Risk Factors Comparison 2023-06-27 to 2022-06-23 Form: 10-K

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

Our business, financial condition and results of operations are subject to various risks, including, but not limited to, those set forth below, which could cause actual results to vary materially from recent results or from anticipated future results. These risk factors should be considered together with information included elsewhere in this Annual Report. Operational and Industry Risks The inability of our supply chain, or the supply chain of our customers, to deliver key components, such as semiconductors, could materially adversely affect our business, financial condition and results of operations and cause us to incur significant cost increases. Our products contain a significant number of components that we source globally. If our supply chain fails to deliver products to us, or to our customers, in sufficient quality and quantity on a timely basis, we will be challenged to meet our production schedules or could incur significant additional expenses for expedited freight and other related costs. Similarly, many of our customers are dependent on an ever- greater number of global suppliers to manufacture their products. These global supply chains have been, and may continue to be, adversely impacted by events outside of our control, including macroeconomic events, trade restrictions, economic recessions, **energy prices and availability,** political crises, labor relations issues, liquidity constraints, or natural occurrences ~~, such as the ongoing disruptions from the COVID- 19 pandemic~~ . Any significant disruptions to such supply chains could materially adversely affect our business, financial condition and results of operations. Many of the industries we supply, including the automotive and commercial vehicle industries, are reliant on semiconductors. Globally, there is ~~an ongoing significant shortage of~~ **still some disruption in procuring certain** semiconductors. The semiconductor supply chain is complex, with capacity constraints occurring throughout. There is significant competition within the automotive and commercial vehicle supply chains and with other industries to satisfy current and near- term requirements for semiconductors. We have worked and will continue to work closely with our suppliers and customers to minimize any potential adverse impacts of the semiconductor supply shortage and monitor the availability of semiconductor microchips and other component parts and raw materials, customer production schedules and any other supply chain inefficiencies that may arise. However, if we are not able to mitigate the semiconductor shortage impact, any direct or indirect supply chain disruptions may have a material adverse impact on our business, financial condition and results of operations. We have experienced and may in the future experience supplier price increases that could negatively affect our business, financial condition and results of operations. The price increases are often driven by raw material pricing and availability, component or part availability, manufacturing capacity, industry allocations, logistics capacity, military conflicts, natural disasters or pandemics, and significant changes in the financial or business condition of our suppliers. The COVID- 19 pandemic has adversely affected, and may continue to adversely affect, our business, financial condition and results of operations. The extent of the effects of the COVID- 19 pandemic **or another future pandemic** on our business depends on future events that continue to be highly uncertain and beyond our control. The COVID- 19 pandemic has had, and ~~continues to~~ **another pandemic in the future could** have, a significant impact on our business, financial condition and results of operations. The COVID- 19 pandemic ~~and the ongoing measures to reduce its spread have~~ **, which began during our 2020 fiscal year,** negatively impacted the global economy, disrupted consumer and customer demand and global supply chains, and created significant volatility and disruption of financial markets. **In response** ~~Although vaccines have been introduced that are expected to reduce the effect of COVID- 19~~ , **many** governmental authorities throughout the world ~~continue to implement~~ **implemented** numerous measures aimed at containing and mitigating the effects of the COVID- 19 pandemic, including ~~renewed~~ travel bans and restrictions, quarantines, social distancing orders, " lock- down " orders and shutdowns of non- essential activities. **Although** ~~Most~~ **most** ~~recently~~ **of these measures have been lifted** , ~~the~~ **they may be reinstated in the future in response to** COVID- 19 ~~lock~~ **or future pandemics, endemics, or health emergencies. In fiscal 2023, COVID** - ~~downs~~ **19 outbreaks** in China ~~have~~ **resulted in local or regional government- imposed lockdowns and restrictions, which** impacted our manufacturing operations, customer production schedules and supply chains. ~~The~~ **While much of our customer demand and shipments have recovered from the impact of the COVID- 19 pandemic, the** extent **to which any resurgence** of **the pandemic or** ~~the~~ **other public health emergencies in the future** impact ~~on~~ our business will depend on a number of evolving factors, all of which ~~remain~~ **are highly** uncertain **and cannot be predicted** , including ~~the duration and spread of the pandemic,~~ actions taken by governmental authorities to restrict business operations and social activity and impose travel restrictions, shifting consumer demand, the ability of our supply chain to deliver in a timely and cost- effective manner, the ability of our employees and manufacturing facilities to operate efficiently and effectively, the continued viability and financial stability of our customers and suppliers and future access to capital. ~~We have implemented numerous actions in order to effectively manage the unprecedented challenges and uncertainties of the COVID- 19 pandemic on a global basis, such as implementing new workplace hygiene and disinfection protocols, redesigning production processes, leveraging our global purchasing power to secure PPE for our entire workforce, adopting processes to continuously monitor and strengthen our supply chain and consolidating operations. We may be required to take additional actions in response to evolving conditions, such as renewed travel restrictions, quarantines and stay- at- home orders. A prolonged extension of the disruptions resulting directly or indirectly from the COVID- 19 pandemic could have a material adverse impact on our business, financial condition and results of operations.~~ The COVID- 19 pandemic and ~~the ongoing~~ measures to reduce its spread may also impact many of our other risk factors discussed in this Annual Report, including customer demand, supply chain disruptions, availability of financing sources and risks of international operations ~~. The ultimate significance of the COVID- 19 pandemic on our business will depend on events that are beyond our control and that we cannot predict~~ . Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our business, financial condition and results of operations. We are susceptible to trends and factors affecting the automotive and commercial vehicle industries. We derive a substantial portion of our revenues from customers in the automotive and commercial vehicle industries. Factors negatively affecting these industries also negatively affect our business, financial condition and results of operations. Automotive sales and production are highly cyclical and, in addition to general economic conditions, also depend on other factors, such as consumer confidence and consumer preferences. Any adverse occurrence, including industry slowdowns, recession, rising interest rates, rising fuel costs, political instability, costly or constraining regulations, armed hostilities, terrorism, excessive inflation, prolonged disruptions in one or more of our customers' production schedules or labor disturbances or work stoppages, that results in a significant decline in sales volumes in these industries, or in an overall downturn in the business and operations of our customers in these industries, could materially adversely affect our business, financial condition and results of operations. ~~The COVID- 19 pandemic has significantly disrupted, and may continue to significantly disrupt, the global automotive and commercial vehicle industries and customer sales, production volumes and purchases of vehicles by consumers. In addition, the spread of COVID- 19 has created a significant disruption in the manufacturing operations, delivery systems and overall supply chains of automobile and commercial vehicle manufacturers and suppliers. Further, the COVID- 19 pandemic resulted in a temporary shutdown of substantially all of the major OEMs in our markets at various times in fiscal 2021 and fiscal 2022, which impacted our sales volumes. The elevated COVID- 19 rates in China have led to widespread lock- downs during the fourth quarter of fiscal 2022, and continued into the first quarter of fiscal 2023, negatively impacting OEMs in that region, along with creating further supply chain disruptions. Although automotive and commercial vehicle production has resumed, customer sales and production volumes may significantly decrease or may be very volatile due to supply chain issues or other global economic impacts and uncertainties which could materially adversely affect our business, financial condition and results of operations.~~ Our business, financial condition and results of operations may be adversely impacted by the effects of inflation. Inflation has the potential to adversely affect our business, financial condition and results of operations by increasing our overall cost structure, particularly if we are unable to achieve commensurate increases in the prices we charge our customers. There have been recent significant inflationary trends in the cost of components, materials, labor, freight costs and other expenses. These inflationary pressures could affect wages, the cost and availability of components and materials, and our ability to meet customer demand. Inflation may further exacerbate other risk factors discussed in this Annual Report, including customer demand, supply chain disruptions, availability of financing sources, and risks of international operations and the recruitment and retention of talent. The loss or insolvency of our major customers, or a significant decline in the volume of products purchased by these customers, would adversely affect our future results. Our five largest customers accounted for approximately ~~50~~ **49** % of our consolidated net sales in fiscal ~~2022~~ **2023 . Two customers in the Automotive segment** ~~, with sales to GM and its tiered suppliers representing~~ **represented** ~~23. 3~~ **more than 10** % of our consolidated net sales **at 18. 7 % and 10. 8 %** . In certain cases, the sales to these customers are concentrated in a single product. ~~For GM, the sales primarily consisted of integrated center consoles produced for use in light trucks and SUV' s.~~ The arrangements with ~~GM and~~ our ~~other~~ major customers generally provide for supplying ~~its~~ **their** requirements for particular models, rather than for manufacturing a specific quantity of products. Such supply arrangements cover a period from one year to the life of the model, which is generally three to seven years. The loss of ~~GM or~~ **our** ~~any of our other~~ major customers, or a decline in the production levels of these customers or particular models, could reduce our sales and thereby adversely affect our financial condition, operating results and cash flows. We also compete to supply products for successor models for our major customers and are subject to the risk that the customer will not select us to produce products on any such successor model, which could have a material adverse impact on our financial condition, operating results and cash flows **. For example, we expect a significant program for a major EV customer to sunset in fiscal 2024. Our supply agreements with our OEM customers are generally requirements contracts, and a decline in the production requirements of any of our customers, and in particular our largest customers, could adversely impact our revenues and profitability. We receive OEM purchase orders for specific components supplied for particular vehicles. In most instances our OEM customers agree to purchase their requirements for specific products but are not required to purchase any minimum amount of products from us. The contracts we have entered into with most of our customers have terms ranging from one year to the life of the model (usually three to seven years), although customers often reserve the right to terminate for convenience. Therefore, a significant decrease in demand for certain key models or group of related models sold by any of our major customers or the ability of a manufacturer to re- source and discontinue purchasing from us, for a particular model or group of models, could have a material adverse effect on us. For example, we expect a significant program for a major EV customer to sunset in fiscal 2024. To the extent that we do not maintain our existing level of business with our largest customers because of a decline in their production requirements or because the contracts expire or are terminated for convenience, we will need to attract new customers or win new business with existing customers, or our results of operations and financial condition will be adversely affected** . Our inability to attract or retain key employees and a highly skilled workforce may have an adverse effect on our business, financial condition and results of operations. Our success depends upon the continued contributions of our executive officers and other key employees, many of whom have many years of experience with us and would be extremely difficult to replace. We must also attract and retain experienced and highly skilled engineering, sales and marketing and managerial personnel. Competition for qualified personnel is intense in our industries, and we may not be successful in hiring and retaining these people. If we lost the services of our executive officers or our other highly qualified and experienced employees or cannot attract and retain other qualified personnel, our business could suffer due to less effective management or less successful products due to a reduced ability to design, manufacture and market our products. **Part of our workforce is unionized which could subject us to work stoppages. A portion of our workforce is unionized, primarily in Mexico and Finland. A prolonged work stoppage or strike at any facility with unionized employees could increase costs and prevent us from supplying customers. In addition, upon the**

