Risk Factors Comparison 2024-02-27 to 2023-02-28 Form: 10-K

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The following risk factors and other information included in this report should be carefully considered. If any of the following risks occur, the Corporation' s business, operating results, cash flows, or financial condition could be materially adversely affected. INDUSTRY AND ECONOMIC RISKS Unfavorable economic and industry factors could adversely affect the Corporation' s business, operating results, or financial condition. Workplace **, health care, and hospitality** furnishings industry sales are impacted by a variety of macroeconomic factors including service- sector employment levels, corporate profits, business confidence, commercial construction, ~~and~~ office vacancy **rates, and new hospitality refurbishment** rates. Industry factors, including corporate restructuring, technology changes, corporate relocations, health and safety concerns, including ergonomic considerations, and the globalization of companies also influence workplace furnishings industry revenues. In addition, **adoption** ~~measures taken to limit spread~~ of **hybrid working models following the** COVID- 19 ~~have~~ **pandemic has** resulted in a significant decrease in worker attendance at their office location ~~, and havefueled current work- from- home and hybrid work trends~~. Despite office re- entry in many markets, office occupancy levels remain below historic levels. Lower office occupancy levels have had and could continue to have an adverse impact on the demand for workplace furnishings. Residential building products industry sales are impacted by a variety of macroeconomic factors including housing starts, housing inventory, **home sales,** overall employment levels, interest rates, home affordability, consumer confidence, energy costs, disposable income, and changing demographics. Industry factors, such as technology changes, health and safety concerns, and environmental regulation, including indoor air quality standards, also influence residential building products industry revenues. Deterioration of economic conditions or a slowdown in the homebuilding industry and the hearth products market could decrease demand for residential building products and have additional adverse effects on operating results. Deteriorating economic conditions, which may be caused by uncertainties and volatility in the financial markets, rising or sustained inflation and interest rates, and potential economic recessions, could affect the Corporation' s business significantly, including reduced demand for products, insolvency of independent dealers resulting in increased provisions for credit losses, insolvency of key suppliers resulting in product delays, inability of customers to obtain credit to finance purchases of products, and decreased customer demand, including order delays or cancellations. In a recessionary economy, business confidence, service- sector employment, corporate cash flows, and residential and non- residential commercial construction often decrease, which typically leads to a decrease in demand for workplace furnishings and residential building products. The workplace **, health care, and hospitality** furnishings and residential building products industries are highly competitive and, as a result, the Corporation may not be successful in winning new business. **The** ~~Both the~~ workplace **, health care, and hospitality** furnishings and residential building products industries are highly competitive. Many of the Corporation' s competitors in both industries offer similar products. Competitive factors include price, delivery and service, brand recognition, product design, product quality, strength of dealers and other distributors, and relationships with customers and key influencers, including architects, designers, home- builders, and facility managers. In both industries, most of the top competitors have an installed base of products that can be a source of significant future sales through repeat and expansion orders. The Corporation' s main competitors manufacture products with strong acceptance in the marketplace and are capable of developing products that have a competitive advantage, which could make it difficult **for the Corporation** to win new business. In both the workplace furnishings and residential building products industries, the Corporation faces price competition from competitors and from new market entrants who may manufacture and source products from lower cost countries. Price competition impacts the **Corporation' s** ability to implement price increases or, in some cases, even maintain prices, which could lower profit margins and adversely affect future financial performance. Changes in industry dynamics, including demand and order patterns from customers, distribution changes, or the loss of a significant number of dealers, could adversely affect the Corporation' s business, operating results, or financial condition. Consolidation among the Corporation' s customers may result in a smaller number of total customers, but an increase in large customers whose size and purchasing power give them increased leverage that may result in, among other things, decreases in average selling prices. In addition, further consolidations may lead to fluctuations in revenue, increases in costs to meet demands of large customers, and pressure to accept onerous contract terms, and the Corporation' s business, financial condition, and operating results could be harmed. The Corporation sells products through multiple distribution channels, which primarily include independent dealers, national dealers, wholesalers, **sales representatives,** and eCommerce ~~channels~~. Within these distribution channels, there has been, and may continue to be, consolidation. The Corporation relies on distribution partners to provide a variety of important specification, installation, and after- market services to customers. Some distribution partners may terminate their relationship with the Corporation at any time and for any reason. Loss or termination of a significant number of reseller relationships could cause difficulties in marketing and distributing products, resulting in a decline in sales, which may adversely affect the Corporation' s business, operating results, or financial condition. In addition, individual dealers may not continue to be viable and profitable and may suffer from a lack of available credit. While the Corporation is not significantly dependent on any single dealer, if dealers go out of business or are restructured, the Corporation may suffer losses as the dealers may not be able to pay the Corporation for products previously delivered to them. The loss of a dealer relationship could negatively affect the Corporation' s ability to maintain market share in the affected geographic market and to compete for and service clients in that market until a new dealer relationship is established. Establishing a viable dealer in a market can take a significant amount of time and resources. The loss or termination of a significant dealer or a substantial number of dealer relationships