

## Risk Factors Comparison 2025-02-26 to 2024-02-28 Form: 10-K

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

The company's business, results of operations, cash flows and financial condition are subject to various risks including, but not limited to, those set forth below. Any of these risks, as well as risks not currently known to the company or that are currently deemed to be immaterial, may adversely affect the company's business, results of operations, cash flows and financial condition. These risk factors should be carefully considered together with the other information in this Annual Report on Form 10-K, including the risks and uncertainties described under the heading Special Note Regarding Forward-Looking Statements.

**Economic Risks** Current and future economic conditions could materially adversely affect the company's business and financial performance. The company's operating results are impacted by the health of the North American, European, Asian and Latin American economies. The company's business and financial performance, including collection of its accounts receivable, may be materially adversely affected by current and future economic conditions that may cause a decline in business and consumer spending, a reduction in the availability of credit and decreased growth of its existing customers, resulting in customers electing to delay the replacement of aging equipment. Higher energy costs, fluctuating interest rates, weakness in the residential construction, housing and home improvement markets, financial market volatility, inflation, recession, global hostilities and acts of terrorism, **tariffs or changes in tariff policies** have and may in the future also adversely affect the company's business and financial performance. Additionally, the company may experience difficulties in scaling its operations due to economic pressures in the U. S. and international markets. The company is subject to currency fluctuations and other risks from its operations outside the United States. The company has manufacturing and distribution operations located in Asia, Europe and Latin America. The company's operations are subject to the impact of economic downturns, political instability and foreign trade restrictions, which may adversely affect the company's business, financial condition and operating results. The company anticipates that international sales will continue to account for a significant portion of consolidated net sales in the foreseeable future. Some sales and operating costs of the company's foreign operations are realized in local currencies, and an increase in the relative value of the U. S. dollar against such currencies would lead to a reduction in consolidated sales and earnings. Additionally, foreign currency exposures are not fully hedged, and there can be no assurance that the company's future results of operations will not be adversely affected by currency fluctuations. Furthermore, currency fluctuations may affect the prices paid to the company's suppliers for materials the company uses in production. As a result, operating margins may also be negatively impacted by worldwide currency fluctuations that result in higher costs for certain cross-border transactions.

**Business and Operational Risks** The company's level of indebtedness could adversely affect its business, results of operations and growth strategy. The company now has and may continue to have a significant amount of indebtedness. At December ~~30-28, 2023~~ **2024**, the company had \$ 2. 4 billion of borrowings and \$ ~~1-4. 6-3~~ million in letters of credit outstanding. In August 2020, the company issued \$ 747. 5 million aggregate principal amount of 1. 00 % Convertible Senior Notes due 2025 (the "Convertible Notes"), which bear interest semi-annually in arrears and mature on September 1, 2025, unless they are redeemed, repurchased or converted prior to such date in accordance with their terms. Upon conversion, the company can elect to pay or deliver ~~cash~~, shares of common stock or a combination of cash and shares of common stock, in respect of the remainder, if any, of the company's conversion obligation in excess of the aggregate principal amount of the Convertible Notes being converted. Under certain circumstances, the holders of the Convertible Notes may require the company to repay all or a portion of the principal and interest outstanding under the Convertible Notes in cash prior to the maturity date, which could have an adverse effect on the company's financial results. To the extent the company requires additional capital resources, there can be no assurance that such funds will be available on favorable terms, or at all. The unavailability of funds could have a material adverse effect on the company's financial condition, results of operations and ability to expand the company's operations. The company's level of indebtedness could have adverse consequences to its business and operations, including the following:

- the company may be unable to obtain additional financing for working capital, capital expenditures, product development, acquisitions and other general corporate purposes;
- a significant portion of the company's cash flow from operations must be dedicated to debt service, which reduces the amount of cash the company has available for other purposes;
- the company may be more vulnerable in the event of a downturn in the company's business or general economic and industry conditions and have limited flexibility in planning for, or reacting to, changes in its business and / or industry;
- the company may be disadvantaged compared to its competitors that are less leveraged and thereby have greater financial flexibility; and
- the company may be restricted in its ability to make strategic acquisitions and to pursue new business opportunities.

The company's current credit agreement limits its ability to conduct business, which could negatively affect the company's ability to finance future capital needs and engage in other business activities. The covenants in the company's existing credit agreement contain a number of significant limitations on its ability to, among other things:

- pay dividends;
- incur additional indebtedness;
- create liens on the company's assets;
- engage in new lines of business;
- make investments;
- merge or consolidate; and
- acquire, dispose of, or lease assets.

