

Risk Factors Comparison 2025-02-26 to 2024-02-27 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** ~~Conflict between China and Taiwan could lead to trade sanctions, technology disputes, or supply chain disruptions, which could, in particular, impact the semiconductor industry, and our operations~~ **Operational Risk** ~~globally. Our Automotive Group uses semiconductors in seat comfort products and, to a lesser extent, in motors and actuators~~ ~~--- Factors~~. The 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, Taiwan and, to a lesser extent, China 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 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. In recent years, we have experienced 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 delivery port disruptions, trucking constraints, and inclement weather. At times, 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 disasters, ~~fire fires or, explosion~~ **explosions**, terrorism, pandemics, ~~union labor~~ **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. ~~Labor Strikes~~ **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. Also, in late 2023 and early 2024, the conflict in the Red Sea caused delays with some of our shipments, while other shipments from China to the **United States** ~~U.S.~~ or Europe have been re- routed. ~~The 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. Overall, OEM inventory levels continue to improve with most every model available at nearly normal levels. Our Automotive Group uses PART I semiconductors in our seat comfort, motors, and actuator 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 ~~effect~~ **affect** our manufacturing processes, financial condition, results of operations, and cash flows. Our **2024** Restructuring Plan may not achieve its intended outcomes, and we may incur restructuring costs, restructuring- related costs, and impairments in addition to those anticipated to be incurred in connection with our announced **2024** Restructuring Plan. In the first quarter of 2024, we committed to a restructuring plan ~~-(the "2024 Restructuring Plan" or "2024 Plan"). The 2024 Plan is~~ primarily associated with our Bedding Products segment and, to a lesser extent, our Furniture, Flooring & Textile Products segment. ~~The 2024 (the "Restructuring Plan was expanded in" or "Plan"), which is expected to be substantially complete by the end second quarter of 2025~~ **2024**. Pursuant to ~~include a restructuring opportunity within~~ the Plan, we ~~Specialized Products segment and in the third quarter of 2024 to include the general and administrative cost structure initiatives. 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 the~~ Furniture, Flooring & Textile Products segment. **With respect to Bedding Products, we (i) consolidated 14 production and**

distribution facilities (ten in U. S. Spring, three in Specialty Foam, one in Adjustable Bed); ~~• reduce workforce levels over time~~ (ii) consolidated all domestic innerspring production PART I into our four larger remaining spring production facilities; ~~• incur~~ (iii) exited our Mexican innerspring operation; (iv) downsized our Chinese innerspring operation; and (v) sold two properties. With respect to Specialized Products, we launched restructuring activities in our Hydraulic Cylinders business to optimize manufacturing and improve operating efficiencies. With respect to Furniture, Flooring & Textile Products, we closed one facility each in the Home Furniture and Flooring Products business units. Finally, we reduced corporate general and administrative expenses, which are expected to be fully realized in 2025. In 2025, we expect to have further consolidations in Bedding Products (primarily in Specialty Foam), achieve full implementation of manufacturing efficiency improvement activities in Hydraulic Cylinders, and complete restructuring initiatives in Flooring Products. Below is a table containing the 2024 Restructuring Plan costs, EBIT benefit, sales attrition, and proceeds from the sale of real estate incurred or realized in 2024, and our estimates for 2025 and thereafter: (Dollar amounts in millions- all pretax)