could cause significant difficulties in marketing and distributing the Corporation' s products, resulting in a decline in sales and / or impairment of the Corporation' s contract assets related to distribution agreements with the respective dealers. Evolving trade policy between the United States and other countries may have an adverse effect on the Corporation' s business and results of operations. The Corporation has a global supply chain for products used in workplace furnishings and residential building products. Actions taken by the United States government to apply tariffs on certain products could have long- term impacts on existing supply chains. The situation could impact the competitive environment depending on the severity and duration of current and future policy changes. This may manifest in additional costs on the business, including costs with respect to products upon which the business depends. Increased costs could further lower profit margins as the Corporation may be challenged in effectively increasing the prices of its products, and its business and results of operations may be adversely affected. Certain foreign governments have imposed tariffs on goods that their countries import from the United States. Changes in United States trade policy could result in one or more foreign governments adopting trade policies that make it more difficult or costly for the Corporation to do business in those countries. The Corporation cannot predict the extent to which the United States or other countries will impose quotas, duties, tariffs, taxes, or other similar restrictions upon the import or export of products in the future, nor can the Corporation predict future trade policy or the terms of any renegotiated trade agreements and their impact on the business. The adoption and expansion of trade restrictions, the occurrence of a trade war, or other governmental action related to tariffs or trade agreements or policies has the potential to adversely impact demand for products, costs, customers, suppliers, and the United States economy, which in turn could have a material adverse effect on the Corporation' s business, operating results, and financial condition. The Corporation' s profitability may be adversely affected by increases in raw material and commodity costs as well as transportation and shipping challenges. Fluctuations in the price and availability of commodities, raw materials, components, and finished goods could have an adverse effect on costs of sales, profitability, and ability to meet customers' demand. The Corporation sources commodities, raw materials, components, and finished goods from domestic and international suppliers. From both domestic and international suppliers, the cost and availability of commodities, raw materials, components, and finished goods including steel ~~,~~ have been significantly affected in recent years by, among other things, changes in global supply and demand, the ~~ongoing~~ COVID- 19 pandemic, changes in laws and regulations (including tariffs and duties), changes in exchange rates and worldwide price levels, inflationary forces, natural disasters, labor disputes, military action, terrorism, and political unrest or instability. These factors could lead to price volatility or supply interruptions in the future. Profit margins could be adversely affected if commodity, raw material, component, and finished good costs increase and the Corporation is either unable to offset such costs through strategic sourcing initiatives and continuous improvement programs or, as a result of competitive market dynamics, unable to pass along a portion of the higher costs to customers. The Corporation relies primarily on third- party freight and transportation providers to deliver products to customers. Increasing demand for freight providers and a shortage of qualified drivers has caused delays and may cause future delays in shipments and increase the cost to ship its products, which may adversely affect profitability. The Corporation also imports and exports products and components, primarily using container ships, which load and unload through North American ports. Capacity- related and / or port- caused delays in the shipment or receipt of products and components, including labor disputes, have caused and could cause delayed receipt of products and components ~~. While these risks are ever present, the COVID- 19 pandemic has and continues to cause such delays, leading to manufacturing disruptions, increased expense from current and alternate shipping methods, and the inability to meet customer delivery expectations~~ , which may adversely affect sales and profitability. STRATEGIC AND OPERATIONAL RISKS If customers do not perceive the Corporation' s products and services to be of good value, the Corporation' s brand and name recognition and reputation could suffer. The Corporation believes that establishing and maintaining good brand and name recognition and a good reputation is critical to its business. In certain parts of the market, promotion and enhancement of the Corporation' s name and brands will depend on the effectiveness of marketing and advertising efforts and on successfully providing design- driven, innovative, and high- quality products and superior services. If customers do not perceive the Corporation' s products and services to be design- driven, innovative and of high quality, its reputation, brand and name recognition could suffer, which could have a material adverse effect on the Corporation' s business. The Corporation' s efforts to introduce new products to meet customer and workplace demands may not be successful, which could limit sales growth or cause its sales to decline. To meet the changing needs of customers and keep pace with market trends and evolving regulatory and industry requirements, including environmental, health, safety, and similar standards for the workplace and for product performance, the Corporation regularly introduces new workplace furnishings and residential building products. The introduction of new products requires the coordination of the design, manufacturing, and marketing of the products, which may be affected by uncontrollable factors. The design and engineering of certain new products varies but can extend beyond a year ~~;~~ **, and** further time may be required to achieve client acceptance. The Corporation may face difficulties if it cannot successfully align itself with independent architects, home- builders, and designers who are able to design, in a timely manner, high- quality products consistent with the Corporation' s image and customers' needs. Accordingly, the launch of a product may be later or less successful than originally anticipated, limiting sales growth or causing sales to decline. ~~The Corporation' s financial condition and results of operation have been and may continue to be adversely affected by COVID- 19. To date, the COVID- 19 pandemic has caused, and is continuing to cause, economic disruption both globally and in the United States. Such economic disruption lowered demand for workplace furnishings, which demand has not fully recovered in the wake of business slowdowns, shutdowns, and other preventative measures implemented in 2020 and 2021. The initial and continuing disruption associated with the COVID- 19 pandemic created a material negative impact on the Corporation' s business, sales, financial condition, and results of operations. Other continuing impacts of the COVID- 19 pandemic may include, but are not limited to: • labor shortages; • adverse impacts to the Corporation' s supply chain, which may increase operating costs and result in supply disruptions; and • impairment of independent dealers', wholesalers', and office product distributors' ability to sell the Corporation' s products. In addition, the impact of the COVID- 19 pandemic on the Corporation' s members could adversely impact the Corporation' s sales and operations. At this point, the~~

