

Risk Factors Comparison 2025-05-21 to 2024-05-22 Form: 10-K

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In the ordinary course of our business, we face various market, operational, strategic, financial and general risks. These risks could have a material impact on our business, financial condition, results of operations and cash flows. Please consider each of the risks described below, along with other information contained in this Annual Report on Form 10-K, when making any investment decisions with respect to our securities. Our Enterprise Risk Management process seeks to identify and address material risks. We believe that risk-taking is an inherent aspect of operating a global business and, in particular, one focused on growth and cost-competitiveness. Our goal is to proactively manage risks in a structured approach in conjunction with strategic planning, while preserving and enhancing shareholder value. However, the risks set forth below and elsewhere in this report, as well as other risks currently unknown or deemed immaterial at the date of this report, could materially adversely affect us and cause our financial results to vary materially from recent or anticipated future results.

MARKET RISKS

Economic -- **Economic** uncertainties Economic, political, and general market conditions could adversely affect our business, financial position, results of operations and cash flows. We operate in 16 countries on four continents and serve customers in a wide array of **commercial data center**, **Genset**, **industrial**, HVAC & R markets, including **commercial and residential**, and vehicular markets, including **commercial vehicle, off-highway machine, automotive and light vehicle**. As such, our business is impacted by general economic, political, and industry conditions globally as well as in the regions and countries in which we conduct business. ~~We~~ While the global supply chain challenges and inflationary market conditions experienced in fiscal 2023 have generally improved, we are subject to the risk of further disruptions or significant deterioration in market conditions, which could have a material impact on our business, financial position, results of operations and cash flows. Military conflicts, including the ongoing conflicts in Ukraine and in the Middle East and heightened ~~tensions~~ **tension** resulting from recent ~~attacks on shipping vessels~~ in the Red Sea, could negatively impact or cause significant business disruptions in the global markets we operate in. In addition, customer demand for our products and system solutions is impacted by the overall strength of the economy, employment levels, consumer confidence levels, the availability and cost of credit, and the cost of fuel. For example, rising interest rates associated with inflationary market conditions may drive a higher cost of capital for our customers, which may have a deteriorating impact on overall economic activity and the financial condition of our customers, which could negatively impact the demand for our products. Prolonged recessionary or adverse economic conditions, such as disruptions in the global financial system, could result in our customers or suppliers experiencing significant economic constraints, including potential bankruptcies. **Changes in U. S. or international trade policies, including the imposition or increases in tariffs, could adversely affect our business, financial position, results of operations and cash flows. There is uncertainty regarding future relationships between the U. S. and numerous other countries, particularly China, Canada, Mexico, and in Europe, with respect to trade policies, tariffs, treaties, and government regulations. Changes in U. S. policies could lead to changes to existing trade agreements, significant increases in tariffs, more restrictions on free trade, and restrictions on the importation of certain goods and components into the U. S. or other countries. A trade war or escalation of trade tensions, including increased tariffs and retaliatory measures by foreign governments, should they be sustained for an extended period of time, or changes in U. S. or international trade agreements, could negatively impact our supply chain, increase costs, and reduce demand for our products. Changes to or uncertainty in the marketplace related to U. S. social, political, regulatory and economic conditions or in laws and policies related to foreign trade in countries where we currently manufacture and sell our products, and any resulting negative sentiments towards the U. S., could adversely affect our business, financial position, results of operations and cash flows. Additional risks related to international trade policies and related matters are discussed throughout this section.** A future widespread outbreak of an illness or other public health threat could adversely affect our business, financial position, results of operations and cash flows. An outbreak of a disease or public health threat, including a significant resurgence of COVID-19, in the future could create economic and financial disruptions and adversely affect our businesses around the world. Potential impacts of epidemics, pandemics, or other health crises, including **include**, but are not limited to, (i) staffing shortages if portions of our workforce are unable to work effectively due to illness, quarantines, government actions, facility closures, or other restrictions; (ii) short- or long- term disruptions in our supply chain and our ability to deliver products to our customers; (iii) deterioration in the markets that we or our customers operate in, which may result in lower sales or a deterioration in the ability of our customers to pay us; and (iv) significant volatility or negative pressure in the financial markets, which could adversely affect our access to capital and / or financing and could have a material impact on our business, financial position, results of operations and cash flows. Customer and supplier ~~matters~~ **Increases** ~~matters~~ **Increases** in costs of materials, including aluminum, copper, steel and stainless steel (nickel), other raw materials and purchased components, could place significant pressure on our results of operations. Increases in the costs of raw materials and other purchased components, which may be impacted by a variety of factors, including changes in trade laws, tariffs, sanctions, inflation, geopolitical and military conflicts, the behavior of our suppliers and significant fluctuations in demand, could have a significant negative impact on our results of operations. In the shorter- term, our ability to adjust for cost increases is limited when prices are fixed for current orders. In these cases, if we are not able to recover such cost increases through price increases to our customers, such cost increases will have an adverse effect on our results of operations. With regard to our longer- term sales programs, we have sought to reduce the risk of cost increases by including provisions within our customer contracts, where possible, which provide for prospective price adjustments based upon increases and decreases in the cost of key raw materials. However, where these contract provisions are applicable, there can often be a

