

Risk Factors Comparison 2025-02-18 to 2024-02-16 Form: 10-K

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

The following are factors known to us that could materially adversely affect our business, financial condition, cash flows, or operating results, as well as adversely affect the value of an investment in our common stock. Macroeconomic Risks Our business may be sensitive to economic conditions, including those that impact our customers' spending. Our results of operations **have been, and** may **continue to** be sensitive to changes in overall economic conditions, primarily in North America and Europe, that impact spending on our products, including discretionary spending. Weakening of, and fluctuations in, **general** economic conditions affecting **the** disposable ~~consumer~~ ~~income~~ ~~or~~ ~~and~~ ~~budgets of~~ our customers' ~~budgets~~, such as employment levels, inflation, business conditions, the level of governmental financial assistance, **the impacts of changing government regulation**, changes in housing market conditions, capital markets, tax rates, savings rates, interest rates, fuel and energy costs, the economic impacts of natural disasters or other severe weather conditions, acts of war, ~~and~~ acts of terrorism, **and** the availability of consumer credit, could reduce overall spending or reduce spending on our products. Our sales growth and profitability have been ~~affected~~, from time to time, ~~from~~ **and in the future could be, affected by** a general reduction in consumer spending or a reduction in consumer spending on powersports, boats and aftermarket products **in particular**. A general reduction in spending by our customers for commercial equipment or a reduction in government budgets **or actual spending** could adversely affect our related sales. Adverse changes in these factors ~~could~~ **has previously, and may in the future**, lead to a decreased level of demand for our products, which could negatively impact our business, results of operations, financial condition and cash flows. In addition, we have **current and prior** financial services arrangements with subsidiaries of Wells Fargo Bank, N. A. and a subsidiary of Huntington Bancshares Incorporated that require us to repurchase products financed and repossessed pursuant to the terms of such arrangements and subject to certain limitations. From time to time, we may also elect to provide guarantees or other credit support in favor of, or related to, these arrangements, including to increase capacity thereunder. If adverse changes to economic conditions result in increased defaults on the loans made under these arrangements, our contractual repurchase obligations (or demands under any guarantees or other credit support) could adversely affect our liquidity and harm our business. Shortages or increases in the cost of raw materials, commodities, component parts, and transportation could negatively impact our business. The primary commodities used in manufacturing our products are aluminum, steel, copper, petroleum-based resins and certain rare earth metals, as well as diesel fuel to transport products. Our profitability has been affected by fluctuations in the prices of the raw materials and commodities we use in our products and in the cost of freight and shipping to source materials, commodities, and other component parts necessary to assemble our products. In the past, we have experienced significant increases in the cost of these commodities and materials due generally to an inflationary environment driven by high demand and supply chain disruptions. **All of these could adversely affect our results of operations and financial condition.** Additionally, fluctuating policies and the implementation of trade regulations and trade agreements could further disrupt our supply chain or increase the cost of raw materials and commodities necessary to manufacture our products. The impact from tariffs or other trade regulations **or restrictions, particularly in light of the proposed policies of the new presidential administration (which include broad-based tariffs on imports from many countries) and potential retaliatory actions by other countries in response thereto**, could require us to shift our manufacturing footprint, ~~Such restructuring actions could~~ **have a negative impact on our ability to sell our products internationally and may in turn** negatively impact our operational costs, work force and / or our growth initiatives. ~~All of these~~ **Widespread tariffs may increase these -- the could adversely affect cost of, and reduce the demand for, our products, which may require us to increase our prices or -- or results -- result of operations and in a negative impact on our profit margins. It is impossible to predict with any certainty the effects that any new tariffs may ultimately have on our industry or our** financial condition. Furthermore, increased restrictions imposed on a class of chemicals know as per- and polyfluoroalkyl substances ("PFAS"), which are widely used in a large number of products, including parts and materials that are incorporated into our products, may negatively impact our supply chain due to the potentially decreased availability, or non-availability, of PFAS-containing products, which would adversely impact our business, operations, revenue, costs, and competitive position. **There is no assurance that suitable replacements for PFAS-containing parts and materials will be available at similar costs, or at all.** Market and Competitive Risks We face intense competition in all product lines. Failure to compete effectively against competitors could negatively impact our business and operating results. The markets in which we operate are highly competitive. Competition in such markets is based upon several factors, including price, quality, reliability, styling, product features and warranties. At the dealer level, competition is based on additional factors, including product availability, sales and marketing support programs (such as financing and cooperative advertising), and dealer and customer perception. Certain of our competitors are more diversified and have advantageous manufacturing footprints, and may invest more heavily in intellectual property, product development, promotions and advertising or online presence. If we are not able to compete with new or enhanced products or models of our competitors or compete in the digital marketplace, our ability to retain and attract customers and future business performance may be materially and adversely affected. Internationally, our products typically face more competition where certain foreign competitors manufacture and market products in their respective countries. This allows those competitors to sell products at lower prices, which could adversely affect our competitiveness **in those countries**. In addition, our products compete with many other recreational, utility, and work products for the discretionary spending of our customers. A failure to compete effectively with these other competitors, **adjust our manufacturing and production levels to meet fluctuating demand**, or adjust pricing to

