

## Risk Factors Comparison 2025-02-14 to 2024-02-15 Form: 10-K

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Our business is subject to many factors that could have a material adverse effect on our future performance, results of operations, financial condition, or cash flows and could cause our actual results to differ materially from those expressed or implied by forward- looking statements made in this Annual Report on Form 10- K. Those risk factors are outlined below.

**Market and Supply Chain Risks** • Sudden, sharp, or prolonged changes in the prices of and / or demand for raw materials may adversely affect our profit margins. We utilize a variety of raw materials in the manufacture of our products, including base oil, polyisobutylene, antioxidants, alcohols, solvents, detergents, friction modifiers, olefins, and copolymers. We may also enter into contracts which commit us to purchase some of our more critical raw materials based on anticipated demand. Our profitability is sensitive to changes in the quantities of raw materials we may need and the costs of those materials which may be caused by changes in supply, demand or other market conditions, including general inflation, over which we have little or no control. Political and economic conditions globally have caused, and may continue to cause, our demand for and the cost of our raw materials to fluctuate. War, armed hostilities, terrorist acts, civil unrest, inclement weather events, **tariffs**, or other incidents may also cause a sudden, sharp, or prolonged change in our demand for and the cost of our raw materials. We cannot assure that we will be able to pass on to our customers any future increases in raw material costs in the form of price increases for our products. If our demand for raw materials were to decline such that we would not have need for the quantities required to be purchased under commitment agreements, we could incur additional charges that would affect our profitability. • Lack of availability of raw materials, including sourcing from some single suppliers, could negatively impact our ability to meet customer demand. The chemical industry can experience limited supply of certain materials. In addition, in some cases, we choose to source from a single supplier. Any significant disruption in supply, for any reason, could adversely affect our ability to obtain raw materials, which in turn could adversely affect our ability to ensure continued supply for our customers and to meet customer demand. • Competitive pressures could adversely affect our margins and profitability. We face significant competition in all of the product lines and markets in which we operate. We expect that our competitors will develop and introduce new and enhanced products, which could cause a decline in the market acceptance of certain products we manufacture. In addition, as a result of price competition, we may be compelled to reduce the prices for some of our products, which could adversely affect our margins and profitability. Some of our competitors may also have greater financial, technological, and other resources than we have and may be able to maintain greater operating and financial flexibility than we are able to maintain. As a result, these competitors may be able to better withstand changes in conditions within our industry, changes in the prices for raw materials, and changes in general economic conditions. • We rely on a small number of significant customers concentrated in the lubricant and fuel industries. The loss of sales to any of these customers could significantly reduce our revenues and negatively affect our profitability. Our principal customers are multinational oil companies in the lubricant and fuel industries. These industries are characterized by the concentration of a few large participants. This concentration of customers affects our overall risk profile, since our customers will be similarly affected by changes in economic, geopolitical, and industry conditions. Many factors affect the level of our customers' spending on our products, including, among others, general business conditions, changes in technology, interest rates, oil prices, and consumer confidence in future economic conditions. A sudden or protracted downturn in these industries could adversely affect the buying power of, and purchases by, our customers. The loss of a significant customer or a material reduction in purchases by a significant customer could reduce our revenues and negatively affect our profitability. • **A significant portion of our specialty materials business is under contracts with contractors or subcontractors of the U. S. government. These contracts are impacted by governmental priorities and are subject to potential fluctuations in funding or early termination, including for convenience, any of which could have a material adverse effect on our results of operations, financial condition, or cash flows. Sales to U. S. government contractors and subcontractors, as well as directly to the U. S. government, represent a significant portion of our specialty materials business. Funding of U. S. governmental programs is generally subject to annual congressional appropriations, which are subject to change. In the case of major programs, U. S. government contracts are usually incrementally funded. In addition, U. S. government expenditures for defense and space programs may fluctuate from year to year, and specific programs may be terminated or curtailed. The U. S. government often has the ability to terminate contracts, in whole or in part, for convenience. If this were to occur, the full profit anticipated under a given contract is unlikely to be realized. A shift in governmental priorities, programs, strategies, or funding levels impacting the defense and space industries more generally or the specific areas of those industries in which we operate could negatively affect our results of operations, financial condition, or cash flows.**