three- month to one- year lag until the time of the price adjustment. To further mitigate our exposure, from time to time we enter into forward contracts to hedge a portion of our forecasted aluminum and copper purchases. However, these hedges may only partially offset increases in material costs, and significant increases could have a material adverse effect on our results of operations and cash flows. **In addition, cost increases passed through to our customers may have a negative effect on demand for our products, which could lead to decreases in purchase orders or non- renewal of customer contracts.** We could be adversely affected if we experience shortages of components or materials from our suppliers. We regularly engage with our suppliers to ensure availability of purchased commodities and components used in manufacturing our products. We use a limited number of suppliers for certain components, including aluminum, copper, steel and stainless steel (nickel). We select our suppliers based upon total value (including price, delivery and quality), taking into consideration their production capacities, financial condition and willingness and ability to meet our demand. In some cases, it can take several months or longer to identify and accept a new supplier due to qualification requirements. Strong demand, the potential effects of trade laws and tariffs, sanctions, capacity constraints, financial instability, geopolitical and military conflicts, public health crises, such as pandemics and epidemics, or other circumstances experienced by our suppliers could result in shortages or delays in their supply of product to us, or a significant price increase resulting in our need to resource to a different supplier. If we experience significant or prolonged shortages of critical components or materials from our suppliers and could not procure the components or materials from other sources, we may be unable to meet our production schedules and could miss product delivery dates, which would adversely affect our sales, results of operations, cash flows and customer relationships. **Our net sales and profitability could be adversely affected from business losses or declines with major customers. Deterioration of a business relationship with a major customer could cause our sales and profitability to suffer.** In certain areas of our businesses, including data centers, Gensets, and some portions of our vehicular businesses, a large portion of sales are attributable to a relatively small number of customers. The failure to obtain new business, or to retain historical order volumes or monetary values from a concentrated customer base could adversely affect our business and financial results. In addition, as a result of relatively long lead times required for many of our complex products and systems, it may be difficult in the short term for us to obtain new sales to replace a significant decline in sales of to existing products customers. The loss of a major customer in any of our businesses, or a significant decline in order volumes or quantities, or in the overall market demand for our products or services, could have an adverse effect on our business, results of operations and cash flows. Our results of operations could be adversely affected by pricing pressures from our OEM customers. **We have historically faced. Most of our products are sold in competitive markets. Our sales levels and margins could be adversely affected by pricing pressures from our customers and pricing actions of our competitors. Such pricing pressures may require us to adjust the prices of products to stay competitive. If we are unable to offset any price -concessions through improved operating efficiencies and manufacturing processes, sourcing alternatives, technology enhancements and other cost reduction pressure from initiatives, our vehicular OEM customers results of operations and cash flows could be adversely affected. Our pricing strategies could negatively impact our overall win rate for new business. As part of such price- reduction pressures through negotiations and our application of 80 / 20 principles, a limited number of contractual price reductions..... of the 80 / 20 principles, we have improved our commercial acumen, including our pricing methodology, and have clear, strategic profit margin targets for new sales. We also programs, and have successfully negotiated- negotiate for contract terms that with many of our customers to allow for adjustments to our pricing in the event of increases certain fluctuations in raw material and commodity costs , including costs associated with shipping, import / export and logistics .** While we believe that our 80 / 20 pricing strategy will strengthen our business and allow us to focus our resources on higher margin sales programs, it is possible that it may result in a lower overall win rate for new business in the shorter- term. If our pricing strategy results in winning less new business, our results of operations and cash flows could be adversely affected. Climate change and **environmental, social, and governance (“ ESG ”) risks**Global -related risks Global climate change and related emphasis on ESG matters by various stakeholders could negatively affect our business. Increased public awareness and concern regarding links between greenhouse gas emissions and global climate changes may result in more regional and / or federal requirements to reduce or mitigate the effects of greenhouse gas emissions. There continues to be ambiguity regarding the promulgation and enforcement of climate change regulations, which creates uncertainty in the markets in which we operate. This uncertainty extends to the use or adoption rate of **many products within** our product portfolio and our overall costs of regulatory compliance, which may impact the demand for our products and / or may require us to make increased capital expenditures to meet new standards and regulations. Further, our customers, other market participants, or government entities may impose emissions or other environmental standards upon us through regulation, market- based emissions policies or consumer preference that we may not be able to timely meet, or which may not be economically feasible for us, due to the required level of capital investment or required speed of technological advancement. Additionally, climate changes, such as extreme weather conditions, create financial risk and uncertainty for our business. For example, the demand for our products and services may be affected by unpredictable or unseasonable weather conditions. Climate changes could also disrupt our operations by impacting the availability and cost of materials needed for manufacturing and could increase our insurance and other operating costs. In addition, ~~any~~ natural disasters or extreme weather events, including those as a result of climate change, could disrupt our manufacturing operations and our ability to manufacture and deliver products to our customers and adversely impact our results of operations and cash flows. We could also face indirect financial risks passed through the supply chain, and process disruptions due to climate changes could result in price modifications for our products and the resources needed to produce them. **Furthermore-15Furthermore .** customer, investor, and employee expectations **for ESG in areas such as the environment, social- matters and corporate governance (ESG)** have been rapidly evolving. Specifically, certain customers are requiring information on our environmental sustainability goals and commitments, which we have not yet released publicly. There can be no assurance of the extent to which any of our future goals will be achieved, or that any

