Risk Factors Comparison 2023-05-24 to 2022-05-25 Form: 10-K

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

The following **are certain** ~~risks~~ - **risk factors that** ~~and uncertainties, as well as others described in this Annual Report on Form 10- K,~~ could materially and adversely affect our business, ~~our results of operations and~~ financial condition **and our results of operations** and could cause actual results to differ materially from our expectations and projections. Stockholders are cautioned that these and other factors, including those beyond our control, may affect future performance and cause actual results to differ from those which may, from time to time, be anticipated. ~~There~~ -- **The** ~~may be additional~~ risks that are **described below are** not ~~presently material or known~~ **the only ones that we face** . ~~See~~ **These risk factors should be considered in connection with the matters discussed herein under** " Cautionary Note Regarding Forward- Looking Statements ~~.~~ " **and other information included and incorporated by reference in this Form 10- K as well as in other reports and materials that we file with the SEC.** All forward- looking statements made by us or on our behalf are qualified by the risks described below. **Although the risks are organized by headings and by category, many risks are interrelated. You should not interpret the disclosure of any risk factor to imply that the risk has not already materialized. Business and Operating Risks** We operate in an extremely competitive industry and are subject to pricing pressures. We compete with a number of major international manufacturers and distributors, as well as a large number of smaller, regional competitors. Due to excess capacity in some sectors of our industry and consolidation among industrial battery purchasers, we have been subjected to significant pricing pressures. We anticipate continued competitive pricing pressure as foreign producers are able to employ labor at significantly lower costs than producers in the U. S. and Western Europe, expand their export capacity and increase their marketing presence in our major Americas and European markets. Several of our competitors have strong technical, marketing, sales, manufacturing, distribution and other resources, as well as significant name recognition, established positions in the market and long- standing relationships with OEMs and other customers. In addition, certain of our competitors own lead smelting facilities which, during periods of lead cost increases or price volatility, may provide a competitive pricing advantage and reduce their exposure to volatile raw material costs. Our ability to maintain and improve our operating margins ~~has depended, and continues to depend~~ **depends** ~~,~~ on our ability to control and reduce our costs **in addition to our ability to maintain business relationships with customers. If we are unable to offset pricing pressures, our profitability and cash flows could be adversely affected** . We cannot assure you that we will be able to continue to control our operating expenses, to raise or maintain our prices or increase our unit volume, in order to maintain or improve our operating results. Our results of operations may be negatively...... our business and / or reputation. Reliance on third party relationships and derivative agreements could adversely affect **our** ~~the Company' s~~ business. We depend on third parties, including suppliers, distributors, lead toll operators, freight forwarders, insurance brokers, commodity brokers, major financial institutions and other third party service providers, for key aspects of our business, including the provision of derivative contracts to manage risks of ~~(a)~~ commodity cost volatility, ~~(b)~~ foreign currency exposures and ~~(c)~~ interest rate volatility. Failure of these third parties to meet their contractual, regulatory and other obligations to **us** ~~the Company~~ , or the development of factors that materially disrupt our relationships with these third parties, could expose us to the risks of business disruption, higher commodity and interest costs, unfavorable foreign currency rates and higher expenses, which could have a material adverse effect on our business. ~~Our operating results could be adversely affected by changes~~ **Changes** in the cost and availability of raw materials **could adversely affect our business, financial position and results of operations** . Lead is our most significant raw material and is used along with significant amounts of plastics, steel, copper and other materials in our manufacturing processes. We estimate that raw material costs account for over half of our cost of goods sold. The costs of these raw materials, particularly lead, are volatile and beyond our control. Additionally, availability of the raw materials used to manufacture our products may be limited at times **,** resulting in higher prices ~~and /~~ or the need to find alternative suppliers. Furthermore, the cost of raw materials may also be influenced by transportation costs. Volatile raw material costs can significantly affect our operating results and make period- to- period comparisons difficult. ~~We~~ **To reduce the volatility of our costs, we periodically enter into hedging arrangements for a portion of our projected requirements. However, we** cannot assure you that we will be able to either hedge the costs or secure the availability of our raw material requirements at a reasonable level or, even with respect to our agreements that adjust pricing to a market- based index for lead, pass on to our customers the increased costs of our raw materials without affecting demand or that limited availability of materials will not impact our production capabilities. Our inability to raise the price of our products in response to increases in prices of raw materials **due to pricing pressure, contract terms or other factors** or to maintain a proper supply of raw materials could have an adverse effect on our ~~revenue~~ **business** , **financial position and results of** ~~operating~~ **operations** ~~profit and net income~~ . **Cost** ~~Increases~~ **increases** ~~in costs~~ , ~~disruption of~~ supply **disruptions** or ~~shortage~~ **shortages** of any of our battery components, such as electronic and mechanical parts, or **the** raw materials used in the production of such parts could ~~harm~~ **adversely affect** our business. From time to time, we may experience increases in the cost or a sustained interruption in the supply or shortage of our components. For example, a global shortage and component supply disruptions of electronic and other battery components is currently being reported, and the full impact to us is **not** yet ~~unknown~~ -- **known** . Other ~~examples of~~ shortages and component supply disruptions could ~~include~~ **affect** the supply of electronic components and raw materials (such as resins and other raw metal materials) that go into the production of our products. ~~Any such cost~~ **Cost** ~~increase~~ **increases** or supply ~~interruption~~ **interruptions** could materially and negatively impact our business, prospects, financial condition and operating results. The prices for our components fluctuate depending on market conditions and global demand and could adversely affect our business, prospects, financial condition and operating results. For instance, we are exposed to multiple risks relating to price fluctuations for battery cells. These risks include, but are not limited to: • supply shortages caused by the inability or unwillingness of our suppliers and their competitors to build or operate component production facilities to supply the numbers of battery components required to support the rapid growth of the electric vehicle industry and other industries in which we operate as demand for such components increases; • disruption in the supply of electronic circuits due to quality issues or insufficient raw materials; • a decrease in the number of manufacturers of battery components; and • an increase in the cost of raw materials. We are dependent on the continued supply of battery components for our products. To date **,** we have a limited number of fully qualified suppliers, and have limited flexibility in changing suppliers, though we are actively engaged in activities to qualify additional suppliers. Any disruption in the supply of battery components could temporarily disrupt production of our products until a different supplier is fully qualified. The cost of our battery products depends in part upon the prices and availability of raw materials such as **lead,** lithium, nickel, cobalt ~~and /~~ or other metals. The prices for these materials fluctuate and their available supply may be unstable, depending on market conditions and global demand for these materials, including as a result of increased global production of electric vehicles and energy storage products. Furthermore, fluctuations or shortages in petroleum and other economic conditions may cause us to experience significant increases in freight charges. Any reduced availability of these raw materials or substantial increases in ~~the~~ **their** prices ~~for such materials~~ may increase the cost of our components and consequently, the cost of our products. There can be no assurance that we will be able to recoup increasing costs of our components by increasing prices, which in turn could damage our brand, business, prospects, financial condition and operating results. Our operations expose us