These restrictive covenants, among others, could negatively affect the company's ability to finance its future capital needs, engage in other business activities or withstand a future downturn in the company's business or the economy. Under the company's current credit agreement, the company is required to maintain certain specified financial ratios and meet financial tests, including certain ratios of secured leverage and interest coverage. The company's ability to comply with these requirements may be affected by matters beyond its control, and, as a result, there can be no assurance that the company will be able to meet these ratios and tests. A breach of any of these covenants would prevent the company from being able to draw under the company's revolver and would result in a default under the company's current

credit agreement. In the event of a default under the company's current credit agreement, the lenders could terminate their commitments and declare all amounts borrowed, together with accrued interest and other fees, to be immediately due and payable. Borrowings under other debt instruments that contain cross-acceleration or cross-default provisions may also be accelerated and become due and payable at such time. The company may be unable to pay these debts in these circumstances. The conditional conversion feature of the Convertible Notes, if triggered, may adversely affect the company's financial condition and operating results. In the event the conditional conversion feature of the Convertible Notes is triggered, holders of the Convertible Notes will be entitled to convert their Convertible Notes at any time during specified periods at their option. If one or more holders elect to convert their Convertible Notes, unless the company elects to satisfy the conversion obligation by delivering solely shares of its common stock (other than paying cash in lieu of delivering any fractional share), the company would be required to settle any converted principal through the payment of cash, which could adversely affect the company's liquidity. To the extent the company satisfies the conversion obligation by delivering shares of common stock, the company would be required to deliver a significant number of shares, which would cause dilution to its existing stockholders. In addition, even if holders do not elect to convert their Convertible Notes in such circumstances, the company could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the Convertible Notes as a current rather than long-term liability, which would result in a material reduction in net working capital. The capped call transactions expose the company to counterparty risk and may affect the value of the company's common stock. In connection with the Convertible Notes, the company has entered into and may in the future enter into, capped call transactions with certain financial institutions, referred to as the capped call counterparties. The capped call transactions are expected generally to reduce or offset the potential dilution upon conversion of the Convertible Notes and / or offset any cash payments the company is required to make in excess of the principal amount of the Convertible Notes, as the case may be, with such reduction and / or offset subject to a cap. From time to time, the capped call counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivative transactions with respect to the company's common stock and / or purchasing or selling the company's common stock in secondary market transactions prior to the maturity of the Convertible Notes. Any such activity could cause a decrease in the market price of the company's common stock. In addition, the capped call counterparties are financial institutions, and the company is subject to the risk that one or more of the capped call counterparties may default or otherwise fail to perform, or may exercise certain rights to terminate, their obligations under the capped call transactions. The company's exposure to the credit risk of the capped call counterparties is not secured by any collateral. If a capped call counterparty becomes subject to insolvency proceedings, the company will become an unsecured creditor in those proceedings with a claim equal to the exposure at the time under such transaction. The company's exposure will depend on many factors but, generally, the exposure will increase if the market price or the volatility of the company's common stock increases. In addition, upon a default or other failure to perform, or a termination of obligations, by a capped call counterparty, the company may suffer more dilution than currently anticipated with respect to the company's common stock. The company can provide no assurances as to the financial stability or viability of the capped call counterparties. Fluctuations in interest rates could adversely affect the company's results of operations and financial position. The company's profitability has been and may continue to in the future be adversely affected during any periods of unexpected or rapid increases in interest rates. The company maintains a revolving credit facility, which, at December 30-28, 2023-2024, bore interest at 1.625-375% above Secured Overnight Financing Rate ("SOFR") plus a spread adjustment of 0.10% per annum. A significant increase in any of the forgoing rates would significantly increase the company's cost of borrowings, reduce the availability and increase the cost of obtaining new debt and refinancing existing indebtedness and / or negatively impact the market price of the company's common stock. For additional detail related to this risk, see Part II, Item 7A, "Quantitative and Qualitative Disclosure About Market Risk." The company has a significant amount of goodwill and indefinite life intangibles could suffer losses due to asset impairment charges. The company's balance sheet includes a significant amount of goodwill and indefinite life intangible assets, which represent approximately 36-35% and 19-18%, respectively, of its total assets as of December 30-28, 2023-2024. The excess of the purchase price over the fair value of assets acquired, including identifiable intangible assets, and liabilities assumed in conjunction with acquisitions is recorded as goodwill. In accordance with Accounting Standards Codification ("ASC") 350 Intangibles- Goodwill and Other, the company's long-lived assets (including goodwill and other intangibles) are reviewed for impairment annually and whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In assessing the recoverability of long-lived assets, the company considers changes in economic conditions and makes assumptions regarding estimated future cash flows and other factors. Various uncertainties, including continued adverse conditions in the capital markets or changes in general economic conditions, could impact the future operating performance at one or more of the company's businesses, which could significantly affect the company's valuations and could result in additional future impairments. Also, estimates of future cash flows are judgments based on the company's experience and knowledge of operations. These estimates could be significantly impacted by many factors, including changes in global and local business and economic conditions, operating costs, inflation, competition, and consumer and demographic trends. If the company's estimates or the underlying assumptions change in the future, the company may be required to record impairment charges that, if incurred, could have a material adverse effect on the company's reported net earnings. The company's defined benefit pension plans are subject to financial market risks that could adversely affect the company's results of operations and cash flows. The performance of the financial markets and interest rates impact our defined benefit pension plan expenses and funding obligations. Significant changes in market interest rates, decreases in fair value of plan assets, investment losses on plan assets, relevant legislative and regulatory changes relating to defined benefit plan funding and changes in interest rates may increase the company's funding obligations and adversely impact its results of operations and cash flows. In addition, upward pressure on the cost of providing healthcare coverage to current employees and retirees may increase the company's future funding obligations and adversely affect its results of operations and cash flows. The company faces intense competition in the