**Operational Risks** • A disruption in the availability or capacity of distribution systems could negatively impact our ability to meet our customers' needs and affect our competitive position. We rely on a variety of modes of transportation to deliver products to our customers, including rail cars, cargo ships, and trucks. We depend upon the availability of a distribution infrastructure to deliver our products in a safe and timely manner. Any disruptions in this infrastructure network, whether caused by human error, accidents, armed conflicts, deliberate acts of violence, limitations on capacity, repairs and improvements to infrastructure components, earthquakes, storms, or other natural disasters, could adversely affect our ability to meet customer demand. • A significant disruption or disaster at one of our production facilities, including those facilities which are sole producers of certain of our products, could result in our inability to meet production requirements and projected customer demand resulting in a negative impact to our profitability and relationships with our customers. These could also potentially result in us incurring significant liabilities. We are dependent upon the continued safe operation of our

production facilities. Several of the products we sell are produced only in one location. A prolonged disruption or disaster at one of our facilities could result in our inability to meet production requirements. Our production facilities are subject to various hazards associated with the manufacturing, handling, storage, and transportation of chemical materials and products, including some that are reactive, explosive, and flammable. Such hazards could include leaks, ruptures, chemical spills, explosions, or fires which result in the discharge or release of toxic or hazardous substances or gases; mechanical failures; unscheduled downtime; and environmental hazards. The occurrence of any of these hazards could cause a disruption in the production of our products and may diminish our ability to meet output goals. These sites may also experience significant disruptions in operations due to inclement weather, natural disasters, flooding, and levee breaches. We cannot assure that our facilities will not experience these types of hazards and disruptions in the future or that these incidents will not result in production delays and affect our ability to meet production requirements. Any such hazards or disruptions at our facilities could result in us losing revenue or not being able to maintain our relationships with our customers. Additionally, some of the hazards or disruptions mentioned above could result in significant liabilities related to personal injury and loss of life; severe damage to, or destruction of, property and equipment; and environmental contamination. • Our research and development efforts are costly and may not succeed, which could impair our ability to meet our customers' needs, affect our competitive position, and result in a loss of market share. The petroleum additives industry is subject to periodic technological change, changes in performance standards, and ongoing product improvements. Further, technological changes in some or all of our customers' products or processes, including the development and customer acceptance of electric vehicles, may make some of our products obsolete. As a result, the life cycle of our products is often hard to predict. In order to maintain our profits and remain competitive, we must effectively respond to technological changes in our industry and successfully develop, manufacture, and market new or improved products in a cost-effective and timely manner. As a result, we must commit substantial resources each year to research and development to maintain and enhance our technological capabilities and meet our customers' changing needs. Ongoing investments in research and development for future products could result in higher costs without a proportional increase in profits. Additionally, for any new product program, there is a risk of technical or market failure in which case we may not be able to develop the new commercial products needed to maintain and enhance our competitive position, or we may need to commit additional resources to new product development programs. Moreover, new products may have lower margins than the products they replace. • In order to be successful, we must attract and retain a highly qualified workforce, including key employees in **R & D and leadership** positions. The success of our business is highly dependent on our ability to attract and retain highly qualified personnel to support our research and development efforts and our agility in effectively responding to technological changes in our **industry business**. To the extent that the demand for