expiration of existing collective bargaining agreements, we may not reach new agreements without union or works council action in certain jurisdictions, and any such new agreements may not be on terms satisfactory to us. If we are unable to negotiate acceptable collective bargaining agreements, we may become subject to union- initiated work stoppages, including strikes. Moreover, additional groups of currently non- unionized employees may seek union or works council representation in the future. The global nature of our operations subjects us to political, economic and social risks that could adversely affect our business, financial condition and results of operations. Sales to customers outside of the U. S. represented a substantial portion of our fiscal ~~2022~~ **2023** net sales. We expect our net sales in international markets to continue to represent a significant portion of our consolidated net sales. In addition, we have significant personnel, property, equipment and operations in a number of countries outside of the U. S., including Belgium, Canada, China, Egypt, **Finland,** India, Malta, Mexico ~~, the Netherlands~~ and the United Kingdom. As of April ~~30~~ **29** , ~~2022~~ **2023** , approximately 94 % of our employees were located outside of the U. S. Our international operations subject us to a variety of political, economic, social and other risks, including: • differing labor regulations and practices, including various minimum wage regulations; • changes in government policies, regulatory requirements and laws, including taxes, impacting our ability to manufacture, purchase or sell our products; • fluctuations in currency exchange rates; • political and economic instability (including changes in leadership and acts of terrorism and outbreaks of war); • longer customer payment cycles and difficulty collecting accounts receivable; • export duties, import controls, tariffs, and trade barriers (including quotas, sanctions and border taxes); • governmental restrictions on the transfer of funds, including U. S. restrictions on the amount of cash that can be transferred to the U. S. without taxes or penalties; • differing protections for our intellectual property; • differing requirements under the various anti- bribery and anti- corruption regulations, including to the U. S. Foreign Corrupt Practices Act, the United Kingdom Bribery Act and the China Anti- Unfair Competition Law; • coordinating communications and logistics across geographic distances and multiple time zones; and • risk of governmental expropriation of our property. Many of the laws and regulations listed above are complex and often difficult to interpret and violations could result in significant criminal penalties or sanctions. Any of these factors may have an adverse effect on our international operations which could have a material adverse effect on our business, financial condition and results of operations. We are dependent on the availability and price of raw materials. We require substantial amounts of materials, including application- specific integrated circuits, coil and bar stock, ferrous and copper alloy sheets, extrusions, glass, LED displays, plastic molding resins, precious metals, silicon die castings and wire. The availability and prices of materials may be subject to curtailment or change due to, among other things, inflation, new laws or regulations, suppliers' allocations to other purchasers, supply chain disruptions, changes in exchange rates and worldwide price levels. Any change in the availability of, lead times for, or price for, these materials could materially adversely affect our business, financial condition and results of operations. Our inability, or our customers' inability, to effectively manage the timing, quality and cost of new program launches could adversely affect our financial performance. In connection with the awarding of new business, we obligate ourselves to deliver new products that are subject to our customers' timing, performance and quality demands. Additionally, we must effectively coordinate the activities of numerous suppliers and our ~~and our~~ customers' personnel in order for the program launches of certain of our products to be successful. Given the complexity of new program launches, we may experience difficulties managing product quality, timeliness and associated costs. In addition, new program launches require a significant ramp up of costs; however, our sales related to these new programs generally are dependent upon the timing and success of our customers' introduction of new products. Our inability, or our customers' inability, to effectively manage the timing, quality and costs of these new program launches could adversely affect our financial condition and results of operations. **Over the last several fiscal years, we have booked many EV- related programs. If we are unable to launch new products in a timely and cost- effective manner, our business, financial condition and results of operations could be materially adversely affected.** Our businesses and the markets in which we operate are highly competitive **and constantly evolving** . If we are unable to compete effectively, our sales and profitability could decline. The markets in which we operate are highly competitive. We compete with a large number of other manufacturers in each of our product areas and many of these competitors have greater resources and sales. Price, service and product performance are significant elements of competition in the sale of our products. Competition may intensify further if more companies enter the markets in which we operate. Our failure to compete effectively could have a material adverse effect on our business, financial condition and results of operations **. The global transportation industry is increasingly focused on the development of more fuel- efficient solutions, including electrification, to meet demands from consumers and governments worldwide to address climate change and an increased desire for environmentally sustainable solutions. If we do not respond appropriately, the evolution toward electrification and other energy sources could adversely affect our business. The evolution of the industry toward electrification has also attracted increased competition from entrants outside of the traditional automotive and commercial vehicle industries, some of whom may seek to provide products which compete with ours. Failure to innovate and to develop or acquire new and compelling products that capitalize upon new technologies in response to these evolving consumer preferences and demands could adversely affect our financial condition, operating results and cash flows** . Future price reductions and increased quality standards may reduce our profitability and have a material adverse effect on our business, financial condition and results of operations. Our supply arrangements with our customers typically require us to provide our products at predetermined prices. In some cases, these prices