~~extent to which the COVID- 19 pandemic will continue to impact the Corporation' s results is uncertain and depends on future developments, such as the emergence of variant strains of the virus, the continued effectiveness of vaccines and treatments, and office reentry trends in key markets. These future developments are uncertain, and could be material.~~ Natural disasters, acts of God, force majeure events, or other catastrophic events may impact the Corporation' s production capacity and, in turn, negatively impact profitability. Natural disasters, acts of God, **global pandemics or epidemics,** force majeure events, or other catastrophic events, including severe weather, military action, terrorist attacks, power interruptions, floods, and fires, could disrupt operations and ~~likewise,~~ the ability to produce or deliver products. ~~Several~~ **Some** of the Corporation' s production facilities, members, and key management are located within a small geographic area in eastern Iowa located near the Mississippi River, and a natural disaster or catastrophe in the area, such as flooding or severe storms, could have a significant adverse effect on the results of operations and business conditions. Further, several of the Corporation' s production facilities are single- site manufacturers of certain products, and an adverse event affecting any of those facilities could significantly delay production of certain products and adversely affect operations and business conditions. Members are an integral part of the business and events ~~including an epidemic~~ such as **those described above** ~~COVID- 19 have reduced, and~~ could negatively impact ~~,~~ the availability of members reporting for work. In the event the Corporation experiences a temporary or permanent interruption in its ability to produce or deliver product, revenues could be reduced, and business could be materially adversely affected. In addition, any continuing disruption in the Corporation' s computer system could adversely affect the ability to receive and process customers' orders, procure materials, manufacture products and ship products on a timely basis, which could adversely affect relations with customers and potentially reduce customer orders or result in the loss of customers. The Corporation' s business and operations are subject to risks related to climate change. The long- term effects of global climate change could present both physical risks and transition risks (such as regulatory, supply chain, or technology changes), which could be widespread and unpredictable. These changes over time could affect the availability and cost of raw materials, commodities, and energy (including utilities), which in turn may impact the Corporation' s ability to procure goods or services required for the operation of the Corporation' s business at the quantities and levels the Corporation requires. Additionally, the Corporation has facilities located in areas that may be impacted by the physical risks of climate change, including flooding, and faces the risk of losses incurred as a result of physical damage to its facilities and inventory as well as business interruption caused by such events. Furthermore, periods of extended inclement weather or associated flooding may inhibit construction activity utilizing the Corporation' s products and delay shipments of products to customers. The Corporation uses natural gas, diesel fuel, gasoline and electricity in its operations, all of which could face increased regulation as a result of climate change or other environmental concerns. The increased prevalence of global climate issues may result in new regulations that negatively impact the Corporation, including regulations limiting emissions from, or restricting the use of wood, coal, natural gas, or other fuel sources in, fireplaces and heating appliances, which may impair the Corporation' s ability to market and sell those products. Any such events could have a material adverse effect on the Corporation' s costs or results of operations. A continued shortage of qualified labor could negatively affect the Corporation' s business and materially reduce earnings. The Corporation has experienced shortages of qualified labor across its operations. Outside suppliers that the Corporation relies upon have also experienced shortages of qualified labor. The success of the Corporation' s operations depends on its ability, and the ability of third parties upon which the Corporation relies, to identify, recruit, develop, and retain qualified and talented individuals in order to supply and deliver the Corporation' s products. A shortage of qualified labor could have a negative effect on the Corporation' s business. Member recruitment, development, and retention efforts may not be successful, which could result in a shortage of qualified individuals in future periods. Any such shortage could decrease the Corporation' s ability to effectively produce workplace furnishings and residential building products and meet customer demand. Such a shortage would also likely lead to higher wages for employees (or higher costs to purchase the services of such third parties) and a corresponding reduction in the Corporation' s results of operations. A shortage of qualified labor in certain geographies, particularly with plant production workers, could result in increased costs from certain temporary wage actions, such as hiring and referral bonus programs. Such shortages for a prolonged period of time could have a material adverse effect on the Corporation' s operating results. The Corporation' s failure to retain its existing management team, maintain its engineering, finance, technical, and manufacturing process expertise, or continue to attract qualified personnel could adversely affect the Corporation' s business. The Corporation depends significantly on its executive officers and other key personnel. The Corporation' s success is also dependent on keeping pace with technological advancements and adapting services to provide manufacturing capabilities that meet customers' changing needs. To do ~~that~~ **so** , the Corporation must retain qualified engineering and technical personnel and successfully anticipate and respond to technological changes in a cost effective and timely manner. The Corporation focuses on continuous training, motivation, and development of its members, and