**Risk Factors Comparison 2024-02-22 to 2023-02-22 Form: 10-K**

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

You should carefully consider the risks described below. These risks and uncertainties are not the only ones we face. Additional risks and uncertainties not presently known to us or other factors not perceived by us to present significant risks to our business at this time also may impair our business and results of operations. If any of the stated risks actually occur, they could materially and adversely affect our business, financial condition or operating results. Risks Related to Our Operations We depend on a limited number of key customers, and the loss of any such customer, or a significant reduction in purchases by such customer, could have a material adverse effect on our business, financial condition and results of operations. Our three largest individual customers accounted for approximately 59 % of our consolidated net sales in ~~2022~~ **2023** . During ~~2022~~ **2023** , O' Reilly **Auto Parts** , AutoZone and NAPA accounted for ~~27~~ **29** %, ~~17~~ **16** % and ~~15~~ **14** % of our consolidated net sales, respectively. The loss of one or more of these customers or, a significant reduction in purchases of our products from any one of them could have a materially adverse impact on our business, financial condition and results of operations. In addition, any consolidation among our key customers may further increase our customer concentration risk. ~~We~~ **In our automotive aftermarket business, we** do not typically enter into long- term agreements with any of our customers. Instead, we enter into a number of purchase order commitments with our **aftermarket** customers, based on their current or projected needs. We have in the past, and may in the future, lose customers or lose a particular product line of a customer due to the highly competitive conditions in the automotive aftermarket industry, including pricing pressures, consolidation of customers, customer initiatives to buy direct from foreign suppliers and / or to pursue a private brand strategy, or other business considerations. A decision by any significant customer, whether motivated by competitive conditions, financial difficulties or otherwise, to materially decrease the amount of products purchased from us, to change their manner of doing business with us, or to stop doing business with us, including a decision to source products directly from a low cost region such as Asia, could have a material adverse effect on our business, financial condition and results of operations. Because our sales are concentrated, and the ~~market~~ **markets** in which we operate ~~is~~ **are** very competitive, we are under ongoing pressure from our customers to offer lower prices, extend payment terms, increase marketing allowances and other terms more favorable to these customers. These customer demands have put continued pressure on our operating margins and profitability, resulted in periodic contract renegotiation to provide more favorable prices and terms to these customers, and significantly increased our working capital needs. ~~Our~~ **IndexOur** industry is highly competitive, and our success depends on our ability to compete with suppliers of automotive products, some of which may have substantially greater financial, marketing and other resources than we do. The automotive industry is highly competitive, and our success depends on our ability to compete with domestic and international suppliers of automotive products. In the **automotive aftermarket** ~~Engine Management Segment~~ , we compete **primarily** with **full** ~~: ACDelco, Aptiv Plc, Denso Corporation, Continental AG, Hitachi, Ltd., Motorcraft, Robert Bosch GmbH, Visteon Corporation, NGK Spark Plug Co., Ltd., Dorman Products, Inc. and several privately - owned companies~~ **line suppliers, short- or value- line suppliers, tier suppliers and service part operations of original equipment manufacturers, including car dealerships, and the direct import programs of certain retailers. In the diverse non- aftermarket end markets we supply, we compete** primarily ~~importing products from Asia. In the Temperature Control Segment, we compete~~ with **global** ~~: ACDelco, MAHLE GmbH, Denso Corporation, Motorcraft, Sanden International (U. S. A.), Inc., Continental AG, Dorman Products, Inc.,~~ and **regional tier suppliers of original equipment** ~~several privately- owned companies. In addition, automobile~~ manufacturers ~~supply many of the replacement parts we sell~~ . Some of our competitors may have larger customer bases and significantly greater financial, technical and marketing resources than we do. These factors may allow our competitors to: ~~Index~~ • respond more quickly than we can to new or emerging technologies and changes in customer requirements by devoting greater resources than we can to the development, promotion and sale of automotive products and services; • engage in more extensive research and development; • sell products at a lower price than we do; • undertake more extensive marketing campaigns; and • make more attractive offers to existing and potential customers and strategic partners. We cannot assure you that our competitors will not develop products or services that are equal or superior to our products or that achieve greater market acceptance than our products or that in the future other companies involved in the automotive industry will not expand their operations into product lines produced and sold by us. We also cannot assure you that additional entrants will not enter the automotive industry or that companies in the industry will not consolidate. Any such competitive pressures could cause us to lose market share or could result in significant price decreases and could have a material adverse effect upon our business, financial condition and results of operations. There is substantial price competition in our industry, and our success and profitability will depend on our ability to maintain a competitive cost and price structure. There is substantial price competition in our industry, and our success and profitability will depend on our ability to maintain a competitive cost and price structure. This is the result of a number of industry trends, including the impact of offshore suppliers in the marketplace (particularly in China) which do not have the same infrastructure costs as we do, the consolidated purchasing power of large customers, and actions taken by some of our competitors in an effort