health of the agricultural industry is affected by numerous factors, including farm income, farmland values, and debt levels and financing costs, all of which are influenced by the levels of commodity and protein prices, world grain stocks, acreage available and planted, crop yields, agricultural product demand, soil conditions, farm input costs, government policies, and government subsidies. Downturns in the agricultural industry due to these and other factors, which could vary by market, have resulted in decreases in demand for agricultural equipment, adversely affecting our performance. The demand for our products and services depends on the fundamentals in the markets in which we operate and can be significantly reduced in an economic environment characterized by high unemployment, high interest rates, cautious consumer spending, inflation, lower corporate earnings, and lower business investment. In fiscal year 2024, unfavorable market conditions resulted in lower sales volumes, higher sales discounts, higher receivable write offs, and a higher provision for credit losses. We expect certain of these conditions to persist in fiscal year 2025. Changes in interest rates and the agricultural market business cycle are driven by factors outside of our control, and as a result we cannot reasonably foresee when these conditions will fully subside. Sustained general negative economic conditions and outlook also affect housing starts, energy prices and demand, and other construction, which dampens demand for certain construction equipment. Our turf operations and our construction and forestry segments are dependent on construction activity and have also been affected by recent adverse economic conditions. Decreases in construction activity and housing starts have had a material adverse effect on our financial results. Uncertain or negative outlook with respect to pervasive U. S. fiscal issues as well as general economic conditions and outlook, such as market volatility or interest rate changes, have caused and could continue to cause significant changes in market liquidity conditions. Such changes could impact access to funding and associated funding costs, which could reduce our earnings and cash flows. We may be unable to manage increasing political, economic, and social uncertainty in certain regions of the world, which could significantly change the dynamics of our competition, customer base, and product offerings globally. Efforts to grow our businesses depend in part upon access to and developing market share and profitability in additional geographic markets, including, but not limited to, Argentina, Brazil, CIS, China, India, and South Africa. There are various risks associated with our global footprint, including, but not limited to, the following: • In some cases, these countries have greater political and economic volatility, greater vulnerability to infrastructure and labor disruptions, and differing customer product preferences and requirements than our other markets. • Having business operations in various regions and countries exposes us to multiple and potentially conflicting business practices and legal and regulatory requirements that are subject to change. These practices and legal requirements are often complex and difficult to navigate, including those related to tariffs and trade regulations, investments, property ownership rights, taxation, repatriation of earnings, and advanced technologies. • Expanding business operations globally also increases exposure to currency fluctuations, which can materially affect our financial results. In Argentina, the government has certain capital and currency controls that restrict our ability to access U. S. dollars and remit earnings from our Argentine operations, leaving us exposed to long- term currency fluctuations. • While our brands are widely recognized in our traditional markets, they are less known in some emerging markets, which could impede our efforts to successfully compete in these markets. • Changing U. S. export controls and sanctions on various foreign countries and on various parties could affect our ability to collect receivables, provide aftermarket warranty support for our equipment, and sell products, and could otherwise impact our reputation and business. • Market uncertainty and volatility in various geographies have been magnified as a result of potential shifts in U. S. and foreign trade, economic, and other policies following the 2024 U. S. presidential and congressional elections. • Geopolitical tensions, including the Russia / Ukraine war and the conflict in the Middle East, have also exacerbated market volatility and affected agricultural global production and demand levels. We may be affected by changing worldwide demand for food and different forms of renewable energy, which could impact the price of farm commodities and consequently the demand for our equipment. This could result in higher research and development costs related to changing machine fuel requirements. Changing worldwide demand for farm outputs to meet the world' s growing food

and renewable energy demands, driven in part by government policies, including those related to climate change, and a growing world population, are likely to result in fluctuating agricultural commodity prices, which directly affect sales of agricultural equipment. Lower agricultural commodity prices directly affect farm incomes, which negatively affect sales of agricultural equipment and result in higher credit losses. While higher commodity prices benefit our crop-producing agricultural equipment customers, they could result in greater feed costs for livestock and poultry producers, which in turn may result in lower levels of equipment purchased by these customers. In addition, changing energy demands may cause farmers to change the types or quantities of the crops they raise, with corresponding changes in equipment demands. Finally, changes in governmental policies regulating fuel utilization, including biofuel, affect commodity demand and commodity prices, demand for our diesel-fueled equipment, and result in higher research and development costs related to equipment fuel standards. Changes in the availability and price of certain raw materials, components, and whole goods have resulted and could result in disruptions to the supply chain causing production disruptions, increased costs, and lower profits on sales of our products. We require access to various raw materials, components, and whole goods at competitive prices to manufacture and distribute our products. We have experienced changes in the availability and prices of raw materials, components, whole goods, and freight over the past several years, especially in fiscal years 2021 and 2022. Global logistics network challenges resulted in delays, shortages of key manufacturing components, increased order backlogs, increased transportation costs, and production inefficiencies from a higher number of partially completed machines in inventory, which increased our overall production and overhead costs. Increases in such costs have had an adverse effect on our business operations. While we have seen stabilization in the supply chain and inflation, we anticipate potential future fluctuations due to continued geopolitical and economic uncertainty, and regulatory and policy instability, including import tariffs and trade agreements. The latter have the potential to significantly increase production and logistics costs and have a material negative effect on the profitability of the business, particularly if we are unable to recover the increased costs due to market considerations or other factors. We rely on our suppliers to acquire the raw materials, components, and whole goods required to manufacture their products. Significant disruptions to the supply chain resulting from shortages of raw materials, components, and whole goods have and could continue to adversely affect our ability to meet commitments to our customers. Work interruption or union strikes by employees of suppliers could also contribute to disruptions within our supply chain. In addition, certain materials and components used in our products are acquired from a single supplier or are proprietary in nature and cannot be alternatively sourced expeditiously. Furthermore, if our customers are unwilling to accept price increases for our products, or if we are unable to offset the increases in costs, raw material costs or shortages could have a material adverse effect on our operational or financial results. Failure by our supply base to use ethical business practices and comply with applicable laws and regulations may adversely affect our business, financial condition, and operational results. While we conduct due diligence on our suppliers and require their compliance with various policies and contractual covenants, we do not control our suppliers' business practices. Accordingly, we cannot guarantee that our due diligence efforts will reveal that they follow ethical business practices such as fair wage practices and compliance with environmental, safety, labor, human rights, material sourcing, and other laws. A lack of compliance could lead us to seek alternative suppliers, which could increase our costs and result in delayed delivery of our products, product shortages, or other disruptions of our operations. If our suppliers or retail partners fail to comply with applicable laws, regulations, safety codes, employment practices, human rights standards, quality standards, environmental standards, production practices, or other obligations, norms, identification and reporting requirements, or ethical standards, our reputation and brand could be harmed, and we could be exposed to litigation, investigations, enforcement actions, monetary liability and additional costs that could have a material adverse effect on our business, financial condition, and results of operations. 14 Unfavorable weather conditions or natural catastrophes that reduce agricultural production and demand for agriculture and turf equipment could directly and indirectly affect our business. The purchasing decisions of our customers, particularly the purchasers of agriculture and turf equipment, can be significantly affected by poor or unusual weather conditions. Such conditions include: • Insufficient levels of rain, which prevent farmers from planting new crops and may cause growing crops to die or result in lower yields; • Excessive rain or flooding can prevent planting from occurring at optimal times and may cause crop loss through increased disease or mold growth; • Temperatures outside normal ranges, which can cause crop failure or decreased yields and may also affect disease incidence; • Natural disasters such as regional floods, hurricanes or other storms, droughts, diseases, wildfires, and pests, either as a physical effect of climate change or otherwise, which have had, and could in the future have, significant negative effects on agricultural and livestock production; • Adverse weather conditions in a particular geographic region, particularly during the important spring selling season; and • Drought conditions can adversely affect sales of certain mowing equipment and can similarly cause lower sales volume. Each of these conditions could negatively affect demand for agricultural and turf equipment and the financial condition and credit risk of our dealers and customers. Unexpected events have increased and may in the future increase our cost of doing business or disrupt our operations. The occurrence of one or more unexpected events, including war, acts of terrorism, epidemics and pandemics (such as the COVID pandemic), civil unrest, fires, tornadoes, tsunamis, hurricanes, earthquakes, floods, and other forms of severe weather in the United States or in other countries in which we operate, or in which our suppliers are located, have adversely affected and could in the future adversely affect our operations and financial performance. Such events have caused and could cause complete or partial closure of one or more of our manufacturing facilities or distribution centers, temporary or long-term disruptions in the supply of component products from some local and international suppliers, and disruption and delay in the transport of products to dealers, end-users, and distribution centers. Most recently, Hurricane Helene in the U. S. closed operations at our Augusta, Georgia and Greenville, Tennessee facilities