it strives to attract and retain qualified personnel. Failure to retain the Corporation' s executive officers and retain and attract other key personnel could adversely affect the Corporation' s business. The Corporation' s strategy is partially based on growth through acquisitions or strategic alliances. Failure to properly identify, value, and manage acquisitions or alliances may negatively affect the Corporation' s business, results of operations and financial condition. One of the Corporation' s growth strategies is to supplement its organic growth through acquisitions and strategic alliances, which may include transactions with other manufacturers of workplace furnishings and residential building products or distributors of workplace furnishings and residential building products. The Corporation may not be successful in identifying suitable acquisition or alliance opportunities, prevailing against competing potential acquirers, negotiating appropriate acquisition terms, obtaining financing, completing proposed acquisitions or alliances, or expanding into new markets or product categories. If the Corporation fails to effectively identify, value, consummate, or manage any acquired company, it may not realize the potential growth opportunities or achieve the financial results anticipated at the time of the acquisition or alliance. An acquisition or alliance could also adversely impact the Corporation' s operating performance or cash flow due to, among other things, the issuance of acquisition- related debt, pre- acquisition assumed liabilities, undisclosed facts about the business, or acquisition expense. The Corporation' s ability to grow through future acquisitions will depend, in part, on the availability of suitable acquisition candidates at an acceptable price, the ability to compete effectively for these acquisition candidates, and the availability of capital to complete the acquisitions. Any potential acquisition may not be successful and could adversely affect the Corporation' s business, operating results, or financial condition. The Corporation may not be able to successfully integrate and manage acquired businesses and alliances. ~~One~~ **The benefits of acquisitions or alliances pursued as one** of the Corporation' s growth strategies ~~is to supplement its organic growth through acquisitions and strategic alliances. The benefits of acquisitions or alliances~~ may take more time than expected to develop or integrate into operations. In addition, an acquisition or alliance may not perform as anticipated, be accretive to earnings, or prove to be beneficial to the Corporation' s operations and cash flow. Acquisitions and alliances involve a number of risks, including: • diversion of management' s attention **from operations** ; • difficulties in assimilating the operations and products of an acquired business or in realizing projected efficiencies, cost savings and revenue synergies; • potential loss of key employees or customers of the acquired businesses or adverse effects on existing business relationships with suppliers and customers; • negative impact on member morale and performance as a result of job changes and reassignments; • reallocation of amounts of capital from other operating initiatives or an increase in leverage and debt service requirements to pay the acquisition purchase prices, which could in turn restrict the ability to access additional capital when needed or to pursue other important elements of the business strategy; • inaccurate assessment of undisclosed, contingent, or other liabilities or problems and unanticipated costs associated with the acquisition; • possible tax costs or inefficiencies associated with integrating the operations of a combined company; and • incorrect estimates made in accounting for acquisitions, incurrence of non- recurring charges, and write- off of significant amounts of goodwill that could adversely affect the financial results. **The Corporation may not achieve the intended benefits of its recent merger with Kimball International. There can be no assurance that the Corporation will be able to successfully integrate Kimball International' s assets or otherwise realize the expected benefits of the transaction (including operating and other cost synergies). Difficulties in integrating Kimball International into the Corporation may result in the Corporation performing differently than expected, in operational challenges, in the failure to realize anticipated run- rate cost synergies and efficiencies in the expected time frame or at all, or in the difficulty or failure of utilizing available U. S. tax attributes, in which case the merger may not be accretive to earnings per share, may not improve the Corporation' s balance sheet position, may not enhance the Corporation' s ability to de- lever and may not generate additional free cash flow due to reduced cash tax payments. The integration of the two companies may result in material challenges, including the diversion of management' s attention from ongoing business concerns ; retaining key management and other employees ; retaining or attracting business and operational relationships ; the possibility of faulty assumptions underlying expectations regarding the integration process and associated expenses ; consolidating corporate and administrative infrastructures and eliminating duplicative operations ; coordinating geographically separate organizations ; unanticipated issues in integrating information technology, communications and other systems ; as well as potential unknown liabilities, or unforeseen expenses relating to integration. The future results of the Corporation may be adversely impacted if the Corporation does not effectively manage its expanded operations following the completion of the merger with Kimball International. The Corporation' s business is significantly larger than the pre- merger size of either the Corporation' s or Kimball International' s respective businesses. The Corporation' s ability to successfully manage this expanded business will depend, in part, upon management' s ability to design and implement strategic initiatives that address not only the integration of two independent stand- alone companies, but also the increased scale and scope of the combined business with its associated increased costs and complexity. There can be no assurances that the combined company will be successful or that it will realize the expected operating efficiencies, cost savings and other benefits currently anticipated from the merger. The combined company incurred substantial expenses related to the completion of the merger of the Corporation with Kimball International and expects to continue to incur substantial expenses relating to their integration. In connection with the merger and ongoing integration efforts, the combined company incurred and is expected to continue to incur substantial expenses. There are a large number of processes, policies, procedures, operations, technologies and systems that must be integrated, potentially including purchasing, accounting and finance, sales, payroll, pricing, revenue management, marketing and benefits. The substantial