to ' ' win over' ' new business. We have in the past reduced prices to remain competitive and may have to do so again in the future. Price reductions have impacted our sales and profit margins and may do so in the future. Our future profitability will depend in part upon our ability to respond to changes in product and distribution channel mix, to continue to improve our manufacturing efficiencies, to generate cost reductions, including reductions in the cost of components purchased from outside suppliers, to maintain a cost structure that will enable us to offer competitive prices, and to pass through higher distribution, raw materials and labor costs to our customers. Our inability to maintain a competitive cost structure could have a material adverse effect on our business, financial condition and results of operations. ~~Our~~ **IndexOur** business is seasonal and is subject to substantial quarterly fluctuations, which impact our quarterly performance and working capital requirements. Historically, our operating results have fluctuated by quarter, with the greatest sales occurring in the second and third quarters of the year and revenues generally being recognized at the time of shipment. It is in these quarters that demand for our **temperature control** products is typically the highest ~~, specifically in the Temperature Control Segment of our business~~ . **The** ~~In addition to this seasonality, the~~ demand for our ~~Temperature~~ **temperature** ~~Control~~ **control** products during the second and third quarters of the year may vary significantly with the summer weather and customer inventories ~~, as evidenced by the strong customer demand in 2022 fueled by the record heat across the country in 2022 and the replenishment of customer inventory levels after very warm summer conditions in 2021. While the COVID- 19 pandemic caused large shifts in sales demand between quarters in 2020, our business has returned to a more normalized pattern of seasonality and variability in demand of our Temperature Control products in 2022 and 2021~~ . As such, our working capital **requirements** typically ~~peaks~~ - **peak** near the end of the second quarter, as the inventory build - up of air conditioning products ~~was~~ **is** converted to sales, and payments on the receivables associated with such sales ~~were~~ **have** yet to be received. **These increased** ~~During this period, our~~ working capital requirements ~~were~~ **are** funded by borrowing from our revolving credit facility in our Credit Agreement. ~~IndexClimate~~ **Climate** - related physical risks, such as changes to weather patterns and conditions may also impact the pattern of seasonality and variability in demand for our Temperature Control products discussed above, which may impact our quarterly performance and working capital requirements. We may incur material losses and significant costs as a result of warranty- related returns by our customers in excess of anticipated amounts. Our products are required to meet rigorous standards imposed by our customers and our industry. Many of our products carry a warranty ranging from a 90- day limited warranty to a lifetime limited warranty, which generally covers defects in materials or workmanship, ~~failure~~ **and conformance** to **agreed upon** ~~meet industry published~~ specifications ~~and / or the result of installation error~~ . In the event that ~~there are material deficiencies or defects in the design and manufacture of~~ our products ~~and / or installation error~~ **fail to conform to these warranties** , the affected products may be subject to warranty returns and / or product recalls. Although we maintain a comprehensive quality control program, we cannot give any assurance that our products will not suffer from defects or other deficiencies or that we will not experience material warranty returns or product recalls in the future. We accrue for warranty returns as a percentage of sales, after giving consideration to recent historical returns. While we believe that we make reasonable estimates for warranty returns in accordance with our revenue recognition policies, actual returns may differ from our estimates. We have in the past incurred, and may in the future incur, material losses and significant costs as a result of our customers returning products to us for warranty- related issues in excess of anticipated amounts. Deficiencies or defects in our products in the future may result in warranty returns and product recalls in excess of anticipated amounts and may have a material adverse effect on our business, financial condition and results of operations. Our profitability may be materially adversely affected as a result of overstock inventory related returns by our customers in excess of anticipated amounts. ~~We~~ **In our automotive aftermarket business, we** permit overstock returns of inventory that may be either new or non- defective or non- obsolete but that we believe we can re- sell. Customers are generally limited to returning overstocked inventory according to a specified percentage of their annual purchases from us. In addition, a customer' s annual allowance cannot be carried forward to the upcoming year. We accrue for overstock returns as a percentage of sales, after giving consideration to recent historical returns. While we believe that we make reasonable estimates for overstock returns in accordance with our revenue recognition policies, actual returns may differ from our estimates. To the extent that overstocked returns are materially in excess of our projections, our business, financial condition and results of operations may be materially adversely affected. ~~We~~ **IndexWe** may be materially adversely affected by asbestos claims arising from products sold by our former brake business, as well as by other product liability claims. In 1986, we acquired a brake business, which we subsequently sold in March 1998. When we originally acquired this brake business, we assumed future liabilities relating to any alleged exposure to asbestos- containing products manufactured by the seller of the acquired brake business. In accordance with the related purchase agreement, we agreed to assume the liabilities for all new claims filed after September 2001. Our ultimate exposure will depend upon the number of claims filed against us on or after September 2001, and the amounts paid for settlements, awards of asbestos- related damages, and defense of such claims. We do not have insurance coverage for the indemnity and defense costs associated with the claims we face. At December 31, ~~2022~~ **2023** , 1, ~~530~~ **390** cases were outstanding for which we may be responsible for any related liabilities. Since inception in September 2001 through December 31, ~~2022~~ **2023** , the amounts paid for settled claims and awards of asbestos- related damages, including interest, were approximately $ ~~64~~ **74** . 