skilled personnel exceeds supply, we could experience higher labor, recruiting, or training costs in order to attract and retain such a work force. We compete with other companies, ~~both within and outside of our industry~~, for qualified technical and scientific personnel such as chemical, mechanical, and industrial engineers. To the extent that we lose experienced personnel through wage competition, normal attrition (including retirement), or other means, we must be able to attract qualified candidates to fill those positions and successfully manage the transfer of critical knowledge from those individuals leaving our company. An inability to maintain a highly qualified technical workforce could adversely affect our competitive position and result in a loss of market share. We also must manage leadership development and succession planning throughout our business. To the extent that we are unable to attract, develop, and retain leadership talent successfully, we could experience business disruptions that adversely affect our ability to grow our business. • Failure to protect our intellectual property rights could harm our competitive position and could adversely affect our future performance and growth. Protection of our proprietary processes, methods, compounds, and other technologies is important to our business. We depend upon our ability to develop and protect our intellectual property rights to distinguish our products from those of our competitors. Failure to protect our existing intellectual property rights may result in the loss of valuable technologies or having to pay other companies for infringing on their intellectual property rights. An inability to continue using certain of our trademarks or service marks could result in the loss of brand recognition and could require us to devote additional resources to advertise, rebrand our products, and market our brands. See Item 1, "Business- Intellectual Property." We rely on a combination of patent, trade secret, trademark, and copyright laws, as well as judicial enforcement, to protect our intellectual property and technologies. We cannot assure that the measures taken by us to protect these assets and rights will provide meaningful protection or that adequate remedies will be available in the event of an unauthorized use or disclosure of our trade secrets or manufacturing expertise. We cannot assure that any of our intellectual property rights will not be challenged, invalidated, circumvented, or rendered unenforceable. In addition, we have manufacturing operations in countries where we may not have the same strength of intellectual property protection and enforcement as in North America or Europe, resulting in a greater risk of a third party appropriating our intellectual property. Furthermore, we cannot assure that any pending patent application filed by us will result in an issued patent, or if patents are issued to us, that those patents will provide meaningful protection against competitors or against competitive technologies. We could face patent infringement claims from our competitors or others alleging that our processes or products infringe on their proprietary technologies. If we were found to be infringing on the proprietary technology of others, we may be liable for damages, and we may be required to change our processes, redesign our products partially or completely, pay to use the technology of others, or stop using certain technologies or producing the infringing product entirely. Even if we ultimately prevail in an infringement suit, the existence of the suit could prompt customers to switch to products that are not the subject of infringement suits. We may not prevail in any intellectual property litigation and such litigation may result in significant legal costs or otherwise impede our ability to produce and distribute key products. We also rely on unpatented proprietary manufacturing expertise, continuing technological innovation, trade secrets, and other intellectual property to develop and maintain our competitive position. While we generally enter into confidentiality agreements with our employees and third parties to protect our intellectual property, we cannot assure that our confidentiality agreements will not be breached, that they will provide meaningful protection for our trade secrets and proprietary manufacturing expertise, or that adequate

remedies will be available in the event of an unauthorized use or disclosure of our trade secrets or manufacturing expertise. In addition, our trade secrets and know-how may be improperly obtained by other means, such as a breach of our information technology security systems or direct theft. Any unauthorized disclosure of our material know-how or trade secrets could adversely affect our business and results of operations.