majority of these costs are non- recurring expenses related to the merger (including financing of the merger), facilities and systems consolidation. The Corporation may incur additional costs to maintain employee morale and to attract, motivate or retain management personnel and other key employees. The Corporation and Kimball International also incurred transaction fees and costs related to formulating integration plans for the combined business, and the execution of these plans may lead to additional unanticipated costs. These incremental transaction- and merger- related costs may exceed the savings the combined company expects to achieve from the elimination of duplicative costs and the realization of other efficiencies related to the integration of the businesses, particularly in the near term and in the event there are material unanticipated costs. Uncertainties associated with the merger with Kimball International may cause a loss of management personnel and other key employees, and the Corporation may have difficulty attracting and motivating management personnel and other key employees, which could adversely affect the future business and operations of the Corporation after the completion of the merger. The Corporation is dependent on the experience and industry knowledge of its management personnel and other key employees to execute its business plans. The success of the Corporation after the completion of the merger with Kimball International depends in part upon the ability of the Corporation to attract, motivate and retain key management personnel and other key employees. Current and prospective employees of the Corporation may experience uncertainty about their roles within the combined company, which may have an adverse effect on the ability of the Corporation to attract, motivate or retain management personnel and other key employees. In addition, no assurance can be given that the Corporation will be**

able to attract, motivate or retain management personnel and other key employees of the Corporation to the same extent that the Corporation and Kimball International have previously been able to attract or retain their own employees prior to the merger. The merger with Kimball International may result in a loss of customers, distributors, suppliers, vendors, landlords and other business partners and may result in the termination of existing contracts. Some of the customers, distributors, suppliers, vendors, landlords and other business partners of Kimball International may terminate or scale back their current or prospective business relationships with the Corporation. Some customers may not wish to source a larger percentage of their needs from a single company or may feel that the Corporation is too closely allied with one of its former competitors. If relationships with customers, distributors, suppliers, vendors, landlords and other business partners are adversely affected by the merger, or if the Corporation loses the benefits of the contracts of Kimball International, the Corporation' s business and financial performance could suffer. The combined company has significantly more indebtedness than the indebtedness of the Corporation prior to the merger. Upon completion of the merger, the Corporation incurred approximately $ 390. 2 million in additional indebtedness and as of December 30, 2023 has consolidated indebtedness of approximately $ 435. 8 million, up from $ 207. 9 million before the merger. The increased indebtedness of the combined company in comparison to that of the Corporation on a historical basis may have the effect, among other things, of reducing the flexibility of the Corporation to respond to changing business and economic conditions and increasing borrowing costs. If the Corporation incurs additional indebtedness in future periods, the risks related to the substantial indebtedness of the Corporation after the completion of the merger may intensify. The market price of the Corporation' s common stock after the merger may be affected by factors different from those affecting the price of the Corporation' s common stock before the merger with Kimball International. As the businesses of the Corporation and Kimball International are different, the results of operations as well as the price of the Corporation' s common stock may be affected by factors different from those factors that affected the Corporation before the merger. Following the transaction, the Corporation faces additional risks and uncertainties that the Corporation or Kimball International may not have previously been exposed to as independent companies. Goodwill and other intangible assets represent a significant amount of the Corporation' s total assets, and an impairment charge would adversely affect the Corporation' s financial results **. The Corporation recorded $ 272. 8 million of goodwill and other intangible assets in connection with the merger with Kimball International, and as of December 30, 2023, the Corporation' s goodwill and other intangible assets of $ 651. 9 million represented approximately 34 percent of its total consolidated assets** . Goodwill and other acquired intangible assets with indefinite lives are recorded at fair value at the time of acquisition and are not amortized, but reviewed for impairment annually or more frequently if an event occurs or circumstances change making it reasonably possible an impairment may exist. In evaluating the potential for impairment of goodwill and other intangible assets, the Corporation makes assumptions regarding future operating performance, business trends and market and economic performance, and the Corporation' s sales, operating margins, growth rates and discount rates. There are inherent uncertainties related to these factors. If the Corporation experiences disruptions in its business, unexpected significant declines in operating results, a divestiture of a significant component of its business, declines in the market value of equity, or other factors causing the Corporation' s goodwill or intangible assets to be impaired, the Corporation could be required to recognize additional non- cash impairment charges, which would adversely affect the results of operations. See" Note 6. Goodwill and Other Intangible Assets" for information on impairment charges. Increasing healthcare costs could adversely affect the Corporation' s business, operating results, and financial condition. The Corporation provides healthcare benefits to the majority of its members and is self- insured. Healthcare costs have continued to rise over time, which increases the annual spending on healthcare and could adversely affect the Corporation' s business, operating results, and financial condition. The Corporation' s international operations expose it to risks related to conducting business in multiple jurisdictions outside the United States. The Corporation manufactures, markets, and sells products in international markets. The Corporation' s international sales and operations are subject to a number of additional risks, including: • social and political turmoil, official corruption, and civil and labor unrest; • restrictive government actions, including