

Risk Factors Comparison 2025-02-21 to 2024-02-26 Form: 10-K

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

You should carefully consider each of the risks described below, together with all of the other information contained in this Annual Report on Form 10-K, and our other SEC filings, before making an investment decision with respect to our securities. The risks described below are not the only risks that could adversely affect our business; other risks currently deemed immaterial or additional risks not currently known to us could also materially and adversely affect us. If any of the following or other risks develop into actual events, our business, financial condition, results of operations, or cash flow could be materially and adversely affected and you may lose all or part of your investment. Risks Relating to Our Operations and Strategy We depend on certain key suppliers, and any loss of those suppliers or their failure to meet commitments may adversely affect our business and results of operations. We are dependent on a single or limited number of suppliers for some materials or components required in the manufacture of our products. If any of those suppliers fail to meet their commitments to us in terms of delivery or quality, including by suffering any disruptions at its facilities or in its supply, we may experience cost increases or supply shortages that could result in our inability to meet our customers' requirements, or could otherwise experience an interruption in our operations that could negatively impact our business and results of operations **or in certain circumstances** - ~~If we encounter significant supply interruptions~~, our competitive position could be adversely affected, which may result in depressed sales and profitability. ~~Additionally, the effects of climate change, including extreme weather events, long-term changes in temperature levels, water availability, supply costs impacted by increasing energy costs, or energy costs impacted by carbon prices or offsets may exacerbate supply chain constraints and disruption. Resulting supply chain constraints have required, and may continue to require, in certain instances, alternative delivery arrangements and increased costs and could have a material adverse effect on our business and operations.~~ Our dependence on, and the price of, raw materials may adversely affect our gross margins. Many of the products we produce contain key materials such as steel, copper, aluminum and electronics. Market prices for those materials can be volatile due to changes in supply and demand, manufacturing and other costs, regulations and tariffs, economic conditions and other circumstances. ~~We may not be able to offset any increase~~ **For example, the US has instituted or proposed changes in commodity costs through pricing trade policies that include the negotiation or termination of trade agreements, the imposition of higher tariffs on imports into the US, and other government regulations affecting trade between the US and other countries. In particular, the US government imposed or threatened to impose tariffs on imports from China, Canada and Mexico, among other proposed tariffs, and such countries have taken or have threatened to take retaliatory** ~~actions~~, ~~productivity enhancements or other means, and increasing commodity costs may have an adverse impact on our gross margins, which could adversely affect our results of operations and financial condition.~~ Even if we are able to successfully respond to increased commodity costs through pricing actions, our competitive position could be adversely affected, which may result in depressed sales and profitability. ~~The COVID-19 pandemic has adversely impacted our business and could continue to have a material adverse impact on our business, results of operation and financial condition. The COVID-19 outbreak and associated counteracting measures implemented by governments and businesses around the world, as well as subsequent accelerated recovery in global business activity, have caused and continue to cause increased uncertainty in the global business environment and led to changes in and disruptions to market patterns. COVID-19 has had an adverse impact on our business, results of operations and financial condition. The extent to which COVID-19 will continue to impact our business, results of operations, financial condition or liquidity is uncertain.~~ We may incur costs and charges as a result of restructuring activities and business optimization initiatives and operations consolidations that may be disruptive to our business and may not result in anticipated cost savings. We expect to continue reviewing our overall manufacturing footprint and margin improvement initiatives in our operations, in an effort to make our business more efficient. We **have incurred and** expect **to continue** to incur additional costs and restructuring charges in connection with such consolidations, divestitures, workforce reductions and other cost reduction measures that could **, in certain instances,** adversely affect our future earnings and cash flows. Furthermore, such actions may be disruptive to our business ~~, and This this~~ may result in production inefficiencies, product quality issues, late product deliveries or lost orders as we begin production at consolidated facilities, which ~~would~~ **could** adversely impact our sales levels, operating results and operating margins. In addition, we may not realize the cost savings that we expect to realize as a result of such actions. **In addition,** ~~These these~~ activities require substantial management time and attention and may divert management from other important work or result in a failure to meet operational targets. Divestitures may also give rise to obligations to buyers or other parties that could have a financial effect after the transaction is completed. Moreover, we could encounter changes to, or delays in executing, any restructuring or divestiture plans, any of which could cause disruption and additional unanticipated expense. Our ability to establish, grow and maintain customer relationships depends in part on our ability to develop new products, new manufacturing techniques and product enhancements based on technological innovation, such as **the Internet of Things ("IoT")** and **Artificial Intelligence ("AI")**, and marketplace acceptance of new and existing products, including products related to technology not yet adopted or utilized in certain geographic locations in which we do business. The electric motor drives and controls, power generation and power transmission industries in recent years have seen significant evolution and innovation, particularly with respect to increasing energy efficiency and control enhancements. Our ability to effectively compete in these industries depends in part on our ability to continue to develop new technologies and innovative products, new manufacturing techniques and product enhancements, including enhancements based on technological innovation such as IoT and AI. Further, many large customers in these industries generally desire to purchase from companies that can offer a broad product range,

