Risk Factors Comparison 2024-02-27 to 2023-02-24 Form: 10-K

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Investing in our securities involves risk. Set forth below and elsewhere in this report are risk factors that could cause actual results to differ materially from the results contemplated by the forward- looking statements contained in this report. We may amend or supplement these risk factors from time to time by other reports we file with the SEC. GEOPOLITICAL RISK FACTORS ~~The Russian invasion of Ukraine has caused~~ **Conflict between China and Taiwan could lead to trade sanctions, technology disputes, or** supply chain disruptions ~~and global inflationary impacts that have had~~ , ~~and~~ **which** could ~~continue to have~~ , ~~a negative effect on~~ **in particular, impact** the **semiconductor industry,** ~~demand for our products~~ and our ~~results of~~ operations **globally** . Our Automotive Group uses semiconductors ~~, the production of which uses neon gas. Our Aerospace Products Group uses nickel and titanium in the production of aerospace tubing. Several of our businesses use birch plywood in their products. All of our businesses are subject to energy costs that can be impacted by the supply of oil and natural gas. Although we do not have operations in Russia, Belarus, or Ukraine, and we have not had a material amount of sales into these countries, some of our businesses have sourced, directly or indirectly, a portion of their supply chain requirements of nickel, titanium, and birch plywood from Russia. Also, a significant portion of neon gas is produced in Ukraine. Since the invasion began, the prices of these materials have significantly increased. Several countries have imposed economic sanctions against Russia as a result of its military action. The United States, the European Union, and G7 countries have also moved to revoke Russia' s " most favored nations " trade status, which has resulted or could result in higher duties on imported products. Also, the European Union and the United Kingdom have banned timber imports from Russia. It is possible sanctions could be expanded, or additional measures taken, which could restrict the import of nickel and titanium, and further restrict the import of birch plywood from Russia or greatly increase the cost of procurement via further increased duties or otherwise. If sanctions are further imposed or duties are further increased on these materials, it could reduce global capacity, impact our ability to obtain them (or alternatives) in a timely manner, or further increase the price of these materials. Inability to obtain sufficient quantities of these materials could disrupt our supply chain. Inability to pass through increased prices to our customers could have a negative impact on our results of operations. A significant portion of global production of oil is refined and exported from Russia. The European Union and certain countries, including the United States, the United Kingdom, Canada, and Australia, have either partially or fully banned the import of Russian oil. With decreased supply availability, fuel costs have increased and may continue to increase. This has impacted, and may continue to impact, both our businesses and consumers. Also, there has been a reduction of natural gas exports from Russia to Europe from sanction- related impacts and disruption in pipeline delivery, resulting in shortages and higher prices. Higher energy prices have contributed to broader inflationary trends, which have resulted, in some cases, in reduced discretionary consumer spending and a softening of demand for our products. If this continues, the demand for our products may continue to be negatively impacted, which would have a negative impact on our sales. Finally, if the conflict in Ukraine expands geographically or in intensity, this may have a negative impact on our operations, including access to energy and other raw materials. Conflict between China and Taiwan could lead to trade sanctions, technology disputes, or supply chain disruptions, which could, in particular, impact the semiconductor industry. Our Automotive Group uses semiconductors~~ in seat comfort products ~~,~~ and **,** to a lesser extent **,** in motors and actuators. **The** ~~Currently, there is a global~~ shortage of semiconductors **continues to improve across the automotive industry globally and no longer negatively impacts the sale of our products. The challenges of securing an adequate supply of semiconductors have mostly been resolved, but could be challenged again by any number of unexpected or unplanned events** . According to certain market reports, ~~both~~ **Taiwan and, to a lesser extent,** China ~~and Taiwan~~ are leading manufacturers of the world' s semiconductor supply. Conflict between China and Taiwan might lead to trade sanctions, technology disputes, or supply chain disruptions, which could, in particular, affect the semiconductor industry. If this were to occur, our Automotive Group' s ability to source an adequate supply of semiconductors may be reduced, which ~~PART I~~ could adversely harm our business, financial condition **,** and results of operations. Such a conflict also could negatively impact our OEM and Tier customers' supply chains and production schedules. In addition, any outbreak of hostilities or conflict between China and Taiwan could harm our operations globally ~~,~~ and the operations of our customers and suppliers. OPERATIONAL RISK FACTORS Supply chain disruptions **and shortages** impacting our ability to timely receive competitively- priced raw materials and parts used in our products, or impacting our ability to timely deliver our finished products to customers, may adversely affect our manufacturing processes, financial condition, results of operations, and cash flows. We have manufacturing facilities in 18 countries, primarily located in North America, Europe, and Asia. In our manufacturing processes, we source raw materials and parts from a global supply chain. We sell and deliver our finished products to customers all over the world. We rely on third parties to supply certain raw materials, components, and packaging products ~~,~~ and to deliver our finished products. Any interruption or failure by our suppliers, distributors, or other contractors to meet their obligations on schedule or in accordance with our expectations could adversely affect our business and financial results. ~~We~~ **In recent years, we** have experienced ~~significant~~ supply chain disruptions related to **foam chemical shortages,** semiconductor shortages, labor availability, and freight challenges, as well as higher costs associated with each of these issues. We have also experienced delays in delivery of raw materials, parts, and finished goods because of ~~shutdown or congested~~ delivery ~~ports~~ - **port disruptions** , trucking constraints, ~~severe~~ **and inclement** weather ~~, and the invasion of Ukraine~~ . **At times,** ~~This~~ **this** has resulted in reduced volume and higher costs in many of our businesses, including our Automotive Group and Bedding Products segment, primarily related to negative impacts on component demand and finished goods production. We also bear the risk of delays or non- delivery **from our suppliers or**

reduced demand from our customers because of natural ~~disaster~~ **disasters** , fire or explosion, terrorism, pandemics ~~(such as COVID- 19)~~ , **union strikes, foreign** government action **including asset seizure or changed licensing or land use requirements which restrict operations** , or other reasons beyond our control or the control of our suppliers, all of which could impair our ability to timely manufacture and deliver our products. Strikes or shutdowns at delivery ports, loss of or damage to our raw materials, parts, or finished products while they are in transit or storage, losses due to tampering, third- party vendor issues with quality, failure by our suppliers to comply with applicable laws and regulations, potential tariffs or other trade restrictions, or similar problems ~~,~~ could restrict or delay the supply of our raw materials, parts, or delivery of our finished products resulting in harm to our business and reputation **.Currently** ~~2023 and early 2024~~ , ~~the conflict in the Red Sea caused delays with some of our shipments,while other~~ - **there is a** ~~shipments from China to the U.S.or Europe have been re- routed.The~~ shortage of semiconductors **in** ~~continues to improve across~~ the automotive industry ~~globally~~ **.As semiconductor demand elsewhere in the economy has increased over the past few years,automotive OEMs** and **other suppliers have** ~~no~~ **not been** ~~longer negatively impacts the sale~~ - **able to secure** ~~of our products.The challenges of securing~~ an adequate supply ~~of semiconductors~~ **and as a result** have ~~mostly been resolved~~ **reduced production of some automobile models and / or eliminated certain features (some of which may be added later),which in turn has reduced our sale of products.Consumer demand remains strong** ,but **the semiconductor shortage has caused new vehicle** ~~could be challenged again by any number of unexpected or unplanned events.Overall,OEM inventory~~ **inventories** ~~levels continue~~ to **remain** ~~improve with most every model available at nearly~~ -- **near** ~~normal~~ **historically low** levels.Our Automotive Group uses **the** ~~PART I~~ semiconductors in ~~our~~ seat comfort **products** , **and to a lesser extent in** motors ~~,~~ and ~~actuator~~ **actuators** ~~products~~ .Although our Automotive Group has been able to obtain an adequate supply of semiconductors,we are dependent on our suppliers to deliver these semiconductors in accordance with our production schedule.A shortage of the semiconductors,either to us,the automotive OEMs,or our suppliers,can disrupt our operations and our ability to deliver products to our customers.If we,our customers,or our suppliers cannot secure an adequate supply of semiconductors,this may negatively