temporarily. Existing insurance coverage may not provide protection from all the costs that may arise from such events. The potential physical impacts of climate change on our facilities, suppliers, and customers, and therefore on our operations, are highly uncertain and will be particular to the circumstances developing in various geographic regions. These potential physical effects may adversely affect the demand for our products and the cost, production, sales, and financial performance of our operations. Our business could be adversely affected by the infringement or loss of intellectual property rights. We protect our intellectual property with a combination of patents, trademarks, copyrights, trade secret laws, and legal agreements. We heavily rely on certain trademarks to protect our identity and customer recognition of our products and services, including, but not limited to, the “ John Deere ” mark, the leaping deer logo, the “ Nothing Runs Like a Deere ” slogan, and the green and yellow color combination. These trademarks, as well as the many patents that protect innovations used in our products, are integral to our business, and their loss could have a material adverse effect on us. Additionally, third parties may initiate legal proceedings to challenge the validity of our intellectual property or allege that we infringe on their intellectual property. We may incur substantial costs if third parties initiate such legal proceedings, or if we initiate legal proceedings to protect or enforce our intellectual property. If the outcome of any such legal proceedings is unfavorable to us, our business could be adversely affected.

Rationalization or restructuring of manufacturing facilities, and plant expansions and updates at our manufacturing facilities may cause capacity constraints, inventory fluctuations, and other issues. The rationalization or restructuring of our manufacturing facilities, including relocating production or closing facilities, may result in temporary constraints on our ability to produce the quantity of products necessary to fill orders and thereby complete sales in a timely manner. In addition, decisions regarding the rationalization, restructuring or relocation of facilities, such as the recently announced shifting of production of skid steer loaders and compact track loaders from our Dubuque, Iowa factory to Ramos, Mexico, and any similar actions we may undertake in the future, could also subject us to additional or new tariffs, other issues relating to the importation of products, fines, and reputational risks. Finally, the expansion and reconfiguration of existing manufacturing facilities, as well as new or expanded manufacturing operations in emerging markets, such as Brazil, could increase the risk of production delays, as well as require significant investments.

Changes in tax rates, tax legislation, or exposure to additional tax liabilities could have a negative effect on our business. We are subject to income taxes in the U. S. and numerous foreign jurisdictions. Our domestic and international tax liabilities are dependent upon the location of earnings among these different jurisdictions. Tax rates in various jurisdictions may be subject to significant change. Our effective tax rates could be affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, or changes in tax laws or their interpretations. If our effective tax rates were to increase, or if the ultimate determination of taxes owed is for an amount more than amounts previously accrued, our operating results, cash flows, and financial condition could be adversely affected. Our consolidated financial results are reported in U. S. dollars while certain assets and other reported items are denominated in foreign currencies, creating currency exchange and translation risk. We are a global company with transactions denominated in a variety of currencies. We are subject to currency exchange risk to the extent that our costs are denominated in currencies other than those in which we earn our revenues. Additionally, the reporting currency for our consolidated financial statements is the U. S. dollar. Certain of our assets, liabilities, expenses, and revenues are denominated in other countries’ currencies, which are then translated into U. S. dollars at the applicable exchange rates and reported in our consolidated financial statements. Therefore, fluctuations in foreign exchange rates affect the value of those items as reflected in our consolidated financial statements, even if their value remains unchanged in the original currencies. While the use of currency hedging instruments may provide us with some protection from adverse fluctuations in currency exchange rates, by utilizing these instruments we potentially forego any benefits that may result from favorable fluctuations in such rates. In Argentina, we have employed mechanisms to convert Argentine pesos into U. S. dollars to the extent possible. These mechanisms are short- term in nature, leaving us exposed to long- term currency fluctuations. Changes in interest rates or market liquidity conditions, as well as changes in government banking, monetary and fiscal policies, could adversely affect our financials and our earnings and / or cash flows. While central banks began cutting their policy interest rates in the latter part of fiscal year 2024, interest rates remain above recent norms. High interest rates can have a dampening effect on overall economic activity and / or the financial condition of our customers, either or both of which can negatively affect customer demand for our equipment and customers’ ability to repay their obligations to us. While we strive to match the interest rate characteristics of our financial assets and liabilities, changing interest rates have had an adverse effect on our financing spreads — the difference between the yield we earn on our assets and the interest rates we pay for funding — which has affected our earnings. In addition, actions by credit rating agencies, such as downgrades or negative changes to ratings outlooks, can affect the availability and cost of funding for us and can increase our costs of capital and hurt our competitive position. Moreover, policies of the U. S. and other governments regarding banking, monetary, and fiscal policies intended to promote or maintain liquidity, stabilize financial markets, and / or address local deficit or structural economic issues have a material impact on our customers and markets. Our operations and results could also be affected by financial regulatory reform that could, among other things, have an adverse effect on the financial services segment and on our customers by limiting their ability to enter hedging transactions or to finance purchases of our products. Government policies on spending can also affect us, especially the CF segment, due to the impact of government spending on infrastructure development. Our operations, including those outside of the U. S., may also be affected by non- U. S. regulatory reforms being implemented to further regulate non- U. S. financial institutions and markets. Because the financial services segment provides financing for a significant portion of our sales worldwide, negative economic conditions in the financial industry could materially impact our operations and financial results. Negative economic