the imposition of trade quotas and tariffs and restrictions on transfers of funds; • changes in labor laws and regulations affecting the ability to hire, retain, or dismiss employees; • the need to comply with multiple and potentially conflicting laws and regulations, including environmental and corporate laws and regulations; • the failure of the Corporation' s compliance programs and internal training to prevent violations of the United States Foreign Corrupt Practices Act and similar anti- bribery laws; • preference for locally branded products and laws and business practices favoring local competition; • less effective protection of intellectual property and increased possibility of loss due to cyber- theft and ransomware attacks; • unfavorable business conditions or economic instability in any country or region; • infrastructure disruptions; • potentially conflicting cultural and business practices; • difficulty in obtaining distribution and support; and • changes to border taxes or other international tax reforms. These risks may be elevated given the current uncertainties around the impact of the ~~global COVID- 19 pandemic~~ **conflicts in Europe and the Middle East** , ongoing disputes and increased tensions related to global trade, and complexities with foreign regulatory environments including the decreased ability of United States regulators to exercise oversight of subsidiaries of United States companies based in certain international jurisdictions. Additionally, **although** the Corporation primarily sells products and reports the financial results in United States dollars ~~; however~~ , increased business in countries outside the United States creates exposure to fluctuations in foreign currency exchange rates. Paying expenses in other currencies can result in a significant increase or decrease in the amount of those expenses in terms of United States dollars, which may affect profits. In the future, any foreign currency appreciation relative to the United States dollar would increase expenses that are denominated in that currency. Additionally, as the Corporation reports currency in the United States dollar, the financial position is affected by the strength of the currencies in countries where the Corporation has operations relative to the strength of the United States dollar. Further, certain countries have complex regulatory systems that impose administrative and legal requirements, which make managing international operations more difficult, including approvals to transfer funds among certain countries. If the Corporation is unable to provide financial support to the international operations in a timely manner, its business, operating results, and financial condition could be adversely affected. The Corporation periodically reviews foreign currency exposure and evaluates whether it should enter into hedging transactions. As of the date of this report and for the period presented, the Corporation has not utilized any currency hedging instruments. The Corporation' s sales to the United States federal, state, and local governments are subject to uncertain future funding levels and federal, state, and local procurement laws and are governed by restrictive contract terms ~~;~~ **,** any of ~~these~~ **which** factors could limit current or future business. The Corporation derives a portion of its revenue from sales to various United States federal, state, and local government agencies and departments. The ability to compete successfully for and retain business with the United States government, as well as with state and local governments, is highly dependent on cost- effective performance. This government business is highly sensitive to changes in procurement laws, national, international, state, and local public priorities, and budgets at all levels of government, which frequently experience downward pressure and are subject to uncertainty, including the potential for a temporary shutdown of the United States federal government. The Corporation' s contracts with government entities are subject to various statutes and regulations that apply to companies doing business with the government. The United States government, as well as state and local governments, can typically terminate or modify their contracts either for their convenience or if the Corporation defaults by failing to perform under the terms of the applicable contract. A termination arising out of default could expose the Corporation to liability and impede its ability to compete in the future for contracts and orders with agencies and departments at all levels of government. Moreover, the Corporation is subject to investigation and audit for compliance with the requirements governing government contracts, including requirements related to procurement integrity, export controls, employment practices, the accuracy of records, and reporting of costs. If the Corporation were found to not be a responsible supplier or to have committed fraud or certain criminal offenses, it could be suspended or debarred from all further federal, state, or local government contracting. The Corporation relies on information technology systems to manage numerous aspects of the business and a disruption or failure of these systems could adversely affect business, operating results, and financial condition. The Corporation relies upon information technology networks and systems to process, transmit, and store electronic information, as well as to manage numerous aspects of the business and provide information to management. Additionally, the Corporation collects and stores sensitive data of its customers, suppliers, and members in data centers and on information technology networks. The secure operation of these information technology networks, and the processing and maintenance of this information is critical to business operations and strategy. These networks and systems, despite security and precautionary measures, are vulnerable to, among other things, damage and interruption from power loss or natural disasters, computer system and network failures, loss of telecommunications services, physical and electronic loss of data, security breaches, hackers, and employee misuse. The Corporation has, and may in the future, face unauthorized attempts by hackers seeking to harm the Corporation or, as a result of industrial espionage or ransomware, to penetrate the Corporation' s network security and gain access to its systems, steal intellectual or other proprietary data, including design, sales or personally identifiable information, introduce malicious software, or interrupt the Corporation' s internal systems, manufacturing or distribution. Though the Corporation attempts to detect and prevent these incidents, it may not be successful. In addition, the Corporation is subject to data privacy and other similar laws in various jurisdictions. If the Corporation is the target of a cybersecurity attack, computer virus, physical or electronic break- in or similar disruption resulting in unauthorized disclosure of sensitive data of customers, suppliers, and members, the Corporation may be required to undertake costly notification procedures. The