impact our sales,earnings, **and financial condition** . The aforementioned supply chain risks can materially adversely ~~affect~~ **effect** our manufacturing processes, financial condition, results of operations, and cash flows. ~~The COVID~~ **Our Restructuring Plan may not achieve its intended outcomes, and we may incur restructuring costs, restructuring** - ~~19 pandemic~~ **related costs, and impairments in addition to those anticipated to be incurred in connection with our announced Restructuring Plan. In the first quarter of 2024, we committed to a restructuring plan, primarily associated with our Bedding Products segment and, to a lesser extent, our Furniture, Flooring & Textile Products segment (the " Restructuring Plan " or " Plan "), which is expected to be substantially complete by the end of 2025. Pursuant to the Plan, we expect to: • consolidate between 15 and 20 production and distribution facilities (out of 50) in the Bedding Products segment and a small number of production facilities in our Furniture, Flooring & Textile Products segment; • reduce workforce levels over time; • incur restructuring and restructuring- related costs between $ 65 and $ 85 million, of which approximately half are anticipated to be incurred in 2024 and the remainder in 2025. This includes $ 30 to $ 40 million in future cash costs, the majority of which are anticipated to be incurred in 2024; • ultimately realize a positive financial impact when fully implemented in late 2025; • receive between $ 60 and $ 80 million in pretax net cash proceeds from the sale of real estate associated with the Restructuring Plan; and • experience a reduction in annual sales by approximately $ 100 million. Because of certain risks and uncertainties, the Plan may not achieve its intended outcomes. Our estimates of the number of facilities to be consolidated and the cash and non- cash costs and impairments associated with the Plan are preliminary in nature. All or some of the estimates may change** ~~has~~ - **as** ~~had,~~ **our analysis develops** and ~~could further~~ **additional information is obtained. Also, we may not be able to implement the Plan in a timely manner that will positively impact our financial condition and results of operations. Moreover, we may not be able to dispose of real estate pursuant to the Plan or obtain the expected proceeds in a timely manner, and the number of employees impacted by the Plan may change. It is also possible that the Plan may** have ~~, an adverse impact to (i) our manufacturing operations' ability to remain fully operational; and (ii) our ability to obtain necessary raw materials and parts, maintain appropriate labor levels, and ship finished products to customers due to supply chain disruptions or otherwise; all of which, in the aggregate, have had, and could further have,~~ a negative impact on our ~~trade sales~~ **relationships with our employees** , ~~earnings~~ **customers** , ~~liquidity~~ **and vendors. Finally** , ~~cash flow~~ **because restructuring activities are complex and involve time- consuming processes, substantial demands may be placed on management, which could divert attention from other business priorities or disrupt our daily operations. Any failure to achieve the intended outcomes could materially adversely affect our business** , financial condition, **results** ~~and our stock price. All~~ of **operations and cash flows, and liquidity. We continue to evaluate opportunities across our businesses for further restructuring opportunities in addition to** ~~the~~ **those** ~~countries~~ **activities included** in ~~which we operate have been affected by~~ **the announced Plan. The execution of any of** ~~the~~ **these** ~~COVID~~ **opportunities may result in additional material restructuring costs, restructuring** - **related** ~~19 pandemic. All of our facilities are open and running at this time. If our manufacturing operations are not fully operational, our ability to obtain necessary raw materials and parts, to manufacture and ship finished products to our customers, and to maintain appropriate labor levels because of absenteeism or otherwise, could be negatively impacted, particularly if we are unable to shift production to other manufacturing facilities. Some of our facilities in China, most notably in our Automotive and Home Furniture businesses, have in the past been temporarily closed from time to time due to strict lockdown requirements. If the lockdowns in China are imposed on a broader geographic scope, this could materially negatively impact our manufacturing capacity, our customers or vendors, and our ability to transport goods in our supply chain. We have also had, at various times, some capacity restrictions on our plants due to governmental orders in other parts of the world. We have been and could be further negatively affected by governmental action in any one or more of the countries in which we operate by the imposition, or re- imposition, of restrictive social measures, mandatory closures of retail establishments that sell our products or our customers' products, travel restrictions, and restrictions on the import or export of~~

~~products. The continued realization of these risks to our manufacturing operations, labor force, and supply chain could also increase labor, commodity, and transportation~~ costs **, or impairments** . Business disruptions to our steel rod mill, if coupled with an inability to purchase an adequate and / or timely supply of quality steel rod from alternative sources, could have a material negative impact on our Bedding Products segment and the Company' s results of operations. We purchase steel scrap from third- party suppliers. This scrap is converted into steel rod in our mill in Sterling, Illinois. Our steel rod mill has historically had annual output of approximately 500, 000 tons, a substantial majority of which has been used internally by our wire mills, which convert the steel rod into drawn steel wire. This wire is used in the production of ~~many of our products, including~~ mattress innersprings **and other products** . A disruption to the operation of, or supply of steel scrap to, our steel rod mill could require us to purchase steel rod from alternative supply sources, subject to market availability. Ongoing trade action by the ~~United States~~ **U. S.** government, along with the existence of antidumping and countervailing duty orders against multiple countries, could result in reduced market availability and / or higher cost of steel rod. If we experience a disruption to our ability to produce steel rod in our mill, coupled with a reduction of adequate and / or timely supply from alternative market sources of quality steel rod, we could experience a material negative impact on our Bedding Products segment and the Company' s results of operations. The physical effects of climate change could adversely affect our business, results of operations **,** and financial condition. Direct **Physical** Effects The acute and chronic physical effects of climate change, such as severe weather- related events, natural disasters **,** and / or significant changes in climate patterns **,** could have an increasingly adverse impact on our business and customers. At December 31, ~~2022~~ **2023** , we had 135 manufacturing facilities in 18 countries, primarily located in North America, Europe, and Asia. We serve thousands of customers worldwide. In ~~2022~~ **2023** , our largest customer represented less than 6 % of our sales, and our customers were located in approximately 100 countries. Although our diverse geographical manufacturing footprint and our broad geographical customer base mitigates the potential physical risks of any local or regional climate change weather- related event having a material effect on our operations and results, an increased frequency and severity of such weather- related events could pose a risk to our operations and results. To continue improving our climate- related risk assessment processes, we use technology- based tools to ~~evaluate~~ **monitor** our property portfolio' s exposure to certain natural catastrophic events. We ~~also initiated integration~~ **integrated** ~~of~~ climate- related risk into our Enterprise Risk Management (ERM) process **,** providing an opportunity to improve our internal processes for identifying, assessing, and managing climate- related risks. In **April** ~~2022~~ **2023** , we experienced ~~minor~~ **tornado** damage to ~~two of our operations due to weather- related~~ **a shared Home Furniture and Bedding facility in Mississippi. This** ~~events~~ - **event** ~~. These events~~ did not have a material impact on our physical properties **as a whole, or** ~~or~~ **our overall** ability to manufacture and distribute our products to customers in a timely fashion, and **it** did not have a material effect on our business, financial condition, or results of operations. However, in the future, depending on whether severe weather- related events increase in frequency and severity, such events could result in potential damage to our physical assets, local infrastructure, transportation systems, water delivery systems, our customers' or suppliers' operations, as well as prolonged disruptions in our manufacturing operations (including but not limited to our steel rod mill), all of which could harm our business, results of operations, and financial condition. Indirect **Physical** Effects The physical effects of climate change could continue to have an adverse impact on our supply chain. In **recent years** ~~2020 and 2021~~ , we experienced (due, in part, to severe weather- related impacts) supply shortages in chemicals **,** which restricted foam supply. The restriction of foam supply constrained overall mattress production in the bedding industry and reduced our production levels. The cost of chemicals and foam also increased due to the shortages. Severe weather impacts could also reduce supply of other products in our supply chain that could result in higher prices for our products and the resources needed to