conditions have an adverse effect on the financial industry in which the financial services segment operates. The financial services segment provides financing for a significant portion of our sales worldwide. The financial services segment is vulnerable to customers and others defaulting on contractual obligations, and has experienced, and may continue to experience write-offs and credit losses that, in some cases, exceed our expectations and adversely affect our financial condition and results of operations as a result of elevated delinquencies. The financial services segment's inability to access funds at cost-effective rates to support our financing activities could have a material adverse effect on our business. The financial services segment's liquidity and ongoing profitability depend largely on timely access to capital to meet future cash flow requirements and to fund operations and costs associated with engaging in diversified funding activities. The financial services segment may also experience residual value losses that exceed our expectations caused by lower pricing for used equipment and higher-than-expected equipment returns at lease maturity.

**16 STRATEGY RISKS** We may not realize the anticipated benefits of our Smart Industrial Operating Model and Leap Ambitions. Failure to realize the anticipated benefits of our Smart Industrial Operating Model and related business strategies in production systems, precision technologies, and aftermarket support, as well as failure to have selected a business strategy that aligns with our customer needs and market trends, could have an adverse effect on our operational and financial results. Several factors could impact our ability to successfully execute our Smart Industrial Operating Model, including, among other things:

- Failure to accurately assess market opportunities and the technology required to address such opportunities;
- Failure to develop and introduce new technologies or lack of adoption of such technologies by our customers;
- Failure to holistically provide lifecycle solutions;
- Failure to optimize our capital allocation in connection with the Smart Industrial Operating Model; and
- The adoption of new regulations or policies supporting and / or subsidizing outputs that are inconsistent with our strategy, such as policies that have the effect of encouraging or supporting the use of conventional sources of energy.

Similarly, we may not realize the anticipated benefits of our Leap Ambitions and related goals within the expected timelines, or at all. As part of our Leap Ambitions, we adopted various goals we expect to achieve by 2026 or 2030, but these goals and their timelines might be modified or updated. We may modify or not be able to achieve these goals for a variety of reasons, some of which may be beyond our control. Examples include:

- Our estimates and assumptions related to efficiency of our products and the adoption of precision technology may not be accurate;
- Certain materials, such as quality battery cells, may become unavailable or too costly;
- Customers may not embrace the value proposition of the Solutions as a Service license model; and
- The infrastructure required to achieve our goals, such as sufficient charging stations or fuel availability, may become too costly or may not be developed on the expected timelines.

If we are unable to remain competitive and relevant, including by delivering precision technology solutions to our customers, our business, results of operations, and financial condition could be adversely affected. We compete on product performance, innovation and quality, distribution, sustainability, customer service, and price. Aggressive pricing or other strategies of competitors, unanticipated product or manufacturing delays, our failure to deliver quality products that meet customer needs, or our failure to price products competitively adversely affects our business, results of operations, and financial condition. To remain competitive, we need to have a thorough understanding of our existing and potential customers on a global basis, particularly in growth markets such as Argentina and Brazil. In addition, if we are unable to remain relevant and effectively develop and deliver technology that customers can easily adopt and utilize, customer adoption rates could reduce, adversely impacting our business operations and future financial performance. Therefore, our ability to deliver precision technology and expand value-driven solutions is critical to our business success. If we fail to stay ahead of both traditional and non-traditional competitors in the technology space, it may hinder our ability to adapt or identify strategic partnerships within our industries in a timely manner. This could result in increased costs and delays in delivering value to our customers, ultimately affecting our competitive position and financial condition. Furthermore, our approach to precision technology involves hardware and software, guidance, connectivity and digital solutions, automation and machine intelligence, and autonomy. We may make significant investments in research and development, connectivity solutions, digital security for precision technology solutions, and conduct dealer and employee training. These investments may not produce solutions that provide the desired results for customers' profitability or sustainability outcomes, impacting our competitive position. We may be unable to accurately forecast customer demand for products and services, and to adequately manage inventory, which could adversely affect our operating results. To ensure adequate inventory supply, we must forecast inventory needs and expenses and place orders sufficiently in advance with suppliers and contract manufacturers. These forecasts are based on estimates of future demand for products and services. Failure to accurately forecast our needs may result in unmet market demand, parts shortages, manufacturing delays or inefficiencies, increased costs, or excess inventory, such as what we experienced in fiscal year 2022 due to supply chain disruptions. Our ability to accurately forecast demand could be affected by many factors, including changes in customer demand for our products and services, changes in demand for the products and services of competitors, unanticipated changes in general market conditions, and the weakening of economic conditions or customer confidence in future economic conditions. If the forecasts used to manage inventory are not accurate, we may experience excess inventory levels, shortage of available products, or reduced manufacturing efficiencies. We rely on a network of independent dealers to manage the distribution of our products and services. If our dealers are unsuccessful with their sales and business operations, it could have an adverse effect on our overall sales and revenue. We rely on the capability of our dealers to develop and implement effective sales plans to create demand among purchasers for the equipment and related products and services that dealers purchase from us. If our dealers are unsuccessful in these endeavors, we will be unable to grow our sales and revenue, which would have an adverse effect on our financial condition. Our dealers carry inventories of finished products as part of their operations and adjust those inventories

based on future needs and market conditions, including the level of used equipment inventory. If the inventory levels of our dealers are higher than they desire, they may postpone equipment purchases from us, which could cause our sales to be lower and negatively impact our results. Similarly, our results could be negatively impacted through the loss of time-sensitive sales if our dealers do not maintain inventory levels sufficient to meet customer demand. In addition, the dealer channel's ability to support and service precision technology solutions and emerging power solutions may affect customers' acceptance and adoption rates of these products. The unavailability of specialized technicians to service our equipment may result in overburdening dealers' servicing capacity. Dealers may exit or we may seek to terminate relationships with certain dealers if they are unable to meet customer needs. The unplanned loss of any of our dealers could lead to inadequate market coverage or negative customer impressions, and may adversely impact our ability to collect receivables that are associated with that dealer. Dealers could also have trouble funding their day-to-day cash flow needs and paying their obligations due to adverse business conditions resulting from negative economic effects or other factors. We may not realize anticipated benefits of acquisitions, joint ventures, and divestitures, or these benefits may take longer to realize than expected. From time to time, we make strategic acquisitions and divestitures and participate in joint ventures. Acquisitions and joint ventures we have entered into, or may enter into in the future, may involve significant challenges and risks, including that the acquisitions or joint ventures do not advance our business strategy, or fail to produce satisfactory returns on investment. Other risks include:

- We may encounter difficulties integrating acquisitions with our operations, applying internal control processes to these acquisitions, including those related to cybersecurity, managing strategic investments, assimilating new capabilities to meet the future needs of our businesses, and / or combining business cultures;
- We face regulatory or compliance exposure until appropriate processes and controls are put in place;
- Integrating acquisitions is often costly and may require significant attention from management and personnel;
- We may not realize all the anticipated benefits of acquisitions or joint ventures, or the realized benefits may be significantly delayed; for example, our joint venture with Bradesco in Brazil with respect to Banco John Deere S. A. may not have the expected result of reducing our incremental risk as we aim to grow in the Brazilian market; and
- Due diligence evaluations of potential transactions include business, legal, compliance, and financial reviews with the goal of identifying and evaluating the material risks involved. These due diligence reviews may not identify all of the issues necessary to accurately estimate the cost and potential risks of a particular acquisition or joint venture, including potential exposure to regulatory sanctions resulting from an acquisition target's or joint venture partner's previous activities or costs associated with any quality issues with an acquisition target's or joint venture's products or services. We may also decide to divest businesses and terminate joint ventures before their stated expiration. Divestitures of businesses or dissolutions of joint ventures may involve significant challenges and risks, including failure to advance our business strategy, costs and disruptions to us, and negative effects on our product offerings, which may adversely affect our business, results of operations, and financial condition. Divestitures of businesses and dissolutions of joint ventures may result in ongoing financial or legal involvement in the divested business through indemnifications or other financial arrangements, such as retained liabilities, which could affect our future financial results. Our reputation and brand could be damaged by negative publicity. Our brand has worldwide recognition and contributes to the success of our business. Our reputation is critical to growing our customer base. Our brand depends on the ability to maintain a positive customer perception of the business. Negative claims or publicity involving us, our products or services, our culture and values, our stance on environmental, social, and governance topics, customer data, or any of our key employees or suppliers, damages our reputation and brand image, regardless of whether such claims are accurate. Furthermore, our shareholders, customers, and other stakeholders have evolving, varied and often times conflicting expectations regarding our culture, values, and our business, which makes it difficult to achieve a uniform positive perception amongst all stakeholders. Additionally, negative or inaccurate postings, articles, or comments on social media, the internet, or the press about us have generated negative publicity that damages the reputation of our brand. For example, in fiscal year 2024, we experienced negative social media campaigns related to our approach to diversity and inclusion, our customers' right to maintain and safely repair their equipment, including with respect to our Memorandum of Understanding with American Farm Bureau Federation, reductions in workforce, and production relocation. Further, adverse publicity about regulatory or legal action against us, or legal proceedings initiated by us, also damages our reputation and brand image, undermining customer confidence, and reducing long-term demand for equipment, even if the regulatory or legal action is unfounded or not material to our operations.

**STRATEGIC** If the reputation, culture, or image of our brands are damaged, or we receive negative publicity, then our sales, financial condition, and results of operations could be materially and adversely affected.

**TALENT RISKS** Our ability to attract, develop, engage, and retain qualified employees could affect our ability to execute our strategy. Our continued success depends, in part, on our ability to identify and attract qualified candidates with the requisite education, background, and experience, as well as our ability to develop, engage, and retain qualified employees. Failure to attract, develop, engage, and retain qualified employees, whether as a result of an insufficient number of qualified applicants, difficulty in recruiting new employees, or inadequate resources to train, integrate, and retain qualified employees, could impair our ability to execute our business strategy and could adversely affect our business, results of operations, and financial condition. In addition, our culture and our values have been important contributors to our success to date and promote a sense of pride and fulfillment in our employees. Failure to preserve our culture or focus on our values could negatively affect our ability to retain and recruit talent.

~~While~~ While we strive to reduce the impact of the departure of employees, our operations or ability to execute our business strategy and meet our business objectives may be affected by the loss of employees, particularly when departures involve larger numbers of employees, such as in connection with those the reduction in workforce we conducted could experience if a surge occurs in fiscal year 2024 the number of employees voluntarily leaving their jobs. This reduction Higher

rates of employee separations may adversely affect us through **as a result of** decreased employee morale, the loss of **institutional** knowledge of **held by** departing employees, and the **devotion-allocation** of resources to **recruiting-reorganize** and **reassign job roles** onboarding new employees. Security breaches and **responsibilities, and other--** **the increased risk** disruptions to our information technology infrastructure could interfere with our operations and could compromise our information as well as information of our **litigation from former** employees, customers, suppliers, and / or dealers, exposing us to liability that could cause our business and reputation to suffer. **In addition** the ordinary course of business, we **rely may not** realize the expected cost savings from the reduction in workforce. We **may also conduct other workforce reductions in** the future, if deemed appropriate for our business. Disputes with labor unions may adversely affect our ability to operate in our facilities as well as impact our financial results. Many of our production and maintenance employees are represented by labor unions under various collective bargaining agreements with different expiration dates. Our failure to successfully renegotiate labor agreements as they expire has from time to time led, and could in the future lead, to work stoppages or other disputes with labor unions. Certain of our labor agreements expire as early as 2025. Disruptions to our manufacturing and parts- distribution facilities through various forms of labor disputes could adversely affect us. Any strike, work stoppage, or other dispute with a labor union distracts management from operating the business, may displace employees from ordinary job positions to fill in vacant positions, may affect our reputation, and could materially adversely affect our business, results of operations, and financial condition. **DIGITAL RISKS** Security breaches and other disruptions to our information technology infrastructure could interfere with our operations and could compromise our information as well as information of our employees, customers, suppliers, and / or dealers, exposing us to liability that could cause our business and reputation to suffer. In the ordinary course of business, we rely upon information technology networks and systems, some of which are managed by third parties, to process, transmit, and store electronic information and to manage or support a variety of business processes and activities, including supply chain, manufacturing, distribution, invoicing, and collection of payments from dealers and other purchasers of our equipment and from customers of the financial services segment. We use information technology systems to record, process, and summarize financial information and results of operations for internal reporting purposes and to comply with regulatory financial reporting, legal, and tax requirements. Additionally, we collect and store confidential data, including intellectual property, proprietary business information, and the proprietary business information of our customers, suppliers, and dealers, as well as personal data of our customers and employees in 19 data centers, which are often owned by third parties and maintained on their information technology networks. The secure operation of these information technology networks, and the processing and maintenance of this information, are critical to our business operations and strategy. Despite security measures, including exercises, tests, incident simulations, and system assessments designed to discover and address potential vulnerabilities, our information technology networks and infrastructure have been and may be vulnerable to intrusion, damage, disruptions, or shutdowns due to attacks by cyber criminals, employees', suppliers', or dealers' error or malfeasance, supply chain compromise, disruptions during the process of upgrading or replacing computer software or hardware, power outages, computer viruses, ransomware or other malware, telecommunication or utility failures, terrorist acts, natural disasters, or other events. Although we have not suffered any significant cyber incidents that resulted in material business impact, we have from time to time been, and expect to continue to be, the target of malicious cyber threat actors. The occurrence of any significant event could compromise our networks, and the information stored there could be accessed, obtained, publicly disclosed, lost, altered, misused, or stolen. Any such access, acquisition, disclosure, alteration, misuse, or other loss of information could result in legal claims or proceedings, government investigations, liability or regulatory penalties, disruption or shut down of our operations, disruption or shut down of our dealers' and customers' operations, and damage to our reputation, which could adversely affect our business, results of operations, and financial condition. Furthermore, as security threats continue to evolve and increase in frequency and sophistication, we may need to invest additional resources to enhance information security. Any unauthorized control or manipulation of our products' systems could result in loss of confidence in us and our products. Some of our products include connectivity hardware and software typically used for remote system updates. While we have implemented security measures intended to protect against unauthorized remote access to these products, malicious threat actors have attempted, and may attempt in the future, to gain unauthorized access to such products in order to gain control of the products, change the products' functionality, user interface, or performance characteristics, interfere with the products' operations, or gain access to data stored in or generated by the products or to systems to which they connect. In addition, reports of unauthorized access to our products, systems, and data, regardless of their reliability, may result in the perception that the products, systems, or data are vulnerable to malicious or unauthorized modifications. Any unauthorized access to or control of our products or systems, any loss of data, or any perception that products, systems, or data are vulnerable could result in loss of sales based on customers' loss of confidence in our products, legal claims or proceedings against us, government investigation, liability, or regulatory penalties, which could adversely affect our business, results of operations, and financial condition. Technical or regulatory limitations may impact our ability to effectively implement automation, autonomy, and artificial intelligence solutions. We utilize automation and machine learning in some of our products, including consumer-facing features, and leverage generative artificial intelligence in our business processes. For example, the automation software, digital tools, applications, and analytics utilized in John Deere's products are designed to improve customer decision-making, such as the automation package on the S7 Series Combines and the computer vision and machine learning technology that enables our See & Spray™ targeted spraying solution. While we believe the use of these emerging technologies can present significant benefits, it also creates risks and challenges as the use of artificial intelligence is a novel business model without an established track record. Data sourcing, technology, integration and process issues,