commercial foodservice, food processing, and residential kitchen equipment industries and failure to successfully compete could impact the company's results of operations and cash flows. The company operates in highly competitive industries. In each of the company's three business segments, competition is based on a variety of factors including product features and design, brand recognition, reliability, durability, technology, energy efficiency, breadth of product offerings, price, customer relationships, delivery lead-times, serviceability and after-sale service. The company has numerous competitors in each business segment. Many of the company's competitors are substantially larger and enjoy substantially greater financial, marketing, technological and personnel resources. These factors may enable them to develop similar or superior products, to provide lower cost products and to carry out their business strategies more quickly and efficiently than the company can. In addition, some competitors focus on particular product lines or geographic regions or emphasize their local manufacturing presence or local market knowledge. Some competitors have different pricing structures and may be able to deliver their products at lower prices. Although the company believes that the performance and price characteristics of its products will provide competitive solutions for its customers' needs, there can be no assurance that the company's customers will continue to choose the company's products over products offered by its competitors. Further, the markets for the company's products are characterized by changing technology and evolving industry standards, including a focus on developing and manufacturing energy efficient products in a sustainable way. The company's ability to compete successfully will depend, in large part, on its ability to enhance and improve its existing products, including its energy efficient products and products manufactured through a process designed to reduce emissions, to continue to bring innovative products to market in a timely fashion, to adapt the company's products to the needs and standards of its current and potential customers and to continue to improve operating efficiencies and lower manufacturing costs. Moreover, competitors may develop technologies or products that render the company's products obsolete or less marketable. If the company is unable to successfully compete in this highly competitive environment, the company's business, financial condition and operating results will be materially harmed. The company is subject to risks associated with developing products and technologies, which could delay product introductions and result in significant expenditures. The product, program and service needs of the company's customers change and evolve regularly, and the company invests substantial amounts in research and development efforts to pursue advancements in a wide range of technologies, products and services. Also, the company continually seeks to refine and improve upon the performance, utility and physical attributes of its existing products and to develop new products. As a result, the company's business is subject to risks associated with new product and technological development, including unanticipated technical or other problems, meeting development, production, certification and regulatory approval schedules, execution of internal and external performance plans, availability of supplier- and internally- produced parts and materials, performance of suppliers and subcontractors, hiring and training of qualified personnel, achieving cost and production efficiencies, identification of emerging technological trends in the company's target end-markets, validation of innovative technologies, the level of customer interest in new technologies and products, and customer acceptance of the company's products and products that incorporate technologies that the company develops. These factors involve significant risks and uncertainties. Also, any development efforts divert resources from other potential investments in the company's businesses, and these efforts may not lead to the development of new technologies or products on a timely basis or meet the needs of the company's customers as fully as competitive offerings. In addition, the markets for the company's products or products that incorporate the company's technologies may not develop or grow as the company anticipates. The company or its suppliers and subcontractors may encounter difficulties in developing and producing these new products and services, and may not realize the degree or timing of benefits initially anticipated. Due to the design complexity of the company's products, the company may in the future experience delays in completing the development and introduction of new products. Any delays could result in increased development costs or deflect resources from other projects. The occurrence of any of these risks could cause a substantial change in the design, delay in the development, or abandonment of new technologies and products. Consequently, there can be no assurance that the company will develop new technologies superior to the company's current technologies or successfully bring new products to market. Additionally, there can be no assurance that new technologies or products, if developed, will meet the company's current price or performance objectives, be developed on a timely basis, or prove to be as effective as products based on other technologies. The inability to successfully complete the development of a product, or a determination by the company, for financial, technical or other reasons, not to complete development of a product, particularly in instances in which the company has made significant expenditures, could have a material adverse effect on the company's financial condition and operating results. The company depends on key customers for a material portion of its revenues. As a result, changes in the purchasing patterns or loss of one or more key customers could adversely impact the company's operating results. Many of the company's key customers are large restaurant chains and major food processing companies. The demand for the company's equipment can vary from period to period depending on the company's customers' internal growth plans, construction, seasonality and other factors. In addition, an adverse change to the financial condition of key customers could cause such key customers to open fewer facilities and defer purchases of new equipment for existing operations or otherwise change the purchasing patterns of such key customers. Any of these conditions or the loss of key customers could have a material adverse effect on the company's financial condition and results of operations. Price increases in some materials and disruptions in supply could affect the company's profitability. The company uses large amounts of stainless steel, aluminized steel and other commodities in the manufacture of its products. A significant increase in the price prices of steel or any other commodity, due to changes in trade policies, including the imposition of tariffs or otherwise, has and may continue to adversely affect the other company's trade restrictions, have in the past and have the potential to in the future to create upward pressure on commodity prices leading to a potentially unfavorable impact on operating results. In addition, we have experienced and continue to experience disruptions to parts of our supply chain. Unanticipated delays in delivery of raw materials and component inventories by suppliers — including delays due to capacity constraints, labor disputes, attacks on maritime ocean shipments, impaired financial condition of suppliers,