investments we make in furtherance of achieving any such plans, targets, goals or other commitments will meet regulatory or legal standards regarding sustainability performance or any customer, investor, employee or other stakeholder expectations and desires regarding such goals or commitments. Additionally, the enhanced stakeholder focus on ESG matters requires the continuous monitoring of various and evolving expectations, tolerances, and standards — and the, as well as reporting requirements and disclosures associated with our disclosures on our ESG- related goals and initiatives . **Some stakeholders may disagree with our ESG initiatives and goals, as the political climate and investor sentiment changes over time. Stakeholders and regulators may also hold divergent opinions on ESG issues and conflicting expectations regarding our culture, values, goals and business, which may affect how we are regulated or perceived. Moreover, we may determine that it is in the best interest of the Company and our shareholders to prioritize other business investments over the achievement of our current ESG goals based on economic or technological developments, regulatory and social factors, business strategy or pressure from investors, activists, or other stakeholders** . A failure to adequately meet stakeholder expectations may result in the loss of business, diluted market valuation, an inability to attract and retain customers or an inability to attract and retain top talent. Likewise, a failure to comply with any current or future ESG reporting requirements, as established by regulators in the U. S., Europe and beyond, may result in **the** loss of business, regulatory penalties, litigation, and / or reputational damage. Competitive ~~environment~~**Continued environment** and increased competition could adversely affect our business and our results of operations. We experience competition from suppliers in other parts of the world that enjoy economic advantages, such as lower labor costs, lower health care costs, lower tariff or tax rates, lower costs associated with legal compliance, and, in some cases, export or raw materials subsidies. In addition, consolidation and vertical integration within the supply base have introduced new or restructured competitors to our markets. Increased competition could adversely affect our business and our results of operations. B. OPERATIONAL RISKSComplexities of global ~~presence~~**presence**We are subject to risks related to our international operations and global customer and supplier base. We have manufacturing and technical facilities located in North America, South America, Europe, and Asia. Our global operations are subject to complex international laws and regulations and numerous risks and uncertainties, including changes in monetary and fiscal policies, including those related to tax and trade, cross- border trade restrictions or prohibitions, import or export duties or other charges or taxes, fluctuations in foreign currency exchange and interest rates, inflation, changing economic and employment conditions, **changes in foreign visitor and immigration policies**, public health crises, unreliable intellectual property protection and legal systems, insufficient infrastructures, social unrest, political instability and disputes (including, for example, impacts of the military conflicts in Ukraine and in the Middle East and heightened ~~tensions~~ **tension** in the Red Sea), incompatible business practices, and international terrorism. Changes in policies or laws governing the terms of foreign trade, and in particular increased trade restrictions, tariffs or taxes on imports from countries where we either manufacture products **or buy raw materials** , such as Mexico ~~or~~ , **China, and Canada, could have a material adverse impact on or our results of operations. Certain of our current manufacturing facilities in