6 million. A substantial increase in the number of new claims, or increased settlement payments, or awards of asbestos- related damages, could have a material adverse effect on our business, financial condition and results of operations. ~~IndexIn~~ **In** accordance with our policy to perform an annual actuarial evaluation in the third quarter of each year, an actuarial study was performed as of August 31, ~~2022~~ **2023** . Based upon the results of the August 31, ~~2022~~ **2023** actuarial study, and all other available information to us, we increased our asbestos liability to the low end of the range, and recorded an incremental pre- tax provision of $ ~~18~~ **23** . ~~5~~ **8** million in earnings (loss) from discontinued operations in the accompanying statement of operations. The results of the August 31, ~~2022~~ **2023** study included an estimate of our undiscounted liability for settlement payments and awards of asbestos- related damages, excluding legal costs, ranging from $ **84** ~~68. 8~~ million to $ ~~111~~ **135** . ~~6~~ **3** million for the period through 2065. Future legal costs, which are expensed as incurred and reported in earnings (loss) from discontinued operations in the accompanying statement of operations, are estimated, according to the August 31, ~~2022~~ **2023** study, to range from $ 53. ~~2~~ **1** million to $ 105. ~~7~~ **2** million for the period through 2065. Given the uncertainties associated with projecting asbestos- related matters into the future and other factors outside our control, we cannot give any assurance that significant increases in the number of claims filed against us will not occur, that awards of asbestos- related damages or settlement awards will not exceed the amount we have in reserve, or that additional provisions will not be required. Management will continue to monitor the circumstances surrounding these potential liabilities in determining whether additional reserves and provisions may be necessary. We plan on performing an annual actuarial analysis during the third quarter of each year for the foreseeable future, and whenever events or changes in circumstances indicate that additional provisions may be necessary. In addition to asbestos- related claims, our product sales entail the risk of involvement in other product liability actions. We maintain product liability insurance coverage, but we cannot give any assurance that current or future policy limits will be sufficient to cover all possible liabilities. Further, we can give no assurance that adequate product liability insurance will continue to be available to us in the future or that such insurance may be maintained at a reasonable cost to us. In the event of a successful product liability claim against us, a lack or insufficiency of insurance coverage could have a material adverse effect on our business, financial condition and results of operations. We may not be able to achieve the benefits that we expect from our cost savings initiatives. We expect to realize the continued benefit of discretionary cost reduction measures, along with the continued cost savings anticipated from several ongoing and / or recently completed restructuring and integration initiatives. Due to factors outside our control, such as the adoption or modification of domestic and foreign laws, regulations or policies, we may not be able to achieve the level of benefits that we expect to realize in these initiatives, or we may not be able to realize these benefits within the time frames we currently expect. Our ability to achieve any anticipated cost savings could be affected by a number of factors such as changes in the amount, timing and character of charges related to such initiatives, or a substantial delay in the completion of such initiatives. Failure to achieve the benefits of our cost saving initiatives could have a material adverse effect on us. Our cost savings is also predicated upon maintaining our sales levels. ~~Severe~~ **IndexSevere** weather, natural disasters and other disruptions could adversely impact our operations at our manufacturing and distribution facilities. Severe weather conditions and natural disasters, such as hurricanes, tornados, earthquakes and floods, could damage our properties and effect our operations, particularly our major manufacturing and distribution operations at foreign facilities in Canada, China, Mexico, Poland, Germany and Hungary and at our domestic facilities in Florida, Indiana, Kansas, South Carolina, Texas, Virginia, and Wisconsin. Moreover, global climate change may cause these natural disasters to occur more frequently and / or with more intense effects, which could prevent us from, or cause delays in our ability to, manufacture and deliver products to our customers, and / or cause us to incur additional costs. ~~IndexIn~~ **In** addition, our business and operations could be materially adversely affected in the event of other serious disruptions at these facilities due to fire, electrical blackouts, power losses, telecommunications failures, **wars,** terrorist attack or similar events. Any of these occurrences could impair our ability to adequately manufacture or supply our customers due to all or a significant portion of our equipment or inventory being damaged. If our existing manufacturing or distribution facilities become incapable of producing and supplying products for any reason, we may not be able to satisfy our customers' requirements and we may lose revenue and incur significant costs and expenses that may not be recoverable through our business interruption insurance. Disruptions in the supply of raw materials, manufactured components, or equipment could materially and adversely affect our operations and cause us to incur significant cost increases. We source various types of raw materials, finished goods, equipment, and component parts from suppliers as part of a global supply chain, and we may be materially and adversely affected by the failure of those suppliers to perform as expected. Although we have had an adequate supply of purchased supplier raw materials, finished goods, equipment and component parts, disruptions in the global economy have impeded