offset inflation, **tariffs** or increased supply chain costs could materially and adversely affect our financial results and have a material adverse effect on our performance. If we are unable to continue to enhance existing products and develop and market new or enhanced products that respond to customer needs and preferences, we may experience a decrease in demand for our products and our business **and operating results** could ~~suffer~~ **be negatively impacted**. Unless we can continue to enhance existing products, develop and market new products and services, including in the digital and electrification markets, we may not be able to compete effectively in the market, and ultimately satisfy the needs and preferences of our customers in the global markets in which we compete. Product development requires significant financial, technological and other resources. There can be no assurance that our level of investment in research and development will be a sufficient competitive advantage in product innovation, which could cause our business to suffer. Product improvements and new product introductions also require significant engineering, planning, design, development, and testing at the technological, product, and manufacturing process levels and we may not be able to timely develop product improvements or new products. Our competitors' new products may be of a better quality, beat our products to market, and be more attractive in terms of features and price than our products. Our continued success is dependent on positive perceptions of our Polaris brands which, if ~~impaired~~ **weakened**, could adversely affect our sales. We believe the strength of our Polaris brands is one of the reasons our customers choose our products. To be successful, we must preserve our reputation. Reputational value is based in large part on perceptions and opinions, and broad access to social media makes it easy for anyone to provide public feedback that can influence perceptions of our company. It may be difficult to control negative publicity, regardless of whether it is accurate. While reputations may take decades to build, any negative incidents can quickly erode trust and confidence, particularly if they result in negative mainstream and social media publicity, governmental investigations, or litigation. Negative incidents, such as **those that give rise to** quality and safety concerns or incidents related to our products or actions or statements of our employees, suppliers or dealers, could lead to tangible adverse effects on our business, including lost sales or employee retention and recruiting difficulties. In addition, the reputation of our vendors and others with whom we choose to do business may affect our reputation. Increased negative public perception **of the social acceptability** of our products or any increased restrictions on the access or the use of our products in certain locations could materially adversely affect our business or results of operations. Demand for the Company's products depends in part on their social acceptability. Public concerns about the environmental impact of the Company's products or their perceived safety could result in diminished public perception of the products we sell. Government, community, media, or activist pressure to limit emissions or perceived land and water impacts could also negatively impact consumers' perceptions of the Company's products or limit access to areas where customers can use our products. Any decline in the social acceptability of the Company's products could negatively impact sales or lead to changes in laws, rules and regulations that prevent their access to certain locations or restrict their use or manner of use in certain areas or during certain times, which could also negatively impact sales. Any material decline in the social acceptability of the Company's products could impact the Company's ability to retain existing customers or attract new ones which, in turn, could have a material adverse effect on its business, results of operations or financial condition. From time to time, we manage our portfolio and grow our business through acquisitions, non-~~consolidating~~ **consolidated** investments, alliances and new joint ventures and partnerships, which could be risky and could harm our business. From time to time, we drive growth in our businesses and accelerate opportunities to expand our global presence and customer base through targeted acquisitions, non-~~consolidating~~ **consolidated** investments, alliances, and new joint ventures and partnerships (each a "Strategic Transaction") ~~that we~~. **We** believe **such Strategic Transactions** add value to our existing brands and product portfolio. Alternatively, we may not be able to identify an attractive Strategic Transaction. The benefits of a Strategic Transaction may take more time than expected to develop or integrate into our operations, and we cannot guarantee that any Strategic Transaction will ultimately produce the expected benefits. There can be no assurance that Strategic Transactions will be completed or that, if completed, they will be successful. Strategic Transactions pose risks with respect to our ability to project and evaluate market demand, potential synergies and cost savings, make correct accounting estimates and achieve anticipated business goals and objectives. As we continue to grow, in part, through Strategic Transactions, our success depends on our ability to anticipate and effectively