- An information technology system failure may adversely affect our business. We rely on information technology systems, some of which are managed by third parties, to transact our business. An information technology system failure due to computer viruses, internal or external security breaches, cybersecurity attacks, power interruptions, hardware failures, fire, natural disasters, human error or other causes could disrupt our operations, lead to loss of confidential information (such as the personally identifiable information of individuals, including our employees) or intellectual property, and / or prevent us from being able to process transactions with our customers, operate our manufacturing facilities, and properly report transactions in a timely manner. Cybersecurity threats, in particular, continue to increase in sophistication. We have security processes and disaster recovery plans in place to mitigate these threats. Nonetheless, these may not be sufficient to identify a threat in a timely manner or protect our operations from such a threat, potentially resulting in financial, legal, business, or reputational damage to our company. A significant or protracted information technology system failure may adversely affect our results of operations, financial condition, or cash flows. Furthermore, we are subject to evolving cybersecurity and data privacy rules and regulations, such as the European Union's General Data Protection Regulation, in countries, states, and other jurisdictions where we conduct business. Any failure to comply with these rules and regulations could result in significant financial penalties and increase our cost of doing business.
- The occurrence or threat of extraordinary events, including domestic or international terrorist attacks, war, armed hostilities, or health-related epidemics, may disrupt our operations, decrease demand for our products, and increase our expenses. Chemical-related assets may be at greater risk of future terrorist attacks than other possible targets in the United States and throughout the world. Federal legislation has imposed significant site security requirements, specifically on chemical manufacturing facilities. Federal regulations have also been enacted to increase the security of the transportation of hazardous chemicals in the United States. The enactment of further federal regulations to increase the security of the transportation of hazardous chemicals in the United States could increase our cost of doing business. The occurrence of extraordinary events, including future terrorist attacks, the outbreak or escalation of war, armed hostilities, or a health-related epidemic cannot be predicted, but their occurrence can be expected to negatively affect the economy in general, as well as the markets for our products, and could result in production downtime. In addition, the damage from a direct attack on our facilities or other assets or facilities or other assets used by us could include loss of life or property damage, and our insurance coverage may not be sufficient to cover all of the damage incurred or securing coverage for these types of events may be prohibitively expensive.
- We face risks related to our foreign operations that may negatively affect our business. In ~~2023~~ **2024**, sales to customers outside of the United States accounted for approximately ~~64~~ **61**% of consolidated net sales. We do business in all major regions of the world, some of which do not have stable economies or governments. In particular, we sell and market products in countries experiencing political and / or economic instability in the Middle East, Asia Pacific, Latin America, and Europe. Our international operations are subject to international business risks, including unsettled political conditions, war, expropriation, import and export restrictions, **tariffs**, trade policies, increases in royalties, exchange controls, national and regional labor strikes, taxes, government royalties, inflationary or unstable economies, currency exchange rate fluctuations, and changes in laws and policies governing operations of foreign-based companies (such as restrictions on repatriation of earnings or proceeds from liquidated assets of foreign subsidiaries). The occurrence of any one or a combination of these factors may increase our costs or have other adverse effects on our business.
- The insurance we maintain may not fully cover all potential exposures. We maintain property, business interruption, and casualty insurance, but such insurance may not cover all risks associated with the hazards of our business and is subject to limitations, including deductibles and maximum liabilities covered. We may incur losses beyond the limits, or outside the coverage, of our insurance policies, including liabilities for environmental remediation. In the future, we may not be able to obtain coverage at current levels, and our premiums may increase significantly on coverage that we maintain.

**Legislative and Regulatory Risks**

- Our business could be adversely affected by current and future governmental regulation. We are subject to regulation by local, state, federal, and foreign governmental authorities. In some circumstances, before we may sell certain products, these authorities must approve these products, our manufacturing processes, and our facilities. We are also subject to ongoing reviews of our products, manufacturing processes, and facilities by governmental authorities. Any delay in obtaining or failure to obtain or maintain these approvals would adversely affect our ability to introduce new products and generate sales from those products. New laws and regulations, including climate change regulations and global tax legislation, may be introduced in the future and could result in additional compliance costs, which could prevent or inhibit the development, distribution, and sale of our products. If we fail to comply with applicable laws and regulations, we may be subject to civil remedies, including fines, injunctions, recalls, or seizures. We are subject to the U. S. Foreign Corrupt Practices Act, the U. K. Bribery Act, and similar anti-bribery laws in other jurisdictions which generally prohibit companies and their intermediaries from making improper payments to foreign officials for the purpose of obtaining or retaining business. We are also subject to export and import laws and regulations which restrict trading with embargoed or sanctioned countries and certain individuals. Although we have policies and procedures designed to facilitate compliance with these laws and regulations, our employees, contractors and agents may take actions in violation of our policies. Any such violation, even if prohibited by our policies, could adversely affect our business and / or our reputation.
- Legal proceedings and other claims could impose substantial costs on us. We are involved in numerous administrative and legal proceedings that result from, and are incidental to, the conduct of our business. From time to time, these proceedings involve environmental, product liability, tetraethyl lead, premises asbestos liability, and other matters. See Item 3, "Legal Proceedings." There is no assurance that our available insurance will cover these claims, that our insurers will not challenge coverage for certain claims, or that final damage awards will not exceed our available insurance coverage. At any given time, we are involved in claims, litigation, administrative proceedings, and investigations of various types in a number