decline over the course of the arrangement and may require us to meet certain productivity and cost reduction targets. In addition, our customers may require us to share productivity savings in excess of our cost reduction targets. The costs that we incur in fulfilling these orders may vary substantially from our initial estimates. Unanticipated cost increases or the inability to meet certain cost reduction targets may occur as a result of several factors, including increases in the costs of labor, components or materials. In some cases, we are permitted to pass on to our customers the cost increases associated with specific materials. However, cost overruns that we cannot pass on to our customers could adversely affect our business, financial condition and results of operations. Certain of our customers have exerted and continue to exert considerable pressure on us to reduce prices and costs, improve quality and provide additional design and engineering capabilities. We may be unable to generate sufficient production cost savings in the future to offset required price reductions. Future price reductions, increased quality standards and the cost of adding additional engineering capabilities may reduce our profitability and have a material adverse effect on our business, financial condition and results of operations. Our ability to market our automotive and commercial vehicle products is subject to a lengthy sales cycle, which requires significant investment prior to reporting significant sales revenues, and there is no assurance that our products will be implemented in any particular vehicle. The sales cycles for our automotive and commercial vehicle products are lengthy because the manufacturers must develop high degrees of assurance that the products they buy will meet their needs, interface correctly with the other parts of a vehicle and with the manufacturer' s production and assembly process, and have minimal warranty, safety and service problems. While we currently have active development programs with various OEMs for a variety of our products, no assurance can be given that our products will be implemented in any particular vehicles. If our products are not selected after a lengthy development process, our business, financial condition and results of operations could be adversely affected. Our inability to capitalize on prior or future acquisitions or any decision to strategically divest one or more current businesses may adversely affect our business, financial condition and results of operations. We have completed acquisitions and divestitures in the past ~~and we~~ **, including most recently the acquisition of Nordic Lights in April 2023. We** intend to continue to seek acquisitions to grow our businesses and may divest operations to focus on our core businesses. We may fail to derive significant benefits from such transactions. Also, if we fail to achieve sufficient financial performance from an acquisition, certain long- lived assets, such as property, plant and equipment and intangible assets, could become impaired and result in the recognition of an impairment loss. The success of our acquisitions depends on our ability to: • execute the integration or consolidation of the acquired operations into our existing businesses; • develop or modify the financial reporting and information systems of the acquired entity to ensure overall financial integrity and adequacy of internal control procedures; • retain key personnel and key customers; • identify and take advantage of cost reduction opportunities; and • further penetrate new and existing markets with the product capabilities we may acquire. Integration of acquisitions may take longer than we expect and may never be achieved to the extent originally anticipated. Acquisitions may also increase our debt levels. This could result in lower than expected business growth or higher than anticipated costs. In addition, acquisitions or strategic divestitures may: • cause a disruption in our ongoing business; • cause dilution of our common stock; • distract our management from other ongoing business concerns; or • unduly burden other resources in our company. Our profitability will suffer if we are unable to successfully integrate an acquisition, if the acquisition does not further our business strategy as we expected or if we do not achieve sufficient revenue to offset the increased expenses associated with any acquisition. We may overpay for, or otherwise not realize the expected return on, our investments, which could adversely affect our operating results and potentially cause impairments to assets that we record as a part of an acquisition including intangible assets and goodwill. Our customers may cancel their orders, change production quantities or locations or delay production. We generally receive volume estimates, but not firm volume commitments from our customers, and may experience reduced or extended lead times in customer orders. Customers may cancel orders, change production quantities and delay production for a number of reasons. Cancellations, reductions or delays by a significant customer or by a number of customers may harm our results of operations by reducing the volumes of products we manufacture and sell, as well as by causing a delay in the recovery of our expenditures for inventory in preparation for customer orders, or by reducing our asset utilization, resulting in lower profitability. In addition, we make key decisions based on our estimates of customer requirements, including determining the levels of orders that we will seek and accept, production schedules, component procurement commitments, personnel needs and other resource requirements. Changes in demand for our customers' products may reduce our ability to estimate future customer requirements accurately. This may make it difficult to schedule production and maximize utilization of our manufacturing capacity. Anticipated orders may not materialize and delivery schedules may be deferred as a result of changes in demand for our products or our customers' products. We often increase staffing and capacity and incur other expenses to meet the anticipated demand of our customers. On occasion, customers may require rapid increases in production, which may stress our resources. Any significant decrease or delay in customer orders could have a material adverse effect on our business, financial condition and results of operations. **We manage our business based on projected future sales volume, which is highly dependent on information received from customers and general market data, and any inaccuracies or changes in such information could adversely affect our business, results of operations and financial condition. We manage our business based upon projected future sales volumes, which are based upon many factors, including awarded business and assumptions of conversion rates thereof, customers' forecasts and general macroeconomic and industry market data. Our product revenues generally are based upon purchase orders issued by our customers, with updated production schedules for volume adjustments, and our customers generally do not guarantee sales volumes. As such, we typically do not have a backlog of firm orders at any point in time. In addition, awarded business may include business under arrangements that our