Mexico operate under the Mexican Maquiladora (IMMEX) program, which provides for reduced tariffs and eased import regulations. We could be adversely affected buy - by changes in the IMMEX program or our failure to comply with its requirements. Regarding imported goods and raw materials , increased tariffs or taxes on purchases from countries , such as China, could have a material-materially negative impact on our results of operations if we cannot effectively source such -In particular, increased tariffs or taxes on imported goods or and raw materials from other suppliers in the U. S. or alternative countries , such as China, where there are insufficient quantities or economically prohibitive U. S. or other alternative geographic sources of those goods or raw materials could materially impact our results of operations** . In addition, compliance with multiple and often conflicting laws and regulations of various countries can be challenging and expensive . **16We employ a global workforce, attracting talent from across the globe and employing leaders to manage our sales and production operations across multiple countries. Changes in foreign visitor or immigration policies across the globe could materially impact our results of operations if we cannot effectively hire, recruit and retain talent in our organization, or if such policies impede our leaders from operating a global business** . Embargoes or sanctions imposed by the U. S. government or those abroad that restrict or prohibit sales to or purchases from specific persons or countries or based upon product classification may expose us to potential criminal and civil sanctions to the extent that we are alleged or found to be in violation, whether intentional or unintentional. In connection with the military conflict in Ukraine, governments in the U. S. and abroad ~~have recently~~ extended and expanded ~~imposed~~ sanctions against Russia and entities known to be supporting Russian interests, including on certain companies located in countries in which we operate, including China, Germany, and Serbia. We do not have manufacturing operations in Ukraine or Russia nor any significant business relationships in or associated with Ukraine or Russia, however we are ~~actively~~ **continuing to monitoring --- monitor** the sanctions requirements and reacting as necessary to ensure compliance. We cannot predict future regulatory requirements to which our business operations may be subject or the manner in which existing laws might be administered or interpreted. Significant developments or changes in these regulatory requirements could have a material adverse impact on our results of operations and cash flows. In addition, the U. S. Foreign Corrupt Practices Act, the U. K. Bribery Act and other similar anti- corruption laws generally prohibit companies and their intermediaries from making payments to improperly influence foreign government officials or other persons for the purpose of obtaining or retaining business. In recent years, there has been a substantial increase in the global enforcement of anti- corruption laws. In the event that we believe our employees or agents may have violated applicable anti- corruption laws, or if we are subject to allegations of any such violations, we may have to expend significant time and financial resources toward the investigation and remediation of the matter, which could disrupt our business and result in a material **adverse** impact on our financial condition, results of operations and reputation. Challenges of maintaining a competitive cost ~~structure~~ **structure**We We may be unable to maintain competitive cost structures. As we progress towards our vision of a “ new ” Modine by applying 80 / 20 principles across our businesses to focus resources on products and markets with the highest sustainable growth opportunities and return profiles, it is imperative