manage these risks. If acquired businesses do not achieve forecasted results or otherwise fail to meet projections, it could affect our results. In many cases, Strategic Transactions present a number of integration risks. For example, the acquisition may: require more time or resources than anticipated to be fully integrated into our operations and systems, causing operational disruption; create more costs than projected; divert management attention; create the potential of losing customer, supplier or other critical business relationships; and pose difficulties retaining employees. The inability to successfully integrate new businesses may result in higher production costs, lost sales or otherwise negatively affect earnings and financial results. Potential divestiture activity poses similar risks, including the potential to: disrupt operations in core, adjacent or acquired businesses; require more time or resources than anticipated to be fully completed; deleveraging manufacturing operations or reduce sourcing efficiencies; reduce gross profit if the Company is not able to reduce fixed cost (including corporate overhead); not deliver the value anticipated for shareholders; divert management attention; create the potential of losing customer, supplier or other critical business relationships; and pose difficulties retaining employees. The inability to successfully manage the risks associated with the Company's divestiture activity may result in higher production costs, lost sales or otherwise negatively affect earnings and financial results. Operational Risks Disruption in our suppliers' operations could disrupt our production schedule. Our operations and ability to maintain production is dependent upon our suppliers delivering sufficient quantities of systems, components, raw materials and parts on time to manufacture our products and meet our production schedules. For example, if we experience supply disruptions and sourcing challenges for various components critical to the manufacture of our products, our operations may be impacted negatively. In some instances, we purchase systems, components, raw materials and parts that are ultimately derived from a single source or geography and may be at an increased risk for supply disruptions. If necessary, we may not be able to develop alternate sourcing quickly or at all. Any number of factors, including **increased or new trade restrictions**, labor disruptions, catastrophic weather events, the

occurrence of a contagious disease or illness, contractual or other disputes, unfavorable economic or industry conditions, port, rail, or truck delivery delays, acts of war, or other performance problems or financial difficulties or solvency problems, could disrupt our suppliers' operations and lead to uncertainty in our supply chain or cause supply disruptions for us, which could, in turn, disrupt our operations. Material disruptions of our production schedule caused by a worsening, prolonged, or other unexpected shortage of systems, components, raw materials or parts have caused, and could continue to cause, us to not be able to meet customer demand, to alter production schedules, to delay product launch schedules, or to suspend production entirely, which could cause a loss of revenues, which could materially and adversely affect our results of operations. These disruptions have had and may continue to have in the future an adverse impact on our prospects and operating results. We manufacture our products at, and distribute our products from, several locations in North America and internationally. An unforeseen **increase change in the level of** demand for our products or any disruption at any of these facilities or manufacturing delays could adversely affect our business and operating results. We assemble vehicles at various facilities around the world. Our facilities are typically designed to produce particular models for particular geographic markets. No single facility is designed to manufacture our full range of vehicles. We also have several locations that serve as wholegoods and PG & A distribution centers, warehouses and office facilities. In addition, we have agreements with other third- party manufacturers to manufacture products on our behalf. Should these or other facilities become unavailable either temporarily or permanently for any number of reasons, including supply chain constraints, labor disruptions, changes in legal or regulatory requirements, the occurrence of a contagious disease or illness or catastrophic weather events (including events caused by climate change), the inability to manufacture at the affected facility may result in harm to our reputation, supply shortages, long lead times in supply, increased costs, lower revenues and the loss of customers. We may have to cease operations at impacted facilities or may not be able to easily shift production to other facilities or to make up for lost production. In addition, inefficiencies in our manufacturing due to labor shortages, part shortages, new production lines and the complexity of the start- up of manufacturing new premium products may impact operations negatively. There can be no assurance that our current or future manufacturing footprint will improve and be sufficient to meet customer demand or that we will be able to successfully expand or contract our manufacturing capacity to meet **changing** demand in a more efficient manner, which could result in loss of revenue, decreased margins and loss of market share. Although we maintain insurance for damage to our property and disruption of our business from casualties, such insurance may not be sufficient to cover all of our potential losses. Any disruption in our manufacturing capacity could have an adverse impact on our ability to produce sufficient inventory of our products or may require us to incur additional expenses in order to produce sufficient inventory, and therefore, may adversely affect our net sales and operating results. Disruptions or delays at our manufacturing facilities could impair our ability to meet the demands of our customers, and our customers may cancel orders or purchase products from our competitors, which could adversely affect our business and operating results. We depend on suppliers, financing sources and other strategic partners who may be sensitive to economic