Corporation may also be required to expend significant additional resources to protect against the threat of security breaches or to alleviate problems, including reputational harm and litigation, caused by any breaches. Any disruption of information technology networks or systems, or access to or disclosure of information stored in or transmitted by systems, could result in legal claims and damages and loss of intellectual property or other proprietary information. The Corporation' s results of operations and earnings may not meet guidance or expectations. The Corporation frequently provides public guidance on the expected results of operations for future periods. This guidance comprises forward- looking statements subject to risks and uncertainties, including the risks and uncertainties described in this Annual Report on Form 10- K and in other public filings and public statements, and is based necessarily on assumptions made at the time the Corporation provides such guidance. The guidance may not always be accurate. If, in the future, the results of operations for a particular period do not meet its guidance or the expectations of investment analysts or if the Corporation reduces its guidance for future periods, the market price of its common stock could decline significantly. LEGAL AND REGULATORY RISKS The Corporation is subject to extensive environmental regulation and has exposure to potential environmental liabilities. Through the past and present operation and ownership of manufacturing facilities and real property, the Corporation is subject to extensive and changing federal, state, and local environmental laws and regulations, both domestic and abroad, including those relating to discharges in air, water, and land, the handling and disposal of solid and hazardous waste, and the remediation of contamination associated with releases of hazardous substances. Compliance with environmental regulations has not had a material effect on capital expenditures, earnings, or competitive position to date ~~; however~~ , **but** compliance with current laws or more stringent laws or regulations which may be imposed in the future, stricter interpretation of existing laws or discoveries of contamination at the Corporation' s real property sites which occurred prior to ownership, or the advent of environmental regulation may require additional expenditures in the future, some of which may be material. Costs related to product defects could adversely affect the Corporation' s profitability. The Corporation incurs various expenses related to product defects, including product warranty costs, product recall and retrofit costs, and product liability costs. These expenses relative to product sales vary and could increase. The Corporation uses chemicals and materials in products and includes components in products from external suppliers, which ~~are~~ **it** ~~believed~~ **believes** to be safe and appropriate for their designated use ~~;~~ **. Harmful effects,** however, ~~harmful effects~~ may later become known, which could subject the Corporation to litigation and significant losses. The Corporation maintains reserves for product defect- related costs but ~~there can be no certainty~~ these reserves ~~will~~ **may not** be adequate to cover actual claims. Incorrect estimates or any significant increase in the rate of product defect expenses could have a material adverse effect on operations. Iowa law and provisions in the Corporation' s charter ~~documents~~ **and bylaws** may have the effect of preventing or hindering a change in control and adversely affecting the market price of its common stock. The Corporation' s Articles of Incorporation give the Corporation' s Board of Directors (" Board") the authority to issue up to two million shares of preferred stock and to determine the rights and preferences of the preferred stock without obtaining shareholder approval. The existence of this preferred stock could make it more difficult or discourage an attempt to obtain control of the Corporation by means of a tender offer, merger, proxy contest, or otherwise. Furthermore, this preferred stock could be issued with other rights, including economic rights, senior to common stock, thereby having a potentially adverse effect on the market price of the Corporation' s common stock. The Board is divided into three classes. The Corporation' s classified Board, along with other provisions of the Corporation' s Articles of Incorporation and Bylaws and Iowa corporate law, could make it more difficult for a third party to acquire the Corporation or remove the Corporation' s directors by means of a proxy contest, even if doing so would be beneficial to shareholders. Additionally, the Corporation may, in the future, adopt measures (such as a shareholder rights plan or" poison pill") that could have the effect of delaying, deferring, or preventing an unsolicited takeover, even if such a change in control were at a premium price or favored by a majority of unaffiliated shareholders. These measures may be adopted without any further vote or action by the shareholders. An inability to protect the Corporation' s intellectual property could have a significant impact on the business. The Corporation attempts to protect its intellectual property rights, both in the United States and in foreign countries, through a combination of patent, trademark, copyright, and trade secret laws, as well as licensing agreements and third- party nondisclosure and assignment agreements. Because of the differences in foreign trademark, copyright, patent, and other laws concerning proprietary rights, intellectual property rights do not generally receive the same degree of protection in foreign countries as they do in the United States. In some countries, the Corporation has limited protections, if any, for its intellectual property. The degree of protection offered by the claims of the various patents, copyrights, trademarks, and service marks may not be broad enough to provide significant proprietary protection or competitive advantages to the Corporation, and patents, copyrights, trademarks, or service marks may not be issued on pending or contemplated applications. In addition, not all of the Corporation' s products are covered by patents or similar intellectual property protections. It is also possible that patents, copyrights, trademarks, and service marks may be challenged, invalidated, canceled, narrowed, or circumvented. In the past, certain products have been copied and sold by others. The Corporation tries to enforce its intellectual property rights, but has to make choices about where and how to pursue enforcement and where to seek and maintain intellectual property protection. In many cases, the cost of enforcing rights is substantial, and the Corporation may determine that the costs of enforcement outweigh the potential benefits. If third parties claim that the Corporation infringes upon their intellectual property rights, the Corporation may incur liabilities and costs and may have to redesign or discontinue an infringing product. The Corporation faces the risk of claims that it has infringed upon third parties' intellectual