customers have the right to terminate without penalty at any time. Further, our customers' forecasts are subject to numerous assumptions, and such forecasts often are changed rapidly with limited notice. Therefore, our actual sales volumes, and thus the ultimate amount of revenue that we derive from such sales, are not committed. We also must incur costs and make commitments well in advance of the receipt of orders and resulting revenues from customers. If actual production orders from our customers are not consistent with our projected future sales volumes, we could realize substantially less revenue and incur greater expenses over the life of vehicle programs. The receipt of orders and resulting revenues from customers is significantly affected by global automotive production levels. The rate of adoption of EV' s will have a significant impact on our business and the adoption cadence will inject additional variability to our forecasts Over the last several fiscal years, we have booked many EV- related programs, many of which will launch over our next three fiscal years. The accuracy of our forecasts will be impacted by the EV adoption rates in general and the take rate experienced by each of**

our OEM customers. Any significant variation in the adoption or take rates at our customers could impact the accuracy of our forecasts and could have a material adverse effect on our business, financial condition and results of operations. Certain of our EV customers are start- up or emerging companies which may present additional and different risks than with our more established customers. These customers do not have an extensive product history. As a result, there is less demonstration of market acceptance of their products, making it more difficult for us to forecast needs and requirements than with established customers. In addition, funding for such companies may be more difficult to obtain and these customer relationships may not continue or materialize to the extent we plan or previously experienced. This tightening of financing for start- up customers, together with many start- up customers' lack of prior operations and unproven product markets increase our credit risk, especially in trade accounts receivable and inventories. Although we perform ongoing credit evaluations of our customers and adjust our allowance for doubtful accounts receivable for all customers, including start- up customers and emerging companies, based on the information available, these allowances may not be adequate. A catastrophic event or other significant business interruption at any of our facilities could adversely affect our business, financial condition and results of operations. Weather conditions, natural disasters or other catastrophic events could cause significant disruptions at our manufacturing facilities or those of our major suppliers or customers. In such event, losses could be incurred and significant recovery time could be required to resume operations and our business, financial condition and results of operations could be materially adversely affected. War, terrorism, geopolitical uncertainties (including the **current** military conflict between Russia and Ukraine), public health issues (such as the COVID- 19 pandemic), and other business interruptions have caused and could cause damage or disruption to international commerce and the global economy, and thus could have a strong negative effect on us, our suppliers, logistics providers, and customers. Our business operations could be subject to interruption by power shortages, terrorist attacks and other hostile acts, labor disputes, population lockdowns and other events beyond our control. Such events could decrease demand for our products or make it difficult or impossible for us to produce and deliver products to our customers, or to receive components from our suppliers. Should major public health issues, including pandemics, arise, we could be negatively affected by shutdowns, shelter in place orders, more stringent travel restrictions, additional limitations in freight services, governmental actions limiting the movement of products between regions, and disruptions in the operations of our manufacturing partners and component suppliers. Any such business interruptions could materially affect our business, financial condition and results of operations. Russia' s invasion of Ukraine and the resulting economic sanctions imposed by the international community have impacted the global economy and given rise to potential global security issues that may adversely affect international business and economic conditions. Although we have no operations in Russia or Ukraine, certain of our customers and suppliers have been negatively impacted by these events, which in turn has impacted markets where we do business, including Europe and Asia. These events have caused additional disruption in the supply chains, which ~~are~~ **were** already experiencing disruption due to the impacts of the COVID- 19 pandemic and may continue to impact demand for our products. The continuation of ~~this~~ **the** military conflict between Russia and Ukraine could lead to other supply chain disruptions, increased inflationary pressures, and volatility in global markets and industries that could negatively impact our operations. Technology and Intellectual Property Risks Our operations could be negatively impacted by IT service interruptions, data corruption or misuse, cyber- based attacks, or network security breaches. We face certain security threats relating to the confidentiality and integrity of our information technology (" IT ") systems. Despite implementation of security measures, our IT systems may be vulnerable to damage from computer viruses, cyber- attacks and other unauthorized access, and these security breaches could result in a disruption to our operations. A material network breach of our IT systems could involve the theft of our and our customers' intellectual property or trade secrets which may be used by competitors to develop competing products. To the extent that any security breach results in a loss or damage to data, or inappropriate disclosure of confidential or proprietary information, it could cause significant damage to our reputation, affect our customer relations, lead to claims against us, increase our costs to protect against future damage and could result in a material adverse effect on ~~our business, financial condition and results of operations. Further, the recent military conflict between Russia and Ukraine could result in cyberattacks that could directly or indirectly impact us, including the potential for retaliatory acts of cyberwarfare from Russia against U. S. companies in response to increasing sanctions on Russia. The impact of any one or more of these or other factors could adversely affect~~ our business, financial condition and results of operations. Any such disruption or security breach, as well as any action by us or our employees or contractors that might be inconsistent with the rapidly evolving data privacy and security laws and regulations applicable within the U. S. and elsewhere where we conduct business, could result in enforcement actions by U. S. states, the U. S. Federal government or foreign governments, liability or sanctions under data privacy laws that protect personally