2024 Actual	Estimate for 2025	Total Plan Estimate	2, 3, 4 Total Plan Prior Estimate	3 Plan activity
Restructuring and restructuring-related costs	between: Cash \$ 30 \$ 15 to \$ 20 \$ 45 to \$ 50 \$ 30 to \$ 40 Non-cash	18 \$ 15 to 2035 to 4035 to 45	Total costs \$ 48 \$ 30 to \$ 40 \$ 80 to \$ 90 \$ 65 and to \$ 85	Pretax net cash from real estate 5 85
		million, of which approximately half are anticipated to be incurred in 2024 and the remainder in 2025. This includes \$ 30-20 \$ 15 to \$ 40 million \$ 60 to \$ 80 \$ 60 to \$ 80	Plan impacts: Sales attrition \$ 15 \$ 60 \$ 80 \$ 80 EBIT benefit \$ 22 \$ 55 to \$ 60 \$ 60 to \$ 70 \$ 50 to \$ 60	1
		Estimates for 2025 sales attrition and EBIT benefit include full year impacts of the actions completed in future 2024 and additional actions expected to be completed in 2025. 2 Due to implementation timing of certain restructuring activities, we expect to have a small amount of incremental EBIT benefit and sales attrition in 2026. Additionally, due to the timing of listing properties, we expect the remainder of real estate sales to occur in 2026. 3 Estimates of annualized sales attrition and EBIT benefit are expected to be realized after the 2024 Plan is fully implemented in late 2025. 4 Increases in our total plan estimates for both cash costs and EBIT benefit; the majority of which are anticipated related to be incurred in 2024 Plan activities; • ultimately realize a positive financial impact when fully implemented in our Specialized Products segment late 2025; • receive between \$ 60 and \$ 80 million in our general and administrative initiatives. 5 pretax-Pretax net cash from real estate is only related to the 2024 Plan and does not include the sale of idle real estate. The 2024 sale of real estate resulted in a pretax gain of \$ 17 million. We estimate up to \$ 37 million of pretax gains on the sale of real estate in 2025. Total restructuring and restructuring-related costs, including 2024 Plan costs and costs to explore the potential sale of our Aerospace business, for the year ending December 31, 2024, were \$ 51 million (\$ 33 million cash and \$ 18 million non-cash). 2024 Plan costs are expected to be substantially complete by the end of 2025. Because of certain risks and uncertainties, the estimates of the number of facilities to be consolidated, EBIT benefit, sales attrition, proceeds from the sale of real estate, and the cash and non-cash costs and impairments associated with the Restructuring 2024 Plan; may change as our analysis develops and • experience additional information is obtained. Also, we may not be able to implement the 2024 Plan in a timely manner that will positively impact our financial condition reduction in annual sales by approximately \$ 100 million. Because of certain risks and uncertainties results of operations. Moreover, we may not be able to dispose of real estate pursuant to the 2024 Plan or obtain the expected proceeds in a timely manner. The 2024 Plan may also negatively impact our relationships with employees, customers, and vendors. Any failure to achieve the intended outcomes could materially adversely affect our business, financial condition, results of operations and cash flows, and liquidity. The 2024 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 as our analysis develops and 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 a negative impact on our relationships with our employees, customers, and vendors. Finally, 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 of operations and cash flows, and liquidity. We continue to evaluate opportunities across our businesses for further restructuring opportunities in addition to those activities included in the announced 2024 Plan. The execution of any of these opportunities may result in additional material restructuring costs, restructuring-related costs, or impairments. Business disruptions to our steel rod mill or wire drawing mills, 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 and. This scrap is converted-- convert it 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. Our two wire mills, which located in Carthage, Missouri, and Kouts, Indiana, convert the steel rod into drawn steel wire, which. This wire is used in the production of 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 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, 2023-2024, we had 135-119 manufacturing facilities in 18 countries, primarily located in North America, Europe, and Asia. We serve thousands of customers worldwide. In 2023-2024, our largest customer represented less than 6 % of our sales, and our customers were located in approximately 100 countries. **Western states, including California and Washington, have historically experienced, and are projected to continue to experience, climate- related events (such as wildfires) at an increasing frequency. In early 2025, there were multiple wildfires in California, including unprecedented wildfires in the Los Angeles County area. We have production facilities located in California and Washington in each of our segments. To date, no facilities have suffered damage from these fires. However, because of lack of rain, higher temperatures, and unpredictable winds, we could experience potential adverse physical effects, including damage to our properties and disruption to our operations.** Although our diverse geographical manufacturing footprint and our broad geographical customer base mitigates the potential physical risks of any local or regional **severe climate change**- related event having a material effect on our operations and results, **an-the** 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 monitor our property portfolio's exposure to certain natural catastrophic events. We integrated 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 2023, we experienced tornado damage to a shared Home Furniture and Bedding facility in Mississippi. This event did not have a material impact on our physical properties as a whole, 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 and wire drawing mills**), 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 prior** years, we experienced (due, in part, to severe weather- related impacts) supply shortages in chemicals, which restricted foam supply **and**. The restriction of foam supply constrained overall mattress production in the bedding industry **and**. **This** reduced our production levels **and increased 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-recent years**, drought conditions lowered **the** water levels of the Mississippi River and Panama Canal, reducing traffic through these waterways, **which impacted some of our shipments**. Although these issues **did not** have **not had** a material impact on our results of operations, additional logistical disruptions could result in additional **costs and** 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 **have resulted and** may **continue to**, **in the future**, 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 supports** 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 **lightweight alternative components** high- strength steel, magnesium, aluminum alloys, carbon fiber, 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. **These** **Because of our technological competitiveness, this long- standing market transition transitions has have negatively impacted our market share, although** not had, and is not expected to have, a material **materially because** negative impact on our share of **our technological competitiveness** 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 **materially** negatively impacted. **Global** 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 39-40 % of our sales in 2023-2024 were generated outside the United States. In addition, as of December 31, 2023-2024, **48** we had 50 manufacturing facilities outside the United States, and approximately 31% **one- third** of our tangible long- lived assets were located outside the United States. Our reliance on **international** sales and **international** manufacturing facilities **outside the United States** exposes- **expose** us to a number of risks, including price and currency controls; **government embargoes sanctions, export controls** 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 **approvals** for new and continuing products and operations, currency conversion, or **cash** repatriation of assets; **and** legal systems of decrees, laws **and**, taxes, regulations, interpretations, and court decisions that are not always fully developed and that may be retroactively or arbitrarily applied; cost and availability of international labor, materials, and shipping channels;