to litigation,...... our operating profit and net income. We have experienced and may continue to experience, difficulties implementing our ~~new~~ global enterprise resource planning system **, which may adversely affect our business, financial condition and results of operations** . We are engaged in a multi- year implementation of a ~~new~~ global enterprise resource planning system (" ERP "). The ERP is designed to **standardize business processes to** efficiently maintain our financial records and provide **critical operational** information ~~important to the operation of our business~~ to our management team. The ERP will continue to require significant investment of human and financial resources. In **our prior efforts** implementing the ERP, we ~~had~~ experienced significant production and shipping delays, increased costs and other difficulties. Any significant disruption or deficiency in the design and implementation of the ERP could adversely affect our ability to process orders, ship ~~product~~ **products** , send invoices and track payments, fulfill contractual obligations or otherwise operate our business. ~~While we have~~ **Even with our** ~~invested~~ **investment of** significant resources **into the ERP system** ~~in planning, project management and training~~ , additional and significant implementation issues may arise. In addition, our efforts to centralize various business processes and functions within our organization in connection with our ERP implementation may disrupt our operations **, divert management' s attention** and negatively impact our business, ~~results of operations and~~ financial condition **and results of operations** . The failure to successfully implement efficiency and cost reduction initiatives, including restructuring activities, could materially adversely affect our business **, financial position** and results of operations, and we may not realize some or all of the anticipated benefits of those initiatives. From time to time **,** we have implemented efficiency and cost reduction initiatives intended to improve our profitability and to respond to changes impacting our business and industry. These initiatives include relocating manufacturing to lower cost regions **, consolidating and closing facilities** , working with our material suppliers to lower costs, product design and manufacturing improvements, personnel reductions and voluntary retirement programs, and strategically planning capital expenditures and development activities. In the past we have recorded net restructuring charges to cover costs associated with our cost reduction initiatives involving restructuring. These costs have been primarily composed of employee separation costs, including severance payments, and asset impairments or losses from disposal. We also undertake restructuring activities and programs to improve our cost structure in connection with our business acquisitions, which can result in significant charges, including charges for severance payments to terminated employees and asset impairment charges. We cannot assure you that our efficiency and cost reduction initiatives will be successfully or timely implemented, or that they will materially and positively impact our profitability. Because our initiatives involve changes to many aspects of our business, the associated cost reductions could adversely impact productivity and sales to an extent we have not anticipated. In addition, our ability to complete our efficiency and cost- savings initiatives and achieve the anticipated benefits within the expected time frame is subject to estimates and assumptions and may vary materially from our expectations, including as a result of factors that are beyond our control. Furthermore, our efforts to improve the efficiencies of our business operations and improve growth may not be successful. Even if we fully execute and implement these activities and they generate the anticipated cost savings, there may be other unforeseeable and unintended consequences that could materially adversely impact our profitability and business, including unintended employee attrition or harm to our competitive position. To the extent that we do not achieve the profitability enhancement or other benefits of our efficiency and cost reduction initiatives that we anticipate, our **business, financial position and** results of operations may be materially adversely affected. Our international operations may be adversely affected by...... of operations and financial condition. Our failure to introduce new products and product enhancements ~~and~~ **coupled with** broad market acceptance of new technologies introduced by our competitors could adversely affect our business. Many new energy storage technologies have been introduced over the past several years. For certain important and growing markets, including markets served by our Motive Power and Energy Storage business segments, lithium- based battery technologies have a ~~large and~~ growing market share. Our ability to achieve significant and sustained penetration of key developing markets, including markets served by our Motive Power and Energy Storage business segments, will depend upon our success in developing or acquiring these and other technologies and related raw materials and components, either independently, through joint ventures or through acquisitions. If we fail to develop or acquire, and manufacture and sell, products that satisfy our customers' demands, or we fail to respond effectively to new product announcements by our competitors by quickly introducing competitive products, then market acceptance of our products could be reduced and our business could be adversely affected. We cannot assure you that our portfolio of primarily lead- acid products will remain competitive with products based on new technologies. ~~We may~~ **If we are** not ~~be~~ able to adequately protect our proprietary intellectual property and technology **, we may lose any technological advantages and our business, financial position and results of operations may be materially adversely affected** . We rely on a combination of copyright, trademark, patent and trade secret laws, non- disclosure agreements and other confidentiality procedures and contractual provisions to establish, protect and maintain our proprietary intellectual property and technology and other confidential information. Certain of these technologies, especially **thin plate pure lead ("** TPPL **")** technology, are important to our business and are not protected by patents. Despite our efforts to protect our proprietary intellectual property and technology and other confidential information, unauthorized parties may attempt to copy or otherwise obtain and use our intellectual property and proprietary technologies **. Successful cybersecurity attacks, data breaches, unauthorized exfiltration, unapproved use of machine learning or artificial intelligence tools, or other security incidents could result in the loss of intellectual property and key technological advantages** . If we are unable to protect our intellectual property and technology, we may lose any technological advantage we currently enjoy and may be required to take an impairment charge with respect to the carrying value of such intellectual property or goodwill established in connection with the acquisition thereof. In either case, our ~~operating~~ **business, financial position and** results **of operations** ~~and net income~~ may be **materially** adversely affected. Relocation of our customers' operations could adversely affect our business **, financial condition and results of operations** . The trend by a number of our North American and Western European customers to move manufacturing operations and expand their businesses in faster growing and ~~low~~ **lower** labor- cost markets may have an adverse impact on our business **, financial condition and results of operations** . ~~As~~ **These territories may be farther from** our ~~customers in traditional~~ manufacturing **plants** ~~- based industries seek to move their manufacturing operations to these locations~~ , **and** there is a risk that these customers will source their energy storage products from competitors located in those territories and will cease or reduce the purchase of products from **us** ~~our manufacturing plants~~ . We cannot assure you that we will be able to compete effectively with **our competitors located** ~~manufacturing operations of energy storage products~~ in those territories, whether by establishing or expanding our manufacturing operations in those ~~lower- cost~~ territories or acquiring existing manufacturers **in those territories** . Quality problems with our products could harm our reputation and erode our competitive position. The success of our business ~~will depend~~ **depends** upon the quality of our products and our relationships with customers. In the event that our products fail to meet our customers' standards, our reputation could be harmed ~~, which~~ **. This** ~~would~~ **could** ~~adversely affect our~~ **result in the loss of customers, a decrease in revenue and a loss of** ~~marketing~~ --- **market share** ~~and sales efforts~~ . We cannot assure you that our customers will not experience quality problems with our products. ~~We offer~~ **Warranty, recall** ~~our~~ - **or** ~~products~~ - **product** ~~under a variety of~~ **liability claims could also materially adversely affect our business** ~~brand~~ -- **and** ~~names, the protection of which is important to our~~ reputation ~~for