programmed bias in decision-making algorithms, concerns over intellectual property, security concerns, and the protection of privacy could impair the adoption and acceptance of autonomous machine solutions. Furthermore, any confidential information that we input into a third-party generative artificial intelligence platform could be leaked or disclosed to others, including sensitive information that is used to train the third parties' model. Additionally, if the data used to train the solution or the content, analyses, or recommendations that the machine learning and intelligence applications assist in producing is deemed to be inaccurate, incomplete, biased or questionable, our brand and reputation may be harmed and we may be subject to legal liability claims. The development of our own artificial intelligence applications may require additional investment in the development of proprietary systems, models, or datasets, which are often complex, may be costly and could impact the results of our operations. Developing, testing, and deploying these technologies may also increase the cost profile of our products due to the level of investment needed to enable such initiatives. Disruption of our technology systems or unexpected network interruption could disrupt our business. We are increasingly dependent on technology systems to operate on a day-to-day basis. The failure of our technology systems to operate properly or effectively, problems with transitioning to upgraded or replacement systems, or difficulty in integrating new systems, could adversely affect our business. These disruptions could result in delays, which could reduce demand for our products and cause our sales to decline. In addition, if changes in technology cause our information systems to become obsolete, or if our information systems are inadequate to handle our growth and new technologies, we could lose customers. Any significant disruption in our technology systems could harm our reputation and credibility and could have a material adverse effect on our business, financial condition, and results of operations. We could be impacted by changes to or reallocation of radio frequency (RF) bands which could disrupt or degrade the reliability of our high precision augmented Global Positioning System (GPS) or other RF technology, which could impair our ability to develop and market GPS- and RF- based technology solutions, as well as significantly reduce agricultural and construction customers' profitability. Our current and planned integrated agricultural business and equipment management systems, as well as our fleet management telematics solutions for construction equipment, depend upon the use of RF signals. These signals include, but are not limited to, GPS signals, other GPS- like satellite signals, augmented GPS services, and other RF technologies that link equipment, operations, owners, dealers, and technicians. These radio services depend on frequency allocations governed by international and national government agencies. Any international or national reallocation of frequency bands, including frequency bands segmentation and band spectrum sharing, or other modifications concerning the regulation of frequency bands, could significantly disrupt or degrade the utility and reliability of our GPS- based products, which could negatively affect our ability to develop and market GPS- based technology solutions. In January 2024, we entered into an agreement with SpaceX and its Starlink network to provide satellite communications (SATCOM) service to farmers facing rural connectivity challenges, with an initial focus on Brazil. Most recently, Brazil's regulators threatened to sanction Starlink's broadband coverage based on alleged hate speech and misinformation posted on the X platform, which like Starlink, is owned by Elon Musk. If regulators sanction Starlink or Starlink is otherwise subject to other issues that impair its ability to operate its SATCOM solution either in Brazil or elsewhere, our rural connectivity offering would be adversely affected or impaired. In addition, disruptions with GPS signals or the failure of telecommunications network operators to supply the bandwidth we need to support our products could interfere with the speed, availability, and usability of our equipment and services. If these GPS signals or RF signals become unavailable, our customers could be unable to use their equipment indefinitely. For our agricultural customers, this could result in lower crop yields, decreased operational efficiency, and higher equipment maintenance, seed, fertilizer, fuel, and wage costs. For construction customers, this could result in higher fuel and equipment maintenance costs, as well as lower construction design and project management efficiencies. These cost increases could significantly reduce customers' profitability, sustainability, and demand for our products. As a result, our sales and revenue could significantly decrease, which would have a material adverse effect on our results of operations and our business.