global supply chains, resulting in longer lead times and delays in procuring component parts and raw materials, and inflationary cost increases in certain raw materials, labor and transportation. In response to the global supply chain volatility and inflationary cost increases, we have taken, and continue to take, several actions to mitigate the impact by working closely with our suppliers and customers to minimize any potential adverse impacts on our business, including initiating cost savings initiatives and the pass through of higher costs to our customers ~~, which began in the fourth quarter of 2021~~ . We **cannot** ~~expect these inflationary trends to continue for some time, and while we believe that we will be able to somewhat offset the impact, there can be no assurances~~ ---- **assure** that unforeseen future events in the global supply chain affecting the availability of materials and components, and / or increasing commodity pricing, will not have a material adverse effect on our business, financial condition and results of operations. Additionally, supplier non- performance may consist of delivery delays or failures caused by production issues or delivery of non- conforming products. Our suppliers' ability to supply products to us is also subject to a number of risks, including the availability and cost of raw materials, the destruction of their facilities, work stoppages, ~~cyber attacks on~~ **cybersecurity incidents affecting** their information ~~technology~~ systems or other limitations on their business operations, which could be caused by any number of factors, such as labor disruptions, financial distress, severe weather conditions and natural disasters, social unrest, economic and political instability, and public health crises, including the occurrence of a contagious disease or illness, such as the COVID- 19 pandemic, war, terrorism or other catastrophic events. In addition, our failure to promptly pay, or order sufficient quantities of inventory from our suppliers may increase the cost of products we purchase or may lead to suppliers refusing to sell products to us at all. Our efforts to protect against and to minimize these risks may not always be effective. Our ~~operations~~ **Operations** could be adversely affected by interruptions or breaches in the security of our computer and information ~~technology~~ systems. We rely on information ~~technology~~ systems throughout our organization to conduct day- to- day business operations, including the management of our supply chain and our purchasing, receiving and distribution functions. We also routinely use our information ~~technology~~ systems to send, receive, store, access and use sensitive data relating to our Company and its employees, customers, suppliers, and business partners, including intellectual property, proprietary business information, and other sensitive materials. Additionally, we rely on our information ~~technology~~ systems to enable many of our employees to work remotely as a result of ~~new~~ **more recent** policies and practices enacted by us. **IndexDespite** ~~IndexOur information technology systems have been subject to cyber threats, including attempts to hack into our network and computer viruses. Such hacking attempts and computer viruses have not significantly impacted or interrupted our business operations. While we implement~~ security measures designed to prevent and mitigate the risk of ~~cyber attacks~~ **cybersecurity incidents** , our information ~~technology~~ systems, and the systems of our customers, suppliers and business partners, may ~~continue to~~ be vulnerable to **such incidents, including interruptions, outages, data breaches, phishing attacks, ransomware attacks, unauthorized access, attempts to hack into**

**our network, and** computer viruses **. Moreover** , **the technologies and techniques used to carry out cyber-** attacks ~~by hackers~~ **are continuously evolving** , **making it difficult to detect these changes** or ~~unauthorized access~~ **implement adequate measures in time to prevent or mitigate the impact of an attack. Due to the foregoing, though we have not experienced a material cybersecurity incident in 2023, we cannot guarantee that there will be no future cybersecurity incident that** ~~caused~~ **causes a material adverse effect on** ~~by employee error or malfeasance. The exploitation of any such vulnerability could unexpectedly compromise~~ our information ~~security~~ **systems** , or **that** ~~the security~~ of our customers, suppliers and other business partners. **In** ~~Furthermore, because~~ the ~~techniques used to carry out cyber attacks change frequently and in many instances~~ **event that our information systems, or the systems of our customers, suppliers or business partners,** are ~~not recognized until after~~ **subject to such incidents, we could experience errors, interruptions, delays, and / or** ~~they~~ **the** ~~are used~~ **cessation of services in key portions of our information systems. If critical information systems fail or otherwise become unavailable, our ability to process orders, maintain proper inventory levels, collect accounts receivable and disburse funds could be adversely affected. The foregoing matters could also cause significant damage to our business reputation, affect our relationships with our business partners, lead to claims** against ~~a target~~ **us, and / or subject us to fines or other penalties assessed by governmental authorities. Additionally** , we may be ~~unable~~ **required** to ~~anticipate these changes or implement adequate preventative measures. If our information technology systems, or the systems of our customers, suppliers or business partners, are subject to cyber attacks, such as those involving significant or extensive system interruptions, sabotage, computer viruses or unauthorized access, we could experience disruptions to our business operations and~~ incur substantial ~~remediation~~ costs **to remediate the damage caused by these disruptions or protect us against future cybersecurity incidents. Depending on the nature and magnitude of these events** , ~~which~~ **they** could have a material **and** adverse effect on our business, financial condition or results of operations. The transition risks associated with global climate change may cause us to incur significant costs. In addition to the physical risks described above, global climate change has brought about certain risks associated with the anticipated transition to a lower- carbon economy, such as