conditions that could affect their businesses in a manner that adversely affects their relationship with us. We source component parts and raw materials through numerous suppliers and have relationships with a limited number of product financing sources for our dealers and consumers. Our sales growth and profitability could be adversely affected if deterioration of economic or business conditions results in a weakening of the financial condition of our suppliers or financing sources, or if uncertainty about inflation, the economy or the demand for our products causes these business partners to voluntarily or involuntarily reduce or terminate their relationship with us, impose less favorable terms or require guarantees or credit support. Failure to establish and maintain the appropriate level of ~~dealers~~ **dealer** and distributor relationships or weak economic conditions impacting those relationships may negatively impact our business and operating results. We distribute our products through numerous dealers and distributors and rely on them to retail our products to our end customers and provide service on these products. Weakening of the financial condition of our dealers or distributors due to deterioration of business conditions or reputational harm could negatively affect our sales growth and profitability. Additionally, weak demand for, or quality issues with, our products may cause dealers and distributors to voluntarily or involuntarily reduce or terminate their relationship with us. Further, **although we work to actively manage dealer inventory levels,** if we fail to establish and maintain an appropriate level of dealers and distributors for each of our products, we may not obtain adequate market coverage for the desired level of retail sales of our products. Our operations require significant management attention and financial resources, expose us to difficulties presented by global economic, political, regulatory, accounting, and business factors, and may not be successful or produce desired levels of sales and profitability. Investments to increase our global presence, including adding employees and dealers and continuing to invest in business infrastructure and operations, **might may** not produce the returns we expect, which could adversely affect our profitability. Our operations and sales are also subject to risks related to political and economic instability, trade and political tension between the United States and countries in which we have operations or do business, increased enforcement and scrutiny from tax and trade authorities across the globe, acts of war, increased costs of customizing products for foreign countries, labor market conditions, the imposition of tariffs and other trade barriers or costs, the impact of government laws and regulations, the effects of income and withholding taxes, governmental expropriation and differences in business practices in different markets, and multiple, changing, and often inconsistent enforcement of laws, rules, and regulations, including rules relating to environmental, health, and safety matters. The realization of any of these risks or unfavorable changes in the political, regulatory and business climate in any of the jurisdictions where we operate could have a material adverse effect on our total sales, financial condition, profitability, or cash flows. Weather conditions may reduce demand and negatively impact net sales and production of certain of our products. Unfavorable weather conditions **or natural disasters** may reduce demand and negatively impact sales of certain of the Company' s products. Unfavorable weather, including conditions caused in part by climate change, **or natural disasters** in any particular geographic region may have an adverse effect on sales of the Company' s products in that region. For example, lack of snowfall during winter **has, and** may **continue to,** materially adversely affect snowmobile sales; excessive rain **(including as a result of hurricanes or other extreme storm events)** before and during spring and summer may

materially adversely affect sales of off- road vehicles and boats; a lack of rain in certain areas may limit boat usage and may materially adversely affect sales of boats; and wild fires ~~can limit~~ **may damage** areas where our customers ride our off- road vehicles. Weather conditions may also disrupt our manufacturing and distribution facilities ~~and~~, our supply chain, **or our dealers**, which could impact our ability to manufacture **or sell** products to fulfill customer demand. Such disruptions could be caused by natural disasters, inclement weather and / or climate change- related events, such as tornadoes, hurricanes, earthquakes, floods, tsunamis, typhoons, drought, fire, other extreme weather conditions or natural disasters and events that occur as a result of such events, such as water and natural resource shortages, power outages or shortages, or telecommunications failures. These weather conditions could pose physical risks to our facilities and critical infrastructure in the U. S. and internationally, disrupt the operation of our supply chain and third- party vendors, and may impact operational results. There can be no assurance that weather conditions or natural disasters will not have a material effect on our sales, production capability or component supply continuity for any of our products. Our operations are dependent upon attracting and retaining senior executives and skilled employees. Our future success depends on our continuing ability to identify, hire, develop, motivate, retain and promote skilled personnel for all areas of our organization and to retain or provide for adequate succession planning for our senior executives. Our success depends on attracting and retaining qualified personnel. Our ability to sustain and grow our business requires us to hire, retain and develop a highly skilled and diverse management team and workforce. Many members of the Company’ s management team and other key employees have extensive experience in the Company’ s industry and with its business, products and customers. The unplanned loss of members of the Company’ s management team or other key employees, particularly if combined with difficulties in finding qualified replacements, could negatively affect the Company’ s