**COMPLIANCE RISKS** Our global operations are subject to complex and changing laws and regulations, the violation of which could expose us to potential liabilities, increased costs, and other adverse effects. We are subject to numerous international, federal, state, and local laws and regulations, many of which are complex, frequently changing, and subject to varying interpretations. These laws and regulations cover a variety of subjects, including advertising, anti-money laundering, antitrust, consumer finance, environmental, climate-related, health and safety, foreign exchange controls and cash repatriation restrictions, foreign ownership and investment, import / export and trade, human rights, labor and employment, product liability reporting, cybersecurity, data privacy, telematics, encryption, and telecommunications. Changes to existing laws and regulations, or changes to how they are interpreted, or the implementation of new, more stringent laws or regulations, could adversely affect our business by increasing compliance costs, limiting our ability to offer a product or service, requiring changes to our business practices, or otherwise making our products and services less attractive to customers. Failure to comply with these laws and regulations could result in fines and penalties. In addition, we must comply with the U. S. Foreign Corrupt Practices Act (FCPA) and all applicable foreign anti-bribery and anti-corruption laws. These laws generally prohibit companies and their intermediaries from making improper payments or providing anything of value to improperly influence government officials or private individuals for the purpose of obtaining or retaining a business advantage, regardless of whether those practices are culturally expected in a particular jurisdiction. Although we have a compliance program in place designed to reduce the likelihood of potential violations of these laws and regulations, our employees, contractors, or agents have violated, and in the future could violate such laws and regulations or our policies and procedures. Violations of these laws and regulations have resulted in, and could result in the future, in criminal or civil sanctions and may have a material adverse effect on our reputation, business, results of operations, and financial condition. In fiscal

**year 2024, we agreed to pay approximately \$ 10.0 million to the Commission to resolve charges that the Company violated the FCPA arising out of improper payments by our wholly-owned subsidiary, Wirtgen Thailand. 21**

We may face risks associated with international, national, and regional trade laws, regulations, and policies, and government farm programs and policies which could significantly impair our profitability and growth prospects. International, national, and regional laws, regulations, and policies directly or indirectly related to or restricting the import and export of our products, services, and technology, or those of our customers, or for the benefit of favored industries or sectors, could harm our global business. We are subject to various regulatory risks including, but not limited to, the following:

- Restricted access to global markets could impair our ability to export goods and services from various manufacturing locations around the world. Restricted access could limit the ability to access raw materials and high-quality parts and components at competitive prices on a timely basis. For example, expanding export controls or limits on foreign investment can impact global supply of key materials and components, and actions taken within the US-China trade conflict can impact business in China, as well as sales, import / exports, and / or business engagement with Chinese entities globally.
- Trade restrictions, negotiation of new trade agreements, non-tariff trade barriers, local content requirements, and imposition of new or retaliatory tariffs against certain countries or covering certain products, including developments in U.S.-China trade relations, ~~export control and sanctions against Russia~~, have limited, and could continue to limit, our ability to capitalize on current and future growth opportunities in international markets. These trade restrictions, and changes in, or uncertainty surrounding global trade policies, may affect our competitive position.
- Trade restrictions could impede those in developing countries from achieving a higher standard of living, which could negatively impact our future growth opportunities arising from increasing global demand for food, fuel, and infrastructure.
- Policies impacting exchange rates and commodity prices, or those limiting the export or import of commodities, could have a material adverse effect on the international flow of agricultural and other commodities that may result in a corresponding negative effect on the demand for agricultural and forestry equipment in many areas of the world. Our agricultural equipment sales could be harmed by such policies because farm income influences sales of agricultural equipment around the world.
- Changes in government farm programs and policies can influence demand for agricultural equipment as well as create unequal competition for multinational companies relative to domestic companies.

~~We may be unable to manage increasing political, economic, and social uncertainty in certain regions of the world, which could significantly change the dynamics of our competition, customer base, and product offerings globally. Efforts to grow our businesses depend in part upon access and developing market share and profitability in additional geographic markets, including, but not limited to, Argentina, Brazil, China, India, and South Africa. There are various risks associated with our global footprint, including, but not limited to, the following:~~

- ~~In some cases, these countries have greater political and economic volatility, greater vulnerability to infrastructure and labor disruptions, and differing customer product preferences and requirements than our other markets. In fiscal year 2023, as a result of the war in Ukraine, we suspended shipments of machines and service parts to Russia. The suspension of shipments to Russia reduced actual and forecasted revenue for the region and resulted in impairments of most long-lived assets, among other impacts. In addition, we initiated a voluntary separation program for employees in Russia in the third quarter of fiscal year 2022.~~
- ~~Having business operations in various regions and countries exposes us to multiple and potentially conflicting business practices and legal and regulatory requirements that are subject to change. These practices and legal requirements are often complex and difficult to navigate, including those related to tariffs and trade regulations, investments, property ownership rights, taxation, repatriation of earnings, and advanced technologies.~~
- ~~Expanding business operations globally also increases exposure to currency fluctuations, which can materially affect our financial results.~~
- ~~While we maintain a positive corporate image and our brands are widely recognized and valued in our traditional markets, the brands are less known in some emerging markets, which could impede our efforts to successfully compete in these markets.~~
- ~~Changing U.S. export controls and sanctions on various foreign countries and on various parties could affect our ability to collect receivables, provide aftermarket warranty support for our equipment, sell products, and otherwise impact our reputation and business. We may be impacted by general negative economic conditions and outlook, causing weakened demand for our equipment and services, limiting access to funding, and resulting in higher funding costs. The demand for our products and services depends on the fundamentals in the markets in which we operate and can be significantly reduced in an economic environment characterized by high unemployment, high interest rates, cautious consumer spending, inflation, lower corporate earnings, and lower business investment. Negative or uncertain economic conditions that cause our customers to lack confidence in the general economic outlook can significantly reduce their likelihood of purchasing our equipment. These economic events adversely affected and may continue to adversely affect our operations. Sustained general negative economic conditions and outlook also affect housing starts, energy prices and demand, and other construction, which dampens demand for certain construction equipment. Our turf operations and our construction and forestry segments are dependent on construction activity and have also been affected by recent adverse economic conditions. Decreases in construction activity and housing starts could have a material adverse effect on our financial results. If negative economic conditions affect the overall farm economy, there could be a similar effect on our agricultural equipment sales. Uncertain or negative outlook with respect to pervasive U.S. fiscal issues as well as general economic conditions and outlook, such as market volatility and continuing interest rate increases by the Federal Reserve, have caused and could continue to cause significant changes in market liquidity conditions. Such changes could impact access to funding and associated funding costs, which could reduce our earnings and cash flows. We may be affected by changing worldwide demand for food and different forms of renewable energy, which could impact the price of farm commodities and consequently the demand for our equipment. This could result in higher research and development costs related to changing machine fuel requirements. Changing worldwide demand for farm outputs to meet the world's growing food and renewable energy demands, driven in part by government policies, including those related to climate change, and a growing world population, are likely to result in fluctuating agricultural commodity prices, which directly affect sales of agricultural equipment. Lower agricultural commodity prices directly affect farm incomes, which could negatively affect sales of~~