which means we must continue to develop our expertise in order to design, manufacture and sell these products successfully. This requires that we make significant investments in engineering, manufacturing, customer service and support, research and development and intellectual property protection, and there can be no assurance that in the future we will have sufficient resources to continue to make such investments. If we are unable to **identify and predict customer needs and preferences or are unable to** meet the needs of our customers for innovative **and competitive** products or product variety, or if our products become technologically obsolete over time due to the development by our competitors of technological breakthroughs or otherwise, our revenues and results of operations may be adversely affected. In addition, we may incur significant costs and devote significant resources to the development of products that ultimately are not accepted in the marketplace, do not provide anticipated enhancements, or do not lead to significant revenue, which may adversely impact our results of operations. Further, such new products and technologies may create additional exposure or risk. We cannot assure that we can adequately protect any of our own technological developments to produce a sustainable competitive advantage. Furthermore, we could be subject to business continuity risk in the event of an unexpected loss of a material facility or operation. We cannot ensure that we can adequately protect against such a loss. Certain portions of our revenue depend on several significant customers and distributors, and any loss, cancellation or reduction of, or delay in, purchases by these customers or distributors may have a material adverse effect on our business. We depend on, and expect to continue to depend on, revenues from several significant OEM customers and distributors, and any loss, cancellation or reduction of, or delay in, purchases by these customers or distributors may have a material adverse effect on our business. Our success depends on our continued ability to develop and manage these relationships. We have longstanding relationships with these customers and distributors and we expect these relationships will continue for the foreseeable future. Our reliance on these sales makes our relationships important to our business. We cannot assure you that we will be able to retain these key customers and distributor relationships. Some of our customers or distributors may in the future shift some or all of their purchases of products from us to our competitors or to other sources. The loss of one or more of our large customers or distributors, any reduction or delay in sales to these parties, our inability to develop relationships successfully with additional customers or distributors, or future price concessions that we may make could have a material adverse effect on our results of operations and financial condition. Goodwill and other long-lived assets could become impaired. We have a material amount of goodwill and other long-lived assets, including intangible assets, property, plant and equipment and ~~operating~~ lease assets. We assess our goodwill at least annually for impairment. Our estimates of fair value are based on assumptions about future operating cash flows, growth rates, discount rates applied to these cash flows and current market estimates of value. We evaluate the recoverability of the carrying value of long-lived assets to be held and used whenever events or circumstances indicating a potential impairment exist, such as, but not limited to, adverse market conditions or business climate, a change in the extent or manner in which assets are being used, or a negative long-term performance outlook. An impairment would require us to reduce the carrying value of goodwill or other long-lived asset to fair value through a non-cash impairment charge in our results of operations, which could be material. See Note 5.4 – Goodwill and Intangible Assets of the Notes to the Consolidated Financial Statements for more information. Portions of our total sales come directly from customers in key markets and industries, some of which may be highly cyclical. A significant or prolonged decline or disruption in one of those markets or industries could result in lower capital expenditures by such customers, which could have a material adverse effect on our results of operations and financial condition. Portions of our total sales are dependent directly upon the level of capital expenditures by customers in key markets and industries, such as HVAC, refrigeration, power generation, oil and gas, unit material handling, water heating and aerospace. Some of these key markets and industries are inherently cyclical and can be impacted by governmental policy and the general macroeconomic climate. A significant or prolonged decline or disruption in one of those markets or industries may result in some of such customers delaying, canceling or modifying projects, or may result in nonpayment of amounts that are owed to us. These effects could have a material adverse effect on our results of operations and financial condition. We rely on estimated forecasts to meet customers' needs, and inaccuracies in such forecasts could materially adversely affect our business. In some instances, we rely on estimated demand forecasts, based upon input from our customers, to determine how much material to purchase and product to manufacture. We may have limited visibility regarding our customers' actual product needs. The quantities or timing required by our customers for our products could vary significantly. Also, from time to time, our customers may experience a deterioration of their businesses and may not be able to accurately estimate forecasted demand. Whether in response to changes affecting the industry or a customer's specific business pressures, any cancellation, delay, inability to fulfill customer obligations, or other modification in our customers' orders could significantly reduce our revenue, impact our working capital, cause our operating results to fluctuate from period to period and make it more difficult for us to predict our revenue. In the event of a cancellation or reduction of an order, we may not have enough time to reduce operating expenses to minimize the effect of the lost revenue on our business and we may purchase too much inventory and spend more capital than expected, which may have a material adverse effect on our results of operations, cash flows and financial condition. We sell certain products for high volume applications, and any failure of those products to perform as anticipated could result in significant liability and expenses that may adversely affect our business and results of operations. We manufacture and sell a number of products for high volume applications, including electric motors used in pools and spas, residential and commercial heating, ventilation and air conditioning and refrigeration equipment. Any failure of those products to perform as anticipated could result in significant product liability, product recall or rework, or other costs. The costs of product recalls and reworks are not generally covered by insurance. If we were to experience a product recall or rework in connection with products of high volume applications, our financial condition or results of operations could be materially adversely affected. One of our subsidiaries that we acquired in 2007 is subject to numerous claims filed in various jurisdictions relating to certain sub-fractional motors that were primarily manufactured through 2004 and that were included as components of residential and commercial ventilation units manufactured and sold in high volumes by a third party. These ventilation units are subject to regulation by government agencies such as the

US Consumer Product Safety Commission (“ CPSC ”). The claims generally allege that the ventilation units were the cause of fires. Based on the current facts, we cannot assure you that these claims, individually or in the aggregate, will not have a material adverse effect on our subsidiary’ s results of operations, financial condition or cash flows. We cannot reasonably predict the outcome of these claims, the nature or extent of any CPSC or other remedial actions, if any, that our subsidiary or we on their behalf may need to undertake with respect to motors that remain in the field, or the costs that may be incurred, some of which could be significant. See Note 12-11 – Contingencies of the Notes to the Consolidated Financial Statements for more information. Our business may not generate cash flow from operations in an amount sufficient to enable us to service our indebtedness or to fund our other liquidity needs, we could become increasingly vulnerable to general adverse economic and industry conditions and interest rate trends, and our ability to obtain future financing may be limited. As of December 31, 2023 2024, we had approximately \$ 6-5. 4-5 billion in aggregate debt outstanding under our various financing arrangements, including a substantial amount of debt incurred in connection with the Altra Transaction. If we are unable to generate sufficient cash flows to service our debt, our business, financial condition or results of operations could be adversely affected. See Note 7 6 – Debt and Bank Credit Facilities of the Notes to the Consolidated Financial Statements for more information. Our ability to make required payments of principal and interest on our debt levels will depend on our future performance, which, to a certain extent, is subject to general economic, financial, competitive and other factors that are beyond our control. Our substantially increased indebtedness has the effect, among other things, of reducing our flexibility to changing business and economic conditions. We cannot assure you that our business will generate cash flow from operations or that future borrowings will be available under our current credit facilities in an amount sufficient to enable us to service our indebtedness or to fund our other liquidity needs on a timely basis or at all. Our indebtedness may have important consequences, for example, it could: • make it more challenging for us to obtain additional financing to fund our business strategy and acquisitions, debt service requirements, capital expenditures and working capital; • increase our vulnerability to interest rate changes, including with respect to certain of our financing arrangements that bear interest at variable rates, and general adverse economic and industry conditions; • require us to dedicate a substantial portion of our cash flow from operations to service our indebtedness, thereby reducing the availability of our cash flow to finance acquisitions and to fund working capital, capital expenditures, manufacturing capacity expansion, business integration, research and development efforts and other general corporate activities; • require us to dispose of significant assets in order to satisfy our debt service and other obligations if we are not able to satisfy these obligations from cash from operations or other sources; • limit our flexibility in planning for, or reacting to, changes in our business and our markets; and / or • place us at a competitive disadvantage relative to our competitors that have less debt. A portion of our indebtedness bears interest at variable rates that are linked to changing market interest rates. As a result, an increase in market interest rates would increase our interest expense and our debt service obligations on the variable rate indebtedness, and our net income and cash flows, including cash available for servicing our indebtedness, will correspondingly decrease. We utilize interest rate swaps that involve the exchange of floating for fixed rate interest payments to reduce interest rate volatility. However, we may not maintain interest rate swaps with respect to all of our variable rate indebtedness, and any swaps we enter into may not fully mitigate interest rate risk. Further, the availability and terms of future financing may depend upon our ability to maintain or achieve certain credit ratings on our senior debt. The credit rating process is contingent upon our credit profile and other factors, many of which are beyond our control, including methodologies established and interpreted by third- party rating agencies. If we are unable to maintain or achieve certain credit ratings in the future, our interest expense could increase or our ability to obtain financing on favorable terms could be adversely affected. Our credit facilities contain financial and restrictive covenants, which require us to maintain specified financial ratios and satisfy certain financial condition tests. These covenants could limit our ability to, among other things, borrow additional funds or take advantage of business opportunities, and may require that we take action to reduce our debt or to act in a manner contrary to our business strategies. An event of default under our debt agreements, if not cured or waived, could result in the acceleration of our indebtedness or otherwise have a material adverse effect on our business, financial condition, results of operations or debt service capability. See Note 6- Debt Management’s Discussion and Analysis Bank Credit Facilities of the Notes to the Consolidated Financial Statements Condition and Results of Operations- Liquidity and Capital Resources” for more information. Sales of products incorporated into HVAC systems and other residential applications are seasonal and affected by the weather; mild or cooler weather could have an adverse effect on our operating performance. Many of our motors are incorporated into HVAC systems and other residential applications that OEMs sell to end users. The number of installations of new and replacement HVAC systems or components and other residential applications is higher during the spring and summer seasons due to the increased use of air conditioning during warmer months. Mild or cooler weather conditions during the spring and summer season often result in end users deferring the purchase of new or replacement HVAC systems or components. As a result, prolonged periods of mild or cooler weather conditions in the spring or summer season in broad geographical areas could have a negative impact on the demand for our HVAC motors and, therefore, could have an adverse effect on our operating performance. In addition, due to variations in weather conditions from year to year, our operating performance in any single year may not be indicative of our performance in any future year. Global climate change and related legal and regulatory developments could negatively affect our business. The effects of climate change could create financial , reputational, or other risks to our business. For example, the effects of climate change could disrupt our operations by impacting the availability and the cost of materials needed for manufacturing, exacerbate existing risks to our supply chain and increase insurance and other operating costs , including energy costs impacted by carbon prices or offsets . These factors may impact our decisions to construct new facilities or maintain existing facilities in areas most prone to physical climate risks. We could also face indirect financial risks passed through the supply chain and disruptions that could result in increased prices for our products and the resources needed to produce them. Additionally, we are subject to environmental laws that could impose significant costs on us. See” We are subject to environmental laws that could impose significant costs on us and the failure to comply with such laws could subject us to