produce them. If we are unable to secure an adequate and timely supply of raw materials or products in our supply chain, or the cost of these raw materials or products materially increases, it could have a negative impact on **our business, results of operations, and financial condition. In 2023, drought conditions lowered the water levels of the Mississippi River and Panama Canal, reducing traffic through these waterways. Although these issues have not had a material impact on our results of operations, additional logistical disruptions could result in additional delays in our ability to deliver products timely to certain customers. In addition, although the cost has not been, and is not expected to be, material to our business, results of operations, and financial condition, severe weather- related incidents may continue to result in increased costs of our property insurance. The market transition risks related to climate change could adversely affect** our business, results of operations, and financial condition. We are engaged in the manufacture of various automotive components, including mechanical and pneumatic lumbar support and massage systems for seating, seat suspension systems, motors and actuators, and cables. For several decades, automotive manufacturers have sought lightweight components designed to increase fuel efficiency in the automobiles they manufacture. Replacing traditional steel components with high- strength steel, magnesium, aluminum alloys, carbon fiber, ~~and~~ polymer composites **, or post- consumer grade recycled nylon and plastics** can directly reduce the weight of a vehicle' s body and chassis and therefore reduce a vehicle' s fuel consumption. This increased fuel efficiency also indirectly reduces greenhouse gas (GHG) emissions. Because of our technological competitiveness, this long- standing market ~~dynamic~~ **transition** has not had, and is not expected to have, a material negative impact on our share of the markets in which we compete. However, if we are unable to continue **to react to changes in technology, successfully develop, engineer, and bring to market new and innovative products, or successfully respond to evolving business trends, including continuing** to produce comparatively lightweight components, our share in these automotive markets could be negatively impacted. **If we are unable to sustain our competitiveness through innovation, or maintain our ability to satisfy customer requirements relative to product technology, there could be a material adverse effect on our results of operations and financial condition. International economic, political, legal, and business factors could adversely impact our business, results of operations, financial condition, and cash flows. We operate in global markets. Approximately 39 % of our sales in 2023 were generated outside the United States.** In addition, ~~although~~ **as of December 31, 2023, we had 50 manufacturing facilities outside** the **United States, and approximately 31 % of our tangible long- lived assets were located outside the**

United States. Our reliance on international sales and international manufacturing facilities exposes us to a number of risks, including price and currency controls; government embargoes or foreign trade restrictions, including import and export tariffs; extraterritorial effects of U. S. laws such as the Foreign Corrupt Practices Act; expropriation of assets; war, civil uprisings, acts of terror, and riots; political instability; nationalization of private enterprises; hyperinflationary conditions; the necessity of obtaining governmental approval for new and continuing products and operations, currency conversion, or repatriation of assets; legal systems of decrees, laws, taxes, regulations, interpretations, and court decisions that are not always fully developed and that may be retroactively or arbitrarily applied; cost ~~has not been,~~ and **availability of international labor** ~~is not expected to be~~ , ~~material~~ **materials , and shipping channels; and customer loyalty** to **local companies. If realized, these factors could materially negatively impact** our business, results of operations ~~and~~ **,** financial condition, **and cash flows** ~~severe weather- related incidents may continue to result in increased costs of our property insurance~~ . FINANCIAL RISK FACTORS **There can be no assurance that we will continue to pay cash dividends on our common stock at the same or higher rate. Financial conditions or our pursuit of strategic alternative uses of cash could lead to a reduction, suspension, or termination of the payment of cash dividends at any time. Dividends on shares of common stock are declared at the discretion of the Board of Directors. Our Board and management are evaluating capital allocation priorities, including cash allocated to paying dividends. Any decision would consider general and economic conditions, our financial condition and operating results, our available cash and current and anticipated cash needs, our ability to generate sufficient earnings and cash flows, capital requirements, strategic alternatives, our decision to reduce leverage, our compliance with our leverage ratio under our credit agreement, contractual, legal, and tax implications, and other factors. There can be no assurance that we will continue to pay cash dividends on our common stock. Any reduction, suspension, or termination of our cash dividend payments could have a material negative effect on our stock price.** Macroeconomic uncertainties have had, and could further have, an adverse impact on the collection of ~~trade and other notes receivable~~ **receivables** in accordance with their terms due to customer bankruptcy, financial difficulties, or insolvency. **Some** ~~Beginning in early 2020, many~~ of our customers **have been** ~~and other third parties were~~ adversely affected by **macroeconomic uncertainties, and have suffered financial difficulty. Macroeconomic uncertainties may include, but are not limited to, rising interest rates, inflation, weak demand, changing market dynamics, increased geopolitical tensions, and political economic policy changes. As a result, our customers may be unable to pay their debts to us,** ~~the~~ **they** ~~social~~ **may reject their contractual obligations to us under bankruptcy laws or otherwise, or we may have to negotiate significant discounts** and ~~governmental restrictions~~ **/ or extend financing terms with these parties. We monitor our receivable portfolio closely** and ~~limitations~~ **make reserve decisions based upon individual customer credit risk reviews, customer payment trends (percentage of current and past due), historical loss experience, and general macroeconomic and industry trends that could impact the expected collectability of all customers or pools of customers with similar risks. While general macroeconomic elements and industry trends have been volatile the last few years, our focused account management has** ~~related~~ - **resulted** ~~to~~ **in low loss experience and high levels of current (vs. past- due) accounts. Because of uncertainty around long- term impacts of** the COVID- 19 pandemic ~~. Because of this, we believed the risk of customer nonpayment increased. As such, in the first quarter of 2020~~ , we increased **our allowance for general macroeconomic conditions by $ 6 million in 2020. We have made small adjustments to this component of our reserves over the last few years for various economic signals, but we continued to hold most of this reserve (applicable to the entire portfolio) until we could reasonably conclude that COVID would not impact collectability into the future. During 2023, we reduced the COVID component of our reserve, but added a component for other macroeconomic items (such as higher interest rates, geopolitical tension, and economic uncertainty). The net impact of this change was $ 4 million favorable to our allowance for doubtful accounts. In addition, 2023' s allowance was reduced as accounts receivable balances were lower in 2023 as compared to 2022, including balances on specifically- reserved accounts and receipt of payments on some accounts that were previously fully reserved. As a result, we reduced** our allowance for doubtful accounts by $ ~~20~~ **7** million ~~, including $ 9 million associated with a single customer in our Bedding Products segment (fully reserving the balances for this customer). As 2020 progressed, worldwide conditions stabilized, and our bad debt expense finished at $ 17 million for the year. During~~ **during** ~~2021~~ **2023** ~~, as social and governmental restrictions and limitations were relaxed, trends in customer payment experience and macroeconomic conditions improved and accordingly, we believe the risk of customer nonpayment decreased~~ . **We** ~~Because of these improvements, we reduced our allowance for doubtful accounts by $ 3 million for 2021. Although favorable customer payment trends continued in 2022, we~~ recorded $ 3 million bad debt expense **in** ~~during the twelve months ended December 31,~~ 2022 ~~,~~ related to macroeconomic uncertainties and ordinary customer credit reviews. ~~If~~ **Weak demand and changing market dynamics have created disruption and financial instability for some of** our customers ~~continue to be adversely affected by macroeconomic uncertainties~~ , **particularly in** ~~they~~ - **the Bedding Products segment** ~~may suffer significant financial difficulty~~ . **We have established reserves for** ~~Macroeconomic uncertainties may include, but are not limited to, rising interest rates, inflation, increased geopolitical tensions, impacts of the~~ **these** ~~COVID- 19 pandemic~~ **customers through the process of individual customer credit risk reviews** , and ~~political economic policy changes~~ **we believe we have established appropriate reserves for these customers** . As ~~a result~~ **of December 31** , **2023** ~~our customers may be unable to pay their debts to us~~ , ~~they may reject their contractual obligations to us under bankruptcy laws or~~ **our allowance** ~~otherwise, or~~ **for doubtful accounts** ~~we may have to negotiate significant discounts and / or~~ **for** ~~extend financing terms with these parties~~ **trade receivables was $ 11 million** . If we are unable to collect ~~trade~~ receivables ~~and other notes receivable~~ on a timely basis, larger provisions for bad debt may be required and may result in a negative impact on our earnings, liquidity, cash flow, and financial condition. Our goodwill and other long- lived assets are subject to potential impairment which could negatively impact our earnings. A significant portion of our assets consists of goodwill and other long- lived assets, the carrying value of which would be reduced if we determine that those assets are impaired. At December 31, ~~2022~~ **2023** , goodwill and other intangible assets represented $ ~~2.