that we effectively and efficiently manage our operations in response to sales volume changes. This includes ramping up and maintaining adequate production capacity to meet demand in our growing businesses, while also completing restructuring activities, **including targeted headcount reductions and product line transfers**, in order to optimize our manufacturing footprint and cost structure, particularly in light of changes in our mix of business and in areas where we are strategically refraining from further investments. ~~For example, we are currently working to close a technical service center in Germany to optimize the utilization of our global technical service capacity. In addition, we have implemented targeted headcount reductions that support our objective of reducing operational and selling, general, and administrative (“SG & A”) cost structures and have consolidated or closed certain manufacturing facilities. We are also focused on applying 80/20 principles across our businesses, including within our manufacturing facilities, to drive simplification and production efficiencies. Our successful execution of these initiatives, and our ability to optimize and maintain competitive cost structures, is critical in sustaining our long-term competitiveness. Any failure to do so could, in turn, adversely affect our results of operations, cash flows and financial condition. Challenges of technology advantage, product development and program-product launches launches~~ If we cannot differentiate ourselves from our competitors with our technology, our existing and potential customers may seek lower prices and our sales and earnings may be adversely affected. ~~Price~~ **Our leading-edge technologies, product quality, delivery, technological innovation, application engineering development and the history of our product performance in each of our markets has created our competitive value** with regard to our ~~customers~~ system designs, the reliability of our ongoing post-sale service, are the primary elements of competition in our markets. If we fail to be at the forefront of technological advances and cannot differentiate ourselves from our competitors with our technology or fail to provide high quality, innovative **and advanced performance** products and services that both meet or exceed customer expectations and address their ever-evolving needs, we may experience price erosion, lower sales, and lower profit margins. Significant technological developments by our competitors or others also could adversely affect our business and results of operations. ~~Changes~~ **Changes** in the adoption rate for newer technologies could adversely affect our business. Changes in or shifts in the adoption rate of technologies or products that we expect to drive **future** sales growth, including ~~liquid immersion technology for data center applications, and technology related to electric vehicles, heat pumps and gensets,~~ could adversely affect our results of operations and financial condition. For example, **under the current U. S. administration** we are rapidly growing and investing in our Advanced Solutions business, which provides battery thermal management ~~there is uncertainty in the marketplace regarding future federal funding related to electrification, and in particular, the adoption of electronics~~ **electric** cooling products and solutions for zero-emission and hybrid vehicles. ~~We expect government~~ **Government** policies and funding legislation in the U. S. and Europe will drive further **significantly influence the rate of** investments in electric vehicles, and the infrastructure necessary for wide-scale adoption of alternative powertrains, ~~as well as in the proliferation of heat pumps and gensets in commercial or residential applications.~~ If technology adoption rates slow or ~~the market transition towards the use of electric vehicles, gensets or heat pumps~~ are significantly delayed, our sales growth in these areas of our business could be limited. Developments or assertions by or against us relating to intellectual property rights could adversely affect our business. We own and license significant intellectual property, including a large number of patents, trademarks, copyrights and trade secrets. Our intellectual property plays an important role in maintaining our competitive position in a number of the markets we serve. As we maintain or expand our operations in jurisdictions where the enforcement of intellectual property rights is less robust, the risk of others duplicating our proprietary technologies increases, despite our efforts to protect them. Developments or assertions by or against us relating to intellectual property rights could adversely affect our business and results of operations. Additionally, any inability to acquire or secure intellectual property relating to newer technologies in areas of our business that we expect to drive sales growth could negatively impact our competitive positions in these growth areas of our business. We regularly launch new ~~programs,~~ products and system designs at our facilities across the world. The success of these launches is critical to our business. We design technologically advanced products and systems, and the processes and time required to develop, design and produce these products and systems can be lengthy, difficult and complex. We spend significant time and financial resources to ensure the successful launch of new products and programs. Due to our high level of launch activity, we must appropriately manage these ~~launches~~ **activities** and deploy our capital and operational and administrative resources to take advantage of the resulting increase in our business. If we do not successfully or timely launch new products, systems and programs, we may lose market share or damage relationships with our customers, which could negatively affect our business. In addition, any failure in our manufacturing strategy for these new products or programs could result in operating inefficiencies or asset impairment charges, which could adversely affect our results of operations. ~~affected.~~ In addition, vehicular OEM customers often request that we pay for design, engineering and tooling costs that are incurred prior to the start of production and recover these costs through amortization in the piece price of the product. Some of these costs cannot be capitalized, which adversely affects our profitability until the programs for which they have been incurred are launched. If a given program is not launched, or is launched with significantly lower volumes than planned, we may not be able to recover the design, engineering and tooling costs from our customers, further adversely affecting our results of **operations.** ~~Information~~ **Information** technology (“IT”) systems We may be adversely affected by a substantial disruption in, or material breach of, our IT systems or IT systems of our service providers. We are dependent upon IT infrastructure, including network, hardware, and software systems owned by us and our service providers, to conduct our business. Despite network and other cybersecurity measures we and our service providers have in place, IT systems could be damaged, compromised, or interrupted by intentional or unintentional events or natural disasters. We could also be negatively impacted by a cybersecurity breach from computer viruses, ransomware, phishing, break-ins or similar disruptions. Cybersecurity risk may be heightened by the increased prevalence of hybrid and / or remote work arrangements. Further, the military conflicts in Ukraine and the Middle East, as well as current geopolitical uncertainties involving Russia, **Iran** and China, among other nations, may increase the threat of cyberattacks on the global financial markets, supply chain, and IT infrastructure, which could directly or indirectly **have an adverse impact on** our operations **and cash**