sanctions and material fines and expenses" for more information. There continues to be a lack of consistent climate regulation, which creates economic and regulatory uncertainty. Increased public awareness—international, regional, state, and concern regarding global / or federal requirements or other stakeholder expectations have and could further mandate more restrictive or expansive standards, more prescriptive reporting of environmental, social and governance metrics than the voluntary commitments we have adopted, or require related changes on a more accelerated time frame than we anticipate. For example, we are subject to the European Union's Corporate Sustainability Reporting Directive ("CSRD") and California's climate disclosure rules, among others change has resulted in more regulations designed to reduce greenhouse gas emissions. These regulations are inconsistent, and are rapidly emerging and evolving, and have increased, and are expected to continue to increase, our compliance costs. For example, the CSRD has established extensive ESG-related disclosure requirements based on the European Sustainability Reporting Standards, including certain assurance obligations. The standards used to identify and collect the information and data required pursuant to the CSRD are still developing and uncertain, and this lack of certainty could result in increased costs related to complying with our reporting obligations under the CSRD. In addition, a number of governmental bodies have finalized, proposed or are contemplating legislative and regulatory changes in response to the potential effect of climate change. These regulations may affect our operations, supply chain, and overall business strategy, potentially leading to increased expenses, operational disruptions or limitations on our ability to compete in certain markets. If our product portfolio does not align with these regulations, we may be required to make increased research and development and other capital expenditures to improve our product portfolio in order to meet new regulations and standards. Further, our customers and the markets we serve may impose emissions or other environmental standards through regulation, market-based emissions policies or consumer preference that we may not be able to timely meet due to the level of capital investment or technological advancement. While we are committed to continuous improvements to our product portfolio to meet and exceed anticipated regulations and preferences, there can be no assurance that our commitments will be successful, that our products will be accepted by the market, that proposed regulation or deregulation will not have a negative competitive impact, or that economic returns will reflect our investments in new product development. In addition, the regulatory uncertainty and complexity driven by emerging and evolving regulations could increase our compliance costs, which may impact our results of operations. As of the date of this filing, we have made several public commitments regarding our intended reduction of carbon emissions, including commitments to achieve Scope 1 and Scope 2 carbon emission neutrality by 2032, and net zero across Scope 1, 2 and 3 carbon emission emissions neutrality by 2050, and the establishment of science-based targets to reduce carbon emissions from our operations. Although we intend to meet these commitments, we have expended resources and we may be required to further expend significant resources to do so, which could increase our operational costs. If we either are unable to meet these commitments, or progress toward our commitments more slowly than expected, or if such commitments are criticized by certain groups, then we could incur adverse publicity and reaction from investors, activist groups and other stakeholders, which could adversely impact the perception of our brands and our products by current and potential customers, as well as investors, which would in turn adversely impact our results of operations. Our success is highly dependent on qualified and sufficient staffing. Our failure to attract or retain qualified personnel, including our senior management team, could lead to a loss of revenue or profitability. Our success depends, in part, on the efforts and abilities of our senior management team and key associates and the contributions of talented associates in various operations and functions, such as engineering, finance, sales, marketing, manufacturing, etc. The skills, experience and industry contacts of our senior management team significantly benefit our operations and administration. The failure to attract or retain members of our senior management team and key talent could have a negative effect on our operating results. Risks Related to Mergers, Acquisitions and Divestitures Our failure to successfully integrate integration of Altra, or to integrate our past acquisitions and any future acquisitions into our business within expected timetables could adversely affect our future results and the market price of our common stock. The Company has incurred, and may continue to incur, significant one-time costs in connection with the integration of past acquisitions and any future acquisitions, including the cost of financing, transaction costs and integration costs. Incurring these costs may have an adverse effect on the Company's liquidity, cash flows and operating results. The success of our acquisitions, including the Altra Transaction, depends, in large part, on our ability to realize the anticipated benefits of such acquisition the Altra Transaction and on our sales and profitability following the transaction such acquisition. To realize these anticipated benefits, we must successfully integrate Altra into our businesses. This integration of our acquisitions is complex and time-consuming, and is subject to a number of uncertainties, and no assurance can be given that the any anticipated benefits will be realized or, if realized, the timing of their realization. The failure to successfully integrate and manage the challenges presented by the integration process may result in our failure to achieve some or all of the anticipated benefits of the these acquisitions Altra Transaction. Potential difficulties that may be encountered in the integration process of potential acquisitions include, among others: • the failure to implement our business plan following such acquisitions the Altra Transaction; • lost sales and customers as a result of our customers or Altra's customers deciding not to do business with the Company; • risks associated with managing our larger and more complex company following an acquisition the Altra Transaction; • integrating our personnel and Altra's personnel while maintaining focus on providing consistent, high-quality products and service to customers; • the loss of key employees; • unanticipated issues in integrating manufacturing, logistics, information, communications and other systems; • unexpected liabilities of Altra such acquisitions; • possible inconsistencies in standards, controls, procedures, policies and compensation structures; and • the impact on our internal controls and compliance with the regulatory requirements under the Sarbanes-Oxley Act of 2002. If any of these events were to occur, our ability to maintain relationships with customers, suppliers and employees or our ability to achieve the anticipated benefits of any acquisition the Altra Transaction could be adversely affected, or could reduce our sales or earnings or otherwise adversely affect our business and financial results after such acquisition the Altra Transaction and, as a result,