~~ 1 **. 7** billion, or ~~41~~ **36** % of our total assets. In addition, net property, plant ~~,~~ and equipment, operating lease right- of- use assets, and sundry assets totaled $ 1. 1 billion, or ~~21~~ **24** % of total assets. We review our reporting units for potential goodwill impairment in the second quarter as part of our annual goodwill impairment testing and more often if an event or circumstance occurs making it likely that impairment exists. In addition, we test for the recoverability of long- lived assets at year end, and more often if an event or circumstance indicates the carrying value may not be recoverable. We conduct impairment testing based on our current business strategy in light of present industry and economic conditions, as well as future expectations. **Weak demand and changing market dynamics in the bedding industry have created disruption and financial instability with some of our customers. While sales and earnings have been lower as compared to acquisition- date estimates for the customer bases associated with Elite Comfort Solutions (ECS) and Kayfoam (acquired in 2019 and 2021, respectively), estimated undiscounted cash flows for these asset groups exceeded their carrying amounts until the fourth quarter of 2023. Late in the fourth quarter of 2023, certain of our ECS and Kayfoam customers notified us of efforts to improve their financial position, which could adversely impact our future cash flow forecasts. In early January 2024, we conducted an evaluation and determined that our sales and earnings forecasts should be reduced, and, as a result, we performed a recoverability test for these asset groups. Because the forecasted undiscounted cash flows had fallen below the carrying value for these asset groups, we tested for impairment by comparing the estimated fair value of long- lived assets to their carrying values, which resulted in a non- cash charge of $ 444 million for long- lived asset impairments (primarily customer relationships, technology, and trademark intangibles) in the Bedding Products segment during the fourth quarter of 2023. This impairment was unrelated to the Restructuring Plan as discussed in Operational Risk Factors beginning on page 16 and on page 37 in Item 7, Management' s Discussion and Analysis of Financial Condition and Results of Operations.** Our annual goodwill impairment testing performed in the second quarter of **2023 and** 2022 ~~and 2021~~ indicated no goodwill impairments. ~~However~~ **The fourth quarter 2023 activities resulting in the long- lived asset impairments discussed above were also considered a triggering event for goodwill impairment testing of the Bedding reporting unit** , **and no impairments were indicated. Future cash flows used in the fourth quarter 2023 goodwill impairment testing do not include expected benefits from the Restructuring Plan, as we did not commit to the Plan until January 2024.** ~~fair~~ **Fair** value exceeded carrying value by less than 100 % for four reporting units as summarized in the table below: Fair value in excess of carrying ~~valueGoodwillGoodwill~~ **value for the goodwill** impairment testing ~~as~~ performed ~~in the second quarter 2022Goodwill impairment~~ **duringGoodwill Triggering eventFourth quarter2023Annual testingSecond quarter2023Annual** testing ~~as performed in the second~~ **Second quarter2022As** ~~quarter 2021As of December~~ **ofDecember** 31, ~~2022Bedding54~~ **2023 (in millions) Reporting unit with a triggering eventBedding19** % ~~171~~ **40 % 54** % $ ~~900 millionWork~~ **907 Reporting units with no triggering eventWork** ~~Furniture78~~ **Furniture74 78 100 Aerospace44 40 67 Hydraulic** ~~% 85 % $ 98 millionAerospace40 % 28 % $ 66 millionHydraulic Cylinders32~~ **Cylinders18 32 45** ~~% 86 % $ 42 million~~ The Bedding reporting unit’ s ~~market~~ **fair** value decreased **during 2023** primarily because of lower **estimated future cash flows** ~~comparable company multiples and higher discount rates~~ . Although the long- term outlook for the Bedding reporting unit remains ~~strong~~ **positive** , macroeconomic factors ~~also~~ have negatively impacted consumer confidence and spending **. Our Specialty Foam business** ~~in the near term, which in turn~~ has **experienced difficulties as a result of low demand and operational inefficiencies. About two- thirds of the earnings challenge is a result of low demand driven by the general bedding market decline, the outsized impact on digitally native brands from changes in consumer privacy laws and cash constraints, and share loss from a small number of customers, with some of those sales shifting from finished goods to components. The remaining challenges relate primarily to operational inefficiency from practices that emerged during the pandemic as we prioritized servicing customers amid chemical shortages and surging demand. These items, as well as the activities resulting in the long- lived asset impairment discussed above, have** had an adverse impact on the bedding market' s ~~near- term forecast~~ **forecasts and our estimated future cash flows** . **The** ~~Although the~~ Work Furniture and Aerospace **Products** reporting units' **fair value** ~~long- term forecasts used~~ in the ~~2022~~ **2023** goodwill impairment testing ~~improved as~~ **was generally consistent with** ~~compared to the 2021 testing, their~~ -- **the prior year** ~~fair values were adversely impacted by lower comparable company multiples and higher discount rates~~ . Work Furniture ~~' s long- term forecasts increased from improving demand in the contract market as companies redesign their office footprints, although~~ demand for **both contract and residential end- use** products ~~sold for residential has~~ remained ~~soft~~ **at low levels in 2023, but is expected to improve in future years** . Aerospace’ s long- term forecasts ~~improved in 2022,~~ **continue to reflect demand improvements** as **industry recovery continues. Current** ~~fabricated duct assemblies are at 2019 levels, and~~ demand ~~for welded and seamless tube products~~ is **now similar to** ~~improving modestly but still below~~ pre- pandemic levels ~~. We expect the aerospace industry to return to historical levels in the next few years~~ . The Hydraulic Cylinders reporting unit ~~had~~ **' s fair value in the 2023 goodwill impairment testing approximated carrying value, primarily due to an August 2022 acquisition. At the time of our annual goodwill impairment testing in the second quarter 2022, there was** no goodwill associated with **this reporting unit. While we anticipate long- term growth for this reporting unit,** it **is moving** at **a slow pace. In evaluating** the ~~time~~ **potential for impairment** of ~~our annual~~ goodwill ~~impairment testing in both 2022~~ and ~~2021~~ **other long- lived assets** , **we make assumptions regarding future operating performance, business trends, and market and economic performance, as well as our future sales and operating margins, growth rates, and discount rates. There are inherent uncertainties related to these factors, including** but **not limited** ~~an August 2022 acquisition added goodwill. We are continuing~~ to ~~monitor all factors impacting these reporting units. If~~ **: • a sustained decline in our stock price, resulting in a material decrease in our market capitalization relative to book value • a material difference in** actual results or the long- term outlook of any of our reporting units **compared to** ~~materially differ from~~ the assumptions and estimates used in the goodwill valuation calculations **• unexpected significant declines in operating results • disruptions in our business • loss of a material customer or discontinued supply contract with a customer If these or any other significant items were to**