regulatory changes affecting vehicle emissions and fuel efficiency requirements, technological changes in vehicle architectures, changes in consumer demand, carbon taxes, greenhouse gas emissions tracking, and regulation of greenhouse gas emissions from certain sources. Any regulatory changes aimed to reduce or eliminate greenhouse gas emissions may require us to incur increased operating costs, such as to purchase and operate emissions control systems or other such technologies to comply with applicable regulations or reporting requirements. These regulations, as well as shifts in consumer demand due to public awareness and concern of climate change, could affect the timing and scope of their proliferation and may also adversely impact our sales of products designed for the internal combustion engines. As we monitor the rapid developments in this area, we may be required to adjust our business strategy to address the various transition risks posed by climate change. Failure to maintain the value of our brands could have an adverse effect on our reputation, cause us to incur significant costs and negatively impact our business. Our brands are ~~an important~~ **a key** component of our value proposition, and serve to distinguish our premium ~~engine management and temperature control~~ products from those of our competitors. ~~We~~ **In our automotive aftermarket business, we** believe that our success depends, in part, on maintaining and enhancing the value of our brands and executing our brand strategies, which are designed to drive end- user demand for our products and make us a valued business partner to our **aftermarket** customers through the support of their marketing initiatives. A decline in the reputation of our brands as a result of events, such as deficiencies or defects in the design or manufacture of our products, or from legal proceedings, product recalls or warranty claims resulting from such deficiencies or defects, may harm our reputation as a manufacturer and distributor of premium automotive parts, reduce demand for our products and adversely affect our business. ~~Our~~ **IndexOur** revenue and results of operations may suffer upon the bankruptcy, insolvency or other credit failure of a significant customer. Most of our customers buy products from us on credit. We extend credit to customers and offer extended payment terms based upon competitive conditions in the marketplace and our assessment and analysis of creditworthiness. General economic conditions, competition and other factors may adversely affect the solvency or creditworthiness of our customers. **Higher interest rates,** ~~Inflationary~~ **inflationary** cost increases in raw materials, labor and transportation and a general worsening of economic conditions ~~has~~ **have** put financial pressure on many of our customers and may threaten certain customers' ability to maintain liquidity sufficient to repay their obligations to us as they become due. The bankruptcy, insolvency or other credit failure of any customer that has a substantial amount owed to us could have a material adverse effect on our operating revenue and results of operations. **We** ~~In January 2023, one of our customers filed a petition for bankruptcy. In connection with the bankruptcy filing, we~~ recorded a $ 7 million **pre- tax** charge in 2022 to reduce our outstanding accounts receivable balance from ~~the~~ **a** customer **that filed for bankruptcy in the first quarter of 2023** to our estimated recovery amount **. In our Engineered Solutions business, our supply agreements with our customers are generally requirements contracts, and a decline in the production requirements of any of our significant customers could adversely impact our revenues and profitability. In our Engineered Solutions business, our customers generally agree to purchase their requirements for specific products, and we receive volume forecasts of their requirements, but not long-term firm volume commitments. Furthermore, our customers typically reserve the right to change, delay or cancel their orders for products, and we have limited recourse in such events. Changes, delays or cancellations by a significant customer or by a number of customers could adversely impact our results of operations by reducing the volumes of products we manufacture and sell, by causing a delay in the recovery of expenditures for raw materials and component parts procured to satisfy such orders, or by reducing our asset utilization, resulting in lower profitability. We also make key decisions based on our estimates of our customers' requirements, including in planning our production schedules, raw material and component part purchases, personnel needs and other resource requirements. Changes in demand for our customers' products would likely reduce our customers' requirements and adversely impact our ability to accurately estimate their requirements in the future. Any significant decrease or delay in customer orders could have a material adverse effect on our business, financial condition and results of operations. Our inability to attract or retain key**

**employees may have an adverse effect on our business, financial condition and results of operations. Our success is dependent upon our ability to attract, retain and motivate certain key employees, including our management and our skilled workforce of engineers, technically- trained salesforce employees and other qualified personnel. Many of our key employees have many years of experience with our Company and would be difficult to replace without allotment of a significant amount of time for knowledge transfer. Furthermore, although we believe our facilities are in labor markets with ready access to adequate numbers of skilled and unskilled workers, we compete with other businesses to fill many of our hourly positions in our distribution facilities, which historically have had high turnover rates, which can lead to increased training and retention costs, particularly in a competitive and shrinking labor market. We cannot be certain that we will be able to continue to attract or retain our key employees, which could cause us to fail to execute our value proposition, fail to achieve operational efficiencies, and incur increased labor costs, which could have an adverse effect our business, financial condition and results of operations** . IndexRisks Related to Liquidity We are exposed to risks related to our receivables supply chain financing arrangements. We are party to several supply chain financing arrangements, in which