natural disasters, extreme weather patterns and climate change, pandemics or other events outside **of** our control — have and may ~~continue to~~ increase the company's production costs, cause delays in the shipment of products or impair the ability of the company to satisfy customer demand. An interruption in or the cessation of an important supply by any third party and the company's inability to make alternative arrangements in a timely manner, or at all, could have a material adverse effect on the company's business, financial condition and operating results. The company faces risks related to health epidemics and other widespread outbreaks of contagious disease, which could significantly disrupt its operations and impact its operating results. The spread of contagious diseases or other adverse public health developments, has had a material and adverse effect on our business operations. These effects have included and may in the future include disruptions or restrictions on our ability to travel, temporary closures of our or our customers' facilities and disruptions to our supply chain. Any disruption of our, our suppliers' or our customers' businesses due to adverse public health developments could have a material impact on our sales and operating results. The company may be the subject of product liability claims or product recalls, and it may be unable to obtain or maintain insurance adequate to cover potential liabilities. Product liability is a significant commercial risk to the company. The company's business exposes it to potential liability risks that arise from the manufacturing, marketing and selling of the company's products. In addition to direct expenditures for damages, settlement and defense costs, there is a possibility of adverse publicity as a result of product liability claims. Plaintiffs in some jurisdictions have received substantial damage awards against companies based upon claims for injuries allegedly caused by the use of their products. In addition, it may be necessary for the company to recall products that do not meet approved specifications, which could result in adverse publicity as well as costs connected to the recall and loss of revenue. The company cannot be certain that a product liability claim or series of claims brought against it would not have an adverse effect on the company's business, financial condition or results of operations. If any claim is brought against the company, regardless of the success or failure of the claim, there can be no assurance that the company will be able to obtain or maintain product liability insurance in the future on acceptable terms or with adequate coverage against potential liabilities or the cost of a recall. The company currently maintains insurance programs consisting of self-insurance up to certain limits and excess insurance coverage for claims over established limits. There can be no assurance that the company's insurance programs will provide adequate protection against actual losses. In addition, the company is subject to the risk that one or more of its insurers may become insolvent or become unable to pay claims that may be made in the future. An increase in warranty expenses could adversely affect the company's financial performance. The company offers purchasers of its products warranties covering workmanship and materials typically for one year and, in certain circumstances, for periods of up to ten years, during which periods the company or an authorized service representative will make repairs and replace parts that have become defective in the course of normal use. The company estimates and records its future warranty costs based upon past experience. These warranty expenses may increase in the future and may exceed the company's warranty reserves, which, in turn, could adversely affect the company's financial performance. The company's financial performance is subject to significant fluctuations. The company's financial performance is subject to quarterly and annual fluctuations due to a number of factors, including: • general economic conditions; • the lengthy, unpredictable sales cycle for the commercial foodservice equipment, food processing equipment and residential kitchen equipment groups; • the gain or loss of significant customers; • unexpected delays in new product introductions; • the level of market acceptance of new or enhanced versions of the company's products; • unexpected changes in the levels of the company's operating expenses; and • competitive product offerings and pricing actions. Each of these factors could result in a material and adverse change in the company's business, financial condition and results of operations. The company may be unable to manage its growth. The company has **recently and may in the future** ~~experienced~~ **experience** rapid growth in its business, **which** ~~Continued growth~~ could place a strain on the company's management, operations and financial resources. There also will be additional demands on the company's sales, marketing and information systems and on the company's administrative infrastructure as it develops and offers additional products and enters new markets. The company cannot be certain that the company's operating and financial control systems, administrative infrastructure, outsourced and internal production capacity, facilities and personnel will be adequate to support the company's future operations or to effectively adapt to future growth. If the company cannot manage the company's growth effectively, the company's business may be harmed.