ability to develop and pursue its business strategy, which could materially adversely affect the Company’ s business, results of operations or financial condition. In addition, the Company’ s success depends to a large extent upon its ability to attract and retain skilled employees. There is intense competition for qualified and skilled employees, and a failure to recruit, train and retain such employees could have a material adverse effect on its business, results of operations or financial condition. Product- Specific Risks A significant adverse determination in any material litigation claim against us could adversely affect our operating results or financial condition. We are subject to legal proceedings in the U. S. and elsewhere involving various issues, including product liability lawsuits for property damage or serious bodily injury, including death, warranty litigation, and class actions alleging claims for product defects, product recalls, economic losses, breach of warranty, and violations of various consumer protection laws, among other claims. A negative outcome in one or more of these lawsuits could result in an award of damages (for which we are not insured **or for which our insurance policies are insufficient to fully cover**), including punitive damages, or fines, reputational harm, interruption or modification of our business, or other sanctions, as well as legal and punitive damages, or fines, reputational harm, interruption or modification of our business, or other sanctions, as well as legal and other costs, any of which may be significant and may have a negative impact on our business, operating results and cash flows. The Company purchases excess insurance coverage for product liability claims related to incidents during the policy period which exceed our self- insured retention thresholds. Disputes with insurers could impact our recoveries under these policies. Furthermore, certain claims that are not typically covered under commercial excess policies would be excluded from coverage, such as economic loss claims, false marketing claims, and **potentially in some historical policies**, punitive damages. Product liability claims have not historically resulted in any material adverse effects on our financial statements, however, no assurance can be given that this will not change or that material product liability, class action, or other claims against us will not be made in the future. An unanticipated adverse determination of a material product liability claim or other material claim (particularly an uninsured issue) made against us could materially and adversely affect our financial position, results of operations or cash flows. Significant product repair and / or replacement costs due to product warranty claims or product recalls could have a material adverse impact on our results of operations. We generally provide limited warranties for our vehicles and boats. We may also provide longer warranties in certain geographical markets as determined by local regulations and customary practice or related to certain promotional programs. We also provide a limited emission warranty for certain emission- related parts in our ORVs, snowmobiles, and motorcycles as required by the EPA and CARB. Our standard warranties require us, through our dealer network, to repair or replace defective products during such warranty periods. If a recall of our products were to be implemented, the repair and replacement costs we could incur in connection therewith could materially and adversely affect our business. Past product recalls have harmed our reputation and caused us to lose customers. Future product recalls could increasingly cause consumers to question the safety or reliability of our products and could materially impact our results of operations and financial condition. Regulatory, Intellectual Property, Cybersecurity and Privacy Risks Our business, properties and products are subject to extensive United States federal and state and international safety, environmental, trade and other government regulation and any failure to comply with these regulations could harm our reputation, expose us to damages and otherwise adversely affect our business. Our business, properties, and products are subject to numerous international, federal, state, and other governmental laws, rules, and regulations relating to, among other things: climate change; emissions to air; discharges to water; restrictions placed on water and land usage and water availability; product and associated packaging; use of certain chemicals; import and export compliance, including but not limited to classification and valuation of products, country of origin certification requirements, and laws relating to forced labor in the supply chain; worker and product user health and safety; consumer privacy; energy efficiency; product life- cycles; outdoor noise laws; and the generation, use, handling, labeling, collection, management, storage, transportation, treatment, and disposal of hazardous substances, wastes, and other regulated materials. We are unable to predict the ultimate impact of adopted or future laws, rules, and regulations on our business, properties, or products. Any of these laws, rules, or regulations **or changes thereto** may cause us to incur significant expenses to achieve or maintain compliance, require us to modify our **facilities or products**, **implement changes in our supply chain, limit our expansion capabilities**, or modify our approach to our workforce, **each of which may ultimately** adversely affecting --- **affect** the price of or demand for some of our products, and **ultimately affect** the way we