adversely affect the market price of our common stock. ~~As part of the Altra Transaction, as part of our growth strategy, we have made acquisitions, including our merger with the Rexnord PMC business, and our acquisition of the Arrowhead business, and expect to continue to make acquisitions. Our continued growth may depend on our ability to identify and acquire companies that complement or enhance our business on acceptable terms, but we may not be able to identify or complete future acquisitions. We may not be able to integrate successfully our recent acquisitions, including Rexnord PMC and Arrowhead, or any future acquisitions, operate these acquired companies profitably, or realize the potential benefits from these acquisitions. The Company continues to incur significant integration costs related to the Altra Transaction and our merger with the Rexnord PMC business, that could have an adverse effect on our liquidity, cash flows and operating results. The Company has incurred, and expects to continue to incur, significant one-time costs in connection with the Altra Transaction, including the cost of financing, transaction costs, integration costs, and other costs that Company management believes are necessary to realize the anticipated synergies from the Altra Transaction. Incurring these costs may have an adverse effect on the Company's liquidity, cash flows and operating results in the periods in which they are incurred. In addition, the Company has incurred, and expects to continue to incur, significant one-time costs related to the integration of the Rexnord PMC business and the achievement of synergies with respect to such business. Although we believe that our projections of these costs and the costs related to the Altra Transaction are based on reasonable assumptions, if such costs are greater than anticipated, then they may have a material adverse effect on our liquidity, cash flows and operating results in the periods in which they are incurred. Businesses that we have acquired or that we may acquire in the future, including the Altra business, the Rexnord PMC business and the Arrowhead business, may have liabilities which are not known to us. We have assumed liabilities of acquired businesses, including the Altra business, the Rexnord PMC and the Arrowhead businesses and may assume liabilities of businesses that we acquire in the future. There may be liabilities or risks that we fail, or are unable, to discover, or that we underestimate, in the course of performing our due diligence investigations of acquired businesses. Additionally, businesses that we have acquired or may acquire in the future may have made previous acquisitions, and we will be subject to certain liabilities and risks relating to these prior acquisitions as well. We cannot assure you that our rights to indemnification, if any, contained in definitive acquisition agreements that we have entered or may enter into will be sufficient in amount, scope or duration to fully offset the possible liabilities associated with the business or property acquired. Any such liabilities, individually or in the aggregate, could have a material adverse effect on our business, financial condition or results of operations. As we begin to operate acquired businesses, we may learn additional information about them that adversely affects us, such as unknown or contingent liabilities, issues relating to compliance with applicable laws or issues related to ongoing customer relationships or order demand, or issues related to compliance with prior commercial agreements. In connection with the Rexnord PMC acquisition, the Reorganization and the Distributions could result in significant tax liability, including as a result of an error in the determination of Overlap Shareholders or subsequent acquisitions of stock of Zurn or us. Under certain circumstances, Land (our wholly owned subsidiary) may be obligated to indemnify Zurn for any such taxes imposed on Zurn. In connection with our merger with the Rexnord PMC business, Zurn received a tax opinion from its tax counsel (the "Rexnord Tax Opinion") that includes an opinion to the effect that the Reorganization and the Distributions will qualify as tax-free to Zurn, Land and the Zurn stockholders, as applicable, for US federal income tax purposes except, in the case of Zurn, to the extent Land's payment to a subsidiary of Zurn under the terms of the Separation Agreement (the "Land Cash Payment") exceeds RBS Global Inc.'s adjusted tax basis in Land common stock. The Rexnord Tax Opinion is based on, among other things, certain representations and assumptions as to factual matters and certain covenants made by us, Land and Zurn. Although we believe the representations, assumptions and covenants in the Rexnord Tax Opinion to be true, the failure of any such factual representation, assumption or covenant to be true, correct and complete in all material respects could adversely affect the validity of the opinion. The Rexnord Tax Opinion is not binding on the IRS or the courts, and it is possible that the IRS or the courts may not agree with the opinion. In addition, the Rexnord Tax Opinion is based on current law, and the conclusions in the opinion cannot be relied upon if current law changes with retroactive effect. The Spin-Off will be taxable to Zurn pursuant to Section 355 (e) of the US Internal Revenue Code of 1986, as amended if there is a 50 % or greater change in ownership of either Zurn or Land, directly or indirectly, as part of a plan or series of related transactions that include the Spin-Off. For this purpose, any acquisitions of Land or Zurn stock or our stock within the period beginning two years before the Spin-Off and ending two years after the Spin-Off are presumed to be a part of such plan, although we and Zurn may be able to rebut that presumption. Zurn received a private letter ruling from the US Internal Revenue Service (the "IRS") (the "IRS Ruling") with respect to certain tax aspects of the Rexnord PMC transactions, including matters relating to the nature and extent of shareholders who may be counted for tax purposes as "Overlap Shareholders" (as such term is defined in the Rexnord PMC Merger Agreement) for purposes of determining the exchange ratio for the transaction in the Rexnord PMC Merger Agreement and the overall percentage change in the ownership of Land resulting from the merger of our subsidiary with and into Land. The continuing validity of the IRS Ruling is subject to the accuracy of factual representations and assumptions made in the ruling request. Moreover, the IRS Ruling only describes the time, manner and methodology for measuring Overlap Shareholders and may be subject to varying interpretations. The actual determination and calculation of Overlap Shareholders was made by us, Zurn and our respective advisors based on the IRS Ruling, but no assurance can be given that the IRS will agree with these determinations or calculations. If the IRS were to determine that the merger of our subsidiary with and into Land, as a result of an error in the determination of Overlap Shareholders, or other acquisitions of Land, Zurn, or our stock, either before or after the Spin-Off, resulted in a 50 % or greater change in ownership and were part of a plan or series of related transactions that included the Spin-Off, such determination could result in significant tax liability to Zurn. In certain circumstances and subject to certain limitations, under the Tax Matters Agreement, Land is required to indemnify Zurn for 100 % of the taxes that result if the Distributions become taxable as a result of certain actions by us or Land and for 90 % of the taxes that result as a result of a miscalculation of the Overlap Shareholders. If this occurs and Land is required to indemnify Zurn, this indemnification obligation could be substantial and could have a~~