property rights. Companies operating in the Corporation' s industry routinely seek patent protection for their product designs, and many of the principal competitors have large patent portfolios. Prior to launching major new products in the key markets, the Corporation normally evaluates existing intellectual property rights. However, competitors and suppliers may have filed for patent protection, which is not, at the time of the evaluation, a matter of public knowledge. The Corporation' s efforts to identify and avoid infringing upon third parties' intellectual property rights may not always be successful. Any claims of patent or other intellectual property infringement, even those without merit, could be expensive and time consuming to defend, cause the Corporation to cease making, licensing, or using products that incorporate the challenged intellectual property, require the Corporation to redesign, re- engineer, or re- brand the products or packaging, if feasible, or require the Corporation to enter into royalty or licensing agreements in order to obtain the right to use a third party' s intellectual property. FINANCING RISKS ~~Restrictions imposed by the terms of the Corporation' s debt agreements limit the Corporation' s operating and financial flexibility.~~ The ~~Corporation' s credit facility and other~~ financing arrangements ~~limit~~ **that** the **Corporation entered into in connection with the merger with Kimball International contain restrictions and limitations that may, under certain circumstances, significantly impact the Corporation' s** ability ~~of the Corporation~~ to **operate its** ~~finance operations, service debt, or engage in other~~ business ~~activities~~ **. The Corporation incurred significant new indebtedness in connection with its merger with Kimball International. The agreements governing the indebtedness** that ~~may be~~ **the Corporation incurred** in ~~its interests~~ **connection with the merger, including, but not limited to, the Term Loan Credit Agreement may, under certain circumstances, impose significant operating and financial restrictions on the Corporation** . Specifically, the debt agreements restrict ~~its~~ **the Corporation' s** ability to incur additional indebtedness, create or incur certain liens with respect to any properties or assets, engage in lines of business substantially different than those currently conducted, sell, lease, license, or dispose of certain assets, enter into certain transactions with affiliates, make certain restricted payments or take certain restricted actions, and enter into certain sale- leaseback arrangements. **These restrictions may affect the Corporation' s ability to operate its business and may limit the Corporation' s ability to take advantage of potential business opportunities as they arise. In addition, the agreements governing such indebtedness require the Corporation to comply with a consolidated leverage ratio financial covenant and consolidated interest coverage ratio financial covenant. The Corporation' s ability to comply with such covenants will depend on its ongoing financial and operating performance, which in turn will be subject to economic conditions and to financial, market and competitive factors, many of which are beyond the Corporation' s control. The ability to comply with these covenants will also depend on the Corporation' s ability to successfully implement its overall business strategy and realize the anticipated benefits of the merger, including synergies, cost savings, innovation and operational efficiencies. Various risks, uncertainties and events beyond the Corporation' s control could affect its ability to comply with the covenants contained in its financing agreements. Failure to comply with any of the covenants in its existing or future financing agreements could result in a default under those agreements and under other agreements containing cross- default provisions. A default would permit lenders to**

accelerate the maturity of the debt under these agreements. Under these circumstances, the Corporation might not have sufficient funds or other resources to satisfy all of its obligations. In addition, the limitations imposed by financing agreements on the Corporation’ s ability to incur additional debt and to take other actions might significantly impair its ability to obtain other financing. The debt agreements also require the Corporation to maintain certain financial covenants. ~~The failure~~ **Rising interest rates and future increases will likely increase interest cost on the Corporation’ s debt and could materially adversely impact the Corporation’ s ability** to ~~comply~~ **refinance existing debt and limit its acquisition and development activities going forward. The U. S. Federal Reserve has raised the benchmark interest rate multiple times during 2023, and there can be no assurances that the rate will not further increase in the future. The agreements governing the indebtedness that the Corporation incurred in connection** with the ~~obligations under~~ **merger and otherwise, including, but not limited to,** the **Term Loan Credit Agreement, contain interest rates tied to various benchmark rates in effect at any given time, so as interest rates have increased, so has the Corporation’ s interest costs for any new** debt **assumed** ~~agreements may result~~ in **connection with the merger** ~~an~~ **and** ~~event~~ **in the normal course** of ~~default, which, if not cured or~~ **our** ~~waived, may cause accelerated repayment of the indebtedness under the agreements. The Corporation~~ -- **operations and** ~~cannot be certain it will have sufficient funds available to pay~~ any ~~accelerated repayments or will have~~ **additional increases could further increase** ~~the~~ **these** ~~ability~~ **costs. This increased cost could make the financing of any acquisition and development activity more costly, as well as lower future period earnings due** to **higher cost of borrowing** ~~refinance accelerated repayments on favorable terms or at all~~. The Corporation may require additional capital in the future, which may not be available or may be available only on unfavorable terms. The Corporation’ s capital requirements depend on many factors, including its need for capital improvements, tooling, research and development, and acquisitions. To the extent existing cash, available borrowings, and cash flows are insufficient to meet these requirements, the Corporation may need to raise additional funds through financings or curtail its growth and reduce the Corporation’ s assets. Future borrowings or financings may not be available under the credit facility or otherwise in an amount sufficient to enable the Corporation to pay its debt or meet its liquidity needs. Any equity or debt financing, if available, could have unfavorable terms. In addition, financings could result in dilution to shareholders or the securities may have rights, preferences, and privileges senior to those of the Corporation’ s common stock. If the need for capital arises because of significant losses, the occurrence of these losses may make it more difficult to raise the necessary capital.