conduct our operations. Failure to comply with any of these laws, rules, or regulations could result in harm to our reputation and / or could lead to fines and other penalties, including restrictions on the importation of our products into, and the sale of our products in, one or more jurisdictions until compliance is achieved. ~~In addition, changes to regulations may require us to incur expenses or modify product offerings in order to maintain compliance with the actions of regulators and could decrease the demand for our products.~~ Our reliance upon patents, trademark laws, and contractual provisions to protect our proprietary rights may not be sufficient to protect our intellectual property from others who may sell similar products and may lead to costly litigation. Our ~~proprietary~~ intellectual property rights are enforceable against third parties as infringement or misappropriation allegations or actions only to the extent that they are demonstrated by valid and enforceable patents or trademarks or are maintained in reasonable confidence sufficient to qualify as trade secrets. Despite our best efforts, we cannot guarantee that we will be issued any patents from any pending or future patent applications owned by or licensed to us or that the claims granted under any issued patents will be sufficiently broad to protect our technology against any current or future competitor. In the absence of directly applicable and enforceable patent or trademark protection, we may be vulnerable to loss with respect to competitors who attempt to copy our technology or product designs, exploit our trade secrets and know-how, or tarnish or diminish goodwill in our brand, all of which could adversely affect our business. Even with applicable and enforceable patent or trademark protection, others may initiate litigation to challenge to validity of our ~~intellection~~ **intellectual** property, allege that we infringe their intellectual property rights, or they may use their resources to design comparable products that recreate as near as possible yet do not technically infringe our patents. We may incur substantial costs defending our intellectual property rights in the event that others initiate litigation to challenge the validity of our patents or allege that we infringe their patents. Substantial costs may also be incurred should we initiate proceedings to protect our intellectual property rights against misappropriation or infringement by others. If the outcome of any ~~intellection~~ **intellectual** property- related litigation is unfavorable to us, our business, operating results, and financial condition could be adversely affected. Regardless of whether litigation relating to our intellectual property rights is successful, ongoing litigation as described herein could significantly increase our costs and divert management's attention from operation of our business, which could adversely affect our results of operations and financial condition. Although we take all reasonable measures to verify that our products, technologies and marks do not infringe on the intellectual property rights of others, we cannot guarantee that they do not or will not. Allegations, litigation, cease and desist letters, court ordered injunctions, and the like relating to potential infringement of third- party intellectual property could result in significant costs, damages and substantial uncertainty. We may be subject to cybersecurity events and other disruptions to our information technology systems, data and connected products that could adversely affect our business. Cybersecurity threats and incidents have been occurring globally at a more frequent and severe level and will likely continue to increase in frequency and severity in the future. As technological advances develop and our reliance on technology increases, our business is subject to ~~risk~~ **risks** from cybersecurity threats and incidents, including attempts to gain unauthorized access to our systems and networks, or those of our third- party vendors and service providers, the disruption of operations, the corruption of data or theft of confidential or personal information, and other cybersecurity incidents. We use many information technology systems, some of which are managed or hosted by third parties, and manufacture connected products (including connected vehicles), some of which are managed by third parties, in operating our business. Those systems and products process potentially sensitive information, including intellectual property; proprietary business information of Polaris and our dealers, suppliers, and other business partners; and personal information of consumers and employees. Our information technology systems and connected products, including those managed or hosted by third parties, have been, and could be in the future vulnerable to breach, damage, disruption, or breakdown from various sources, including power loss, viruses, malware, ransomware, phishing, denial of service, and other cyber- attacks that may be random, targeted, or the result of misconduct or error by individuals with access to our systems. Although we monitor continually evolving cybersecurity threats, have implemented various measures designed to manage risks relating to these types of threats, and have invested in layers of data and information technology protection, these measures and the systems supporting them could prove to be inadequate and there can be no assurance that our efforts will prevent disruptions or breaches of our information technology systems, connected products, data and / or operations. We have experienced cyber- attacks, as have third -parties who manage our information technology systems and other third- party suppliers and service providers, but to our knowledge, we have not experienced any material disruptions or breaches of our information technology systems, connected products, data or operations as a result of such cyber- attacks. We could, however, experience material disruptions or breaches in the future. Such disruptions or breaches of our information technology systems, connected products, data, or operations could adversely affect our business by resulting in, among other things: (i) disruption to our business operations; (ii) compromise or loss of the information processed by our information technology systems and connected products, such as intellectual property, confidential or proprietary information, or personal information; (iii) impact to the performance and / or safety of our connected products; (iv) damage to our reputation; (v) requirements to notify government authorities or affected individuals; and (vi) government enforcement, litigation or regulatory proceedings. We could be required to make a significant investment to remedy, mitigate or remediate the effects of any failures, including, but not limited to, harm to our reputation, legal claims that we and / or our business partners (including third- party vendors and service providers) may be subjected to, regulatory or enforcement action arising out of applicable privacy and other laws, adverse publicity, or other events that may affect our business and financial performance. Our business, data, services and products are subject to United States federal and state and international data privacy laws and regulations and any failure to comply with these laws and regulations could harm our reputation, expose us to damages and otherwise adversely affect our business. As a global company, we are subject to laws and regulations in the United States and other countries concerning the handling of personal data, including but not limited to those related to the collection, storage, handling, use, disclosure, transfer, and security of personal data. These laws and regulations include, for example, the European Union's General Data Protection Regulation ("GDPR") and the California Consumer Privacy Act ("CCPA"), and other similar United