material adverse effect on us and Land, including with respect to our financial condition and results of operations given that we have guaranteed the indemnification obligations of Land. We face risks associated with ~~the our proposed~~ sale of the industrial motors and generators businesses, which ~~comprise~~ **comprised** a majority of our Industrial Systems operating segment. We are subject to risks in connection with the ~~proposed~~ sale of the Industrial **Industrial Motors motors** and **Generators generators** businesses (the " ~~Proposed Sale~~"), including the ~~possibility that the conditions to the consummation of the Proposed Sale will not be satisfied on the terms or timeline expected, or at all. Further, potential risks include the diversion of management's attention from other business concerns, the potential loss of key employees and customers, potential impairment charges or losses if the business were to be divested at a loss, and restructuring and other disposal charges and the~~ **Corporate corporate** overhead costs that ~~are currently~~ **were previously** allocated to the Industrial Systems segment. In addition, the Company may face financial and commercial challenges associated with brand transitions and the disposition of certain proprietary assets that ~~we~~ **are expected to be** ~~Proposed Sale~~. Any or all of these risks could impact the Company's financial results. Risks Relating to Our Global Footprint We operate in ~~the highly competitive global electric motors and controls, power generation and power transmission industries . The global electric motors and markets controls, power generation and power transmission industries are highly competitive.~~ We encounter a wide variety of domestic and international competitors due in part to the nature of the products we manufacture and the wide variety of applications and customers we serve. In order to compete effectively, we must retain relationships with major customers and establish relationships with new customers, including those in developing countries. Moreover, in certain applications, customers exercise significant power over business terms. It may be difficult in the short- term for us to obtain new sales to replace any decline in the sale of existing products that may be lost to competitors. Our failure to compete effectively may reduce our revenues, profitability and cash flow, and pricing pressures resulting from competition may adversely impact our profitability. We have continued to see a trend with certain customers who are attempting to reduce the number of vendors from which they purchase product in order to reduce their costs ~~and diversify their risk~~. As a result, we may lose market share to our competitors in some of the markets in which we compete. In addition, some of our competitors are larger and have greater financial and other resources than we do. There can be no assurance that our products will be able to compete successfully with the products of these other companies. There is substantial and continuing pressure on major OEMs and larger distributors to reduce costs, including the cost of products purchased from outside suppliers. As a result of cost pressures from customers, our ability to compete depends in part on their ability to generate production cost savings and, in turn, to find reliable, cost- effective outside suppliers to source components or manufacture their products. If we are unable to generate sufficient cost savings in the future to offset price reductions, then our gross margin could be materially adversely affected. We manufacture a significant portion of our products outside the US, and political, societal or economic instability or public health crises may present additional risks to our business. As of December 31, ~~2023~~ **2024**, approximately ~~22-21~~ **700-400** of our approximate ~~32-30~~ **100-300** total **full-time** associates and ~~123-96~~ of our principal manufacturing and warehouse facilities were located outside the US . International operations generally are subject to various risks, including political, societal and economic instability, local labor market conditions, public health crises, breakdowns in trade relations, the imposition of tariffs and other trade restrictions, lack of reliable legal systems, ownership restrictions, the impact of government regulations, the effects of income and withholding taxes, governmental expropriation or nationalization, and differences in business practices. We may incur increased costs and experience delays or disruptions in product deliveries and payments in connection with international manufacturing and sales that could cause loss of revenue. Unfavorable changes in the political, regulatory and business climates in countries where we have operations could have a material adverse effect on our financial condition, results of operations and cash flows, including, for example, the uncertainty surrounding trade relations between the US and China **, Mexico, Canada and other countries. In particular, the US government imposed or threatened to impose tariffs on imports from China, Canada and Mexico, among other proposed tariffs, and such countries have taken or have threatened to take retaliatory actions** . Moreover, ongoing geopolitical conflicts including those between Russia and Ukraine and those occurring in the Middle East and similar conflicts, have negatively impacted the global economy and in some instances, have led to various economic sanctions being imposed by the US, United Kingdom, European Union, and other countries. While the impacts of the conflict have not been material on our operating results to date, it is not possible to predict the broader or longer- term consequences of these conflicts or new conflicts that may arise in the future. Continued escalation of geopolitical tensions related to the conflict could also result in the loss of property, supply chain disruptions, significant inflationary pressure on raw material prices and cost and supply of other resources (such as energy and natural gas), fluctuations in our customers' buying patterns, credit and capital market disruption which could impact our ability to obtain financing, increase in interest rates and adverse foreign exchange impacts. These broader consequences could have a material adverse effect on our financial condition, results of operations and cash flows. Such sanctions and other measures, as well as the existing and potential further responses to such sanctions, tensions and military actions, could adversely affect the global economy and financial markets and could adversely affect the operations of our subsidiaries in impacted regions as well as our business, financial condition and results of operations. In addition, our international operations are governed by various US laws and regulations, including the Foreign Corrupt Practices Act and other similar laws, that prohibit us and our business partners from making improper payments or offers of payment to foreign governments and their officials and political parties for the purpose of obtaining or retaining business. Any alleged or actual violations of these regulations may subject us to government scrutiny, severe criminal or civil sanctions and other liabilities. Disruptions caused by labor disputes or organized labor activities could adversely affect our business or financial results. We have a significant number of employees in Europe and other jurisdictions where trade union membership is common. Although we believe that our relations with our employees are strong, if our unionized workers were to engage in a strike, work stoppage or other slowdown in the future, we could experience a significant disruption of our operations, which could interfere with our ability to deliver products on a timely basis and could have other negative effects, such as decreased productivity and increased