quality in the consumer marketplace. We rely upon a combination of trademark, licensing and contractual covenants to establish and protect the brand names of our products. We have registered many of our trademarks in the U. S. Patent and Trademark Office and in other countries~~ . In ~~many market segments,~~ our **business** ~~reputation is closely related to our brand names. Monitoring unauthorized use of our brand names is difficult~~ , ~~and~~ we **are exposed to warranty** ~~cannot be certain that the steps we have taken will prevent their unauthorized use, particularly in foreign countries where the laws may not protect our proprietary rights as fully as in the U. S. We cannot assure you that our brand~~ -- **and** ~~names will not be misappropriated or utilized without our consent or that such actions will not have a material adverse effect on our reputation and on our results of operations. We may fail to implement our plans to make acquisitions or successfully integrate them into our operations. As part of our business strategy, we have grown, and plan to continue growing, by acquiring other~~ product **liability claims** ~~lines, technologies or facilities that complement or expand our existing business. There is significant competition for acquisition targets in the stored energy industry. We may not be able to identify suitable acquisition candidates or negotiate attractive terms~~ . In addition, we may **be required** ~~have difficulty obtaining the financing necessary~~ to ~~complete transactions~~ **participate in the recall of a product. If** we ~~pursue. In that regard~~ **fail to meet customer specifications for their products** , **we may be subject to product quality costs and claims, as well as adverse reputational impacts. A successful warranty** ~~our~~ - **or** ~~credit facilities restrict the amount of additional indebtedness~~ **product liability claim against us, or a requirement** that we **participate in** ~~may incur to finance acquisitions and place other restrictions on our ability to make acquisitions. Exceeding any of these restrictions would require the consent of our lenders. Even if acquisition candidates are identified, we cannot be sure that our diligence will surface all material issues that may be present, or that it would be possible to uncover all material issues through~~ a **product recall** ~~customary amount of due diligence~~ , ~~or that factors outside of such acquisition candidate and its business and outside of their respective control will not arise later. If any such material issues arise, they may materially and adversely impact the on- going business of EnerSys and our stockholders' investment. We may be unable to successfully integrate any assets, liabilities, customers, systems and management personnel we acquire into our operations and we may not be able to realize related revenue synergies and cost savings within expected time frames. For example, the ability of EnerSys to realize the anticipated benefits of the acquisition will depend, to a large extent, on our ability to combine our businesses in a manner that facilitates growth opportunities and realizes anticipated synergies, and achieves the projected stand- alone cost savings and revenue growth trends identified by each company. It is expected that we will benefit from operational and general and administrative cost synergies resulting from the warehouse and transportation integration, direct procurement savings on overlapping materials, purchasing scale on indirect spend categories and optimization of duplicate positions and processes. We may also enjoy revenue synergies, driven by a strong portfolio of brands with exposure to higher growth segments and the ability to leverage our collective distribution strength. In order to achieve these expected benefits, we must successfully combine the businesses in a manner that permits these cost savings and synergies to be realized and must achieve the anticipated savings and synergies without adversely affecting current revenues and investments in future growth. If we experience difficulties with the integration process or are not able to successfully achieve these objectives, the anticipated benefits of the acquisition may not be realized fully or at all or may take longer to realize than expected. Our failure to execute our acquisition strategy~~ could have a material adverse effect on our business **, financial condition and results of**

operations. We offer our products under a variety of brand names, the protection of which is important to our reputation for quality in the consumer marketplace. We rely upon a combination of trademark, licensing and contractual covenants to establish and protect the brand names of our products. We have registered many of our trademarks in the U. S. Patent and Trademark Office and in other countries. In many market segments, our reputation is closely related to our brand names. Monitoring unauthorized use of our brand names is difficult, and we cannot assure you that the steps we have taken will prevent the unauthorized use of our brand names, particularly in foreign countries where the laws may not protect our proprietary rights as fully as in the U. S . We cannot assure you that our **brand names will not be misappropriated or utilized without our consent. In the event of any such actions, our reputation and our business, financial condition and results of operations may be materially adversely affected. Our growth strategy depends on our ability to continue to expand our market presence through acquisitions, and our business could be materially adversely affected if we are unable to identify suitable** acquisition **candidates, complete any proposed acquisitions or successfully integrate the businesses we acquire. As part of our growth** strategy ~~will be successful~~ **, we depend on acquisitions of other product lines, technologies or facilities that complement or expand** ~~or~~ **our existing business. Acquisitions involve numerous risks, including: • inability to overcome significant competition for acquisition targets in the stored energy industry; • inability to identify suitable acquisition candidates or negotiate attractive terms; • difficulty obtaining the financing necessary to complete transactions we pursue, as our credit facilities restrict the amount of additional indebtedness** that we **may incur to finance acquisitions and place other restrictions on our ability to make acquisitions (and exceeding any of these restrictions would require the consent of our lenders); • failure to identify all material issues through a customary due diligence investigation, and that material issues** will ~~be able~~ **arise later; • difficulties in the assimilation of the operations, systems, controls, technologies, personnel, services and products of the acquired business; • potential loss of key employees, customers, suppliers and distributors of the acquired business; • diversion of our management' s attention from other business concerns; • incurrence of additional debt or adverse tax and accounting consequences in connection with any acquisitions; • failure** to successfully integrate **the acquired businesses in a timely manner, or at all; • incurrence of significant unanticipated expenses associated with integration activities; and • anticipated benefits of an** ~~acquisitions~~ - **acquisition not being realized fully or at all, or taking longer to realize than** we ~~do make~~ **expect. The materialization of any of the foregoing risks could impair our ability to successfully execute our acquisition growth strategy, which could have a material adverse effect on our business** . Any acquisitions that ~~we complete~~ **involve the issuance of our equity securities** may dilute **our** stockholder ownership interests ~~in EnerSys~~ , ~~may have adverse effects on~~ **reduce the market price of our stock,** ~~our~~ - **or both, and as a result our business,** financial condition and results of operations **could be adversely affected** ~~and may cause unanticipated liabilities~~ . Future acquisitions may involve the issuance of our equity securities as payment, in part or in full, for the businesses or assets acquired. Any future issuances of equity securities ~~would~~ **may** dilute **our** ~~stockholder~~ **stockholders ' proportionate** ownership interests **in EnerSys** . In addition, ~~future acquisitions might not increase, and may even decrease, our earnings or earnings per share and~~ the benefits derived by us from an acquisition might not outweigh or ~~might not~~ exceed the dilutive effect of **any issuance of equity securities** ~~the acquisition. We also may incur additional debt or suffer adverse tax and accounting consequences~~ in connection with **the acquisition. We cannot predict or estimate the amount or timing of** any future acquisitions **or related issuances of equity securities. Our stockholders bear the risk of any such future offerings reducing the market price of our stock and diluting their proportionate ownership interests in EnerSys** . If our electronic data is compromised, our business could be ~~significantly harmed~~ **materially adversely affected** . We and our business partners maintain significant amounts of data electronically in locations around the world. This data relates to all aspects of our business, including current **products and services** and future products and services under development ~~, and~~ **. This data** also contains certain customer, supplier, partner and employee ~~data~~ **information** . We maintain