we may sell certain of our customers' trade accounts receivable without recourse to such customers' financial institutions. To the extent that these arrangements are terminated, our financial condition, results of operations, cash flows and liquidity could be adversely affected by extended payment terms, delays or failures in collecting trade accounts receivables. The utility of the supply chain financing arrangements also depends upon a benchmark reference rate for the purpose of determining the discount rate on the sale of the underlying trade accounts receivable. If the benchmark reference rate increases significantly, we may be negatively impacted as we may not be able to pass these added costs on to our customers, which could have a material and adverse effect upon our financial condition, results of operations and cash flows. Depending upon the level of sales of receivables pursuant these agreements, a hypothetical, instantaneous and unfavorable change of 100 basis points in the reference rate may have an approximate $ 8. ~~1~~ **3** million negative impact on our earnings or cash flows. A significant increase in our indebtedness, or in interest rates, could negatively affect our financial condition, results of operations and cash flows. We have a Credit Agreement with JPMorgan Chase Bank, N. A., as administrative agent, and a syndicate of lenders ~~, which we refer to throughout this Report as our Credit Agreement~~ . The Credit Agreement provides for a $ 500 million credit facility comprised of a $ 100 million term loan facility ~~(the " term loan ")~~ and a $ 400 million multi- currency revolving credit facility available in U. S. Dollars, Euros, Sterling, Swiss Francs, Canadian Dollars and other currencies as agreed to by the administrative agent and the lenders ~~(the " revolving facility ")~~ . As of December 31, ~~2022~~ **2023** , our total outstanding indebtedness was $ ~~239~~ **156** . ~~6~~ **2** million, including outstanding borrowings under the Credit Agreement of $ **156** ~~239. 5~~ million, consisting of current borrowings of $ ~~55~~ **5** million and long- term borrowings of $ **151** ~~184. 5~~ million. Borrowings under our Credit Agreement bear interest, at the Company' s election, at a rate per annum equal to Term SOFR plus 0. 10 % plus an applicable margin, or an alternate base rate plus an applicable margin, where the alternate base rate is the greater of the prime rate, the federal funds effective rate plus 0. 50 %, and one- month Term SOFR plus 0. 10 % plus 1. 00 %. The applicable margin for the term benchmark borrowings ranges from 1. 0 % to 2. 0 %, and the applicable margin for alternate base rate borrowings ranges from 0 % to 1. 0 %, in each case, based on the total net leverage ratio of the Company and its restricted subsidiaries. The significant increase in our indebtedness could: • increase our borrowing costs; • limit our ability to obtain additional financing or borrow additional funds; • require that a substantial portion of our cash flow from operations be used to pay principal and interest in our indebtedness, instead of funding working capital, capital expenditures, acquisitions, dividends, stock repurchases, or other general corporate purposes; • limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate; and • increase our vulnerability to general adverse economic and industry conditions. In addition, the Company' s obligations under the Credit Agreement are guaranteed by its material domestic subsidiaries (each, a " Guarantor "), and secured by a first priority perfected security interest in substantially all of the existing and future personal property of the Company and each Guarantor, subject to certain exceptions. The collateral security described above also secures certain banking services obligations and interest rate swaps and currency or other hedging obligations of the Company owing to any of the then existing lenders or any affiliates thereof. Concurrently with the Company' s entry into the Credit Agreement, the Company also entered into a seven year interest rate swap agreement with Wells Fargo Bank, N. A., Co- Syndication Agent and lender under the Credit Agreement, on $ 100 million of borrowings under the Credit Agreement. The interest rate swap agreement matures in May 2029. IndexThe Credit Agreement contains customary covenants limiting, among other things, the incurrence of additional indebtedness, the creation of liens, mergers, consolidations, liquidations and dissolutions, sales of assets, dividends and other payments in respect of equity interests, acquisitions, investments, loans and guarantees, subject, in each case, to customary exceptions, thresholds and baskets. The Credit Agreement also contains customary events of default. If we were default on any of these covenants, or on any of our indebtedness, if interest rates were to significantly increase, or the financial institution that is a party to our interest rate swap agreement were to default, or if we are unable to obtain necessary liquidity, our business could be adversely affected. We may not be able to generate the significant amount of cash needed to satisfy our obligations or maintain sufficient liquidity through borrowing capacities. Our ability either to make payments on or to refinance our indebtedness, or to fund planned capital expenditures and research and development efforts, will depend on our ability to generate cash in the future. Our ability to generate cash is in part subject to: • general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control; • the ability of our customers to pay timely the amounts we have billed; and • our ability to sell receivables under supply chain financing arrangements. The foregoing factors could result in reduced cash flow, which could have a material adverse effect on us. When cash generated by earnings is not sufficient for the Company' s liquidity needs, the Company seeks external financing. Our access to funding sources in amounts adequate to finance our activities on terms that are beneficial to us could be impaired by factors that affect us specifically or the economy generally. During periods of disruptions in the credit and capital markets, potential sources of external financing could be reduced, and borrowing costs could increase. A significant downgrade in the company' s credit ratings could increase its borrowing costs and limit access to capital. Based on our current level of operations, we believe our cash flow from operations, available cash and available borrowings under our Credit Agreement