labor costs. In addition, if a greater percentage of our workforce becomes unionized as a result of legal or regulatory changes which may make union organizing easier, or otherwise, our costs could increase and our efficiency may be affected in a material adverse manner, negatively impacting our business and financial results. Further, many of our direct and indirect customers and their suppliers, and organizations responsible for shipping our products, have unionized workforces and their businesses may be impacted by strikes, work stoppages or slowdowns, any of which, in turn, could have a material adverse effect on our business, financial condition, results of operations or cash flows. Economic and Financial Risks Commodity, currency and interest rate hedging activities may adversely impact our financial performance as a result of changes in global commodity prices, interest rates and currency rates. We use derivative financial instruments in order to reduce the substantial effects of currency and commodity fluctuations and interest rate exposure on our cash flow and financial condition. These instruments may include foreign currency and commodity forward contracts, currency swap agreements and currency option contracts, as well as interest rate swap agreements. We have entered into, and may continue to enter into, such hedging arrangements. By utilizing hedging instruments, we may forgo benefits that might result from fluctuations in currency exchange, commodity and interest rates. We are also exposed to the risk that counterparties to hedging contracts will default on their obligations. Any default by such counterparties might have an adverse effect on us. We may suffer losses as a result of foreign currency fluctuations. The net assets, net earnings and cash flows from our foreign subsidiaries are based on the US Dollar equivalent of such amounts measured in the applicable functional currency. These foreign operations have the potential to impact our financial position due to fluctuations in the local currency arising from the process of re-measuring the local functional currency in US Dollars. Any increase in the value of the US Dollar in relation to the value of the local currency, whether by means of market conditions or governmental actions such as currency devaluations, will adversely affect our revenues from our foreign operations when translated into US Dollars. Similarly, any decrease in the value of the US Dollar in relation to the value of the local currency will increase our operating costs in foreign operations, to the extent such costs are payable in foreign currency, when translated into US Dollars. Worldwide economic conditions may adversely affect our industry, business and results of operations. General economic conditions and conditions in the global financial markets can affect our results of operations. Deterioration in the global economy could lead to higher unemployment, lower consumer spending and reduced investment by businesses, and could lead our customers to slow spending on our products or make it difficult for our customers, our vendors and us to accurately forecast and plan future business activities. Worsening economic conditions could also affect the financial viability of our suppliers, some of which could be considered key suppliers. ~~If the commercial, industrial, residential HVAC, power generation and power transmission markets significantly deteriorate, our business, financial condition and results of operations will likely be materially and adversely affected. Some of the industries that we serve are highly cyclical, such as the aerospace, energy, metals, mining and industrial equipment industries.~~ Additionally, our stock price could decrease if investors have concerns that our business, financial condition and results of operations will be negatively impacted by a worldwide economic downturn. We are subject to tax laws and regulations in many jurisdictions and the inability to successfully defend claims from taxing authorities related to our current and / or acquired businesses could adversely affect our operating results and financial position. A significant amount of our revenue is generated from customers located outside of the US, and a substantial portion of our assets and associates are located outside of the US which requires us to interpret the income tax laws and rulings in each of those taxing jurisdictions. Due to the subjectivity of tax laws between those jurisdictions as well as the subjectivity of factual interpretations, our estimates of income tax liabilities may differ from actual payments or assessments. Claims from taxing authorities related to these differences could have an adverse impact on our operating results and financial position. Our required cash contributions to our pension plans may increase further and we could experience a change in the funded status of our pension plans and the amount recorded in our consolidated balance sheets related to such plans. Additionally, our pension costs could increase in future years. The funded status of our defined benefit pension plans depends on such factors as asset returns, market interest rates, legislative changes and funding regulations. If the returns on the assets of any of our plans were to decline in future periods, if market interest rates were to decline, if the Pension Benefit Guaranty Corporation were to require additional contributions to any such plans as a result of acquisitions or if other actuarial assumptions were to be modified, our future required cash contributions and pension costs to such plans could increase. Any such increases could impact our business, financial condition, results of operations or cash flows. The need to make contributions to such plans may reduce the cash available to meet our other obligations, including our obligations under our borrowing arrangements or to meet the needs of our business. Risks Relating to the Legal and Regulatory Environment We are subject to changes in legislative, regulatory and legal developments involving income and other taxes. We are subject to US federal, state, and international income, payroll, property, sales and use, fuel, and other types of taxes. Changes in tax rates, enactment of new tax laws, revisions of tax regulations, and claims or litigation with taxing authorities, including claims or litigation related to our interpretation and application of tax laws and regulations, could result in substantially higher taxes, could have a negative impact on our ability to compete in the global marketplace, and could have a significant adverse effect on our results or operations, financial conditions and liquidity. The impact of these factors referenced above may be substantially different from period to period. Final laws enacting the Organisation for Economic Co-operation and Development's global minimum tax framework (" Pillar Two Laws ~~"~~") are **became** effective ~~beginning~~ in 2024 in the European Union and other countries where we do business. The Company faces uncertainty related to the potential implementation of Pillar Two Laws in ~~other~~ countries where we operate. We are continuing to monitor the legislative process and evaluate the potential impact of implementation of Pillar Two Laws by other countries. It is difficult to predict the timing and effect that future tax law changes could have on our earnings both in the US and in foreign jurisdictions. Such changes could cause us to experience an effective tax rate significantly different from previous periods or our current estimates. If our effective tax rate were to increase, our financial condition and results of operations could be adversely affected. Changes to **and uncertainty in** US trade policy, tariff and import / export regulations and foreign government regulations **or other trade restrictions imposed by the US or other governments** could adversely affect our business,