systems and processes designed to protect this data **. However** , ~~but~~ notwithstanding such protective measures, there is a risk of intrusion, cyberattacks, tampering, theft, misplaced or lost data, programming ~~and /~~ or human errors that could compromise the integrity and privacy of this data, improper use of our systems, software solutions or networks, **power outages, hardware failures, computer viruses, failure of critical computer systems,** unauthorized access, use, disclosure, modification or destruction of information, defective products, production downtimes and operational disruptions, which in turn could adversely affect our ~~reputation~~ **business** , ~~competitiveness,~~ **financial condition** and results of operations. **We** ~~In addition, we~~ provide confidential and proprietary information to our third- party business partners in certain cases where doing so is necessary to conduct our business. While we obtain assurances from those parties that they have systems and processes in place to protect such data ~~,~~ and **,** where applicable, that they will take steps to assure the protections of such data by third parties, ~~nonetheless~~ those partners may ~~also~~ be subject to **the same risks as we are. In particular, we and our third- party business partners experience cybersecurity incidents of varying degrees from time- to- time, including ransomware and phishing attacks as well as distributed denial of service attacks and the theft of** data ~~intrusion or otherwise compromise~~ **. Cyber threats are constantly evolving, are becoming more sophisticated and are being made by groups and individuals with a wide range of expertise and motives, and this increases the difficulty of detecting and successfully defending against** ~~the~~ **them** ~~protection of such data~~ . Any compromise of the confidential data of our customers, suppliers, partners, employees or ourselves, or failure to prevent or mitigate the loss of or damage to this data through breach of our information technology systems or other means could substantially disrupt our operations, harm our customers, employees and other business partners, damage our reputation, violate applicable laws and regulations, subject us to potentially significant costs and liabilities and result in a loss of business that could be material. **Our software and related services are highly technical and may contain undetected software bugs, errors or other vulnerabilities, which could manifest in ways that could adversely affect our reputation and our business. The software and related services that we offer are highly technical and complex. Our services or any other products that we may introduce in the future may contain undetected**

software bugs, hardware errors and other vulnerabilities. These vulnerabilities can manifest in any number of ways in our products, including through diminished performance, security vulnerabilities, malfunctions, or even permanently disabled products. We **reputation and our business.The software and related services that we offer are highly technical and complex.Our services or any other products that we may introduce in the future may contain undetected software bugs,hardware errors,and other vulnerabilities.These bugs and errors can manifest in any number of ways in our products,including through diminished performance,security vulnerabilities,malfunctions,or even permanently disabled products.We** have a practice of regularly updating our products ~~,~~and some errors in our products may be discovered only after a product has been used ~~.In~~ **by users,and may in** some cases ~~,any vulnerabilities may only~~ be detected **only** under certain circumstances or after extended use.Any errors,bugs or other vulnerabilities discovered in our code or backend after release could damage our reputation, ~~alienate~~ **drive away** users,allow third parties to manipulate or exploit our software,lower revenue and expose us to claims for damages,any of which could ~~adversely affect~~ **seriously harm** our business.Additionally,errors,bugs **,** or other vulnerabilities may,either directly or if exploited by third parties,affect our ability to make accurate royalty payments.We also could face claims for product liability,tort or breach of warranty ~~as a result~~ .Defending a lawsuit,regardless of its merit,is costly and may divert management' s attention and ~~adversely affect~~ **seriously harm** our reputation and our business.In addition,if our liability insurance coverage proves inadequate or future coverage is unavailable on acceptable terms or at all,our business could be seriously harmed. ~~If we cannot~~ **A failure to** keep pace with ~~rapid~~ developments in technology ~~,the use of~~ **could impair our operations** ~~our~~ **or competitive position** ~~products and services and,consequently,our revenues could decline~~ .Our business continues to demand the use of sophisticated systems and technology.These systems and technologies must be refined,updated and replaced with more advanced systems on a regular ~~basis in order for us to meet our customers' demands and expectations.We expect that new technologies applicable to our business will continue to emerge and may be superior to,or render obsolete,the technologies we currently use in our products and services.We cannot predict the effects of technological changes on our business,which technological developments or innovations~~ operate ~~negatively impact our sales and earnings generation and result in a material adverse effect on our business,cash flow,results of operations and financial position.Government reviews,inquiries,investigations and actions could harm our business or reputation.As we operate in various locations around the world,our operations in certain countries are subject to significant governmental scrutiny and may be adversely impacted by the results of such scrutiny.The regulatory environment with regard to our business is evolving,and officials often exercise broad discretion in deciding how to interpret and apply applicable regulations.From time to time,we receive formal and informal inquiries from various government regulatory authorities,as well as self- regulatory organizations,about our business and compliance with local laws,regulations or standards.Any determination that our operations or activities,or the activities of our employees,are not in compliance with existing laws,regulations or standards could result in the imposition of substantial fines,interruptions of business,loss of supplier,vendor,customer or other third- party relationships,termination of necessary licenses and permits,or similar results,all of which could potentially harm our business and reputation.Even if an inquiry does not result in these types of determinations,regulatory authorities could cause us to incur substantial costs or require us to change our business practices in a manner materially adverse to our business,and it potentially could create negative publicity which could harm our business and reputation.Our~~ international operations may be adversely affected by actions taken by foreign governments or other forces or events over which we may have no control.We currently have significant manufacturing and **/ or** distribution facilities outside of the United States,in Argentina,Australia,Belgium,Brazil,Canada,the Czech Republic,France,Germany,India,Italy,Malaysia,Mexico,the PRC,Poland,Spain,Switzerland and the United Kingdom.Our global operations are dependent upon products manufactured,purchased and sold in the U.S.and internationally,including in countries with political and economic instability or uncertainty.This includes,for example,the uncertainty related to the United Kingdom' s withdrawal from the European Union (commonly known as " Brexit ") the current conflict between Russia and Ukraine,ongoing terrorist activity,the adoption and expansion of trade restrictions,including the occurrence or escalation of a ~~“~~ **"** trade war, ~~”~~ **"** or other governmental action related to tariffs or trade agreements or policies among the governments of the United States,the PRC and other countries and other global events.The global credit and financial markets have recently experienced extreme volatility and disruptions,including severely diminished liquidity and credit availability,declines in consumer confidence,declines in economic growth,increases in unemployment rates and uncertainty about economic stability **.The financial markets and the global economy may also be adversely affected by the current or anticipated impact of military conflict,including the conflict between Russia and Ukraine,or other geopolitical events** .Sanctions imposed by the United States and other countries in response to such conflicts,including the one in Ukraine,may also adversely impact the financial markets and the global economy,and any economic countermeasures by affected countries and others could exacerbate market and economic instability.There can be no assurance that further deterioration in credit and financial markets and confidence in economic conditions will not occur.Recent effects of the conflict between Russia and Ukraine includes writing off $ 4 **.0** million in net assets located in Russia during **the fourth quarter of** fiscal 2022 **,and we do not expect to be able to repatriate any monies located in Russia** .Furthermore,Brexit could cause disruptions to,and create uncertainty surrounding our business,including affecting our relationships with our existing and future customers,suppliers and associates,which could have an adverse effect on our business,financial results and operations. **Recent** ~~Effects~~ **effects** of Brexit include changes in customs regulations,shortages of truck drivers in the U.K.,and administrative burdens placed on transportation companies **,which** have led to challenges and delays in moving inventory across U.K. ~~or~~ **/** EU borders,and higher importation, **freight and distribution costs.If such trends continue,we may experience further cost increases.Some countries have greater political and economic volatility and greater vulnerability to infrastructure and labor disruptions than others.Our business could be negatively impacted by adverse fluctuations in freight costs,limitations on shipping and receiving capacity,and other disruptions in the transportation and shipping infrastructure at important geographic points of exit and entry for our products.Operating**