occur , we could incur ~~impairment charges. These~~ non- cash **impairment** charges **, which** could have a material negative impact on our earnings. For more information regarding goodwill and other long- lived assets, please refer to Note C on page ~~81~~ **86** of the Notes to Consolidated Financial Statements **. Our borrowing costs and access to liquidity may be impacted if our credit ratings are lowered. Independent rating agencies evaluate our credit profile on an ongoing basis and have assigned ratings for our long- term and short- term debt. In August 2023 and January 2024, two of our three credit rating agencies downgraded our credit rating. Although our credit ratings are still investment grade and we still have access to the commercial paper market, these recent downgrades have resulted in slightly higher interest costs. If our credit ratings are lowered below investment grade, or other factors impact marketability, we may not be able to access the commercial paper market. If we are unable to meet our short- term borrowing needs in the commercial paper market, we may rely more heavily on bank debt to fund short- term working capital needs at higher interest costs. Any future downgrades of our credit ratings could also further increase our cost of debt and negatively impact our weighted average cost of capital** . If we do not comply with the restrictive covenants in our credit facility, we may not be able to borrow in the commercial paper market or under our credit facility and our outstanding debt instruments may default, all of which would adversely impact our liquidity. Our credit facility is a multi- currency facility maturing in September 2026, providing us the ability, from time to time, to borrow, repay, and re- borrow up to $ 1. 2 billion, subject to certain restrictive covenants and customary conditions. The credit facility serves as back- up for our commercial paper borrowing. Our credit facility contains restrictive covenants. The covenants (a) require us to maintain as of the last day of each fiscal quarter **, or if we borrow under the credit facility** (i) Consolidated Funded Indebtedness minus the lesser of: (A) Unrestricted Cash, or (B) $ 750 million to (ii) Consolidated EBITDA for the four consecutive trailing quarters, such ratio not being greater than 3. 50 to 1. 00, provided, however, subject to certain limitations, if the Company has made a Material Acquisition in any fiscal quarter, at the Company' s election, the maximum Leverage Ratio shall be 4. 00 to 1. 00 for the fiscal quarter during which such Material Acquisition is consummated and the next three consecutive fiscal quarters; (b) limit the amount of total secured obligations to 15 % of our total consolidated assets, and (c) limit our ability to sell, lease, transfer **,** or dispose of all **,** or substantially all **,** of the assets of the Company and its subsidiaries, taken as a whole (other than accounts receivable sold in a Permitted Securitization Transaction, products sold in the ordinary course of business **,** and our ability to sell, lease, transfer **,** or dispose of any of the assets of the Company or one of its subsidiaries to the Company or one of its subsidiaries, as applicable) at any given point in time. If our earnings are reduced, the covenants in the credit facility will **continue to** reduce our borrowing capacity, both under the credit facility or through commercial paper issuances. Depending on the degree of earnings reduction, our liquidity could be materially negatively impacted. This covenant may also restrict our current and future operations, including (i) our flexibility to plan for, or react to, changes in our businesses and industries; and (ii) our ability to use our cash flows, or obtain additional financing, for future working capital, capital expenditures, acquisitions, or other general corporate purposes. If we are not in compliance with the restrictive covenants in our credit facility **, and are not able to negotiate more lenient terms** , we may not be able to access the commercial paper market or borrow under the credit facility. Also, if we fail to comply with the covenants specified in the credit facility, we may trigger an event of default, in which case the lenders would have the right to: (i) terminate their commitment to provide loans under the credit facility; and (ii) declare all borrowings outstanding, together with accrued and unpaid interest and fees, to be immediately due and payable. Additionally, our senior notes contain cross- default provisions which could make outstanding amounts under the senior notes immediately payable in the event of an acceleration of amounts due under the credit facility following a material uncured default. If debt under the credit facility or senior notes were to be accelerated, we may not have sufficient cash to repay this debt, which would have an immediate material adverse effect on our business, results of operations, and financial condition. We may not be able to realize deferred tax assets on our balance sheet **,** depending upon the amount and source of future taxable income. Our ability to realize deferred tax assets on our balance sheet is dependent upon the amount and source of future taxable income. As of December 31, ~~2022~~ **2023** , we had $ ~~105~~ **134** million of deferred tax assets (**net of an** $ **18** ~~121 million less a $ 16~~ million valuation allowance). After netting of deferred tax liabilities, the net amount presented within Sundry assets on our Consolidated Balance Sheets is $ ~~8~~ **13** million. It is possible the amount and source of our taxable income could materially change in the future. Particularly, our mix of earnings by taxing jurisdiction may materially change in that we may have more or less taxable income generated in North America, Europe, or Asia as compared to prior years. This change may impact our underlying assumptions on which valuation allowances are established and negatively affect future period earnings and balance sheets. As a result, we may not be able to realize deferred tax assets on our balance sheet. MARKET RISK FACTORS **Costs of** ~~Inflation- impacted~~ raw ~~material~~ **materials** ~~and labor costs~~ have negatively affected, and could continue to negatively affect, **our profit margins and earnings. Labor costs could also negatively impact** our profit margins and earnings. Raw material cost increases ~~impacted by~~ **, whether from** ~~inflationary~~ -- **inflation** ~~pressures~~ or otherwise **,** (and our ability to respond to cost increases through selling price increases) can significantly impact our earnings. We typically have short- term commitments from our suppliers; accordingly, our raw material costs generally move with the market. When we experience significant increases in raw material costs, we typically implement price increases to recover the higher costs. Inability to recover cost increases (or a delay in the recovery time) can negatively impact our earnings. **Conversely, if raw material costs decrease, we generally pass through reduced selling prices to our customers. The timing of lower selling prices, combined with turnover rate of the higher- cost inventory on hand prior to the cost reduction, may reduce our profit margins and earnings.** Steel is our principal raw material. The global steel markets are cyclical in nature and have been volatile in recent years. This volatility can result in large swings in pricing and margins from year to year. As a producer of steel rod, we are also impacted by volatility in metal margins (the difference between the cost of steel scrap and the market price for steel rod). If market conditions cause scrap costs and rod pricing to change at different rates (both in terms of timing and amount), metal margins could **continue to** be compressed, and this would negatively impact our results of operations **. We import certain chemicals to supplement domestic supply, but port delays and logistics**

issues could limit access to those products. We have exposure to the cost of chemicals, including TDI, MDI, and polyol. The cost of these chemicals has fluctuated at times, but we have generally passed the changes through to our customers. ~~In 2021, chemical prices inflated due to robust demand and shortages from severe weather, supplier production disruptions, port delays, and logistics challenges. The supply shortages in 2021 resulted in significant restrictions by producers. Late in 2021, chemical prices leveled off as supply availability improved. In 2022, chemical pricing was relatively stable at historically high levels. We import certain chemicals to supplement domestic supply, but port delays and logistics issues could limit access to those products.~~ If we are unable to obtain the chemicals or pass the cost along to our customers, our results of operations may be negatively impacted . Currently, there is a shortage...... sales, earnings, and financial condition . Higher raw material costs could lead some of our customers to modify their product designs, causing a change in the quantity and mix of our components in their finished goods (replacing higher- cost with lower- cost components). If this were to occur, it could negatively impact our results of operations. Shortages in the labor markets in ~~several~~ **some** industries in which we operate ~~have~~ **could** ~~created~~ - **create** challenges in hiring and maintaining adequate workforce levels. **This could lead to** ~~Because of these shortages, we have experienced~~ increased labor costs **and could negatively impact** ~~. If this continues,~~ our results of operations ~~may be materially~~ **. Mattress and innerspring imports from foreign manufacturers have affected, and could continue to adversely affect, our market share, sales, profit margins, and earnings. We continue to face pressure from foreign competitors, as some of our customers source a portion of their components and finished products offshore. We have experienced some reduced sales and lower earnings related to lower- priced imports of mattresses and innersprings. Continued lower- priced mattress and innerspring imports could further** negatively ~~impacted~~ -- **impact market share, sales, profit margins, and earnings** . Unfair competition could adversely affect our market share, sales, profit margins, and earnings. We produce innersprings for mattresses that are sold to bedding manufacturers. We produce steel wire rod for consumption by our wire mills (primarily to produce innersprings) and to sell to third parties. We also produce and sell finished mattresses. Since 2009, there have been antidumping duties on the import of innersprings from China, South Africa, and Vietnam imposed by the Department of Commerce (DOC) and International Trade Commission (ITC) extending through 2024. The DOC and ITC have also imposed antidumping duties and countervailing duties on imports of steel wire rod from various countries, including China. Some of these ~~orders are currently under sunset review, and other~~ duties will expire, unless extended, in 2025. Also, antidumping duties have been imposed by the DOC and ITC on the import of finished mattresses from various countries including China, Cambodia, Indonesia, Malaysia, Serbia, Thailand, Turkey, and Vietnam, which will expire, unless extended, at different times ranging from 2024 to 2026. If the existing antidumping and countervailing duties are overturned