States state privacy laws. These laws and regulations are continuously evolving and developing, creating significant uncertainty as privacy and data protection laws may be interpreted and applied differently from country to country and may create inconsistent or conflicting requirements. Our ongoing compliance with the GDPR, CCPA, and other privacy and data protection laws may result in significant costs and challenges that are likely to increase over time, particularly in the event we introduce new connected products. Any failure, or perceived failure, by us or third- party service providers to comply with our privacy or security policies or privacy- related legal obligations may result in governmental enforcement actions, litigation, or negative publicity, and could have an adverse effect on our operating results and financial condition. Finance and Capital Structure Risks

Fluctuations in foreign currency exchange rates could result in declines in our reported sales and net earnings. The changing relationships of the United States dollar to the Canadian dollar, Australian dollar, the Euro, the Swiss franc, the Mexican peso, and certain other foreign currencies have from time to time had a negative impact on our results of operations. Fluctuations in the value of the United States dollar relative to these foreign currencies can adversely affect the price of our products in foreign markets, the costs we incur to import certain components for our products, and the translation of our foreign balance sheets. In addition, with the recent strengthening of the United States dollar, we have experienced a corresponding negative impact on our financial results with respect to our foreign operations. While we actively manage our exposure to fluctuating foreign currency exchange rates by entering into foreign exchange hedging contracts from time to time, these contracts hedge foreign currency denominated transactions, and any change in the fair value of the contracts would be offset by changes in the underlying value of the transactions being hedged. Retail credit market deterioration and volatility may restrict the ability of our retail customers to finance the purchase of our products ~~and adversely affect our income from financial services~~. We have arrangements with third parties to make retail financing available to consumers who purchase our products in the United States and Canada **and, to a lesser degree, in other international markets**. Furthermore, many customers use financing from lenders who do not partner with us, such as local banks and credit unions. There can be no assurance that retail financing will continue to be available in the same amounts and under the same terms that had been previously available to our customers. If retail financing is not available to customers on satisfactory terms, consumer demand could be materially impacted and our sales and profitability could be adversely affected. We have **outstanding** ~~a significant amount of debt~~ ~~outstanding~~ and must comply with restrictive covenants in our debt agreements. Provisions in our debt agreements could adversely affect our operating flexibility, pose risks of default and reduce our flexibility to respond to an economic downturn. Our credit agreement and other debt agreements contain financial and restrictive covenants that may limit our ability to, among other things, borrow additional funds or take advantage of business opportunities. Increases in our debt or decreases in our earnings could cause us to fail to comply with these financial covenants. Failing to comply with such covenants could result in an event of default that, if not cured or waived, could result in the acceleration of all our indebtedness or otherwise have a material adverse effect on our financial position, results of operation and debt service capability. Our outstanding debt and the financial and restrictive covenants contained in our credit agreement could have important consequences on our financial position and results of operations, including increasing our vulnerability to increases in interest rates because debt under our credit agreement bears interest at variable rates. In addition, our outstanding amount of debt could limit our ability to raise additional capital or increase borrowing costs on future debt if we are unable to replace existing debt with comparable new debt and may have the effect, among other things, of reducing our flexibility to respond to changing business and economic conditions, requiring us to use a portion of our cash flows to repay indebtedness and placing us at a disadvantage compared to competitors with lower debt obligations. Furthermore, each of the credit rating agencies reviews its rating periodically, and there is no guarantee that our current credit ratings will remain the same. Should the credit rating agencies lower our credit ratings or if we were to lose our investment- grade rating, we could face further constraints on our ability to raise additional capital and face an increase in borrowing costs on future debt. Our ability to make payments on and to refinance our indebtedness depends on our ability to generate cash in the future. General Risks Additional tax expense or tax exposure could impact our financial performance. We are subject to income taxes and other business taxes in various jurisdictions in which we operate. Our tax liabilities are