in different regions and countries exposes us to a number of risks,including:• multiple and potentially conflicting laws,regulations and policies that are subject to change;• imposition of currency restrictions,restrictions on repatriation of earnings or other restraints imposition of burdensome import duties,tariffs or quotas;• changes in trade agreements;• imposition of new or additional trade and economic sanctions laws imposed by the U.S.or foreign governments;• war or terrorist acts;and • political and economic instability or civil unrest that may severely disrupt economic activity in affected countries.The occurrence of one or more of these events may negatively impact our business,results of operations and financial condition.Our a number of ~~critical computer systems throughout our business~~ **risks, including: • multiple and potentially conflicting laws, regulations and policies** that ~~conflicts.Large~~ -- **are subject** ~~manufacturers also will have~~ to ~~disclose how~~ **change;• changes in international treaties or trade unions,which may make our products or our customers' products more costly to export or import;• imposition of currency restrictions,restrictions on repatriation of earnings or other restraints imposition of burdensome import duties,tariffs or quotas,which may make our products more costly to export or import;• changes in trade agreements;• disadvantages of competing against companies from countries that are not subject to U.S.laws and regulations,including** ~~they~~ - **the FCPA;• compliance** ~~plan to monitor their sources to comply~~ with **data protection** ~~the rules.Compliance with the regulation~~ **regulations** ~~began January 1,2021~~ **;• imposition of new or additional trade and economic sanctions laws imposed by the U.S.or foreign governments;• war or terrorist acts;and • political and economic instability or civil unrest that may severely disrupt economic activity in affected countries** .The ~~implementation~~ **occurrence of one or more** of these ~~requirements could~~ **events may adversely** affect ~~the sourcing and availability of minerals used in the manufacture of our products.As a result,there may only be a limited pool of suppliers who provide conflict- free metals,and we cannot assure you that we will be able to obtain products in sufficient quantities or at competitive prices.Future regulations may become more stringent or costly and our compliance costs and potential liabilities could increase,which may harm~~ our business **,financial condition and results of operations** .We are exposed to exchange rate and inflation risks,and our net earnings and financial condition may suffer due to currency translations.We invoice our foreign sales and service transactions in local and foreign currencies and translate net sales using actual exchange rates during the period.We translate our non- U.S.assets and liabilities into U.S.dollars using current exchange rates as of the balance sheet dates. **Approximately 40 % of net sales were generated outside of the United States in fiscal 2023.** Because a significant portion of our revenues and expenses are denominated in foreign currencies,changes in exchange rates between the U.S.dollar and foreign currencies **,** including the effects of inflation,primarily the euro,British pound,Polish zloty,Chinese renminbi,Mexican peso and Swiss franc **,** may adversely affect our revenue,cost of goods sold and operating margins.For example,foreign currency depreciation against the U.S.dollar will reduce the value of our foreign revenues and operating earnings as well as reduce our net investment in foreign subsidiaries ~~.Approximately 40 % of net sales were generated outside of the United States in fiscal 2022~~ .In addition,we have balance sheet foreign currency positions that benefit from a stronger U.S.dollar and weak euro and may impact other income ~~/~~ expense and equity on the balance sheet.Most of the risk of fluctuating foreign currencies is in our European operations,which comprised approximately one- ~~third~~ **fifth** of our net sales during the last three fiscal years.The euro is the dominant currency in our EMEA operations.In the event that one or more European countries were to replace the euro with another currency,our sales into such countries,or into Europe generally,would likely be adversely affected until stable exchange rates are established. ~~The translation impact from currency fluctuations on net sales and operating earnings in our Americas and Asia operations are not as significant as our European operations,as a substantial majority of these net sales and operating earnings in the Americas are in U.S.dollars and Asia is a smaller sales region.~~ If foreign currencies depreciate against the U.S.dollar,it would make it more expensive for our non- U.S.subsidiaries to purchase certain of our raw material commodities that are priced globally in U.S.dollars,while the related revenue will decrease when translated to U.S.dollars.Significant movements in foreign exchange rates ~~can~~ can **have** ~~fail for~~ a **material** ~~variety of reasons. If such a failure were to occur, we may not be able to sufficiently recover from the failure in time to avoid the loss of data or any adverse~~ impact on ~~on~~ our results of operations and financial condition.We periodically engage in hedging of our foreign currency exposures,but cannot assure you that we can successfully hedge all of our foreign currency exposures or do so at a reasonable cost.We quantify and monitor our global foreign currency exposures.Our largest foreign currency exposure is from the purchase and conversion of U.S.dollar- based lead costs into local currencies in Europe.Additionally,we have currency exposures from intercompany financing and intercompany and third party trade transactions.On a selective basis,we enter into foreign currency forward contracts and purchase option contracts to reduce the impact from the volatility of currency movements;however,we cannot **be** certain ~~of~~ **that foreign currency fluctuations will not impact** our operations ~~that~~ **in the future. If we** are ~~dependent~~ **unable to effectively hedge against currency fluctuations, our operating costs and revenues in our non- U. S. operations may be adversely affected. This, in turn, would have an adverse effect** on ~~such systems. This could~~ **our business, financial position and** ~~result~~ **results of** ~~in lost sales and the inefficient operation~~ **operations** ~~of our facilities for the duration of such a failure~~ . **Financial and Accounting Risks** We may not be able to maintain adequate credit facilities **, which could materially adversely affect our business, financial condition and results of operations** . Our ability to continue our ongoing business operations and fund future growth depends on our ability to maintain adequate credit facilities and to comply with the financial and other covenants in such credit facilities or to secure alternative sources of financing. However, such credit facilities or alternate financing may not be available or, if available, may not be on terms favorable to us. If we do not have adequate access to credit, we may be unable to refinance our existing borrowings and credit facilities when they mature and ~~to~~ fund future acquisitions, **which** ~~and this~~ may reduce our flexibility in responding to changing industry conditions **and materially adversely affect our business, financial condition and results of operations** . Our indebtedness could adversely affect our **business,** financial condition and results of operations **and restrict us in ways that limit our flexibility in operating our business** . As of March 31, ~~2022~~ **2023** , we had $ 1, ~~299~~ **073** million of total consolidated debt (including finance leases). This level of debt could: • increase our vulnerability to adverse general economic and industry conditions, including interest rate fluctuations, because a portion of our borrowings bear, and will continue to bear, interest at floating rates; • require us to dedicate a substantial portion of our cash flow from operations to debt service payments, which would reduce the availability of our cash to fund working capital, capital expenditures or other general corporate purposes, including acquisitions; • limit our flexibility in planning for, or reacting to, changes in our business and industry; • restrict our ability to introduce new products or technologies or exploit business opportunities; • place us at a disadvantage compared with competitors that have proportionately less debt; • limit our ability to borrow additional funds in the future, if we need them, due to financial and restrictive covenants in our debt agreements; **• limit our operating and financial flexibility due to financial and restrictive covenants in our debt agreements;** and • have a material adverse effect on us if we fail to comply with the financial and restrictive covenants in our debt agreements. **In addition,** ~~There can be no assurance that we will continue to declare cash dividends at all or~~ **our ability to make scheduled** ~~in any particular amounts. During fiscal 2022, we announced the declaration of a quarterly cash dividend of $ 0. 