**Strategic and Organizational Risks** The company's acquisition, investment and alliance strategy involves risks. If the company is unable to effectively manage these risks, its business will be materially harmed. To achieve the company's strategic objectives, the company has pursued and may continue to pursue strategic acquisitions of and investments in other companies, businesses or technologies. Acquisitions and investments entail numerous risks, including, among others: • difficulties in the assimilation of acquired businesses or technologies and the inability to fully realize some of the expected synergies or otherwise achieve anticipated revenues and profits; • inability to operate acquired businesses or utilize acquired technologies profitably; • the significant amount of management time and attention needed to identify, execute and integrate any acquired businesses; • potential assumption of unknown material liabilities; • failure to achieve financial or operating objectives; • unanticipated costs relating to acquisitions or to the integration of acquired businesses; • loss of customers, suppliers, or key employees; and • the impact on the company's internal controls and compliance with the regulatory requirements under the Sarbanes-Oxley Act of 2002. The company may not be able to successfully integrate any operations, personnel, services or products that it has acquired or may acquire in the future. The company may seek to expand or enhance some of its operations by forming joint ventures or alliances with various strategic partners throughout the world. Entering into joint ventures and alliances also entails risks, including difficulties in developing and expanding the businesses of newly formed joint ventures, exercising influence over the activities of joint ventures in which the company does not have a controlling interest and potential conflicts with the company's joint venture or alliance partners. The company cannot assure that any joint venture or alliance entered into or that may be entered into in the future will be successful. An inability to identify or complete future acquisitions could adversely affect future growth. The company intends to continue its growth strategy of identifying and acquiring businesses with complementary products and services by pursuing