flows. A material breach or a substantial disruption in our IT systems for a prolonged time period, or the failure of one or more legacy IT systems no longer supported by service providers, could result in delays in receiving inventory and supplies or filling customer orders. **Further** In addition, these events **we continue to expand or our IT systems to enable our businesses to run more efficiently, including** the inadvertent **incorporation of artificial intelligence in certain areas. The increased** use of OpenAI **and evolution in advanced technologies technology solutions creates potential risks. A material breach in our IT systems or the improper use of artificial intelligence** could result in the release of otherwise confidential information, including personal information that is protected by the General Data Protection Regulation. Any such events and the related delays, problems or costs, including potentially significant remediation expenses and litigation risks, could have material **negative adverse** impacts on our business, financial condition, results of operations, business relationships and reputation.

Internal controls over financial reporting We have identified a material weakness in our internal control over financial reporting that, if not remediated, could result in financial reporting errors. Effective internal controls are necessary for accurate and appropriate financial reporting. As disclosed in Item 9A. "Control and Procedures," in this Annual Report on Form 10-K, we identified a material weakness in our information technology general controls ("ITGCs") during the fourth quarter of fiscal 2024 related to access to systems in Europe that support our accounting and financial reporting processes. While this material weakness did not result in any identified misstatements to the financial statements, nor were there changes to previously reported financial results, a risk exists that financial reporting errors could occur if we fail to remediate this material weakness or if we experience other internal control deficiencies. If that were to happen, it could have a material adverse impact on our business, financial condition, results of operations, and cash flows.

Environmental, health and safety regulations regulations We We could be adversely impacted by the costs of environmental, health and safety regulations. Our operations are subject to various federal, state, local and foreign laws and regulations governing, among other things, emissions to air, discharge to waters and the generation, handling, storage, transportation, treatment and disposal of waste and other materials. The operation of our manufacturing facilities entails risks in these areas and there can be no assurance we will avoid material costs or liabilities relating to such matters. Our financial responsibility to clean up contaminated property may extend to previously- owned or used property, properties owned by unrelated companies, as well as properties we currently own and use, regardless of whether the contamination is attributable to prior owners. In addition, potentially material expenditures could be required in order for our products and operations to comply with evolving environmental, health and safety laws, regulations (including those developed as a concern to climate control), or other requirements that may be adopted or imposed in the future. Future costs to remediate contamination or to comply with environmental, health and safety laws and regulations could adversely affect our business, results of operations and financial condition.

Claims and litigation litigation We We may incur material losses and costs as a result of warranty and product liability claims and litigation or other legal proceedings. In the event our products or systems fail to perform as expected, we are exposed to warranty and product liability claims and may be required to participate in a recall or other field campaign of such products. Many of our vehicular customers offer extended warranty protection for their vehicles and pressure their supply base to extend warranty coverage as well. If our customers demand higher warranty- related cost recoveries, or if our products fail to perform as expected, it could have a material **negative adverse** effect on our results of operations and financial condition. We are also involved in various legal proceedings from time to time incidental to our business. If any such proceeding has a negative result, it could adversely affect our business, results of operations, financial condition and reputation.

€19C. STRATEGIC RISKS Business optimization and growth **strategies strategies** Our **inability business strategy includes acquisitions and dispositions. We may be unable to identify, execute, and on our strategic initiatives or to successfully integrate recent acquisitions may adversely impact our or successfully execute strategic business dispositions and operating results.** Under our strategy based in on 80 / 20 principles, we **have invested in are focused on** acquiring businesses and **investing in** technologies that we expect to accelerate our strategic growth in select markets. During the last fiscal year, we acquired Napps, a Texas-based manufacturer of air- and water-cooled chillers, condensing units, and heat pumps; we purchased liquid immersion cooling technology assets from TMGeore, Inc., and we completed the acquisition of Scott Springfield Manufacturing, a leading manufacturer of air handling units serving customers in the U. S. and Canada. These investments have expanded our data-center cooling and indoor air quality product portfolios, and we are rapidly growing our Advanced Solutions business, which provides battery thermal management and electronics cooling products and solutions for zero-emission and hybrid vehicles. If we are unable to successfully **execute** integrate these acquired businesses and / or technologies into our existing operations, capitalize on **further** expected market share or revenue gains, realize anticipated cost or revenue synergies, or operate these growth businesses profitably, we may not achieve the financial or operational success expected from these investments. Additionally, if we are unable to successfully execute our organic growth **opportunities** strategic initiatives, our **or** results of operations and cash flows could **complete acquisitions in the future, our growth may be limited** negatively impacted. We will continue to review our business portfolio and pursue sales and margin growth through both organic and inorganic opportunities. There can be no assurance we will be able to identify **and complete the purchase of** additional attractive acquisition targets **, including obtaining financing, if necessary, to facilitate such transactions. Future acquisitions will require integration of operations, sales and marketing, information technology, finance, and administrative functions**. If we are unable to successfully execute on further organic growth opportunities or complete acquisitions in the future, our growth may be limited. In addition, future acquisitions will require integration of operations, sales and marketing, information technology, finance, and administrative functions. If we are unable to successfully integrate future acquisitions **and into our existing operations, capitalize on expected market share or revenue gains, realize anticipated cost or revenue synergies, or** operate these **any acquired** businesses profitably, we may not achieve the financial or operational success expected from the acquisitions. **In addition, Future future** acquisitions could include the issuance of shares of our common stock as all or a portion of the consideration paid to the sellers. Any such issuance would be dilutive to the interests of our existing shareholders and may adversely affect the market price of our shares. **We may also seek to sell or**