operating results, foreign operations, sourcing and financial condition. Changes to tariffs and **uncertainty** ~~other changes~~ in US and international trade policy have the potential to adversely impact **our business**, the global economy or certain sectors thereof, including our industry, and ~~as a result~~, could have a material adverse effect on our business, operating results and financial condition. ~~Further~~ **For example, the United States has instituted or proposed changes in trade policies that include the negotiation or termination of trade agreements, the imposition of higher tariffs on imports into the United States and other government regulations affecting trade between the United States and other countries where we conduct our business. In particular, the United States government imposed or threatened to impose tariffs on imports from China, Canada and Mexico, among other proposed tariffs, and such countries have taken or have threatened to take retaliatory actions.** We cannot predict what changes to trade policy will be made in the future, which may have a material adverse effect on our business, financial condition, and results of operations and could also provide our competitors with an advantage over us or increase our costs. We believe that the issue of **U. S. and** foreign governmental regulations that would impact our arrangements with our foreign manufacturing sources is of particular concern with regard to countries such as China due to the less mature nature of the Chinese market economy and the historical involvement of the Chinese government in industry. Our business is also subject to risks associated with US and foreign legislation and regulations relating to imports, including quotas, duties, **fees**, tariffs or taxes, and other charges or restrictions on imports, which could adversely affect our operations and our ability to import products at current or increased levels, and substantially all of our import operations are subject to customs duties **or fees** on imported products imposed by the governments where our production facilities are located, including raw materials. We cannot predict whether additional US and foreign customs quotas, duties, tariffs, **fees**, taxes or other charges or restrictions, requirements as to raw materials, reporting obligations pertaining to “conflict minerals” and polyfluoroalkyl substances (commonly referred to as **“PFAS”**), or other restrictions will be imposed in the future or adversely modified, or what effect such actions would have on our costs of operations. Future trade agreements, quotas, duties, ~~or fees~~, tariffs **or the imposition of import requirements** may have a material adverse effect on our business, financial condition, and results of operations. We are subject to litigation, including product liability, asbestos and warranty claims that may adversely affect our financial condition and results of operations. We are, from time to time, a party to litigation that arises in the normal course of our business operations, including product warranty and liability claims, contract disputes and environmental, asbestos, employment and other litigation matters. We face an inherent business risk of exposure to product liability, asbestos and warranty claims in the event that the use of our products is alleged to have resulted in injury or other damage. As described above, one of our subsidiaries that we acquired in 2007 is subject to numerous claims filed in various jurisdictions relating to certain sub-fractional motors that were primarily manufactured through 2004 and that were included as components of residential and commercial ventilation units manufactured and sold in high volumes by a third party. In addition, certain subsidiaries of ours are co-defendants in various lawsuits in a number of US jurisdictions alleging personal injury as a result of exposure to asbestos that was used in certain components of legacy Rexnord PMC business products. The uncertainties of litigation and the uncertainties related to insurance and indemnification coverage make it difficult to accurately predict the ultimate financial effect of these claims. If our insurance or indemnification coverage is not adequate to cover our potential financial exposure, our insurers or indemnitors dispute their obligations to provide coverage, or the actual number or value of claims differs materially from our existing estimates, we could incur material costs that could have a material adverse effect on our business, financial condition, results of operations or cash flows. While we maintain general liability and product liability insurance coverage in amounts that we believe are reasonable, we cannot assure you that we will be able to maintain this insurance on acceptable terms or that this insurance will provide sufficient coverage against potential liabilities that may arise. Any product liability claim may also include the imposition of punitive damages, the award of which, pursuant to certain state laws, may not be covered by insurance. Any claims brought against us, with or without merit, may have an adverse effect on our business and results of operations as a result of potential adverse outcomes, the expenses associated with defending such claims, the diversion of our management’s resources and time and the potential adverse effect to our business reputation. See Note ~~12-11~~ **11** – Contingencies of the Notes to the Consolidated Financial Statements for more information. Infringement of our intellectual property by third parties may harm our competitive position, and we may incur significant costs associated with the protection and preservation of our intellectual property. We own or otherwise have rights in a number of patents and trademarks relating to the products we manufacture, which have been obtained over a period of years, and we expect to actively pursue patents in connection with new product development and to acquire additional patents and trademarks through the acquisitions of other businesses. These patents and trademarks have been of value in the growth of our business and may continue to be of value in the future. Our inability to protect this intellectual property generally, or the illegal breach of some or a large group of our intellectual property rights, would have an adverse effect on our business. In addition, there can be no assurance that our intellectual property will not be challenged, invalidated, circumvented or designed-around, particularly in countries where intellectual property rights are not highly developed or protected. We have incurred in the past, and expect to incur in the future, significant costs associated with defending challenges to our intellectual property or enforcing our intellectual property rights, which could adversely impact our cash flow and results of operations. Third parties may claim that we are infringing their intellectual property rights and we could incur significant costs and expenses or be prevented from selling certain products. We may be subject to claims from third parties that our products or technologies infringe on their intellectual property rights or that we have misappropriated intellectual property rights. If we are involved in a dispute or litigation relating to infringement of third-party intellectual property rights, we could incur significant costs in defending against those claims. Our intellectual property portfolio may not be useful in asserting a counterclaim, or negotiating a license, in response to a claim of infringement or misappropriation. In addition, as a result of such claims of infringement or misappropriation, we could lose our rights to technology that is important to our business, or be required to pay damages or license fees with respect to the infringed rights or be required to redesign our products at substantial cost, any of which could adversely impact our cash flows and results of operations. We may incur costs or suffer

reputational damage due to improper conduct of our associates, agents or business partners. We are subject to a variety of domestic and foreign laws, rules and regulations relating to improper payments to government officials, bribery, anti-kickback and false claims rules, competition, export and import compliance, money laundering and data privacy. If our associates, agents or business partners engage in activities in violation of these laws, rules or regulations, we may be subject to civil or criminal fines or penalties or other sanctions, may incur costs associated with government investigations, or may suffer damage to our reputation. Our operations are highly dependent on information technology infrastructure, and failures, attacks or breaches could significantly affect our business. We depend heavily on our information technology infrastructure in order to achieve our business objectives. If we experience a problem that impairs this infrastructure, such as a computer virus, a problem with the functioning of an important IT application, or an intentional disruption of our IT systems by a third party, the resulting disruptions could impede our ability to record or process orders, manufacture and ship in a timely manner, or otherwise carry on our business in the ordinary course. Any such events could cause us to lose customers or revenue and could require us to incur significant expense to eliminate these problems and address related security concerns, including costs relating to investigation and remediation actions. IT security threats via computer malware, social engineering and other “cyber-attacks,” which are increasing in both frequency and sophistication, could also result in unauthorized disclosures of information, such as customer data, personally identifiable information or other confidential or proprietary material, and create financial liability, subject us to legal or regulatory sanctions, or damage our reputation. **We attempt to mitigate these risks by implementing measures that aim to help us to continuously improve our cybersecurity posture and protect against evolving threats. For example, we regularly implement new IT systems and make enhancements to our existing Enterprise Resource Planning systems and other business and financial systems (collectively referred to as “IT Systems”), with the aim of enabling management to achieve better control across our business operations. The cost and operational consequences of implementing, maintaining and enhancing our IT Systems and the other measures we employ, could increase significantly to overcome increasingly intense, complex and sophisticated cybersecurity threats, and certain of our IT Systems and other measures may not perform as expected. There can be no assurance that the enhancements to our IT Systems will be successfully implemented and failure to do so could have a material adverse effect on our operations. Notwithstanding these IT Systems enhancements and the other measures we employ, our systems, networks, products and services remain potentially vulnerable to known or unknown cybersecurity attacks and other threats, any of which could have a material adverse effect on our competitive position, results of operations, financial condition and cash flow. We continuously monitor and develop our systems to protect our technology infrastructure and data from misappropriation or corruption. However, a cybersecurity attack could persist for an extended period of time before being detected, and, following detection, it could take considerable time for us to obtain full and reliable information about the extent, amount and type of information compromised. During the course of an investigation, we may not know the full impact of the event and how to remediate it, and actions, decisions and mistakes that are taken or made may further increase the negative effects of the event on our business, results of operations and reputation.** Moreover, because the techniques used to gain access to or sabotage systems often are not recognized until launched against a target, we may be unable to anticipate the methods necessary to defend against these types of attacks, and we cannot predict the extent, frequency or impact these attacks may have. **Although we maintain insurance coverage that may, subject to policy terms and conditions, provide coverage for certain aspects of cyber and information security risks, dependent upon the nature, location and extent of an event, such insurance coverage may be insufficient to cover all losses.** While we maintain robust information security mechanisms and controls **in order to mitigate these risks**, the impact of a material IT event could have a material adverse effect on our competitive position, results of operations, financial condition and cash flow. ~~We regularly implement new IT systems and make enhancements to our existing Enterprise Resource Planning systems and other business and financial systems (collectively referred to as “IT Systems”), with the aim of enabling management to achieve better control across our business operations. As part of our supply chain optimization and footprint repositioning strategies, we will continue to implement IT Systems throughout the business. The process of implementation can be costly and can divert the attention of management from the day-to-day operations of the business. As we implement the IT Systems, some elements may not perform as expected. If these critical enhancements are delayed, in whole or in part, our current IT Systems may not be sufficient to support our planned operations and certain IT Systems may become obsolete. There can be no assurance that the enhancements to our IT Systems will be successfully implemented and failure to do so could have a material adverse effect on our operations. The occurrence of any of these events could have an adverse effect on our business.~~ Changes in data privacy laws and our ability to comply with them could have a material adverse effect on us. We collect and store data that is sensitive to us and our employees, customers, dealers and suppliers. A variety of state, national, foreign and international laws and regulations apply to the collection, use, retention, protection, security, disclosure, transfer and other processing of personal and other data. Many foreign data privacy regulations, including the General Data Protection Regulation (the “GDPR”) in the European Union, are more stringent than federal regulations in the **US United States**. Additionally, many other jurisdictions are considering adopting, or have already adopted privacy regulations. The applicability of these laws to our business has increased due to our focus on expanding e-commerce offerings. These laws and regulations are rapidly evolving and changing, and could have an adverse effect on our operations. Companies’ obligations and requirements under these laws and regulations are subject to uncertainty in how they may be interpreted by courts and governmental authorities. The costs of compliance with, and the other burdens imposed by, these and other laws or regulatory actions may increase our operational costs. In the case of non-compliance with these laws, including the GDPR, regulators have the authority to levy significant fines. In addition, if there is a material breach of privacy, we may face litigation or regulatory sanctions, or be required to make notifications pursuant to applicable regulations. **Although we have implemented plans to comply with these laws, GDPR and future laws and regulations could impose even greater compliance burdens and risks with respect to privacy and data security than prior laws.** The **EU (through the GDPR)**

