

## Risk Factors Comparison 2025-02-18 to 2024-02-22 Form: 10-K

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

The following are risk factors known to us that could materially adversely affect our business, financial condition or operating results.

**Macroeconomic Risks** We may encounter financial difficulties if the United States or other global economies experience an additional or continued long- term economic downturn, decreasing the demand for our products and negatively affecting our sales growth. Our product sales are sensitive to declines in capital spending by our customers. Decreased demand for our products could result in decreased revenues, profitability and cash flows and may impair our ability to maintain our operations and fund our obligations to others. In the event of a continued long- term economic downturn in the U. S. or other global economies, our revenues could decline to the point that we may have to take cost- saving measures ~~, such as restructuring actions~~. In addition, other fixed costs would have to be reduced to a level that is in line with a lower level of sales. A long- term economic downturn that puts downward pressure on sales could also negatively affect investor perception relative to our publicly stated profit targets. Our operations could be adversely affected by **global economic volatility**, geopolitical tensions or health epidemics ~~, and regulatory changes~~. ~~We may~~ **International operations could be adversely impacted** ~~affected~~ by **changes in economic factors outside of our control, including geopolitical-- political tensions or public health epidemics**. Geopolitical tensions, **regulatory acts of violence or war, or and social conditions, especially in Russia, China, the Middle East, and** other international conflicts may also ~~developing or emerging markets where we do business~~. **An economic downturn in the businesses or geographic areas in which we distribute our products could reduce demand for these products and result in a decrease in sales volume that could have a negative impact on our results of operations. Tariffs and other trade protection measures, anti- bribery and anti- corruption regulations, restrictions on repatriation of earnings and cash, currency controls implemented by foreign governments, differing intellectual property rights and changes in legal and regulatory requirements that restrict the sales of products or increase costs could adversely affect our results of operations. Tariffs may decrease the competitiveness of our products in foreign markets or foreclose our sales entirely into those markets. We could experience a negative impact on our operations-- operating results**. ~~Public health epidemics, profitability such as the COVID-19 pandemic, customer relationships have impacted economic markets, manufacturing operations, supply chains, employment and consumer behavior in nearly every geographic region and industry across the world, and we have been, and may in the future~~ **cash flows** ~~be, adversely affected as a result~~. Our global operations are subject to laws and regulations that impose significant compliance costs and create reputational and legal risk. Due to the international scope of our operations, we are subject to a complex system of commercial, tax, compliance and trade regulations around the world. Recent years have seen an increase in the development and enforcement of laws regarding trade, tax compliance, data ~~privacy~~, sustainability, labor and safety and anti- corruption, including the U. S. Foreign Corrupt Practices Act, and similar laws from other countries. Our numerous foreign subsidiaries and affiliates are governed by laws, rules and business practices that differ from those of the U. S., but because we are a U. S.- based company, oftentimes they are also subject to U. S. laws which can create a conflict. Despite our due diligence, there is a risk that we do not have adequate resources or comprehensive processes to stay current on changes in laws or regulations applicable to us worldwide and maintain compliance with those changes. Increased compliance requirements may lead to increased costs and erosion of desired profit margin. As a result, it is possible that the activities of these entities may not comply with U. S. laws or business practices or our Code of Conduct. Violations of the U. S. or local laws may result in severe criminal or civil sanctions, could disrupt our business, and result in an adverse effect on our reputation, business and results of operations or financial condition. We cannot predict the nature, scope or effect of future regulatory requirements to which our operations might be subject or the manner in which existing laws might be administered or interpreted. **Changes in foreign currency exchange rates could adversely impact our net sales and earnings. Fluctuations in foreign currency exchange rates could negatively affect our net sales, earnings, and financial condition. Many of our routine transactions are conducted in foreign currencies, and changes in exchange rates have previously impacted, and may continue to impact, our sales, material costs, earnings, and the valuation of foreign- denominated assets. While the majority of our manufacturing and cost structure is based in the U. S., a decline in the value of local currencies could make it more difficult for distributors and end users to afford our products. Significant exchange rate volatility could adversely affect our operational results and overall financial stability.**

**Industry Risks** We may be unable to take advantage of product pricing due to the competitive marketplace and increased price sensitivity. Simplification of our customer product pricing is a key initiative to reduce the complexity in which we operate. The current competitive landscape, coupled with macroeconomic factors such as inflation, could impact our ability to achieve our pricing targets and influence demand. These pressures, along with internal constraints, may limit our ability to sell our products at our expected prices and may result in a change to the mix of product offerings that affect gross margin rates. Increasing our prices in this competitive market, where customers are very price sensitive, could have an adverse effect on our financial condition or operating results. We are subject to competitive risks associated with developing innovative products and technologies, including, but not limited to, our inability to expand as rapidly or aggressively in the global market as our competitors, our customers ceasing to pay for innovation and competitive challenges to our products, technology and the underlying intellectual property. Our products are sold in competitive markets throughout the world. Competition is based on product features and design, brand recognition, reliability, durability, technology, breadth of product offerings, price, customer relationships and after- sale service. Although we believe that the performance and price of our products will produce competitive solutions for our customers' needs, certain products are priced higher than our competitors' products. This is due to