identifiable information, regulatory penalties, other legal proceedings such as but not limited to private litigation, the incurrence of significant remediation costs, disruptions to our development programs, business operations and collaborations, diversion of management efforts and damage to our reputation, which could harm our business and operations. Because of the rapidly changing nature of technology and the increasing sophistication of cybersecurity threats, our measures to prevent, respond to and minimize such risks may be unsuccessful. While we have secured cyber insurance to potentially cover certain risks associated with cyber incidents, there can be no assurance it will be sufficient to cover any such liability. In particular, the General Data Privacy Regulation (" GDPR ") of the European Union creates a range of compliance obligations applicable to the collection, use, retention, security, processing and transfer of personal data in the European Union. The GDPR, which is wide- ranging in scope, imposes several requirements relating to the consent of the individuals to whom the personal data relates, the information provided to the individuals, the security and confidentiality of the personal data, data breach notification and the use of third- party processors in connection with the processing of the personal data. The GDPR also imposes strict rules on the transfer of personal data out of the European Union to countries such as the U. S., enhances enforcement authority and imposes large penalties for noncompliance. We may be unable to keep pace with rapid technological changes, which could adversely affect our business, financial condition and results of operations. The technologies relating to some of our products have undergone, and are continuing to undergo, rapid and significant changes. Specifically, end- markets for electronic components and assemblies are characterized by technological change, frequent new product introductions and enhancements, changes in customer requirements and emerging industry standards. These changes could render our existing products unmarketable before we can recover any or all of our research, development and other expenses. Furthermore, the life cycles of our products vary, may change and are sometimes difficult to estimate. If we are unable, for technological or other reasons, to develop and market new products or product enhancements in a timely and cost- effective manner, our business, financial condition and results of operations could be materially adversely affected. If we are unable to protect our intellectual property or we infringe, or are alleged to infringe, on another person' s intellectual property, our competitive position and results of operations may be adversely impacted. We have numerous U. S. and foreign patents, trade secrets and license agreements covering certain of our products and manufacturing processes. Our ability to compete effectively with other companies depends, in part, on our ability to maintain the proprietary nature of our technology. Although we have been awarded, have filed applications for, or have been licensed under numerous patents in the U. S. and other countries, there can be no assurance concerning the degree of protection afforded by these patents or the likelihood that pending patents will be issued. The loss of certain patents and trade secrets could adversely affect our sales, margins or profitability. We have and may become involved in litigation in the future to protect our intellectual property or because others may allege that we infringe on their intellectual property. These claims and any resulting lawsuit could subject us to liability for damages and invalidate our intellectual property rights. If an infringement claim is successfully asserted by a holder of intellectual property rights, we may be required to cease marketing or selling certain products, pay a penalty for past infringement and spend significant time and money to develop a non- infringing product or process or to obtain licenses for the technology, process or information from the holder. We may not be successful in the development of a non- infringing alternative, or licenses may not be available on commercially acceptable terms, if at all, in which case we may lose sales and profits. In addition, any litigation could be lengthy and costly and could materially adversely affect us even if we are successful in the litigation. Legal, Regulatory and Compliance Risks We are subject to government regulations, including environmental, health, and safety laws and regulations, that expose us to potential financial liability. Our operations are regulated by a number of federal, state, local and international government regulations, including those pertaining to ~~environmental, health, and safety ("~~ EHS ~~")~~ that govern, among other things, air and water emissions, worker protection, and the handling, storage and disposal of hazardous materials. If we violate EHS laws and regulations, we could be liable for substantial fines, penalties, and costs of mandated remedial actions. Our environmental permits could also be revoked or modified, which could require us to cease or limit production at one or more of our facilities, thereby materially adversely affecting our business, financial condition and results of operations. EHS laws and regulations have generally become more stringent over time and could continue to do so **, particularly** in response to climate change concerns, imposing greater compliance costs and increasing risks and penalties associated with any violation, which also could materially adversely affect our business, financial condition and results of operations. We operate our business on a global basis and changes to trade policy, including tariffs and customs regulations, could have a material and adverse effect on our business. We manufacture and sell our products globally and rely on a global supply chain to deliver the required raw materials, components, and parts, as well as the final products to our customers. Existing free trade laws and regulations, such as the United States- Mexico- Canada Agreement, provide certain duties and tariffs for qualifying imports and exports, subject to compliance with the applicable classification and other requirements. Changes in laws or policies governing the terms of foreign trade, and in particular increased trade restrictions, tariffs or taxes on imports from countries where we manufacture products, such as China, Egypt and Mexico, could have a material adverse effect on our business, financial condition and operating results. For instance, beginning in 2018, the U. S. and Chinese governments have imposed a series of significant incremental retaliatory tariffs to certain imported products. Most notably with respect to the automotive and commercial vehicle industries, the U. S. imposed tariffs on imports of certain steel, aluminum and automotive components, and China imposed retaliatory tariffs on imports of U. S. vehicles and certain automotive components. Depending upon their duration and implementation, as well as our ability to mitigate their impact, these tariffs and other regulatory actions could materially affect our business, including in the form of an increase in cost of goods sold, decreased margins, increased pricing for