acquisitions that provide opportunities for profitable growth. While the company continues to evaluate potential acquisitions, it may not be able to identify and successfully negotiate suitable acquisitions, obtain financing for future acquisitions on satisfactory terms, obtain regulatory approval for certain acquisitions, or otherwise complete acquisitions in the future. An inability to identify or complete future acquisitions could limit the company's growth. Expansion of the company's international operations involves special challenges that it may not be able to meet. The company's failure to meet these challenges could adversely affect its business, financial condition and operating results. The company plans to continue to expand its international operations. The company faces certain risks inherent in doing business in international markets. These risks include: • extensive regulations and oversight, tariffs, including with respect to certain products imported from China or exported to China, retaliatory tariffs by China and certain other countries in response to tariffs implemented by the United States, and other trade barriers; • withdrawal from or renegotiation of international trade agreements and other restrictions on trade between the United States and China, the European Union, Canada, Mexico and other countries; • uncertain impact on operations, suppliers and customers related to business disruptions in international jurisdictions; • reduced protection for intellectual property rights; • difficulties in staffing and managing foreign operations; • potentially adverse tax consequences; • limitations on ownership and on repatriation of earnings; • transportation delays and interruptions; • political, social, and economic instability and disruptions; • labor unrests or shortages; • potential for nationalization of enterprises; and • limitations on the company's ability to enforce legal rights and remedies. In addition, the company is and will be required to comply with the laws and regulations of foreign governmental and regulatory authorities of each country in which the company conducts business. There can be no assurance that the company will be able to succeed in marketing its products and services in international markets. The company may also experience difficulty in managing its international operations because of, among other things, competitive conditions overseas, geopolitical threats or hostilities, management of foreign exchange risk, established domestic markets, and language and cultural differences. Any of these factors could have a material adverse effect on the success of the company's international operations and, consequently, on the company's business, financial condition and operating results. The impact of future transactions on the company's common stock is uncertain. The company periodically reviews potential transactions related to products or product rights and businesses complementary to the company's business. Such transactions could include mergers, acquisitions, joint ventures, alliances or licensing agreements. In the future, the company may choose to enter into such transactions at any time. The impact of transactions on the market price of a company's stock is often uncertain and may include substantial fluctuations. Consequently, any announcement of any such transaction could have a material adverse effect upon the market price of the company's common stock. Moreover, depending upon the nature of any transaction, the company may experience a charge to earnings, which could be material and have an adverse impact upon the market price of the company's common stock. **We are pursuing a plan separate our Food Processing business through a spin-off into an independent publicly traded company. The proposed spin-off may not be completed on the timeline currently contemplated or at all and may not achieve the intended benefits. As part of our previously-announced strategic review of our business portfolio as part of the Board's efforts to maximize shareholder value, we have announced a plan to separate our Food Processing business through a spin-off into an independent publicly traded company, which is currently expected to be completed by early 2026. Unanticipated developments could delay or prevent the proposed spin-off or cause the proposed spin-off to occur on terms or conditions that are less favorable and / or different than expected. Even if the transaction is completed, we may not realize all or any of the anticipated benefits from the spin-off. Expenses incurred to accomplish the proposed spin-off may be significantly higher than what we currently anticipate. Executing the proposed spin-off also requires significant time and attention from management, which could distract them from other tasks in operating our business. Following the proposed spin-off, the combined value of the common stock of the two publicly traded companies may not be equal to or greater than what the value of our common stock would have been had the proposed spin-off not occurred.** The company's business could suffer in the event of a work stoppage by its unionized labor force. Because the company has a significant number of workers whose employment is subject to collective bargaining agreements and labor union representation, the company is vulnerable to possible organized work stoppages and similar actions. Unionized employees accounted for approximately 5 % of the company's workforce as of December 30-28, 2023-2024. The company has union contracts with employees at its facilities in Windsor, California; Algona, Iowa; Elgin, Illinois; Easton, Pennsylvania and Lodi, Wisconsin that extend **or extended** through February 2027, December 2026, July 2025, June 2027 and December 2024-2027, respectively. The company also has a union workforce at its manufacturing facility in the Philippines under a contract that extends through June 2026. **Approximately Less than** 1 % of the company's workforce is covered by collective bargaining agreements that expire within one year. Any future strikes, employee slowdowns or similar actions by one or more unions, in connection with labor contract negotiations or otherwise, could have a material adverse effect on the company's ability to operate the company's business. The company depends significantly on its key personnel. The company depends significantly on the company's executive officers and certain other key personnel, who could be difficult to replace. While the company has **an** employment **agreements- agreement** with **certain a** key executives- **executive**, the company cannot be certain that it will succeed in retaining key personnel or their services under existing agreements. The incapacity, inability or unwillingness of certain personnel to perform their services may have a material adverse effect on the company. There is intense competition for qualified personnel within the company's industry, and there can be no assurance that the company will be able to continue to attract, motivate and retain personnel with the skills and experience needed to successfully manage the company's business and operations. Technology and Cybersecurity Risks The company may not be able to adequately protect its intellectual property rights, which may materially harm its business. The company relies primarily on trade secret, copyright, service mark, trademark and patent law and contractual protections to protect the company's proprietary technology and other proprietary rights. The company has filed numerous patent applications covering the company's proprietary technology. **It** Notwithstanding the precautions the company takes to