on appeal, or not extended beyond their current terms and dumping and / or subsidization recurs, or manufacturers in the subject countries circumvent the existing duties through transshipment in other jurisdictions or otherwise, our market share, sales, profit margins, and earnings could be adversely affected. ~~Our borrowing costs~~ **In July 2023, the Company, along with nine other domestic mattress producers** and ~~access to~~ **two** ~~liquidity may be~~ **labor unions, filed petitions with the DOC and the ITC alleging that manufacturers of mattresses in Bosnia and Herzegovina, Bulgaria, Burma, India, Italy, Kosovo, Mexico, the Philippines, Poland, Slovenia, Spain, and Taiwan were unfairly selling their products in the United States at less than fair value (dumping) and manufacturers of mattresses in Indonesia were unfairly benefiting from subsidies, causing harm to the U. S. industry and seeking the imposition of duties on mattresses** ~~impacted~~ **imported from these countries. The ITC made a preliminary determination of injury in September 2023. In December 2023, the DOC made a negative preliminary determination on the filed petitions regarding subsidies. In January 2024, the DOC initiated an investigation on new subsidy allegations that were presented** by **the petitioners** ~~our credit ratings~~ . **The DOC' s preliminary determination** ~~Independent rating agencies evaluate our credit profile~~ on **dumping was issued in February 2024, imposing additional duties on finished mattresses. The DOC' s final determinations are expected in July 2024,** ~~an~~ **and the ITC' s final determination is expected in September 2024** ~~ongoing basis and have assigned ratings for our long- term and short- term debt~~ . If ~~our credit ratings~~ **any of these determinations** are **negative** ~~lowered below investment grade~~ , **our** ~~we may not be able to access the commercial paper~~ market **share** ~~. If this occurs~~ , **sales** ~~we expect to borrow under our credit facility for our liquidity needs but at higher interest costs. If our credit ratings decline below investment grade~~ , ~~our borrowing costs~~ **profit margins, and earnings** could ~~increase materially, and our access to sources of liquidity, including the commercial paper market, may~~ be adversely affected. We are exposed to foreign currency exchange rate risk which may negatively impact our competitiveness, profit margins, and earnings. International sales have represented a significant percentage of our total sales, which exposes us to currency exchange rate fluctuations. In ~~2022~~ **2023** , ~~35~~ **39** % of our sales were generated by international operations, primarily in Europe, China, Canada, and Mexico. We expect that a significant amount of our sales will continue to come from outside the United States in the future. **Of** ~~Approximately 50 of~~ our manufacturing facilities **, 50** are located outside the United States. We are also exposed to currency exchange rate fluctuations by our purchase of raw materials and component parts from suppliers in multiple countries. We experience currency- related gains and losses where sales or purchases are denominated in currencies other than the functional currency. As of December 31, ~~2022~~ **2023** , we had foreign exchange rate risk associated with the U. S. Dollar, ~~Euro, Chinese Yuan, Mexican Peso,~~ Danish Krone **, Euro** , British Pound Sterling, and ~~Canadian Dollar~~ **Mexican Peso** . If these exchange rates devalue the currency we receive for the sale of our products, or the currency we use to purchase raw materials or component parts from our suppliers, it may have a material adverse effect on our competitiveness, profit margins, and earnings. For more information regarding currency exchange rate risk, please refer to Note ~~S~~ **R** on page ~~111~~ **115** of the Notes to Consolidated Financial Statements. **Rising interest rates have affected, and could continue to affect, our interest expense and make it more costly to refinance our long- term debt. We borrow money by issuing commercial paper with maturities of less than 270 days. We also have issued long- term senior notes with fixed interest rates. Our $ 300 million senior notes mature in November 2024, which we expect to retire predominantly with commercial paper. Interest rates on short- term borrowing have risen significantly, which has contributed to an increase in interest expense. Continued**

increases in interest rates could continue to negatively impact our interest expense, and make it more costly to refinance our outstanding senior notes. INFORMATION TECHNOLOGY AND CYBERSECURITY RISK FACTORS **Information** ~~Technology~~ **technology** failures ~~or~~ **,** cybersecurity ~~breaches~~ **incidents, or new technology disruptions** could have a material adverse effect on our operations. We have 135 production facilities in 18 different countries, primarily located in North America, Europe, and Asia. We rely on **information** ~~several on- premise and cloud- based computerized~~ systems ~~and networks~~ to obtain ~~, secure~~ , process, analyze, and manage data, as well as to facilitate the manufacture and distribution of inventory to and from our ~~production~~ facilities. We receive, process, ~~manufacture,~~ and ship orders, manage the billing of and collections from our customers, and manage the accounting for and ~~payments~~ **payment** to our vendors. We **also** manage our production processes with certain industrial control systems. **Consequently, we are subject to cybersecurity risk.** We also have risk associated with the network connectivity and systems for consolidated reporting. Technology failures or security breaches of a new or existing infrastructure, including our industrial control systems, could impede normal operations, create system disruptions, or create unauthorized disclosure or alteration of confidential information. ~~We~~ **From time to time, we have experienced immaterial cybersecurity threats and incidents. When these threats and incidents occur, we have taken appropriate remediation steps and, through investigation, determined that the threats or incidents did not** have a ~~formal~~ **material effect on our business, results of operations, or financial results. Although we are not aware of any material cybersecurity incidents, because of past immaterial cybersecurity threats and what we have learned in responding to those threats, we have accelerated several cybersecurity protection efforts. In 2024, we expect to spend roughly $ 9 million in maintaining and enhancing our cybersecurity protection efforts. Cybersecurity alerts are monitored by our security operations center. When a cybersecurity alert meets certain categorized thresholds, as determined by our Cybersecurity Incident Response Plan, we follow an escalation review** process **which can result** in ~~place~~ **our Chief Information Security Officer (CISO) forwarding the alert to the crisis response team consisting of our CEO, CFO, Chief Human Resources Officer, Chief Information Officer, and General Counsel. Our CISO and the Crisis Response Team, pursuant to guidance from our CISO, assess and manage our response to cybersecurity threats and incidents. Our CISO follows a risk- based escalation process to notify our General Counsel of certain cybersecurity threats and incidents, and our General Counsel analyzes our obligation to report any incident publicly. If the General Counsel determines disclosure is warranted, she reports this conclusion to the CISO, the Crisis Response Team, and the Company' s Public Disclosure Committee** for **consideration** ~~both incident response~~ and **disclosure. In addition, our CISO (or CEO when warranted) reports** cybersecurity **activity to** ~~continuous improvement that includes a cross- functional Cybersecurity Oversight Committee. Members of the Cybersecurity Oversight Committee update~~ the Board of Directors quarterly ~~on cybersecurity activity~~ , with procedures in place for interim reporting, if necessary. Our **full Board has oversight of our cybersecurity process. Our** cybersecurity program ~~, led by our Chief Information Security Officer,~~ is based on industry **-** recognized frameworks and takes a multifaceted approach to protecting our network, systems, and data, including personal information. We deploy a wide range of protective security technologies and tools **,** including **,** but not limited to **,** encryption, firewalls, endpoint detection and response, security information and event management, multi- factor authentication, and threat intelligence feeds. ~~In addition, we use an information security risk management approach that includes monitoring security threats and trends in the industry, analyzing potential security risks that could impact the business, partnering with industry recognized security organizations, and coordinating an appropriate response should the need arise.