and customer loyalty to local companies. If realized, these factors could result in, or could continue to result in, among other things, supply chain or production disruptions, lower consumer demand, compressed profit margins, and unfavorable foreign currency exchange rates, any of which could materially negatively impact our business, results of operations, financial condition, and cash flows.

Geopolitical Risk Factors Conflict between China and Taiwan

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 trade sanctions, export controls, technology disputes, or supply chain disruptions, which could, in particular, impact the semiconductor industry, and our operations globally. Our Automotive Group uses semiconductors in seat comfort products and, to a lesser extent, suspension in motors and actuators. Our OEM and Tier customers also use semiconductors, or components containing semiconductors, in their payment manufacture of cash dividends at automotive components and / or vehicles. This supply could be challenged by any number of events. 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 semiconductor supply. Conflict between China and economic conditions Taiwan might lead to trade sanctions, export controls, 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 could adversely harm our business, financial condition, and operating 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 available cash conflict between China and current Taiwan could harm our operations globally and anticipated cash the operations of our customers and suppliers. Financial Risk Factors Our borrowing costs and access to liquidity may be impacted by lower credit ratings. Independent rating agencies evaluate our credit profile and have assigned ratings for our long-term and short-term debt. Recently, our credit ratings have been lowered and could be lowered further. These recent downgrades have resulted in slightly higher interest rates and could impact marketability. Lower credit ratings could adversely affect our sources of borrowing and our financial arrangements, including access to the commercial paper market, our lending agreements, and supply chain financing arrangements. If we are unable to meet our short-term borrowing needs in the commercial paper market, we may need to access our credit facility or other bank debt to fund short-term working 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.

Our inability 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 receivables in accordance with their terms due to customer bankruptcy could negatively impact our earnings, liquidity, cash flow, and financial condition difficulties, or insolvency. Some of our customers have been 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, some of our customers may have been unable to pay their debts to us, they may have exhibited slow payments, have rejected their contractual obligations to us under bankruptcy laws or otherwise, or we may have had to negotiate significant discounts and / or extend financing terms with these parties. These collection issues may continue. We monitor our receivable portfolio closely and make reserve decisions based upon individual customer credit risk reviews, aging of customer accounts 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. Our bad debt expense has fluctuated over While general macroeconomic elements and industry trends have been volatile the last few three years, our focused account management has resulted 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, we increased our allowance for general macroeconomic conditions by \$ 6 million expense in 2020-2024. 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 (7 applicable to the entire portfolio) million benefit in 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 \$ 7 million during 2023. We recorded \$ 3 million bad debt expense in 2022 related to macroeconomic uncertainties and ordinary customer credit reviews. Weak demand and changing market dynamics have created disruption and financial instability for some of our customers, particularly in the Bedding Products segment. We have established reserves for these customers through the process of individual customer credit risk reviews, and we believe we have established appropriate reserves for these customers. As of December 31, 2023-2024, our allowance for doubtful accounts for trade receivables was \$ 11-14 million. If we are unable to collect receivables 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, 2023-2024, goodwill and

other intangible assets represented \$ 935.7 billion million, or 36.26 % of our total assets. In addition, net property, plant, and equipment, operating lease right-of-use assets, and sundry assets totaled \$ 1.1, 036 billion million, or 24.28 % of total assets.