dependent upon the earnings generated in these different jurisdictions. Our provision for income taxes and cash tax liability could be adversely affected by numerous factors, including income before taxes being lower than anticipated in jurisdictions with lower statutory tax rates and higher than anticipated in jurisdictions with higher statutory tax rates, changes in the valuation of deferred tax assets and liabilities and changes in tax laws and regulations in various jurisdictions. We also have negotiated and are party to certain tax incentives that require the Company comply with certain covenants. We are also subject to the continuous examination of our income tax returns by various tax authorities. The results of audits and examinations of previously filed tax returns and continuing assessments of our tax exposures or the loss of any tax incentive may have an adverse effect on the Company’ s provision for income taxes and cash tax liability. Furthermore, a material change in the tax laws, treaties, or regulations, or their interpretation, of any jurisdiction with which we and our subsidiaries do business or have significant operations could adversely affect us. For example, in 2021, the Organization for Economic Cooperation and Development (“ OECD ”) announced that 136 countries and tax jurisdictions have agreed to implement a new “ Two Pillar ” approach to international taxation. The first pillar will establish a new taxing right for countries in which a business has a significant economic presence, even though it may not have the degree of physical presence in that country needed to establish a taxing right under existing tax treaties. The second pillar is designed to ensure large corporations are taxed at a minimum rate of 15 % in all countries of operation. The OECD continues to release guidance and countries **are have begun** implementing legislation to adopt the rules ~~, which are expected to become effective for the first time in 2024~~. The United States has not yet enacted legislation implementing the second pillar. Depending on how the jurisdictions in which we operate choose to implement the OECD’ s approach in their tax treaties and domestic tax laws, we and our subsidiaries could be adversely affected due to some of our income being taxed at higher effective rates, once these new rules come into force. An impairment in the carrying value of goodwill and trade names could negatively impact our consolidated results of operations and net worth. Goodwill and indefinite- lived intangible assets, such as our trade names, are

recorded at fair value at the time of acquisition and are not amortized but are reviewed for impairment at least annually or more frequently if impairment indicators arise. Our determination of whether goodwill impairment has occurred is based on a comparison of each of our reporting units' fair market value with its carrying value. Significant and unanticipated changes in circumstances, such as significant and long- term adverse changes in business climate, negative perception of the Company' s brands and tradenames, unanticipated competition, and / or changes in technology or markets, **have required and could in the future** require a provision for impairment ~~in a future period~~ that could negatively impact our reported earnings and reduce our consolidated net worth and shareholders' equity. Expectations relating to environmental, social and governance considerations expose us to potential liabilities, increased costs, reputational harm and other adverse effects on our business. Many governments, regulators, investors, employees, customers and other stakeholders are increasingly focused on environmental, social and governance (" ESG ") **and sustainability** matters relating to businesses, including climate change and greenhouse gas emissions, **data privacy, artificial intelligence,** human capital and **workplace fairness** ~~diversity, equity and inclusion~~. We make statements about our ESG goals and initiatives through information provided on our website, press statements and other communications, including through our " Geared for Good " ESG Report. Responding to these ESG matters involves implementing new processes and procedures to comply with new laws and involves risks and uncertainties, including those described under " Forward- Looking Statements. " These efforts may require investments which may be impacted by factors outside of our control. In addition, some stakeholders may disagree with our goals and initiatives and the focus of stakeholders may change and evolve over time. **We may also amend, abandon or replace our goals and initiatives due to a change in strategy, reduced relevance of such goals and initiatives or changing market conditions, and we may take certain actions that stakeholders or regulators view as contrary to such goals and initiatives.** Stakeholders also may have very different views on where **our ESG and sustainability** focus should be placed, including differing views of regulators in various jurisdictions in which we operate. Any failure, or perceived failure, by us to achieve our goals, further our initiatives, adhere to our public statements, comply with federal, state or international ESG laws and regulations, or meet evolving and varied stakeholder expectations and standards could result in reputational harm, loss of investor confidence, legal and regulatory proceedings against us and materially adversely affect our business, reputation, results of operations, financial condition and stock price. **Furthermore, in recent years, " anti- ESG " sentiment has gained momentum across the United States, with several states and the federal government having proposed or enacted anti- ESG policies, legislation or initiatives or issued related legal opinions. The Trump Administration also recently issued an executive order opposing diversity, equity and inclusion (" DEI ") initiatives in the private sector, which may draw additional attention to companies who provide products and services to the U. S. government. Such anti- ESG and anti- DEI- related policies, legislation, initiatives, litigation, legal opinions and scrutiny could result in us facing additional compliance obligations, becoming the subject of investigations, enforcement actions or litigation, or sustaining reputational harm.**