~~ Although ~~we have not experienced any material technology failures or cybersecurity breaches, we have enhanced our cybersecurity protection efforts over the last few years and continue to do so. We use a third party to periodically benchmark our information security program against the National Institute of Standards and Technology' s Cybersecurity Framework. We provide quarterly cybersecurity training for employees with access to our email and data systems, and~~ we have purchased broad form cyber insurance coverage **and** ~~. Although we~~ believe that our cybersecurity protection systems are adequate, cybersecurity risk has increased due to ~~increased~~ remote access, remote work conditions, and ~~associated strain on employees~~ **increased sophistication of cybersecurity adversaries, as well as the increased frequency of malware attacks** . As such, **information** technology failures or cybersecurity breaches could still create system disruptions or unauthorized disclosure or ~~alteration~~ **alterations** of confidential information **and disruptions to the systems of our third- party suppliers and providers** . We cannot be certain that the attacker' s capabilities will not compromise our technology protecting information systems, including those resulting from ransomware attached to our industrial control systems. If ~~this occurs,~~ **these systems are interrupted** ~~our~~ **or damaged by any incident or fail for any extended period of time, then our results of** operations could be **adversely affected** ~~disrupted, or we may suffer financial loss because of lost or misappropriated information~~ . **We** ~~Also, we~~ may incur remediation costs, increased cybersecurity protection costs **, ransom payments** , lost revenues resulting from unauthorized use of proprietary information, litigation and legal costs, increased insurance premiums, reputational ~~damages~~ **damage** ~~, proprietary and confidentiality impacts~~ , damage to our competitiveness, and negative impact on our stock price and long- term shareholder value **. In addition, our ability to effectively compete may be impacted by our ability to anticipate and respond effectively to the opportunity and threat presented by new technology disruption and developments, including artificial intelligence. Finally, burdens associated with regulatory compliance, including regulations adopted by the SEC regarding cybersecurity disclosure, may increase our costs. The unauthorized use of artificial intelligence could expose sensitive Company information, infringe intellectual property rights, violate privacy laws, and harm our reputation. Our business uses artificial intelligence (AI) technologies, including those offered by third parties, on a limited basis, generally to mitigate cybersecurity risks. While we prohibit the use of unauthorized AI technologies, our employees may use AI in an unauthorized manner, which could expose our sensitive data to disclosure, violate third- party intellectual property rights, violate privacy laws, produce inaccurate responses that could lead to errors in our business activities, and ultimately harm our reputation. Our ability to mitigate these risks will depend on our continued effective maintenance, training, monitoring, and enforcement of**

appropriate policies governing the use of AI technologies, and the results of any such use, by us. If any of these risks are realized, it could adversely impact our results of operations, cash flow, financial condition, and stock price . TRADE RISK FACTORS Tariffs by the United States government could result in materially lower margins, lost sales, and an overall adverse effect on our results of operations. While we frequently manufacture products where our customers are located, we do, in some cases, import and export various raw materials, components, or finished goods across several **groups or** business units, including ~~the~~ Automotive ~~and~~ **,** Bedding ~~groups~~ **, and Geo Components** . The United States has imposed broad- ranging tariffs on steel and aluminum (each of which we use in our manufacturing processes), a wide assortment of Chinese- made products, and other products on a country- specific basis. In retaliation, many other countries have imposed counter- tariffs on U. S.- produced items. If we are unable to pass through additional costs created by current or new tariffs, it could result in materially lower margins, lost sales, and an overall adverse effect on our results of operations. ~~The United Kingdom' s withdrawal from the European Union could adversely affect us. In June 2016, the United Kingdom (UK) held a referendum in which voters approved an exit from the European Union (EU), commonly referred to as " Brexit. " In January 2020, the Withdrawal Agreement Act was passed by the UK Parliament and the Brexit deal was ratified by the EU Parliament. This allowed the UK to formally leave the EU on January 31, 2020, with a transition period through December 31, 2020, while the EU and UK were to negotiate a trade agreement, among other things. Additional negotiations among the EU and UK continue, as well as negotiations of trade agreements between the UK and other countries, including the United States. Because we have multiple manufacturing facilities in the UK, EU, and other countries, and these facilities purchase raw materials and component parts from suppliers in those countries, and sell products into the UK, EU, and elsewhere, the results of Brexit (and particularly the continued negotiation of trade agreements) could cause disruptions and create uncertainty to our supply chain and distribution networks, tariff rates, and currencies, and could fluctuate the value of the British Pound Sterling and the Euro relative to the U. S. Dollar and other currencies. These disruptions and uncertainties could increase our costs and adversely affect us.~~ U. S. export controls against China could ~~exacerbate the~~ **contribute to a** global semiconductor shortage and negatively impact (i) our ability to manufacture and timely deliver our products, (ii) our OEM and Tier customers' production schedules, and (iii) the demand for our products. Our Automotive Group uses semiconductors in seat comfort products ~~,~~ and **,** to a lesser extent **,** in motors and actuators. According to certain market reports, China is a ~~leading~~ **significant** manufacturer of ~~the world' s~~ semiconductors. The U. S. government has imposed export controls regarding certain **advanced** semiconductor chips and semiconductor manufacturing equipment which restrict U. S. companies' ability to export these products to China without a license. The **Netherlands and Japan have also moved forward with more restrictive export controls related to specific equipment used for the manufacture of semiconductors. The** new controls may ~~exacerbate the~~ **contribute to a** global semiconductor shortage and negatively impact our ability to source an adequate supply of semiconductors used in our manufacturing processes. If so, ~~the~~ **any** resulting shortage could endanger our ability to manufacture and timely deliver our products. It also could negatively impact our OEM and Tier customers' production schedules and the demand for our products. Additionally, China may adopt retaliatory trade restrictions against U. S. companies. If this occurs, our Chinese- based operations may be negatively impacted. Any of these risks, if realized, could negatively impact our business, results of operations **,** and financial condition. REGULATORY RISK FACTORS ~~The timing and amount of our share repurchases is subject to a number of uncertainties. The Board has established a program authorizing management to repurchase up to 10 million shares each calendar year, with no specific commitment or timetable. The Inflation Reduction Act of 2022 imposes a non- deductible 1 % excise tax on net repurchases of shares, with some exceptions. The excise tax will be imposed on transactions that occur after December 31, 2022. The imposition of the excise tax will increase the cost to us of making repurchases and may cause the Company to reduce the number of shares repurchased. Other factors that may influence our decision to utilize, limit, suspend, or delay future share repurchases include market conditions, the trading price of our common stock, the nature and magnitude of other investment opportunities available to us from time to time, and the amount of available cash.~~ Privacy and data protection regulations are complex and could harm our business, reputation, financial condition, and operating results. Governments around the world have adopted legislative and regulatory proposals concerning the collection and use of personal data. As a multi- national company with employee personal data and business contact information from individuals in many countries, we are subject to many different data protection laws, including ~~those~~ **federal and state- specific laws** in the U. S., and the laws of other jurisdictions in which we operate, such as those in Europe, China, and Brazil. For example, the **European Union (** EU **)** ~~' s~~ General Data Protection Regulation (GDPR) and **United Kingdom (** UK **)** GDPR ~~applies~~ **apply** to our operations that collect or process personal data of EU individuals and UK individuals, respectively. If our operations are found to violate GDPR or the UK GDPR, we may incur substantial fines, face reputational harm, and be required to change our business practices, any of which could have an adverse effect on our business. As a U. S. company, the ability to ~~centrally~~ manage aspects of our operation and workforce **centrally** and the ability to make decisions based on complete and accurate global data are important and require the ability to transfer and access personal data. The adequacy of the laws of the data- importing country are of increasing importance under various laws, including the GDPR, the UK GDPR, and Brazil' s general data protection law. The validity of data transfer mechanisms remains subject to legal, regulatory, and political developments in many countries, including Brazil, Europe, China, and the U. S. The ~~invalidation of~~ **expected legal challenges to** the EU- **US Data** ~~U. S.~~ Privacy **Framework** ~~Shield in 2020~~ , the complex assessment and documentation requirements ~~required~~ under the EU ~~Commission' s recent~~ Standard Contractual Clauses **, the documentation and filing requirements under China' s PIPL (Personal Information Protection Law)** , as well as the still evolving guidance from Brazil ~~and China~~ , could have an adverse impact on our ability to process and transfer personal data. This may inhibit our ability to transfer our employee personal data from our other operations, such as in Europe, China, and Brazil, to **our** ~~the Company' s~~ headquarters in the U. S. or elsewhere, making it much more difficult to effectively manage our global human capital. These evolving privacy and data protection requirements create uncertainty and added compliance obligations that could harm our business, reputation, financial condition, and operating results.