Goodwill Impairment We review our test goodwill for impairment at the reporting units unit level (the business groups that are one level below the operating segments) when triggering events occur for or at least annually. We perform potential goodwill impairment in the second quarter as part of our annual goodwill impairment testing in the second quarter. The 2024 annual goodwill impairment testing indicated that fair value had fallen below carrying value for three reporting units, and more often if fair value exceeded carrying value by less than 100 % for one reporting unit. We had 2024 impairments of \$ 588 million, \$ 44 million, and \$ 44 million in our Bedding, Work Furniture, and Hydraulic Cylinders reporting units, respectively. The fair values of our reporting units in relation to their respective carrying values and significant assumptions used are presented in the tables in Note F to the Consolidated Financial Statements, beginning on page 96. In general, the fair values for these reporting units decreased versus prior year due to macroeconomic pressures, including low demand, particularly in residential end markets. The fair values of our reporting units were reconciled to our consolidated market capitalization, which decreased due to the significant decline in stock price during the second quarter of 2024. Our closing stock price per share was \$ 26.17 on December 29, 2023, \$ 19.15 on March 28, 2024, and \$ 11.46 on June 28, 2024. We concluded that an impairment existed under generally accepted accounting principles in connection with the preparation and review of our second quarter financial statements filed on August 7, 2024 as part of the quarterly report on Form 10-Q. While the Aerospace Products reporting unit did not incur impairment charges, fair value exceeded carrying value by 21 % in our 2024 testing. Aerospace's long-term forecasts continue to reflect demand improvements as industry recovery continues. Long-lived Asset Impairment Late in the fourth quarter of 2023, we had a triggering event to review 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 and event test or for circumstance indicates the carrying value may not be recoverable. We conduct impairment when certain 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 by moving their business to or exploring alternative suppliers, which could adversely impact impacted our future cash flow forecasts forecast. 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. This resulted in a non-cash pretax 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 2024 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 indicated no goodwill impairments. 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 value exceeded carrying value by less than 100 % for four reporting units as summarized in the table below: Fair value in excess of carrying value for the goodwill impairment testing performed during Goodwill Triggering event Fourth quarter 2023 Annual testing Second quarter 2023 Annual testing Second quarter 2022 As of December 31, 2023 (in millions) Reporting unit with a triggering event Bedding 19 % 40 % 54 % \$ 907 Reporting units with no triggering event Work Furniture 74 78 100 Aerospace 44 40 67 Hydraulic Cylinders 18 32 45 The Bedding reporting unit's fair value decreased during 2023 primarily because of lower estimated future cash flows. Although the long-term outlook for the Bedding reporting unit remains positive, macroeconomic factors have negatively impacted consumer confidence and spending. Our Specialty Foam business 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 forecasts and our estimated future cash flows. The Work Furniture and Aerospace Products reporting units' fair value in the 2023 goodwill impairment testing was generally consistent with the prior year. Work Furniture demand for both contract and residential end-use products remained at low levels in 2023, but is expected to improve in future years. Aerospace's long-term forecasts continue to reflect demand improvements as industry recovery continues. Current demand is now similar to pre-pandemic levels. The Hydraulic Cylinders reporting unit'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 potential for impairment of goodwill and other long-lived assets, we make assumptions and estimates regarding future operating performance, business trends, and market and economic performance, including as well as our future sales and,