of jurisdictions involving potential environmental liabilities, including clean-up costs associated with waste disposal sites, natural resource damages, property damage, and personal injury. We cannot assure that the resolution of these environmental matters will not have an adverse effect on our results of operations, financial condition, or cash flows. • Environmental matters could have a substantial negative impact on our business. As a manufacturer and distributor of chemical products, we are generally subject to extensive local, state, federal, and foreign environmental, safety, and health laws and regulations concerning, among other things, emissions to the air; discharges to land and water; the generation, handling, treatment, and disposal of hazardous waste and other materials; and remediation of contaminated soil, as well as surface and ground water. Our operations entail the risk of violations of those laws and regulations, many of which provide for substantial fines and criminal sanctions for violations. We believe that we comply in all material respects with laws, regulations, statutes, and ordinances protecting the environment, including those related to the discharge of materials. However, we cannot assure that we have been or will be at all times in compliance with all of these requirements. In addition, these requirements, and the enforcement or interpretation of these requirements, may become more stringent in the future. Although we cannot predict the ultimate cost of compliance with any such requirements, the costs could be material. Noncompliance could subject us to material liabilities, such as government fines, damages arising from third-party lawsuits, or the suspension and potential cessation of non-compliant operations. We may also be required to make significant site or operational modifications at substantial cost. Future developments could also restrict or eliminate the use of or require us to make modifications to our products. There may be environmental problems associated with our properties of which we are unaware. The discovery of environmental liabilities attached to our properties could have an adverse effect on our business even if we did not create or cause the problem. We may also face liability arising from current or future claims alleging personal injury, product liability, or property damage due to exposure to chemicals or other hazardous substances, such as premises asbestos, at or from our facilities. We may also face liability for personal injury, product liability, property damage, natural resource damage, or clean-up costs for the alleged migration of contaminants or hazardous substances from our facilities or for future accidents or spills. In some cases, we have been identified, and in the future may be identified, as a potentially responsible party (PRP) in connection with state and federal laws regarding environmental clean-up projects. As a PRP, we may be liable for a share of the costs associated with cleaning up hazardous waste sites, such as a landfill to which we may have sent waste. The ultimate costs and timing of environmental liabilities are difficult to predict. Liability under environmental laws relating to contaminated sites can be imposed retroactively and on a joint and several basis. A liable party could be held responsible for all costs at a site, whether currently or formerly owned or operated, regardless of fault, knowledge, timing of the contamination, cause of the contamination, percentage of contribution to the contamination, or the legality of the original disposal. We could incur significant costs, including clean-up costs, natural resource damages, civil or criminal fines and sanctions, and third-party claims, as a result of past or future violations of, or liabilities under, environmental laws.