~~protect its intellectual property rights, it~~ is possible that third parties may copy or otherwise obtain and use the company's proprietary technology without authorization or may otherwise infringe on the company's rights. In some cases, including with respect to a number of the company's most important products, there may be no effective legal recourse against duplication by competitors as the legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents and other intellectual property protection. This could make it difficult for us to stop the infringement of our patents and future patents we may own, or, generally, prevent the marketing of competing products in violation of our proprietary rights. Further, the laws of some foreign countries do not protect proprietary rights to the same extent or in the same manner as the laws of the United States. In the future, the company may have to rely on litigation to enforce its intellectual property rights, protect its trade secrets, determine the validity and scope of the proprietary rights of others or defend against claims of infringement or invalidity. Any such litigation, whether successful or unsuccessful, could result in substantial costs to the company and diversions of the company's resources, either of which could adversely affect the company's business. Any infringement by the company of a third party's patent rights could result in litigation and adversely affect its ability to provide, or could increase the cost of providing, the company's products and services. Patents of third parties may have an important bearing on the company's ability to offer some of its products and services. The company's competitors, as well as other companies and individuals, may obtain patents related to the types of products and services the company offers or plans to offer. There can be no assurance that the company is or will be aware of all patents containing claims that may pose a risk of infringement by its products and services. In addition, some patent applications in the United States are confidential until a patent is issued and, therefore, the company cannot evaluate the extent to which its products and services may be covered or asserted to be covered by claims contained in pending patent applications. In general, if one or more of the company's products or services were to infringe patents held by others, the company may be required to stop developing or marketing the products or services, to obtain licenses from the holders of the patents to develop and market the services, or to redesign the products or services in such a way as to avoid infringing on the patent claims. The company cannot assess the extent to which it may be required in the future to obtain licenses with respect to patents held by others, whether such licenses would be available or, if available, whether it would be able to obtain such licenses on commercially reasonable terms. If the company is unable to obtain such licenses, it also may not be able to redesign the company's products or services to avoid infringement, which could materially adversely affect the company's business, financial condition and operating results. The company ~~is may be~~ subject to information technology system failures, network disruptions, cybersecurity attacks and breaches in data security, which may materially adversely affect the company's operations, financial condition and operating results. The company depends on information technology as an enabler to improve the effectiveness of its operations and to interface with its customers, as well as to maintain financial accuracy and efficiency. Information technology system failures, including suppliers' or vendors' system failures, have and could in the future disrupt the company's operations by causing transaction errors, processing inefficiencies, delays or cancellation of customer orders, the loss of customers, impediments to the manufacture or shipment of products, other business disruptions, or the loss of or damage to intellectual property through a security breach. The company's information systems, or those of its third-party service providers, ~~could also have and may in the future~~ be ~~penetrated by outside parties~~ intent on extracting information, corrupting information or disrupting business processes. Such unauthorized access could materially disrupt the company's business, increase costs and / or result in the loss of assets. Cybersecurity attacks are becoming more sophisticated and include, but are not limited to, malicious software, attempts to gain unauthorized access to data, and other electronic security breaches that could lead to disruptions in critical systems, unauthorized release of confidential or otherwise protected information, corruption or destruction of data and other manipulation or improper use of systems or networks. These events could negatively impact the company's customers and / or reputation and lead to financial losses from remediation actions, loss of business, production downtimes, operational delays or potential liability, penalties, fines or other increases in expense, all of which may have a material adverse effect on the company's business. In addition, as security threats and cybersecurity and data privacy and protection laws and regulations, including those related to the collection, storage, handling, use, disclosure, transfer, and security of personally identifiable information, continue to evolve and become more sophisticated, we may invest additional resources in the security of our systems. Any such increased investment could materially increase our costs and adversely affect our financial condition or results of operations. Further, as governmental authorities around the world continue to consider legislative and regulatory proposals concerning data protection in addition to those already in place, we are and may continue to be subject to substantial penalties if we fail to comply with data protection laws and regulations. Tax, Legal and Regulatory Risks The company may be subject to litigation, tax, and other legal compliance risks. In addition to product liability claims, the company is subject to a variety of litigation, tax, and other legal compliance risks. These risks include, among other things, possible liability relating to personal injuries, intellectual property rights, contract-related claims, taxes and compliance with U. S. and foreign export laws, competition laws, and laws governing improper business practices. The company or one of its business units could be charged with wrongdoing as a result of such matters. If convicted or found liable, the company could be subject to significant fines, penalties, repayments or other damages. The company's reputation, ability to do business, and results of operations may be impaired by the improper conduct of any of its employees, agents, or business partners. While the company strives to maintain high standards, the company cannot provide assurance that its internal controls and compliance systems will always protect the company from acts committed by its employees, agents, or business partners that violate U. S. and / or foreign laws or fail to protect the company's confidential information, including the laws governing payments to government officials, bribery, fraud, anti-kickback and false claims rules, competition, export and import compliance, money laundering, and data privacy laws, as well as the improper use of proprietary information or social media. Any such violations of law or improper actions could subject the company to civil or criminal investigations in the United States and in other jurisdictions, lead to substantial civil or criminal, monetary and non-monetary penalties, and related shareholder lawsuits, lead to increased costs of compliance and damage the company's reputation. The company is subject to potential