will be adequate to meet our future liquidity needs for at least the next twelve months. Significant assumptions underlie this belief, including, among other things, that we will be able to mitigate the future impact, if any, of disruptions in ~~the~~ **global** supply ~~chain~~ **chains** ~~caused by the COVID- 19 pandemic~~ , **which have resulted in longer** ~~Russia' s invasion of the Ukraine and the resultant sanctions imposed by the U. S. and other governments that may~~ lead **times and delays** ~~to a further increase~~ in ~~inventories to support our customers~~ **procuring component parts and raw materials** , and significant inflationary cost increases in **certain** raw materials, labor and transportation, and that there will be no material adverse developments in our business, liquidity or capital requirements. If we are unable to fund our operations through earnings or external financing, we will be forced to adopt an alternative strategy that may include actions such as: • deferring, reducing or eliminating future cash dividends; • reducing or delaying capital expenditures or restructuring activities; • reducing or delaying research and development efforts; • selling assets; • deferring or refraining from pursuing certain strategic initiatives and acquisitions; • refinancing our indebtedness; and • seeking additional funding. IndexWe cannot assure you that, if material adverse developments in our business, liquidity or capital requirements should occur, our business will generate sufficient cash flow from operations, or that future borrowings will be available to us under our Credit Agreement in amounts sufficient to enable us to pay the principal and interest on our indebtedness, or to fund our other liquidity needs. In addition, if we default on any of our indebtedness, or breach any financial covenant in our Credit Agreement, our business could be adversely affected. **We have significant goodwill and other intangible assets, and future impairment of these assets could have a material adverse impact on our financial condition and results of operations. A significant portion of our long- term assets consists of goodwill and other intangible assets recorded as a result of past acquisitions. We do not amortize goodwill and certain other intangible assets having indefinite lives, but rather test them for impairment on an annual basis or in interim periods if an event occurs or circumstances change that may indicate the fair value is below its carrying amount. The process of evaluating the potential impairment of goodwill and other intangible assets requires significant judgement, specifically with respect to applying assumptions and estimates to the analysis of identifiable intangibles and long - lived asset impairment including projecting revenues, interest rates, tax rates and the cost of capital. Many of the factors used in assessing fair value are outside our control and it is reasonably likely that assumptions and estimates will change in future periods. These changes could result in impairment charges against our goodwill and other intangible assets. In the event that we determine that our goodwill or other intangible assets are impaired, we may be required to record a significant charge to earnings that could adversely affect our financial condition and results of operations.** Risks Related to External Factors We conduct our manufacturing and distribution operations on a worldwide basis and are subject to risks associated with doing business outside the United States. We have manufacturing and distribution facilities in many countries, including Canada, Mexico, Poland, Germany and Hungary, as well as ~~a~~ joint- ~~venture~~ **ventures** in China ~~. Increasing our manufacturing footprint in low cost regions is an important element of our strategy~~ . There are a number of risks associated with doing business internationally, including: (a) exposure to local economic and political conditions; (b) social unrest such as risks of terrorism or other hostilities; (c) currency exchange rate fluctuations and currency controls; (d) the effect of potential changes in U. S. trade policy and international trade agreements; and (e) the potential for shortages of trained labor. In particular, historically there has been social unrest in Hong Kong and Mexico and any recurrence, or increased violence in or around our facilities in such countries could be disruptive to our business operations at such facilities, or present risks to our employees who may be directly affected by the violence and may result in a decision by them to relocate from the area, or make it difficult for us to recruit or retain talented employees at such facilities. Furthermore, changes in U. S. trade policy, particularly as it relates to China, have resulted in the assessment of increased tariffs on goods that we import into the United States, and have caused uncertainty about the future of free trade generally. We benefit from free trade agreements, such as the U. S.- Mexico- Canada Agreement (USMCA). The repeal or modification of the USMCA or further increases to tariffs on goods imported into the United States could increase our costs to source materials, component parts and finished goods from other countries. The likelihood of such occurrences and their potential effect on us is unpredictable and may vary from country to country. Any such occurrences could be harmful to our business and our financial results. We may incur liabilities under government regulations and environmental laws, which may have a material adverse effect on our business, financial condition and results of operations. Domestic and foreign political developments and government laws and regulations directly affect automotive consumer products in the United States and abroad. In the United States, these laws and regulations include standards relating to vehicle safety, fuel economy and emissions, among others. Furthermore, increased public awareness and concern regarding climate change may result in new laws and regulations designed to reduce or mitigate the effects of greenhouse gas emissions or otherwise effect the transition to a lower- carbon economy. The modification of existing laws, regulations or policies, or the adoption of new laws, regulations or policies could have a material adverse effect on our business, financial condition and results of operations. ~~Our~~ **IndexOur** operations and properties are subject to a wide variety of increasingly complex and stringent federal, state, local and international laws