**Financial and Economic Risks** • A substantial amount of indebtedness could adversely impact our business and limit our operational and financial flexibility. We have incurred, and may in the future incur, substantial amounts of indebtedness to support our operations. To the degree that our indebtedness is at variable interest rates, increasing interest rates in the market will result in higher interest expense in our results of operations. Substantial amounts of indebtedness could, among other things, require us to dedicate a substantial portion of our cash flow to repaying and servicing our indebtedness, thus reducing the amount of funds available for other general corporate purposes; limit our ability to borrow additional funds necessary for working capital, capital expenditures or other general corporate purposes; and limit our flexibility in planning for, or reacting to, changes in our business. Our ability to make payments on or refinance our indebtedness will depend on our ability to generate cash from operations in the future. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory, and other factors that are beyond our control. We cannot guarantee that our business will generate sufficient cash flow from operations or that future borrowings will be available to us under our credit facilities in an amount sufficient to enable us to repay our debt, service our indebtedness, or to fund other liquidity needs. Furthermore, substantially all of our business is conducted through our subsidiaries, and we cannot guarantee that our subsidiaries will be able to distribute funds to us for these purposes. We may need to refinance all or a portion of our indebtedness on or before maturity. We cannot guarantee that we will be able to refinance any of our indebtedness on commercially reasonable terms or at all. Additionally, our debt instruments contain restrictive covenants. These covenants may constrain our activities and limit our operational and financial flexibility. Failure to comply with these covenants could result in an event of default. • We are exposed to fluctuations in foreign exchange rates, which may adversely affect our results of operations. We conduct our business in the local currency of many of the countries in which we operate. The financial condition and results of operations of our foreign operating subsidiaries are reported in the relevant local currency and then translated to U. S. Dollars at the applicable currency exchange rate for inclusion in our consolidated financial statements. Changes in exchange rates between these foreign currencies and the U. S. Dollar will affect the recorded amounts of our assets and liabilities, as well as our revenues, costs, and operating margins. The primary foreign currencies in which we have exchange rate fluctuation exposure are the European Union Euro, British Pound Sterling, Japanese Yen, Chinese Renminbi, Indian Rupee, Singapore Dollar, Mexican Peso, Australian Dollar, and Canadian Dollar. Exchange rates between these currencies and the U. S. Dollar have fluctuated significantly in recent years and may do so in the future. • We could be required to make additional contributions to our pension plans, which may be underfunded due to any underperformance of equity markets. Our pension plan asset allocation is predominantly weighted towards equities. Cash contribution requirements to our pension plans are sensitive to changes in our plans' actual return on assets. Reductions in our plans' return on assets due to poor performance of equity markets could cause our pension plans to be underfunded and require us to make additional cash contributions.

**Acquisition and Investment Risks** • We may be unable to complete a proposed acquisition transaction due to a lack of regulatory approval or the failure of one or more parties to satisfy conditions to close. In addition, we may not be able to realize the expected benefits from acquisitions or from investments in our infrastructure, or it may take longer to realize those benefits than

originally planned. The inability to achieve our objectives related to these activities could result in unanticipated expenses and losses. As part of our business growth strategy, we intend to continue pursuing acquisitions and investing in our infrastructure. Our ability to implement these components of our growth strategy will be limited by our ability to identify appropriate acquisition or joint venture candidates; our ability to complete proposed transactions, which may be subject to, among other things, regulatory approval or the parties' satisfaction of conditions required for closing; and the availability of financial resources, including cash and borrowing capacity. When we acquire new businesses or invest in infrastructure improvements (for example, building new plant facilities), we consider the benefits we expect to realize and time frames over which we will realize those benefits. The expenses incurred in completing these types of activities, the time it takes to integrate the activities into our ongoing business, or our failure to realize the expected benefits from the activities in the planned time frames could result in unanticipated expenses and losses. The process of integrating acquired operations into our existing operations may result in unforeseen operating difficulties and may require significant financial resources that would otherwise be available for the ongoing development or expansion of existing operations. In addition, our ability to realize the expected benefits from our acquisition of AMPAC is subject to several factors. These include our ability to retain key AMPAC personnel, our ability to maintain relationships with suppliers and customers of AMPAC, and our ability to integrate AMPAC into certain information technology systems, operational systems, procedures, or controls without disrupting its operations.