otherwise exit portions of our business that do not align with our strategic plan. Business dispositions involve risks and uncertainties, and we may be unable to sell or exit such businesses on terms satisfactory to us and within a desired time frame. Risks include potential significant costs and expenses, the loss of customer relationships, and the diversion of management's attention from other business concerns. Further, any continued financial involvement in the disposed business, such as through guarantees, indemnities, or other financial obligations, could adversely impact our business, financial condition, results of operations and cash flows.

D. FINANCIAL RISKS
Liquidity and access to cash—Our cash and cash equivalents and access to cash may be limited by our indebtedness. Our indebtedness may limit our use of cash flow to support operating, development and investment activities, and failure to comply with our debt covenants could adversely affect our liquidity and financial results. As of March 31, 2024, we had total outstanding indebtedness of \$ 432 million. Our indebtedness and related debt service obligations (i) require that a certain portion of cash flow from operations be used for principal and interest payments, which reduces the funds we have available for other business purposes; (ii) limit our flexibility in planning for or reacting to changes in our business and market conditions; and (iii) expose us to interest rate risk, since the majority of our debt obligations carry variable interest rates. Our credit agreements contain financial covenants that, among other things, require us to maintain a minimum interest coverage ratio and impose a maximum leverage ratio. Failure to comply with debt covenants could result in an event of default, which, if not cured or waived, could result in us being required to repay these borrowings before their due date. If we are forced to refinance these borrowings on less favorable terms, our results of operations and financial condition could be adversely affected by increased costs and interest rates.

Market trends and regulatory requirements may require additional funding for our pension plans. Our defined benefit pension plans in the U. S. are frozen to new participants. Our funding policy is to contribute annually, at a minimum, the amount necessary on an actuarial basis to provide for benefits in accordance with applicable laws and regulations. Our domestic plans have an unfunded liability totaling \$ 16 million as of March 31, 2024. We expect to make cash contributions to our U. S. plans during fiscal 2025 totaling \$ 8 million. Funding requirements for our defined benefit plans are dependent upon, among other things, interest rates, underlying asset returns, mortality rate assumptions, and the impact of legislative or regulatory changes. Should changes in actuarial assumptions or other factors result in the requirement of significant additional funding contributions, our cash flows and financial condition could be adversely affected.

Goodwill and intangible assets—Our balance sheet includes significant amounts of goodwill and intangible assets. An impairment of a significant portion of these assets would adversely affect our financial results. Our balance sheet includes goodwill and intangible assets totaling \$ 419 million at March 31, 2024. We perform goodwill impairment tests annually, as of March 31, or more frequently if business events or other conditions exist that require a more frequent evaluation. In addition, we review intangible assets for impairment whenever business conditions or other events indicate that the assets may be impaired. If we determine the carrying value of an asset is impaired, we write down the asset to fair value and record an impairment charge to current operations. We use judgment in determining if an indication of impairment exists. For our annual goodwill impairment tests, we use estimates and assumptions, including revenue growth rates and operating profit margins to calculate estimated future cash flows and risk-adjusted discount rates. We cannot predict the occurrence of future events or circumstances, including lower than forecasted revenues, market trends that fall below our current expectations, actions of key customers, increases in discount rates, and the continued general economic uncertainties, which could adversely affect the carrying value of goodwill and intangible assets. An impairment of a significant portion of goodwill or intangible assets could adversely have a negative impact on our financial results of operations.