175 per share of common stock for quarters ended July 4, 2021, October 3, 2021, January 2, 2022 and March 31, 2022. On May 20, 2022, we announced a fiscal 2023 first quarter cash dividend of $ 0. 175 per share of common stock. Future payment~~ **payments** ~~of a regular quarterly cash dividend~~ on ~~our~~ - **or** ~~common shares will be subject~~ to **refinance** ~~, among other things,~~ our **debt obligations depends on our** ~~results of operations, cash balances and future cash requirements,~~ financial condition ~~, statutory requirements of Delaware law, compliance with the terms of existing~~ and **operating performance** ~~future indebtedness and credit facilities~~ , **which is subject to prevailing economic and competitive conditions and to financial, business, legislative, regulatory** and other factors **, some** ~~that the Board~~ of ~~Directors may deem relevant~~ **which are beyond our control** . ~~Our dividend~~ **Any failure to make scheduled** payments may change from time to time,...... our management team or unsuccessful succession planning could adversely affect our business ~~. Our success depends in part on our ability to attract, retain and motivate senior management and other key employees. Achieving this objective may be difficult due to many factors, including fluctuations in global economic and industry conditions, competitors' hiring practices, cost reduction activities, and the effectiveness of our compensation programs. Competition for qualified personnel can be very intense. We must continue to recruit, retain and motivate senior management and other key employees sufficient to maintain our current business and support our future projects. We are vulnerable to attrition among our current senior management team and other key employees. A loss of any such personnel, or the inability to recruit and retain qualified personnel in the future, could have an adverse effect on our business~~ , financial condition and results of operations ~~. In addition, if we are unsuccessful in our succession planning efforts, the continuity of our business and results of operations could be adversely affected~~ . We may have exposure to greater than anticipated tax liabilities **, which could adversely impact our business, financial position and results of operations** . Our income tax obligations are based in part on our corporate operating structure and intercompany arrangements, including the manner in which we operate our business, develop, value, manage, protect, and use our intellectual property and the valuations of our intercompany transactions. We may also be subject to additional indirect or non- income **based** taxes. The tax laws applicable to our business, including the laws of the United States and other jurisdictions, are subject to interpretation **,** and certain jurisdictions are aggressively interpreting their laws in new ways in an effort to raise additional tax revenue from multi- national companies ~~,~~ like us. The taxing authorities of the jurisdictions in which we operate may challenge our **tax positions and** methodologies for valuing developed technology or intercompany arrangements, which could increase our worldwide effective tax rate and ~~harm~~ **adversely impact** our **business,** financial position ~~,~~ **and** results of operations ~~, and cash flows~~ . Although we believe that our provision for income taxes is reasonable, the ultimate tax outcome may differ from the amounts recorded in our financial statements and may materially affect our financial results in the period or periods for which such determination is made. In addition, our future income tax rates could be adversely affected by earnings being lower than anticipated in jurisdictions that have lower statutory tax rates and higher than anticipated in jurisdictions that have higher statutory tax rates, by changes in the valuation of our deferred tax assets and liabilities, or by changes in tax laws, regulations, or accounting principles. Changes in tax laws or tax rulings could materially affect our **business,** financial position ~~,~~ **and** results of operations ~~, and cash flows~~ . The income and non- income tax regimes **to which** we are subject ~~to~~ or **under which we** operate ~~under~~ are unsettled and may be subject to significant change. Changes in tax laws or tax rulings, or changes in interpretations of existing laws, could materially affect our **business,** financial position ~~,~~ **and** results of operations ~~, and cash flows. These enactments and future possible guidance from the applicable taxing authorities may have a material impact on the Company' s operating results~~ . In addition, many countries in Europe, as well as a number of other countries and organizations, have recently proposed or recommended changes to existing tax laws or have enacted new laws that could significantly increase our tax obligations in many countries where we do business or require us to change the manner in which we operate our business. **For example: • On August 16, 2022, the U. S. Congress passed the Inflation Reduction Act of 2022 (the " IRA "), which, among other provisions, creates a new corporate alternative minimum tax (" CAMT ") of at least 15 % for certain large corporations that have at least an average of $ 1 billion in adjusted financial statement income over a consecutive three- year period effective after December 31, 2022.** The ~~Company~~ **IRA also includes a 1 % excise tax on certain stock repurchases beginning in 2023. We do not expect to meet the CAMT threshold in the near term. However, we expect a material portion of our U. S. produced batteries and battery cells, including our proprietary TPPL batteries, will qualify for production tax credits under Section 45X of the IRA. • In 2021, the Organization for Economic Cooperation Development (the " OECD "), through an association of more than 140 countries, announced a consensus around a two- pillar approach to address tax challenges presented by digital commerce. " Pillar 1 " focuses on nexus and profit allocation, and " Pillar 2 " focuses on a minimum global effective tax rate of 15 %. On December 15, 2022, the European Union adopted the Pillar Two directive and EU member states are expected to implement Pillar Two into domestic law by December 31, 2023. We** closely ~~monitors~~ - **monitor** these **developments** ~~proposals as they arise~~ in the countries where ~~it~~ **we** ~~operates~~ - **operate** . Changes to the statutory tax rate may occur at any time, and any related expense or benefit recorded may be material to the fiscal quarter and year in which the law change is enacted. The European Commission has conducted investigations in multiple countries focusing on whether local country tax rulings or tax legislation provides preferential tax treatment that violates European Union state aid rules and concluded that certain countries, have provided illegal state aid in certain cases. These investigations may result in changes to the tax treatment of our foreign operations. Due to the large and expanding scale of our international business activities, many of these types of changes to the taxation of our activities could increase our worldwide effective tax rate and ~~harm~~ **adversely affect** our **business,** financial position ~~,~~ **and** results of operations ~~,~~ **. Such changes may also apply retroactively to our historical operations** and ~~cash flows~~ **result in taxes greater than the amounts estimated and recorded in our financial statements. In relation to the IRA, we expect to receive production tax credits for certain of our products produced in the US, however, the exact impact of these changes is not fully known and may, in some circumstances, depend on guidance issued by the U. S. Department of the Treasury (" Treasury ") regarding the interpretation and implementation of the IRA. Treasury has issued only limited interpretations and additional guidance may be forthcoming. If and when issued, such guidance may impose further requirements or limitations. These and any other changes to government incentives that impose additional restrictions could increase costs, limit our ability to utilize tax benefits, or adversely impact our growth, which could have a material adverse effect on our business, financial condition and results of operations. There can be no assurance that our products will meet the requirements for the tax credits and compliance with such requirements could increase our labor and other costs. Any reduction in rebates, tax credits or other financial incentives available to manufacturers could negatively affect the market and adversely impact our business operations and expansion potential. In addition, there is no assurance we will have the necessary tax attributes to utilize any such credits that are available and may not be able to monetize such credits on favorable terms** . In connection with the **OECD' s** ~~Organization