operating margins, growth rates, and discount rates. **If** There are inherent uncertainties related to these factors, including but not limited to: **• 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 **and other long- lived assets** 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 **future** 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 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 Capitalized terms used in this section but not defined herein have the meanings set forth in the Credit Agreement. To provide additional borrowing capacity and financial flexibility, we amended our credit agreement in March 2024 to increase the Leverage Ratio from 3. 50 to 1. 00 to 4. 00 to 1. 00. After the amendment, our** credit facility contains restrictive covenants **which include** . The covenants (a) **an amended Leverage Ratio** ~~require~~ **requiring** us to maintain **;** as of the last day of each fiscal quarter, or **if when** 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 **4. 00 to 1. 00 as of March 31, 2024 through June 30, 2025, and not greater than** 3. 50 to 1. 00 **beginning September 30, 2025 through maturity** , provided ~~;~~ however, subject to certain limitations, **if we** ~~the Company has made~~ **make** a Material Acquisition in any fiscal quarter **after June 30, 2025** , at ~~our~~ ~~the Company's~~ selection, 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 a limitation of** the amount of total secured obligations to 15 % of our total consolidated assets ~~;~~ ; and (c) **limit a limitation on** our ability to sell, lease, transfer, or dispose of all ~~;~~ or substantially all ~~;~~ of ~~the our~~ ~~assets of the Company~~ and ~~its~~ ~~the assets of our~~ 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 our~~ ~~assets of the Company~~ or ~~the assets of~~ one of ~~its our~~ subsidiaries to ~~us~~ ~~the Company~~ or one of ~~its our~~ 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 **discussed in Note O** of **December 31, 2023** ~~the Consolidated Financial Statements~~ , we had \$ **134. 148** million of deferred tax assets (net of an ~~a~~ \$ **18. 21** million valuation allowance) ~~as~~ . After netting of **December 31** ~~deferred tax liabilities~~ . **2024** the net amount presented within Sundry assets on our Consolidated Balance Sheets is \$ **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** **There can be no assurance that we will continue to pay cash dividends on our common stock. We recently reduced our quarterly cash dividend per share. Dividends on shares of common stock are declared at the discretion of the Board of Directors, which may decide to further reduce, suspend or terminate the dividend, based upon general economic conditions, our financial condition, operating results, cash flows, available cash and current and anticipated cash needs,**

capital requirements, strategic alternatives, compliance with contractual debt leverage ratios, and other factors. Market Risk Factors Costs of raw materials 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, whether from inflation 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. If we are unable to obtain the chemicals or pass the cost along to our customers, our results of operations may be negatively impacted. 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 some industries in which we operate could create challenges in hiring and maintaining adequate workforce levels. This could lead to increased labor costs and could negatively impact our results of operations.~~ 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 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, In response to petitions filed with the U. S. have been antidumping duties on the import of innersprings from China, South Africa, and Vietnam imposed by the Department of Commerce (DOC) and the International Trade Commission (ITC) generally alleging that innersprings, 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 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. In July 2023, the Company, along with nine other domestic mattress producers and two 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 being unfairly sold selling their products in the United States by certain foreign manufacturers at less than fair value (dumping) and that certain foreign manufacturers of steel wire rod and mattresses in Indonesia were unfairly benefiting from subsidies, certain antidumping causing harm to the U. S. industry and / or countervailing seeking the imposition of duties have been imposed on the imports of such products. Some antidumping and countervailing duties orders are subject to ongoing appeal. The ITC is currently examining whether to extend a 2019 order on mattresses imported from China, following these the DOC's countries. The ITC made a preliminary determination of injury in September February 2023 2025. 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 revocation of were presented by the petitioners. The DOC's preliminary determination on 2019 duty order would likely lead to the continuation or recurrence of dumping of was issued in February 2024, imposing additional duties on finished mattresses from China. The DOC's final determinations are expected in July 2024, and the ITC's final determination is expected in September 2024. If any of these the determinations antidumping and countervailing duties are negative 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. For more information on antidumping and / or countervailing duties regarding innersprings, steel wire rod and mattresses, please refer to the Competition section on page 42 in Item 7. Management's Discussion and Analysis of Financial Conditions and Results of Operations, and Item 3. Legal Proceedings on page 30. We operate in a highly competitive automotive industry and efforts by our competitors, as well as new entrants to the industry, to gain market share could negatively impact our business, results of operations, and financial condition. The automotive component industry is highly competitive. The evolving automotive market, including the growth of hybrid and electric vehicles, has attracted, and may continue to attract, new OEM entrants to the industry, resulting in market share losses for our existing~~

customers. We have also experienced increased competition from Chinese-based component suppliers who are growing market share in China, particularly with Chinese-based OEMs, which may adversely affect sales and profit margins on our products. In Europe, economic softness and consumer affordability issues have given Chinese electric vehicle (EV) manufacturers opportunities to supply lower price electric vehicles, leading to production declines and program launch delays for our customers. In North America, consumer affordability issues and uncertainty around EV transition timelines are resulting in program launch delays and our customers replacing higher cost components with lower cost components. If we are unable to differentiate existing or create new innovative products, adapt to new technologies or evolving customer requirements, maintain a low-cost footprint, or compete effectively, we may lose market share or be forced to reduce prices, thereby lowering our margins. Any such occurrences could adversely affect our business, results of operations, and financial condition.