Income taxes—We may be subject to additional income tax expense or become subject to additional tax exposures. Our effective tax rates in the future may be impacted by changes in the mix of earnings in countries with differing statutory rates and changes in tax laws, or their interpretation. The subjectivity of or changes in tax laws and regulations in jurisdictions where we operate could materially affect our results of operations and financial condition. For example, the Organization for Economic Cooperation and Development (“OECD”) has issued significant global tax policy changes. In October 2021, the OECD and G20 Finance Ministers reached an agreement, known as Base Erosion and Profit Shifting Pillar Two (“Pillar Two”), that, among other things, provides that income earned in each jurisdiction that a multinational company operates in is subject to a minimum corporate income tax rate of at least 15 percent. Discussions related to the formal implementation of Pillar Two, including with respect to the tax law of each member jurisdiction, including the United States, are ongoing. Enactment of this regulation could result in an increase in our income tax expense and adversely impact our results of operations, cash flows and financial condition. We are also subject to tax audits in each jurisdiction in which we operate. Unfavorable or unexpected outcomes from one or more tax audits could adversely affect our results of operations, cash flows and financial condition. In addition, as of March 31, 2024, our net deferred tax assets totaled \$ 45 million. Each quarter, we evaluate the probability that our deferred tax assets will be realized and determine whether valuation allowances or adjustments thereto are needed. This determination involves judgment and the use of significant estimates and assumptions, including expectations of future taxable income and tax planning strategies. Future events or circumstances, such as lower taxable income or unfavorable changes in the financial outlook of our operations in certain jurisdictions, could require us to establish further valuation allowances, which could negatively impact our results of operations and financial condition.

E. GENERAL RISKS
Customers and markets—We are dependent upon the health of the customers and markets we serve. We are highly susceptible to unfavorable trends or disruptions in the markets we serve, as our customers' financial condition and performance are affected by demands for their goods or services, regulatory initiatives and incentives and general economic conditions, including supply chain challenges, access to credit, the price of fuel and electricity, employment levels and trends, interest rates, labor relations issues, regulatory requirements and incentives, technology demands and advancements, government-imposed restrictions relating to health crises or other unusual events, trade agreements and other market factors, as well as by customer-specific issues. Any significant decline in demand for our products and solutions, including those driven by end-market demands or demand for our customer's products or services, by current and future customers could result in asset impairment charges and a reduction in our sales,

thereby adversely impacting our results of operations, cash flows and financial condition. Exposure to foreign currencies As a global company, we are subject to foreign currency rate fluctuations, which affect our financial results. Although our financial results are reported in U. S. dollars, a significant portion of our sales and operating costs are realized in foreign currencies. Our sales and profitability are affected by movements of the U. S. dollar against foreign currencies in which we generate sales and incur expenses. To the extent that we are unable to match sales in foreign currencies with costs paid in the same currency, exchange rate fluctuations in any such currency could have an adverse effect on our financial results. During times of a strengthening U. S. dollar, our reported sales and earnings from our international operations will be lower because the applicable local currency will be translated into fewer U. S. dollars. In certain instances, currency rate fluctuations may create pricing pressure relative to competitors quoting in different currencies, which could result in our products becoming less competitive. Significant long-term fluctuations in relative currency values could have an adverse effect on our results of operations and financial condition. Attracting and retaining talent Our continued success is dependent on our ability to attract, develop and retain qualified personnel. Our ability to sustain and grow our business requires us to hire, develop, and retain skilled and diverse personnel throughout our organization. We depend significantly on the engagement of our employees and their skills, experience and industry knowledge to support our objectives and initiatives, and have attracted a leadership team executing on strategic initiatives informed by our 80/20 mindset. Our ability to achieve our operating and strategic goals depends on our ability to identify, hire, train and retain talented personnel, including our leadership team. We compete with other companies for talented personnel in the locations and labor markets in which we operate, all of which are very competitive, and we may lose key personnel or fail to attract other talented personnel, including at our manufacturing locations. Any prolonged labor shortages or significant employee turnover could negatively impact productivity and result in increased labor costs, such as increased overtime to meet demand or increased wage rates necessary to attract and retain employees. Overall, difficulty in attracting, developing, and retaining qualified personnel could adversely affect our business and results of operations. ITEM 1B. UNRESOLVED STAFF COMMENTS.