customers, and reduced sales. ~~Climate change and~~ **An emphasis on global** climate change ~~regulations~~ **and other Environmental, Social and Governance (" ESG ") matters by various stakeholders** could adversely impact our business and results of operations. Increased public awareness and concern regarding environmental risks, including global climate change, may result in more international, regional and / or federal requirements **, customer requirements,** or industry standards to reduce or mitigate global warming and other environmental risks. These **requirements,** regulations or standards could mandate more restrictive requirements, such as stricter limits on greenhouse gas emissions and production of single use plastics ~~,~~ and could increase costs relating to monitoring and reporting emissions data. In addition, the risks of climate change may impact manufacturing, product demand, the availability and cost of materials and natural resources, and sources and supply of energy, and could increase insurance and other operating costs. If environmental laws or regulations or industry standards are either changed or adopted and impose significant operational restrictions and compliance requirements upon us, our operations **,** ~~or~~ **our** products ~~,~~ **or** ~~or~~ **our customers, or if** our operations are disrupted due to physical impacts of climate change, our business, financial condition and results of operations could be materially adversely affected. Products we manufacture may contain design or manufacturing defects that could result in reduced demand for our products or services and liability claims against us. Despite our quality control and quality assurance efforts, defects may occur in the products we manufacture due to a variety of factors, including design or manufacturing errors, component failure or counterfeit parts. Product defects may result in delayed shipments and reduced demand for our products. We may be subject to increased costs due to warranty claims on defective products. Product defects may result in product liability claims against us where defects cause, or are alleged to cause, property damage, bodily injury or death. We may be required to participate in a recall involving products that are, or are alleged to be, defective. We carry insurance for certain legal matters involving product liability, however, we do not have coverage for all costs related to product defects or recalls and the costs of such claims, including costs of defense and settlement, may exceed our available coverage. Any such product defects or product liability claims could materially adversely affect our business, financial condition and results of operations. Financial Risks We have **identified a material weakness in our internal control over financial reporting, and if we are unable to improve our internal controls, our financial results may not be accurately reported. As disclosed in Item 9A, " Controls and Procedures, " we identified a material weakness in our internal control over financial reporting related to revenue at one of our business units. The material weakness did not result in any material identified misstatements to the consolidated financial statements, and there were no changes to previously issued financial results. We are actively developing a remediation plan designed to address this material weakness, however, we cannot guarantee that these steps will be sufficient or that we will not have a material weakness in the future. This material weakness, or difficulties encountered in implementing new or improved controls or remediation, could prevent us from accurately reporting our financial results, result in material misstatements in our financial statements or cause us to fail to meet our reporting obligations. Failure to comply with Section 404 of the Sarbanes- Oxley Act of 2002 could negatively affect our business, financial condition and results of operations. We have** significant goodwill and other intangible assets, and future impairment of these assets could have a material adverse impact on our financial condition and results of operations. A significant portion of our long- term assets consists of goodwill and other intangible assets recorded as a result of past acquisitions. We do not amortize goodwill and indefinite- lived intangible assets, but rather review them for impairment on an annual basis or more frequently whenever events or changes in circumstances indicate that their carrying value may not be recoverable. **The process of evaluating the potential impairment of goodwill and other intangible assets requires significant judgement. Negative industry or economic trends, including reduced estimates of future cash flows, disruptions to our business, slower growth rates, or lack of growth in our relevant business units, could lead to impairment charges against our goodwill and other intangible assets.** In the event that we determine that our goodwill or other intangible assets are impaired, we may be required to record a significant charge to earnings that could adversely affect our financial condition and results of operations. We have incurred indebtedness and our level of indebtedness and restrictions under our indebtedness could adversely affect our operations and liquidity. Our primary sources of liquidity are cash generated from operations and availability under our ~~revolving credit facility. Our senior unsecured credit agreement consists of a~~ $ ~~200~~ **750** . 0 million revolving credit facility ~~and a~~ **. As of April 29, 2023,** $ ~~250~~ **305** . ~~0~~ **4** million ~~term loan. As of April 30, 2022, $ 206. 3 million in principal~~ was outstanding under ~~these financing arrangements and we had $ 199. 9 million of availability remaining under~~ the revolving credit facility. **Our** ~~The term loan matures in September 2023 and requires quarterly principal payments of $ 3. 1 million over the five- year term, with the remaining balance due upon maturity. The~~ senior unsecured credit agreement provides for variable rates of interest based on the ~~type~~ **currency** of **the** borrowing and our **leverage** ~~debt to EBITDA financial~~ ratio and contains customary representations and warranties, financial covenants, restrictive covenants and events of default. Our senior unsecured credit agreement provides an option to increase the size of our revolving credit facility ~~and term loan~~ by an additional $ ~~200~~ **250** . 