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 2023-2024, 39-40% of our sales were generated by international operations, primarily in Europe, China, Canada, and Mexico. As of December 31, 2024, 48% of our manufacturing facilities were 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, 2023, we had foreign exchange rate risk associated with the U. S. Dollar, Danish Krone, Euro, British Pound Sterling, and 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 R-5 on page 115-120 of the Notes to Consolidated Financial Statements.

Information Technology 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.

Cybersecurity Risk Factors Information technology failures, cybersecurity 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 systems to obtain, process, analyze, and manage data and critical financial activities, as well as to facilitate the manufacture and distribution of inventory to and from our facilities. We receive, process, and ship orders and manage the billing of and financial records, including invoicing and collections, collecting from our customers, and paying manage the accounting for and payment to our vendors. We also manage our production processes with certain industrial control systems. Consequently, we are subject to cybersecurity risk. We face also have risk risks associated with the network connectivity and systems for consolidated reporting. Technology failures or security breaches of a new or our existing infrastructure, including our industrial control systems, could impede normal operations, create system disruptions, or create unauthorized disclosure or alteration of confidential information. 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 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 improved 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 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 and disclosure. In addition, our CISO (or CEO when warranted) reports cybersecurity activity to the Board of Directors quarterly, with procedures in place for interim reporting, if necessary. Our full Board has oversight of our cybersecurity process. Our cybersecurity program is based on industry-recognized frameworks and takes a multifaceted approach to protecting our network, systems, and data, including stronger personal information. We deploy a wide range of protective processes security technologies and controls tools, including, but not limited to, encryption, firewalls, endpoint detection and response, security information and event management, multi-factor authentication, and threat intelligence feeds. Although we have purchased broad form cyber insurance coverage and believe that our strive to provide a balanced level of cybersecurity protection protections systems are adequate, cybersecurity risk has increased due to remote access, remote work conditions, and increased sophistication of cybersecurity adversaries, as well as the increased frequency of cybersecurity attacks, including malware attacks. As such, information technology failures or cybersecurity breaches could still create system disruptions or unauthorized disclosure or

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 **or bypass our detection capabilities**, including those resulting from ransomware attached to our industrial control systems. If these systems are **materially** interrupted or damaged by any incident or fail for any extended period of time, then our results of operations could be adversely affected. 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 damage, damage to our competitiveness, and negative impact on our stock price and long- term shareholder value. **We** ~~In addition, our ability to effectively compete may~~ **also be impacted required to devote significant management resources and expend significant additional resources to address problems created by any such interruption, damage, or failure** ~~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 **or, 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. **The legal and regulatory landscape relating to AI and its use is uncertain and rapidly evolving. These evolving laws and regulations could require changes in our implementation of AI technology and increase our compliance costs and the risk of non- compliance.** 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 Trade Risk Factors** Tariffs by the **United States U. S.** government could result in materially lower margins, lost sales, and an overall adverse effect on our results of operations. **We** ~~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~~ **all segments, with or our business units, including Automotive, Bedding, Products and Geo Furniture, Flooring & Textile Products segments being the most impacted. Our customers also import into the United States various raw materials, Components components, or finished goods purchased from our Specialized Products and Furniture, Flooring & Textile Products segments**. 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. **Additional tariffs could be imposed.** In retaliation, many other countries have imposed **, and could impose in the future,** counter- tariffs on U. S.- produced items. **Recently, the Trump Administration imposed tariffs on imports from Canada, China, and Mexico, and then subsequently paused tariffs on imports from Canada and Mexico for at least thirty days. We have production facilities in the United States, Canada, China, and Mexico. In addition, new tariffs have been announced that will eliminate certain exclusions to existing steel tariffs and raise tariffs on aluminum imports. These new tariffs have spurred, and could also spur, additional retaliatory moves between the affected countries. Furthermore, the Trump Administration has initiated investigations into nonreciprocal trade arrangements with the goal of implementing a tariff equalization scheme, the threat or implementation of which could spur additional retaliatory moves by other countries**. 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. **Tariffs also could negatively impact our customers' demand for our products, as our customers may face significantly increased costs from importing our products or from selling their foreign- produced products containing our foreign- produced components into the United States.** U. S. export controls against China could 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. **Our OEM and Tier customers also use semiconductors, or components containing semiconductors, in their manufacture of automotive components and / or vehicles**. According to certain market reports, China is a significant manufacturer of 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 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, 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 Regulatory Risk Factors** 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 multinational** company with **employee personal data and business contact information from individuals in many countries, we are subject to many different numerous complex and evolving data protection laws, . These include the** federal and state- specific laws in the **United States as well as** U. S., and the laws of other jurisdictions **where** in which we operate, such as those in Europe, China, **India,** and