and a growing number of legislative and regulatory bodies elsewhere in the world have adopted consumer notification requirements in the event of unauthorized access to or acquisition of certain types of personal information. These breach notification laws continue to evolve and may be inconsistent from one jurisdiction to another. Complying with these obligations could cause us to incur substantial costs, require significant management time and attention, and increase negative publicity surrounding any incident that compromises personal information and the

occurrence of any of these events could have a material adverse effect on our reputation, business, financial condition, results of operations and cash flows. Changes in labor or employment laws could increase our costs and may adversely affect our business. Various federal, state and international labor and employment laws govern our relationship with employees and affect operating costs. These laws include minimum wage requirements, overtime, unemployment tax rates, workers' compensation rates paid, leaves of absence, mandated health and other benefits, and citizenship requirements. Significant additional government-imposed increases or new requirements in these areas could materially affect our business, financial condition, operating results or cash flow. In the event our employee-related costs rise significantly, we may have to reduce the number of our employees or shut down certain manufacturing facilities. Any such actions would not only be costly but could also materially adversely affect our business. We are subject to environmental laws that could impose significant costs on us and the failure to comply with such laws could subject us to sanctions and material fines and expenses. We are subject to a variety of federal, state, local, foreign and provincial environmental laws and regulations, including those governing the discharge of pollutants into the air or water, the management and disposal of hazardous substances and wastes, requiring permits for such activity and the responsibility to investigate and clean up contaminated sites that are or were owned, leased, operated or used by us or our predecessors. Fines and penalties and revocation of permits may be imposed for non-compliance with applicable environmental laws and regulations and the failure to have or to comply with the terms and conditions of required permits. The operation of manufacturing plants entails risks related to compliance with environmental laws, requirements and permits, and a failure by us to comply with applicable environmental laws, regulations, or permits could result in civil or criminal fines, penalties, enforcement actions, third-party claims for property damage and personal injury, requirements to clean up property or to pay for the costs of cleanup, or regulatory or judicial orders enjoining or curtailing operations or requiring corrective measures, including the installation of pollution control equipment or remedial actions. Moreover, if applicable environmental laws and regulations, or the interpretation or enforcement thereof, become more stringent in the future, we could incur capital or operating costs beyond those currently anticipated. In addition, there are known environmental liabilities, and there may be environmental conditions currently unknown to us relating to our prior, existing or future sites or operations or those of predecessor companies whose liabilities we may have assumed or acquired which could have a material adverse effect on our business. We are being indemnified, or expect to be indemnified by third parties, subject to certain caps or limitations on the indemnification, for certain environmental costs and liabilities associated with certain owned or operated sites. We cannot assure you that third parties who indemnify or who are expected to indemnify us for certain environmental costs and liabilities associated with certain owned or operated sites will in fact satisfy their indemnification obligations. If those third parties become unable to, or otherwise do not, comply with their respective indemnity obligations, or if certain contamination or other liability for which we are obligated is not subject to these indemnities, we could become subject to significant liabilities. See Note 12-11 – Contingencies of the Notes to the Consolidated Financial Statements for more information.

General Risks Our operations can be negatively impacted by natural disasters, terrorism, acts of war, international conflict, **pandemic outbreaks and** political and governmental actions **which could harm our business**. Natural disasters, acts or threats of war or terrorism, **pandemic outbreaks such as COVID-19**, international conflicts, and the actions taken by the US and other governments in response to such events could cause damage or disrupt our business operations, our suppliers, or our customers, and could create political or economic instability, any of which could have an adverse effect on our business. Although it is not possible to predict such events or their consequences, these events could decrease demand for our products, could make it difficult or impossible for us to deliver products, could disrupt our supply chain or could result in disruption of our manufacturing processes. We may also be negatively impacted by actions by the US or foreign governments which could disrupt manufacturing and commercial operations, including policy changes affecting taxation, trade, immigration, currency devaluation, tariffs, customs, border actions and the like, including, for example, trade relations between the US and China, and ongoing geopolitical tensions and conflicts. Similarly, unplanned repairs or equipment outages, including those due to natural disasters, could result in the disruption of our manufacturing processes. Any interruption in our manufacturing processes would interrupt our production of products, reduce our income and cash flow and could result in a material adverse effect on our business and financial condition. Our stock has been and may continue to be subject to significant fluctuations and volatility. The market price of shares of our common stock has been and may continue to be volatile. Among the factors that could affect our common stock price are those discussed above under "Risk Factors" as well as:

- domestic and international economic and political factors unrelated to our performance;
- quarterly fluctuation in our operating income and earnings per share results;
- decline in demand for our products;
- significant strategic actions by our competitors, including new product introductions or technological advances;
- fluctuations in interest rates;
- cost increases in energy, raw materials, intermediate components or materials, or labor; and
- changes in revenue or earnings estimates or publication of research reports by analysts.

In addition, stock markets have experienced and may continue to experience extreme volatility that may be unrelated to the operating performance of particular companies. These broad market fluctuations have adversely affected and may continue to adversely affect the trading price of our common stock.