for Economic Cooperation and Development~~ Base Erosion and Profit Shifting (BEPS) project, companies are required to disclose more information to tax authorities on operations around the world, which may lead to greater audit scrutiny of profits earned in other countries. **We** ~~The Company~~ regularly ~~assesses~~ -- **assess** the likely outcomes of ~~its~~ **our** tax audits and disputes to determine the appropriateness of ~~its~~ **our** tax reserves. However, any tax authority could take a position on tax treatment that is contrary to **our** ~~the Company' s~~ expectations, which could result in tax liabilities in excess of reserves. **Legal and Regulatory Risks** Our ~~software~~ **operations expose us to environmental, health** and **safety and other legal compliance risks, and any noncompliance could adversely affect our business. As a global business, we are subject to extensive environmental liability on our operations due to current environmental laws and regulations in the jurisdictions we operate. If convicted or found liable for violation of a law or regulation, we could be subject to significant fines, penalties, repayments or other damages. Laws and regulations may also change from time to time, as may** related ~~services~~ **interpretations and other guidance, resulting in potentially higher expenses and payments and affect how we conduct our operations and structure our investments. We process, store, dispose of and otherwise use large amounts of hazardous materials, especially lead and acid in the manufacturing of our products. As a result, we** are ~~highly technical~~ **subject to extensive** and ~~may~~ **changing environmental,health** and safety laws and regulations governing,among other things:the generation,handling,storage,use,transportation and disposal of hazardous materials;remediation of polluted ground or water;emissions or discharges of hazardous materials into the ground,air or water;and the health and safety of our employees ~~.In light of the efforts to slow the spread of COVID- 19 by many governments,we have also become subject to a number of restrictions on the operation of our business.Compliance with these laws and regulations results in ongoing costs~~ .Failure to comply with these laws or regulations,or to obtain or comply with required environmental permits,could result in fines,criminal charges or other sanctions by regulators.From time to time we have had instances of alleged or actual noncompliance that have resulted in the imposition of fines,penalties and required corrective actions.Our ongoing compliance with environmental,health and safety laws,regulations and permits could require us to incur significant expenses,limit our ability to modify or expand our facilities or continue production and require us to install additional pollution control equipment and make other capital improvements.In **addition,private parties,including current or former employees,could bring personal injury or other claims against us due to the presence of,or exposure to,hazardous substances used,stored or disposed of by us or** ~~contain~~ **contained in** ~~undetected software bugs or~~ **our** ~~our~~ products.Certain environmental laws assess liability on owners or operators of real property for the cost of investigation,removal or remediation of hazardous substances at their current or former properties ~~or at properties at which they have disposed of hazardous substances~~ .These laws may also assess costs to repair damage to natural resources.We may be responsible for remediating damage to our properties caused by former owners.Soil and groundwater contamination has occurred at some of our current and former properties and may occur or be discovered at other properties in the future. ~~We~~ **In accordance with regulatory permits,we** are currently investigating and monitoring soil and groundwater contamination at several of our properties,in most cases as required by regulatory permitting processes.We may be required to conduct these operations at other properties in the future.In addition,we have been,and in the future,may be liable to contribute to the cleanup of locations owned or operated by other persons to which we or our predecessor companies have sent ~~wastes~~ - **waste** for disposal,pursuant to federal and other environmental laws.Under these laws,the owner or operator of contaminated properties and companies that generated,disposed of or arranged for the disposal of wastes sent to a contaminated disposal facility can be held jointly and severally liable for the investigation and cleanup of such properties,regardless of fault.Additionally,our products may become subject to fees and taxes in order to fund cleanup of such properties,including those operated or used by other lead- battery industry participants.Changes in environmental and climate **- related** laws ~~or~~ **and** regulations could lead to new or additional investment in production designs and could increase environmental compliance expenditures.For example,the European Union has enacted greenhouse gas emissions legislation,and continues to expand the scope of such legislation.The United States Environmental Protection Agency has promulgated regulations applicable to projects involving greenhouse gas emissions above a certain threshold,and the United States and certain states within the United States have enacted,or are considering,limitations on greenhouse gas emissions.Changes in climate change concerns,or in the regulation of such concerns,including greenhouse gas emissions,could subject us to additional costs and restrictions,including increased energy and raw materials costs.Additionally,we cannot assure you that we have been or at all times will be in compliance with environmental laws and regulations or that we will not be required to expend significant funds to comply **with,or discharge** ~~vulnerabilities~~ -- **liabilities arising under, environmental laws, regulations and permits, or that we will not be exposed to material environmental, health or safety litigation. We are subject to a wide variety of domestic and foreign laws and regulations that could adversely affect our business, financial condition and results of operations. We are subject to a wide variety of domestic and foreign laws and regulations, and legal compliance risks, including securities laws, tax laws, data privacy laws, employment and pension- related laws, competition laws, U. S. and foreign export and trade laws, government procurement regulations, and laws governing improper business practices. We are affected by both new laws and regulations, and changes to existing laws and regulations which may continue to evolve through interpretations by courts and regulators. Furthermore, the laws and regulations to which we are subject may differ from jurisdiction to jurisdiction, further increasing the cost of compliance and the risk of noncompliance. In particular, the U. S. Foreign Corrupt Practices Act (" FCPA ") and similar worldwide anti- bribery laws in non- U. S. jurisdictions generally prohibit companies and their intermediaries from making improper payments to non- U. S. officials for the purpose of obtaining or retaining business. The FCPA applies to companies, individual directors, officers, employees and agents. Under the FCPA, U. S. companies may be held liable for actions taken by strategic or local partners or representatives. The FCPA also imposes accounting standards and requirements on publicly traded U. S. corporations and their foreign affiliates, which are intended to prevent companies and their intermediaries from making improper payments to non- U. S. government officials for the purpose of obtaining or retaining business. Certain of our customer relationships outside of the U. S. are with governmental entities and are therefore subject to such anti- bribery laws. Our policies mandate compliance with these anti- bribery laws. Despite meaningful measures that we undertake to facilitate lawful conduct, which include training and internal control policies, these measures may not always prevent reckless or criminal acts by our employees or agents. As a result, we could be subject to criminal and civil penalties, disgorgement, further changes or enhancements to our procedures, policies and controls, personnel changes or other remedial actions. Violations of these laws, or allegations of such violations, could disrupt our operations, involve significant management distraction and result in a material adverse effect on our competitive position, results of operations, cash flows or financial condition. Complying or failing to comply with conflict minerals regulations could materially and adversely affect our supply chain, our relationships with customers and suppliers and our financial results. We are currently subject to conflict mineral disclosure regulations in the U. S. and may be affected by new regulations concerning conflict and similar minerals adopted by other jurisdictions where we operate. U. S. legislation included disclosure requirements regarding the use of conflict minerals mined from the Democratic Republic of Congo and adjoining countries and procedures regarding a manufacturer' s efforts to prevent the sourcing of such conflict minerals. In addition, the European Union adopted an EU- wide conflict minerals rule under which most EU importers of tin, tungsten, tantalum, gold and their ores will have to conduct due diligence to ensure the minerals do not originate from conflict zones and do not fund armed conflicts. We have and will continue to incur