Brazil. For example, the European Union (EU) General Data Protection Regulation (GDPR) and United Kingdom (UK) GDPR 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 **these UK GDPR broad-ranging data protection laws**, 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 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 **international** 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 expected legal challenges to the EU-US Data Privacy Framework, the complex assessment and documentation requirements under the EU 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, 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 headquarters in the **United States** 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~~ **add** compliance obligations that could harm our business, reputation, financial condition, and operating results. Environmental regulatory compliance costs, additional potential related liabilities and 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 **United States** 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, 2023 **2024**, we had **135-119** manufacturing facilities in 18 countries, **primarily in North America, Europe, and Asia**. 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 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. **If** For example, some of our operations are subject to certain governmental actions like the 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, 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 states, including California and New York, are also implementing similar provisions. Our 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 **climate change regulatory requirements** 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. 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~~ **disclosure rules, if upheld**) 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 **lead to significant fines and penalties and** negatively impact our reputation. To date, ~~however~~, we have not experienced a material impact from **such climate change** legislative and regulatory efforts. **Further, we currently do not have an estimate of the capital expenditures or operating and administrative costs that may be required to implement our GHG reduction strategy or comply with regulatory requirements, but these items are expected to require capital investment and increase costs. The ultimate impact and associated cost of these legislative and regulatory developments and implementing our GHG reduction strategy cannot be predicted at this time.** 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 **increasingly** 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 implications** of their investments. If our **ESG sustainability** practices do not meet **these** 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 sustainability practices. These limitations, in both the debt and equity markets, may materially negatively affect our ability to manage our liquidity, 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 Sustainability report Report details how we seek to manage our operations responsibly and ethically. ~~The~~ **It includes our** 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 sustainability, ~~climate change and~~ greenhouse gas emissions reduction, employee health, safety, ~~inclusion and diversity~~, product stewardship, quality and safety management, and supply chain social standards and compliance. ~~The~~ **In the past few years, we broadened the scope of the Board's** Nominating, Governance and Sustainability Committee **oversees** to include oversight of our ESG sustainability programs and related risks. ~~We also added positions including our first Chief Human Resources Officer and Sustainability Director to help lead and evaluate our ESG practices. 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 in the first half of 2024. However, it is possible that stakeholders may not be satisfied with our ESG sustainability practices or the speed of their adoption. We~~ **In addition to the costs associated with the above-mentioned positions and other activities, we could also incur additional costs and require additional more** resources to monitor, report, and comply with various ESG sustainability practices. ~~Also~~ **Furthermore**, our failure, or perceived failure, to meet the standards set forth in the sustainability Sustainability report Report could negatively impact our reputation, employee retention, and the willingness of our customers and suppliers to do business with us. Our sustainability Sustainability report 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 **United States** 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 proposals by the Organization for Economic Cooperation and Development, the European Union, and other tax jurisdictions, some of which ~~are currently being~~ **have already been** 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, and, as they are adopted, could continue to impact how our earnings and transactions are taxed as a multinational corporation. Whether, or in what form, these proposals ~~will~~ become law in various countries around the world, or how such laws might be interpreted, 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. **As of December 31, 2024, we had outstanding VAT refund claims with the Mexican government of \$ 35 million. We received \$ 19 million of the December 31, 2024 balance in January 2025.** Although we believe the amounts we ~~have~~ claimed are fully **realizable collectible**, continued government actions in Mexico, including audits of the **refund** amounts ~~we have requested~~, could either further delay the receipt of our refunds, or cause us to settle for a lesser amount than the **recorded** VAT receivable ~~we have recorded~~. These actions could adversely impact our future cash flows and / or pretax earnings. **LITIGATION RISK FACTORS**

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, we have recorded an immaterial aggregate litigation contingency accrual at December 31, ~~2023~~ **2024**. 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 \$ ~~22-13~~ million. If our assumptions or analyses regarding any of our contingencies are incorrect, if facts and circumstances change, or if future litigation arises, we could realize losses in excess of the recorded accruals (and in excess of the \$ ~~22-13~~ 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 ~~S-T~~ on page ~~115-121~~ of the Notes to Consolidated Financial Statements.