0 million, subject to customary conditions and approval of the lenders providing the new commitments. There can be no assurance that lenders will approve additional commitments under current circumstances. Our senior unsecured credit agreement imposes various restrictions and covenants regarding the operation of our business, including covenants that require us to obtain the lenders' consent before we can, among other things and subject to certain exceptions: (i) incur additional indebtedness or additional liens on our property; (ii) consummate certain acquisitions, dispositions, mergers or consolidations; (iii) make any material change in the nature of our business; (iv) enter into certain transactions with our affiliates; or (v) repurchase or redeem any outstanding shares of our common stock or pay cash dividends to our stockholders when a default exists or certain financial covenants are not maintained. The amount of our outstanding indebtedness could have an adverse effect on our operations and liquidity, including by, among other things: (i) making it more difficult for us to pay or refinance our debts as they become due during adverse economic and industry conditions, because we may not have sufficient cash flows to make our scheduled debt payments; (ii) causing us to use a larger portion of our cash flows to fund interest and principal payments, thereby reducing the availability of cash to fund working capital, product development, capital expenditures and other business activities; (iii) making it more difficult for us to take advantage of significant business opportunities, such as acquisition opportunities or other strategic transactions, and to react to changes in market or industry conditions; and (iv) limiting our ability to borrow additional monies in the future to fund the activities and expenditures described above and for other general corporate purposes as and when needed, which could force us to suspend, delay or curtail business prospects, strategies or operations. **Variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase. Borrowings under our senior unsecured credit agreement are at variable rates of interest and expose us to interest rate risk. If interest rates continue to increase, our debt service obligations on any variable rate indebtedness could increase even though the amount borrowed remained the same, which could adversely impact our results of operations. In order to manage our exposure to interest rate risk, we have entered into, and may continue to enter into, derivative financial instruments, typically interest rate swaps, involving the exchange of floating for fixed rate interest payments. If we are unable to enter into interest rate swaps, it may adversely impact our results of operations, and, even if we use these instruments to selectively manage risks, there can be no assurance that we will be fully protected against material interest rate fluctuations.** A significant fluctuation between the U. S. dollar and other currencies could adversely impact our business, results of operations and financial condition. We transact business in various foreign countries. We present our consolidated financial statements in U. S. dollars, but a portion of our revenues and expenditures are transacted in other currencies. As a result, we are exposed to fluctuations in foreign currencies. Additionally, we have currency fluctuation exposure arising from funds held in local currencies in foreign countries. Volatility in the exchange rates between the foreign currencies and the U. S. dollar could have an adverse effect on our business, financial condition and results of operations. Performance- based awards under our long- term incentive plan may require significant adjustments to compensation expense which could have a material adverse impact on our results of operations. Compensation expense for the performance- based restricted stock awards (" RSAs ") and performance units (" Performance Units ") awarded under our five- year long- term incentive program will be recognized over the vesting period based on the projected probability of achieving the relevant performance goals for fiscal 2025. As of April ~~30~~ **29** , ~~2022~~ **2023** , we have not recorded any compensation expense for the RSAs or the Performance Units based on the probability assessment required under the accounting rules and regulations. **At the threshold level of performance, the unrecorded amortization expense was $ 20. 1 million. At the target level of performance, the unrecorded amortization expense was $ 26. 8 million.** Each quarter, we will **continue** ~~assess~~ **assessing** the probability of vesting for the RSAs and the Performance Units and will adjust the compensation expense as necessary. At such time, we may be required to record compensation expense relating to prior periods, and such compensation expense adjustment could be material to our results of operations. Restructuring activities may lead to additional costs and material adverse effects. In the past, we have taken actions to restructure and optimize our production and manufacturing capabilities and efficiencies through relocations, consolidations, facility closings or asset sales. In the future, we may take additional restructuring actions including the consolidating ~~,~~ **or** closing ~~or selling~~ of ~~additional~~ facilities **and the movement of production from one geographic region to another** . These actions could result in impairment charges and various charges for such items as idle capacity, disposition costs and severance costs, in addition to normal or attendant risks and uncertainties. We may be unsuccessful in any of our current or future efforts to restructure or consolidate our business. Plans to minimize or eliminate any loss of revenues during restructuring or consolidation may not be achieved. These activities may have a material adverse effect on our business, financial condition and results of operations. Changes in our effective tax rate may adversely impact our results of operations. A number of factors may increase our effective tax rate, which could reduce our net income, including: • the **adoption of Organization for Economic Cooperation and Development (" OECD ") Pillar Two framework, which sets out global minimum tax rules designed to ensure that large multinational businesses pay a minimum effective rate of tax of 15 % on profits in all countries; • the** jurisdictions in which profits are ~~determined to be~~ earned and taxed; • changes in the valuation of our deferred tax assets and liabilities ~~, and in deferred tax valuation allowances~~ ; • adjustments to income taxes upon finalization of tax returns; • increases in expenses not deductible for tax purposes, including write- offs of acquired in- process research and development and impairments of goodwill and long- lived assets; • changes in available tax credits; • changes in tax laws or interpretation, including changes in the U. S. to the taxation of non- U. S. income and expenses; and • changes in U. S. generally accepted accounting principles (" GAAP "). Our judgments regarding the accounting for tax positions and the resolution of tax disputes may impact our results of operations and financial condition. Significant judgment is required to determine our effective tax rate and evaluate our tax positions. We provide for uncertain tax positions when such tax positions do not meet the recognition thresholds or measurement criteria prescribed by applicable accounting standards. Fluctuations in federal, state and foreign taxes or a change to uncertain tax positions, including related interest and penalties, may impact our effective tax rate and results of operations. Additionally, we are subject to audits in the various taxing jurisdictions in which we conduct business. Based on the status of these audits and the protocol of finalizing audits by the relevant tax authorities, it is not possible to estimate the impact of changes, if any, to previously recorded uncertain tax positions. Any negative or unexpected outcomes of these examinations and audits could have a material adverse impact on our results of operations and financial condition.