liability under environmental laws. The company's operations are regulated by a number of federal, state and local environmental laws and regulations that govern, among other things, the discharge of hazardous materials into the air and water as well as the handling, storage and disposal of these materials. Compliance with these environmental laws and regulations is a significant consideration for the company because it uses hazardous materials in its manufacturing processes. In addition, because the company is a generator of hazardous wastes, even if it fully complies with applicable environmental laws, it may be subject to financial exposure for costs associated with an investigation and remediation of sites at which it has arranged for the disposal of hazardous wastes if these sites become contaminated. In the event of a violation of environmental laws, the company could be held liable for damages and for the costs of remedial actions. Environmental laws could also become more stringent over time, imposing greater compliance costs and increasing risks and penalties associated with any violation, which could negatively affect the company's operating results. There can be no assurance that identification of presently unidentified environmental conditions, more vigorous enforcement by regulatory authorities or other unanticipated events will not arise in the future resulting in additional environmental liabilities, compliance costs and penalties that could be material. Environmental laws and regulations are constantly evolving, and it is impossible to accurately predict the effect they may have upon the financial condition, results of operations, or cash flows of the company. We are subject to risks associated with climate change legislation, regulation and international accords. In addition, failure to achieve or demonstrate progress towards our climate goals may expose us to liability and reputational harm. Government mandates, standards or regulations intended to reduce greenhouse gas emissions or projected climate change impacts have resulted in, and are likely to continue resulting in, increased energy, manufacturing, transportation and raw material costs. Governmental requirements directed at regulating greenhouse gas emissions could cause us to incur expenses that we cannot recover or that will require us to increase the price of products we sell, which could impact the demand for those products. Additionally, as discussed further in our 2023 Sustainability Report, accessible at [www.middleby.com/sustainability](http://www.middleby.com/sustainability), we have made commitments to reduce the environmental impact of our operations and provide sustainable solutions to our customers, including setting targets for reducing our Greenhouse Gas ("GHG") emission and consumption of non-renewable resources. There can be no assurance that we will achieve our climate-related goals on the timeline anticipated or at all. Further, future events or circumstances could lead us to prioritize other business interests over progressing toward our current climate goals due to factors such as business strategy, economic conditions, regulatory changes or pressure from stakeholders. If we fail or are perceived to fail to progress toward achieving our climate-related goals and commitments or if our investors, customers or other stakeholders become dissatisfied with the level of GHG emissions produced by our production process or our products, we could face adverse publicity, which could have a material adverse impact on our business, financial condition and results of operations. Unfavorable tax law changes and tax authority rulings may adversely affect financial results. The company is subject to income taxes in the United States and in various foreign jurisdictions. Domestic and international tax liabilities are based on the income and expenses in various tax jurisdictions. The amount of the company's income and other tax liability is subject to ongoing audits by U. S. federal, state and local tax authorities and by non-U. S. authorities. If these audits result in assessments different from amounts recorded, future financial results may include unfavorable tax adjustments. In December 2021, The Organisation for Economic Co-operation and Development ("OECD") issued Pillar II model rules which would establish a global per-country minimum tax of 15%. The directive requires the rules to initially become effective for fiscal years starting on or after December 31, 2023. While it is uncertain whether the United States will enact legislation to adopt Pillar II, numerous countries have enacted legislation, or have indicated their intent to adopt legislation, to implement certain aspects of Pillar II effective January 1, 2024, and the remaining global minimum tax rules by January 1, 2025. The OECD and implementing countries are expected to continue to make further revisions to their legislation and release additional guidance. The trading price of the company's common stock has been volatile, and investors in the company's common stock may experience substantial losses. The trading price of the company's common stock has been volatile and may become volatile again in the future. The trading price of the company's common stock could decline or fluctuate in response to a variety of factors, including: • the company's failure to meet the performance estimates of securities analysts; • changes in buy / sell recommendations by securities analysts; • fluctuations in the company's operating results; • substantial sales of the company's common stock; • general stock market conditions; or • other economic or external factors.