Environmental regulatory compliance costs, additional potential related liabilities and ~~Climate~~ **climate** change transition risks, including new treaties, laws **,** and regulations, could negatively impact our business, capital expenditures, compliance costs, results of operations, financial condition, competitive position, and reputation **. Increased focus by the U. S. and other governmental authorities on climate change and other environmental matters has led to enhanced regulation in these areas, which is expected to result in increased compliance costs and could subject us to additional potential liabilities. The extent of these costs and risks is difficult to predict and will depend, in large part, on the extent of final regulations and the ways in which those regulations are enforced** . Many scientists, legislators, and others attribute global warming to increased levels of GHG emissions, including carbon dioxide. As of December 31, ~~2022~~ **2023** , we had 135 manufacturing facilities in 18 countries. Most of our facilities are engaged in manufacturing processes that produce GHG **emissions** , including carbon dioxide. We also maintain a fleet of over- the- road tractor trailers that emit GHG **emissions** when providing freight services to many of our U. S.- based manufacturing locations. Our manufacturing facilities are primarily located in North America, Europe, and Asia. There are certain transition risks (meaning risks related to the process of reducing **our** ~~the Company' s~~ carbon footprint) that could materially affect our business, capital expenditures, results of operations, financial condition, competitive position, and reputation. One of these transition risks is the change in treaties, laws, policies, and regulations that could impose significant operational and compliance burdens. For example, **some of** our operations are subject to certain governmental actions like the ~~European Union' s (~~ EU ~~)~~ " European Green Deal " (which provides for a 55 % reduction in net GHG emissions by 2030 (compared to 1990 levels), and no net emissions of GHG by 2050), and the " Paris Agreement " (which is an international treaty on climate change designed to lower GHG emissions). **Other laws that could materially increase our compliance costs are the California Climate Corporate Data Accountability Act and Climate-Related Financial Risk Act, as well as the EU Corporate Sustainability Reporting Directive and the EU Carbon Border Adjustment Mechanism.** In addition, ~~specifically~~ with respect to our Automotive Group, the EU is moving forward with an effective ban on the sale of new gas- powered automobiles **(with the exception of CO2- neutral automobiles)** in the EU from 2035 (with interim requirements by 2030), aiming to accelerate the conversion to zero- GHG emission automobiles as part of a broad package to combat global warming. **Also, President Biden signed executive orders setting the goal of having zero-emission vehicles account for half of all new U. S. passenger cars and light trucks sales by 2030 and committing the Federal government to procuring only zero- emission light vehicles by 2035. Finally,** ~~Some~~ **some** states, including California and New York, are also implementing similar provisions. **Our** ~~The Company' s~~ automotive products can be sold to manufacturers of either gas- powered or electric- powered vehicles. However, if our customers (who may be subject to any of these or other similarly proposed or newly enacted laws and regulations) incur additional costs to comply with such laws and regulations, which in turn, impact their ability to operate at similar levels in certain jurisdictions, the demand for our products could be adversely affected. ~~Also~~ **In addition** , overall, there continues to be a lack of consistent climate legislation in the jurisdictions in which we operate, which creates economic and regulatory uncertainty. If these laws or regulations (including the SEC' s proposed rule regarding climate- related disclosures) impose significant operational restrictions and compliance requirements on us, they could increase costs associated with our operations, including costs for raw materials and transportation. Non- compliance with climate change treaties ~~,~~ or legislative and regulatory requirements could also negatively impact our reputation. To date, however, we have not experienced a material impact from climate change legislative and regulatory efforts. Increased scrutiny from investors, lenders, market participants, and other stakeholders regarding our environmental, social, and governance, or sustainability responsibilities, could expose us to additional costs or risks and adversely impact our liquidity, results of operations, reputation, employee retention, and stock price. Investor advocacy groups, certain institutional investors, investment funds, lenders, market participants, shareholders, customers, and other stakeholders have focused increasingly on the environmental, social, and governance (ESG) or " sustainability " practices of companies. These parties have placed increased importance on the implications of the social cost of their investments. If our ESG practices do not meet investor, lender, or other industry stakeholder expectations and standards, which continue to evolve, our access to capital may be negatively impacted based on an assessment of our ESG practices. These limitations, in both the debt and equity markets, may materially negatively affect our ability to manage our liquidity, ~~our ability to~~ refinance existing debt, grow our businesses, **and** implement our strategies, **as well as adversely impact** our results of operations ~~,~~ and the price of our common stock. Our sustainability report details how we seek to manage our operations responsibly and ethically. The sustainability report includes our ESG policies and practices on a variety of matters, including, but not limited to, Board and management sustainability oversight, governance and ethics, environmental ~~compliance~~ **sustainability** , climate change **and greenhouse gas emissions reduction** , employee health ~~and~~ **,** safety ~~practices~~ , ~~human capital~~ **inclusion and diversity, product stewardship, quality and safety** management, ~~product sustainability~~ and ~~stewardship,~~ supply chain ~~management,~~ **social standards** and **compliance** ~~workforce inclusion and diversity~~ . In the past few years, we broadened the scope of the Board' s Nominating, Governance and Sustainability Committee to include oversight of our ESG programs and related risks. We also added positions ~~,~~ including our first Chief Human Resources Officer **and Sustainability** ~~, ID & E~~ Director ~~, and Sustainability Manager~~ to help lead and evaluate our ESG practices. **In** ~~Also, in~~ 2022, we conducted our first materiality assessment to identify ESG- related opportunities that will drive the most value for our company and those we serve. We engaged a broad variety of our stakeholders to get their input on which ESG topics were of the highest importance to them. We also assessed our ability to make a positive business impact in these same ESG areas. Together, this information is helping to better inform us as we prioritize and advance our ESG strategies. We expect to share the results of the materiality assessment and key ESG objectives ~~,~~ **and** goals ~~, and targets later in 2023 or~~ in the first half of 2024. However, it is possible that stakeholders may not be satisfied with our ESG practices or the speed of their adoption. In addition to the costs associated with the above **-** mentioned positions **and other activities** , we could also incur additional costs and require additional resources to monitor, report, and comply with various ESG practices. Also, our failure, or perceived failure, to meet the standards set forth in the sustainability report could negatively impact our reputation, employee retention, and the willingness of our customers and suppliers to do business with us. Our sustainability report can be found at www. leggett. com. Our website does not constitute part of this Form 10- K. Changes in tax laws or challenges to our tax positions pursuant to ongoing tax audits could negatively impact our earnings and cash flows. We are subject to the tax laws and reporting rules of the U. S. (federal, state, and local) and several foreign jurisdictions. Current economic and political conditions make these tax rules (and governmental interpretation of these rules) in any jurisdiction, including the U. S., subject to significant change and uncertainty. There **are** ~~have been~~ proposals by the Organization for Economic Cooperation and Development, the European Union, and other **tax** jurisdictions **, some of which are currently being adopted in various countries,** to reform tax laws or change interpretations of existing tax rules. These proposals **generally center around global base erosion and profit shifting (BEPS) concepts** , ~~if~~ **and as they are** adopted, could **continue to** impact how our earnings and transactions are taxed as a multinational corporation. ~~Although we cannot predict whether~~ **Whether ,** or in what form **,** these proposals will become law **in various countries around the world** , or how ~~they~~ **such laws** might be interpreted, ~~such changes~~ could impact our assumptions related to the taxation of certain foreign earnings and have an adverse effect on our earnings and cash flows. We are subject to audit by taxing authorities in the countries where we operate and are currently in various stages of examination in several of these jurisdictions. We have established liabilities as we believe are appropriate, with such amounts representing what we believe is a reasonable provision for taxes that we ultimately might be required to pay. However, these liabilities could be increased over time as more information becomes known relative to the resolution of these audits, as either certain governmental tax positions may be sustained **,** or we may agree to certain tax adjustments. We could incur additional tax expense if we have adjustments higher than the liabilities recorded. **We are subject to value- added taxes (VAT) in various foreign jurisdictions. Where we are entitled to a refund of the VAT we have paid, we are required to make a claim for refund from the government authorities. We establish VAT receivables for these claims, but have been experiencing significant refund delays in Mexico. Although we believe the amounts we have claimed are fully realizable, continued government actions in Mexico, including audits of the amounts we have requested, could either further delay the receipt of our refunds, or cause us to settle for a lesser amount than the VAT receivable we have recorded. These actions could adversely impact our future cash flows and / or pretax earnings.** LITIGATION RISK FACTORS We are exposed to litigation contingencies that, if realized, could have a material negative impact on our financial condition, results of operations, and cash flows. Although we deny liability in all currently threatened or pending litigation proceedings ~~and believe that we have valid bases to contest all claims made against us~~ , we have recorded an immaterial aggregate litigation contingency accrual at December 31, ~~2022~~ **2023** . Based on current facts and circumstances, aggregate reasonably possible (but not probable) losses in excess of the recorded accruals for litigation contingencies are estimated to be $ ~~11~~ **22** million. If our assumptions or analyses regarding any of our contingencies are incorrect, ~~or~~ if facts and circumstances change **, or if future litigation arises** , we could realize ~~loss~~ **losses** in excess of the recorded accruals (and in excess of the $ ~~11~~ **22** million referenced above) **,** which could have a material negative impact on our financial condition, results of operations, and cash flows. For more information regarding our legal contingencies, please see Note ~~T~~ **S** on page ~~111~~ **115** of the Notes to Consolidated Financial Statements.