added costs to comply with the disclosure requirements, including costs related to determining the source of such minerals used in our products. We may not be able to ascertain the origins of such minerals that we use and may not be able to satisfy requests from customers to certify that our products are free of conflict minerals. These requirements also could constrain the pool of suppliers from which we source such minerals. We may be unable to obtain conflict- free minerals at competitive prices which will increase costs and may materially and adversely affect our manufacturing operations and profitability. Our failure to comply with data privacy regulations could adversely affect our business. There are new and emerging data privacy laws, as well as frequent updates and changes to existing data privacy laws, in most jurisdictions in which we operate. Given the complexity of these laws and the requirements they place on businesses regarding the collection, storage, handling, use, disclosure, transfer and security of personal data, it is important for us to understand their impact and respond accordingly. Failure to comply with data privacy laws can result in substantial fines or penalties, legal liability or reputational damage. In the UK and Europe, the General Data Protection Regulation (the " GDPR "), which came into effect in 2018, places stringent requirements on companies when handling personal data and there continues to be a growing trend of other countries adopting similar laws, including Canada. Additionally, there continues to be significant uncertainty with respect to the California Consumer Privacy Act of 2018 (the " CCPA "), which went into effect on January 1, 2020, and imposes additional obligations on companies regarding the handling of personal information and provides certain individual privacy rights to persons whose information is collected. Both the GDPR and the CCPA are continuously evolving and developing and may be interpreted and applied differently from jurisdiction to jurisdiction and may create inconsistent or conflicting requirements. For example, the California Privacy Rights Act, which was approved by California voters as a ballot initiative in November 2020, modifies the CCPA significantly, further enhancing and extending an individual' s rights over their personal data and the obligations placed on companies that handle this data. The resulting new regulations became effective on January 1, 2023. Most notably, employee and business data were brought into scope, which raises the compliance requirements for us significantly, in terms of internal controls, processes and governance requirements. Furthermore, since 2020, several other U. S. states have enacted (and additional U. S. states are considering) stringent consumer privacy laws, which may impose varying standards and requirements on our data collection, use and processing activities. Continued state by state introduction of privacy laws could lead to significantly greater complexity in our compliance requirements globally** , which could ~~manifest~~ **result** in **complaints from data subjects** ~~ways that could seriously harm our~~ - **or action from** reputation and our business. The software...... with more advanced systems on a regular **regulators** ~~basis in order for us to meet our customers'~~

~~demands and expectations~~ . If we are **not** ~~unable~~ -- **able** to ~~do so~~ **respond, adapt and implement the necessary requirements to ensure compliance with data privacy laws, this could adversely impact our reputation and we could face exposure to fines levied by regulators. As a result, our business, financial position and results of operations could be material adversely affected. The reduction, modification, elimination or expiration of government incentives for, or regulations regarding, the use of energy systems and batteries could reduce demand for our products and harm our business. Federal, state, local and foreign government bodies provide incentives to owners, end- users, distributors, system integrators and manufacturers of energy systems and batteries in the form of rebates, tax credits and other financial incentives. However, these incentives may expire** on a ~~timely basis~~ **particular date, end when the allocated funding is exhausted, or may be reduced or terminated as a matter of regulatory or legislative policy. The IRA expanded and extended the tax credits and other tax benefits available to energy systems projects and the battery supply chain. We believe this law will bolster and extend future demand** ~~or~~ **for** ~~deem relevant.Our dividend payments~~ may change from time to time,and we cannot **provide** ~~assure~~ **assurance** ~~you~~ that we will continue to declare dividends at all or in any particular amounts.A reduction in or elimination of our dividend payments could have a negative effect on our share price.We cannot guarantee that our share repurchase programs will be fully consummated or that they will enhance long- term stockholder value.Share repurchases could also increase the volatility of the ~~market~~ **trading** price of our stock and **could** diminish our cash reserves.Our Board of Directors has authorized two share repurchase programs **,one** ~~.These programs authorize~~ **authorizing** the repurchase of up to ~~a combined~~ $ ~~250~~ **150** million of our common stock,of which authority,as of ~~March 31~~ **May 25** , ~~2023~~ **2022** ,approximately $ ~~185~~ **163** million remains available **and** ~~.The other~~ **another** ~~program authorizes~~ **authorizing** the repurchase of up to such number of shares as shall equal the dilutive effects of any equity- based award granted during such fiscal year and the number of shares exercised through stock option awards during such fiscal year.Although our Board of Directors has authorized these share repurchase programs,the programs do not obligate us to repurchase any specific dollar amount or to acquire any specific number of shares.We cannot guarantee that the programs will be fully consummated or that they will enhance long-term stockholder value.The programs could affect the trading price of our stock and increase volatility,and any announcement of a termination of these programs may result in a decrease in the ~~market~~ **trading** price of our stock.In addition,these programs could diminish our cash reserves.We depend on our senior management team and other key employees,and **significant attrition within our management team or unsuccessful succession planning** within ~~reasonable~~ **our management team or unsuccessful succession planning could adversely affect our business. Our success depends in part on our ability to attract, retain and motivate senior management and other key employees. Achieving this objective may be difficult due to many factors, including fluctuations in global economic and industry conditions, competitors' hiring practices,** cost ~~parameters~~ **reduction activities** , **and the effectiveness of** ~~or~~ **our compensation programs. Competition for qualified personnel can be very intense. We must continue to recruit, retain and motivate senior management and other key employees sufficient to maintain our current business and support our future projects. We are vulnerable to attrition among our current senior management team and other key employees. A loss of any such personnel, or the inability to recruit and retain qualified personnel in the future, could have a material adverse effect on our business, financial condition and results of operations. In addition,** if we are **unsuccessful in** ~~unable to appropriately and timely train~~ our **succession planning efforts,** ~~employees to operate any of these~~ -- **the continuity of** ~~new systems,~~ our business **and our results of operations** could ~~suffer~~ **be materially adversely affected. If our internal controls are found to be ineffective, our results of operations or our stock price may be adversely affected. Our most recent evaluation resulted in our conclusion that, as of March 31, 2023, our internal control over financial reporting was effective** . We **believe** ~~also may not achieve the benefits~~ that we ~~anticipate from any new system~~ **currently have adequate internal control procedures in place** ~~or~~ **for** ~~technology~~ **future periods** , **including processes related** ~~such as fuel abatement technologies, and a failure~~ to ~~do so~~ **newly acquired businesses. However, 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 results of operations or stock price. Changes in accounting principles and guidance** could result in **unfavorable accounting charges** ~~higher than anticipated costs~~ or **effects, which** could ~~impair~~ **adversely affect** our ~~operating~~ **business. We prepare our consolidated financial statements in conformity with accounting principles generally accepted in the U. S. Any change in these principles could have a significant effect on our reported financial position and financial** results. **The adoption of new or revised accounting principles may require us to make changes to our systems, processes and internal controls, which could have a significant effect on our reported financial results and internal controls, cause unexpected financial reporting fluctuations, retroactively affect previously reported results or require us to make costly changes to our operational processes and accounting systems upon our following the adoption of these standards. Any of these results could adversely affect our business.**