agricultural equipment and result in higher credit losses. While higher commodity prices benefit our crop-producing agricultural equipment customers, they could result in greater feed costs for livestock and poultry producers, which in turn may result in lower levels of equipment purchased by these customers. In addition, changing energy renewable demands may cause farmers to change the types or quantities of the crops they raise, with corresponding changes in equipment demands. Finally, changes in governmental policies regulating bio-fuel utilization could affect commodity demand and commodity prices, demand for our diesel-fueled equipment, and result in higher research and development costs related to equipment fuel standards. We may not realize the anticipated benefits of our Smart Industrial Operating Model and Leap Ambitions. Failure to realize the anticipated benefits of our Smart Industrial Operating Model and related business strategies in production systems, precision technologies, and aftermarket support could adversely affect results of our operations and financial condition. Several factors could impact our ability to successfully execute our Smart Industrial Operating Model, including, among other things: ● Failure to accurately assess market opportunities and the technology required to address such opportunities; ● Failure to develop and introduce new technologies or lack of adoption of such technologies by our customers; ● Failure to holistically provide lifecycle solutions; and ● Failure to optimize our capital allocation in connection with the Smart Industrial Operating Model. 15 Similarly, we may not realize the anticipated benefits of our Leap Ambitions and related goals within the expected timelines, or at all. As part of our Leap Ambitions we adopted various goals we expect to achieve by 2026 or 2030. We may not be able to achieve these goals for a variety of reasons, some of which may be beyond our control. Examples include: ● Our estimates and assumptions related to efficiency of our products and the adoption of precision technology may not be accurate; ● Certain materials, such as quality battery cells and cameras, may become unavailable or too costly; ● The infrastructure required to achieve our goals, such as sufficient charging stations or fuel availability, may become too costly or may not be developed on the expected timeline; and ● The actual or perceived failure to achieve our Leap Ambitions could negatively impact our ability to execute the Smart Industrial Operating Model. We may not realize all anticipated benefits of acquisitions, joint ventures, and divestitures, or these benefits may take longer to realize than expected. From time to time, we make strategic acquisitions and divestitures and participate in joint ventures. Acquisitions and joint ventures we have entered, or may enter in the future, may involve significant challenges and risks, including that the acquisitions or joint ventures do not advance our business strategy, or fail to produce satisfactory returns on investment. Other risks include: ● We may encounter difficulties in integrating acquisitions with our operations, applying internal control processes to these acquisitions, managing strategic investments, assimilating new capabilities to meet the future needs of our businesses, and / or combining business cultures; ● We may choose not to fully integrate businesses and may face regulatory or compliance exposure until appropriate processes and controls are put in place; ● Integrating acquisitions is often costly and may require significant attention from management and personnel; ● We may not realize all the anticipated benefits of acquisitions or joint ventures, or the realized benefits may be significantly delayed; and ● Due diligence evaluations of potential transactions include business, legal, and financial reviews with the goal of identifying and evaluating the material risks involved. These due diligence reviews may not identify all of the issues necessary to accurately estimate the cost and potential risks of a particular acquisition or joint venture, including potential exposure to regulatory sanctions resulting from an acquisition target's or joint venture partner's previous activities or costs associated with any quality issues with an acquisition target's or joint venture's products or services. We may also decide to divest businesses if in the best interests of our shareholders and joint ventures may be terminated at or before their stated expiration. For example, in March and October 2023, we sold our financial services and roadbuilding businesses in Russia following the outbreak of the war in Ukraine. Divestitures of businesses or dissolutions of joint ventures may involve significant challenges and risks, including failure to advance our business strategy, costs or disruptions to us, and negative effects on our product offerings, which may adversely affect our business, results of operations, and financial condition. Divestitures of businesses and dissolutions of joint ventures may result in ongoing financial or legal involvement in the divested business through indemnifications or other financial arrangements, such as retained liabilities, which could affect our future financial results. Our ability to understand our customers' preferences and requirements and to develop, manufacture, and market products that meet customer demand could significantly affect our business results. Our ability to match new product offerings to global customers' preferences for different types and sizes of equipment and various equipment features and functionality, at affordable prices, is critical to our success. This requires a thorough understanding of our existing and potential customers on a global basis, particularly in growth markets such as Argentina, Brazil, and India. Failure to deliver quality products that meet customer needs at competitive prices could have an adverse effect on our business. In addition, customer preferences in the markets we serve are changing as a result of ongoing social and regulatory focus on sustainability as these markets transition to less carbon-intensive business models. As regulations and social pressure drive change, we must continue to proactively monitor trends and develop alternatives and enhancements that elevate and complement our product offerings. For example, even though we plan to offer electric, hybrid-electric, and battery electric equipment solutions, we may be unable to keep up with the rising demand for electric agriculture, turf, and construction equipment. 16 The development of alternative farming techniques, carbon sequestration technologies, and new low-carbon biofuels are changing farmers' business models and equipment needs. If we fail to continue to develop or invest in emerging technologies to meet changing customer demands, we will be at risk of losing potential sources of revenue, which could affect our future financial results. If we are unable to deliver precision technology and agricultural solutions to our customers, it could affect our business, results of operations, and financial condition. Our approach to precision technology involves hardware and software, guidance, connectivity and digital solutions, automation and machine intelligence, and autonomy. Customers continue to adopt technology integrated in our portfolio of "smart" machines, systems, and solutions. We expect this trend to persist for the foreseeable future. To create and maintain a competitive differentiation, we need to successfully develop and introduce new precision technology solutions that improve profitability and sustainability for our customers. We may make significant investments in research and development, connectivity solutions, digital security for precision technology solutions, and dealer and employee training. These investments may not produce solutions that provide the