and regulations, including those governing the use, storage, handling, generation, treatment, emission, release, discharge and disposal of materials, substances and wastes, the remediation of contaminated soil and groundwater and the health and safety of employees. Such environmental laws, including but not limited to those under the Comprehensive Environmental Response Compensation & Liability Act, may impose joint and several liability and may apply to conditions at properties presently or formerly owned or operated by an entity or its predecessors, as well as to conditions at properties at which wastes or other contamination attributable to an entity or its predecessors have been sent or otherwise come to be located. ~~IndexThe~~ **The** nature of our operations exposes us to the risk of claims with respect to such matters, and we can give no assurance that violations of such laws have not occurred or will not occur or that material costs or liabilities will not be incurred in connection with such claims. We are currently monitoring our environmental remediation efforts at one of our facilities and our reserve balance related to the environmental clean- up at this facility is $ 1. ~~5~~ **4** million at December 31, ~~2022~~ **2023** . The environmental testing and any remediation costs at such facility may be covered by several insurance policies, although we can give no assurance that our insurance will cover any environmental remediation claims. We also maintain insurance to cover our existing U. S. and Canadian facilities. We can give no assurance that the future cost of compliance with existing environmental laws and the liability for known environmental claims pursuant to such environmental laws will not give rise to additional significant expenditures or liabilities that would be material to us. In addition, future events, such as new information, changes in existing environmental laws or their interpretation, and more vigorous enforcement policies of federal, state or local regulatory agencies, may have a material adverse effect on our business, financial condition and results of operations. Our future performance may be materially adversely affected by changes in technologies and improvements in the quality of new vehicle parts. If we do not respond appropriately to changes in automotive technologies, such as the adoption of new technologies and systems to make traditional, ~~ICE~~ **internal- combustion- engine** vehicles more efficient, or the adoption of electric or hybrid electric vehicle architectures, we could experience less demand for our products thereby causing a decline in our results of operations or deterioration in our business and financial condition, and we may have a material adverse effect on our long- term performance. In addition, the size of the ~~automobile~~ **automotive aftermarket** ~~replacement parts market~~ depends, in part, upon the growth in number of vehicles on the road, increase in average vehicle age, change in total miles driven per year, new or modified environmental and vehicle safety regulations, including fuel economy and emissions reduction standards, increase in pricing of new cars and new car quality and related warranties. The ~~automobile~~ **automotive aftermarket** ~~replacement parts market~~ has been negatively impacted by the fact that the quality of more recent automotive vehicles and their component parts (and related warranties) has improved, thereby lengthening the repair cycle. Generally, if parts last longer, there will be less demand for our **aftermarket** products and the average useful life of ~~automobile~~ **automotive** parts has been steadily increasing in recent years due to innovations in products and technology. In addition, the introduction by original equipment manufacturers of increased warranty and maintenance initiatives has the potential to decrease the demand for our **aftermarket** products. When proper maintenance and repair procedures are followed, newer air conditioning (A / C) systems in particular are less prone to leak resulting in fewer A / C system repairs. These factors could have a material adverse effect on our business, financial condition and results of operations. ~~Our business, results of operations and financial condition could be materially adversely affected by the effects of widespread public health crises, including the novel coronavirus (COVID- 19) pandemic, that are beyond our control. The global outbreak of the novel coronavirus (COVID- 19) pandemic created significant volatility, uncertainty and economic disruption in many countries in which we operate, including the United States, Mexico, Canada, Poland, Germany, Hungary and China. We believe customer demand for our products and customer preferences regarding product mix and distribution channels were also impacted as a result of the pandemic, and significant uncertainty exists with respect to the general economic conditions as we emerge from the pandemic, including rising inflation, disruptions in the supply chain and a possible national or global recession. If customer demand were to decrease in future periods, or if customer preferences regarding product mix and distribution channels were to change, we may be required to adjust and reduce production volumes and implement cost reduction and cash preservation initiatives, including potential reductions in capital expenditures and employee furloughs, which could have a material adverse impact on our business, results of operations and financial condition. IndexIn certain countries in which we operate, national, state and local governments implemented a variety of measures in response to the COVID- 19 pandemic. Many of these restrictions have been eased, however, there can be no guarantee that they will not be implemented in the future. Any restrictions or limitations on our ability to perform such operations could have a material adverse effect on our business, results of operations and financial condition. Furthermore, the COVID- 19 pandemic and other public health crises could have a material adverse effect on the business, operations and financial condition of our customers, suppliers and other supply chain partners as a result of the governmental measures described above, disruptions to their business and operations for reasons similar to those described above, and their ability to manage and mitigate the adverse effects of these and other risks unique to their business and operations that may arise as a result of the pandemic.~~ ITEM 1B. UNRESOLVED STAFF COMMENTS