desired results for customers' profitability or sustainability outcomes. We utilize automation and machine learning and intelligence in some of our products. While the use of these emerging technologies can present significant benefits, it also creates risks and challenges. Data sourcing, technology, integration and process issues, program bias into decision-making algorithms, security problems, and the protection of privacy could impair the adoption and acceptance of autonomous machine solutions. If the output from these solutions is deemed to be inaccurate or questionable, our brand and reputation may be harmed and we may be subject to legal liability claims. Automation and machine learning and intelligence may also become the subject of local, state, federal, and foreign regulatory efforts limiting the features and capabilities of the technology. If we are not able to deliver precision technology solutions with differentiated features and functionality, or these solutions are not effective, customers may not adopt technology solutions, which could have a material adverse effect on our reputation and business. We could be impacted by changes to or reallocation of radio frequency (RF) bands which could disrupt or degrade the reliability of our high precision augmented Global Positioning System (GPS) or other RF technology, which could impair our ability to develop and market GPS- and RF- based technology solutions, as well as significantly reduce agricultural and construction customers' profitability. Our current and planned integrated agricultural business and equipment management systems, as well as our fleet management telematics solutions for construction equipment, depend upon the use of RF signals. These signals include, but are not limited to, GPS signals, other GPS- like satellite signals, augmented GPS services, and other RF technologies that link equipment, operations, owners, dealers, and technicians. These radio services depend on frequency allocations governed by international and national government agencies. Any international or national reallocation of frequency bands, including frequency bands segmentation and band spectrum sharing, or other modifications concerning the regulation of frequency bands, could significantly disrupt or degrade the utility and reliability of our GPS- based products, which could negatively affect our ability to develop and market GPS- based technology solutions. In addition, disruptions with GPS signals or the failure of telecommunications network operators to supply the bandwidth we need to support our products could interfere with the speed, availability, and usability of our equipment and services. If these GPS signals or RF signals become unavailable, our customers could be unable to use their equipment indefinitely. For our agricultural customers, this could result in lower crop yields, decreased operational efficiency, and higher equipment maintenance, seed, fertilizer, fuel, and wage costs. For construction customers, this could result in higher fuel and equipment maintenance costs, as well as lower construction design and project management efficiencies. These cost increases could significantly reduce customers' profitability, sustainability, and demand for our products. As a result, our sales and revenue could significantly decrease, which would have a material adverse effect on our results of operations and our business. Our ability to adapt in highly competitive markets could affect our business, results of operations, and financial condition. We compete in a variety of highly competitive global and regional markets with other manufacturers and distributors that produce and sell similar products. In addition, our industry is attracting non- traditional competitors, including technology- focused companies and start- up ventures. We compete on product performance, innovation and quality, distribution, sustainability, customer service, and price. Aggressive pricing or other strategies of competitors, unanticipated product or manufacturing delays, or our failure to price products competitively could adversely affect our business, results of operations, and financial condition. We rely on a network of independent dealers to manage the distribution of our products and services. If dealers are unsuccessful with their sales and business operations, it could have an adverse effect on our overall sales and revenue. We rely on the capability of our dealers to develop and implement effective sales plans to create demand among purchasers for the equipment and related products and services that dealers purchase from us. If our dealers are unsuccessful in these endeavors, we will be unable to grow our sales and revenue, which would have an adverse effect on our financial condition. 17In addition, the dealer channel's ability to support and service precision technology solutions and emerging power solutions may affect customers' acceptance and adoption rates of these products. The unavailability of specialized technicians to service our equipment may result in overburdening dealers' servicing capacity. Dealers may have trouble funding their day- to- day cash flow needs and paying their obligations due to adverse business conditions resulting from negative economic effects or other factors. Dealers may exit or we may seek to terminate relationships with certain dealers if they are unable to meet customer needs. The unplanned loss of any of our dealers could lead to inadequate market coverage, negative customer impressions, and may adversely impact our ability to collect receivables that are associated with that dealer.

**ENVIRONMENTAL, CLIMATE, AND WEATHER RISKS** Unfavorable weather conditions or natural catastrophes that reduce agricultural production and demand for agriculture and turf equipment could directly and indirectly affect our business. The purchasing decisions of our customers, particularly the purchasers of agriculture and turf equipment, can be significantly affected by poor or unusual weather conditions. Such conditions include:

- Insufficient levels of rain, which prevent farmers from planting new crops and may cause growing crops to die or result in lower yields;
- Excessive rain or flooding can prevent planting from occurring at optimal times and may cause crop loss through increased disease or mold growth;
- Temperatures outside normal ranges, which can cause crop failure or decreased yields and may also affect disease incidence;
- Natural disasters such as regional floods, hurricanes or other storms, droughts, diseases, wildfires, and pests, either as a physical effect of climate change or otherwise, which have had, and could in the future have, significant negative effects on agricultural and livestock production;
- Adverse weather conditions in a particular geographic region, particularly during the important spring selling season; and
- Drought conditions can adversely affect sales of certain mowing equipment and can similarly cause lower sales volume. Each of these conditions could have a negative impact on farm income which can affect demand for agricultural equipment and the financial condition and credit risk of our dealers and customers. Governmental actions designed to address climate change based on the emergence of new technologies and business models in connection with the transition to a lower- carbon economy could adversely affect John Deere and our customers. There is global scientific consensus that greenhouse gas (GHG) emissions continue to alter the composition of Earth's atmosphere in ways that are affecting and are expected to continue to affect the global climate. These considerations have led to new international, national, regional, and local legislative and regulatory responses. Various stakeholders, including legislators and regulators, shareholders,

and non- governmental organizations, as well as companies in many business sectors, including us, are continuing to look for ways to reduce GHG emissions. The regulation of GHG emissions from certain stationary or mobile sources or the imposition of carbon pricing mechanisms could result in additional costs to us in the form of taxes or emission allowances, required facilities improvements, **research and development investments**, and increased energy costs. These results would increase our operating costs through higher utility, transportation, and materials cost and could prevent us from selling products into certain markets. Increased input costs, such as fuel and fertilizer, and compliance- related costs could also affect customer operations and demand for our equipment. **Regulators in Europe and the U. S. have also focused efforts on increasing disclosures by companies related to climate change and mitigation efforts. These disclosure rules increase compliance burdens and associated regulatory costs.** Further, our financial services segment is subject to additional international and national **European** regulations relating to climate and environmental risk, which are continually evolving and could affect the financing operations and climate- risk processes developed by the segment. **Regulators in Europe and the U..... and otherwise adversely affect our business.** Legal proceedings **and**, disputes **in which we are**, and **government inquiries and investigations** **may in the future be, involved** could harm our business, financial condition, reputation, and brand. We routinely are a party to claims and legal actions **incidental and the subject of government inquiries and investigations, the most prevalent of which relate to product liability ( our business. These include including asbestos related liability)** claims for personal injury or property by users of our equipment, environmental **employment**, health **patent**, trademark and safety claims, disputes with distributors, vendors and **antitrust** others with respect to commercial matters, and disputes with taxing and other governmental authorities regarding the conduct of our business. The defense of lawsuits and government inquiries **or and** investigations has resulted and may result in expenditures of significant financial resources and the diversion of management' s time and attention away from business operations. We are currently subject to a consolidated multidistrict class action lawsuit in the Northern District of Illinois alleging that we have engaged in attempted monopolization, exclusionary conduct, and restraint of the market for repair services for John Deere brand agricultural equipment by limiting repair resources only to our authorized technicians or independent authorized John Deere dealers. In addition, the Federal Trade Commission (FTC) is investigating whether we have violated laws in connection with the repair of **22 John Deere brand agriculture equipment**, as well as our information security practices and statements as they relate to the risk of unauthorized access to our computer systems, products, and services. We are fully cooperating with the FTC. We are currently unable to predict the outcome of these matters. The development and resolution of these matters could have a material adverse effect on our business, operations, and financial results. **GENERAL RISK**Our reputation and brand could be damaged by negative publicity. Our brand has worldwide recognition and significantly contributes to the success of our business. Our reputation is critical to growing our customer base. Our brand depends on the ability to maintain a positive customer perception of the business, including the core values of integrity, quality, innovation, and commitment. Negative claims or publicity involving us, our products or services, our culture and values, our stance on environmental, social, and governance topics, customer data, or any of our key employees or suppliers, could damage our reputation and brand image, regardless of whether such claims are accurate. In addition, our stance on environmental, social, and governance topics damage to our reputation could adversely impact the ability to attract new and maintain existing customers, employees, dealers, and business relationships. For example, we have been the subject of negative media articles relating to our customers' right to maintain and safely repair their equipment. 23