our dedication to innovation and continued investments in research and development. We believe that customers will pay for the innovations and quality in our products. However, it may be difficult for us to compete with lower priced products offered by our competitors and there can be no assurance that our customers will continue to choose our products over products offered by our competitors. If our products, markets and services are not competitive, we may experience a decline in sales volume, an increase in price discounting and a loss of market share, which would adversely impact our revenues, margin and the success of our operations. Third parties may also initiate litigation to challenge the validity of our patents or claims, allege that we infringe upon their patents, violate our patents or they may use their resources to design comparable products that avoid infringing our patents. Regardless of whether such litigation is successful, such litigation could significantly increase our costs and divert management's attention from the operation of our business, which could adversely affect our results of operations and financial condition. Disruption in the availability of, quality, or increases in the cost of, raw materials and components that we purchase or labor required to manufacture our products could negatively impact our operating results or financial condition. Our sales growth and, expanding geographical footprint, coupled with suppliers' potential credit issues, could lead to an and reliance on increased risk of a breakdown in our supply chain. Our use of sole-source vendors for certain parts heighten supply chain risks, including potential credit issues among suppliers and disruptions due to limited global production capacity. Sole-sourcing creates increases a concentration risk. There is an and vulnerability to increased risk of defects in due to the highly customized configured nature of our purchased component components parts that, which could result in lead to quality issues, returns, or production slowdowns delays. In addition, modularization-Modularization and outsourcing key component designs may lead to more further increase reliance on sole suppliers sourced products, and as we seek to outsource the design of certain key components, we risk loss of proprietary control and becoming more reliant on a sole source. There is also a risk that the vendors Vendors failing we choose to meet supply our parts and equipment fail to comply with our quality standards could harm expectations, thus damaging our reputation for quality and negatively impacting sales. Supply chain Global supplier production for various component parts is limited. We may experience disruption disruptions, of the supply of key component parts. Cost cost inflation, and market supply challenges may negatively impact our financial results. We have and may continue to experience higher than normal wage inflation due to skilled labor shortages negatively. The labor shortages have unfavorably impacted-- impact our financial results and gross profit margins. Wage inflation from labor shortages may persist unless mitigated and could continue to do so if actions we are taking are not effective-effectively at offsetting. Government fiscal policies, tariffs, and import restrictions could further raise costs, reduce product demand, or limit raw material sourcing. Global supply chain disruptions, natural disasters, tariffs, and limited supplier capacity have previously caused shortages of key components, parts, and accessories. Reliance on single suppliers exacerbates these challenges rising costs. Continued or new disruptions due to financial hardship, pandemics, natural disasters, or climate Changes- change - and uncertainties-related events could impede to government fiscal and tax policies, including increased duties, tariffs, or our other restrictions-ability to source necessary materials, could adversely affect-affecting demand for our products production, operations the cost of the products we manufacture or our ability to cost-effectively source raw materials, and all of which could have a negative impact on our financial results-performance. Increasing cost pressures could negatively impact our ability to achieve our strategic objectives and affect our financial results. We are dependent on key suppliers to make certain materials available at a contracted price. Labor, overhead, and material costs have increased and we may not be able to offset these increased manufacturing costs with a higher finished product price. We also may not be able to push those direct cost increases onto our customers in a timely manner given the competitive environment. A decline in demand for our products may have a direct impact on our ability to achieve better pricing through volume discounts. We are subject to product liability claims and product quality issues that could adversely affect our operating results or financial condition. Our business exposes us to potential product liability risks that are inherent in the design, manufacturing and distribution of our products. If products are used incorrectly by our customers, injury may result leading to product liability claims against us. Some of our products or product improvements may have defects or risks that we have not yet identified that may give rise to product quality issues, liability and warranty claims. Quality issues may also arise due to changes in parts or specifications with suppliers and / or changes in suppliers. If product liability claims are brought against us for damages that are in excess of our insurance coverage or for uninsured liabilities and it is determined we are liable, our business could be adversely impacted. Any losses we suffer from any liability claims, and the effect that any product liability litigation may have upon the reputation and marketability of our products, may have a negative impact on our business and operating results. We could experience a material design or manufacturing failure in our products, a quality system failure, other safety issues, or heightened regulatory scrutiny that could warrant a recall of some of our products. Any unforeseen product quality problems could result in loss of market share, reduced sales and higher warranty expense. Operational Risks Our ability to effectively operate our Company could be adversely affected if we are unable to attract and retain key personnel and other highly skilled employees, provide employee development opportunities and create effective succession planning strategies. Our growth strategy, expanding global footprint, changing workforce demographics and increased improvements in technology and business processes designed to enhance the customer experience are putting increased pressure on human capital strategies designed to attract, retain and develop top talent. Our continued success will depend on, among other things, the skills and services of our executive officers and other key personnel. Our ability to attract and retain highly qualified managerial, technical, manufacturing, research, sales and marketing personnel also impacts our ability to effectively operate our business. As companies grow and increase their hiring activities, there is an inherent risk of increased employee turnover and the loss of valuable employees in key positions, especially in emerging markets. We believe the increased loss of key personnel within a concentrated region could adversely affect our sales performance. We may not be able to develop or manage strategic planning and growth processes or the related operational plans to deliver on our strategies and establish a broad organization alignment, thereby impairing our ability to achieve future performance expectations. We are continuing to refine our global company

strategy to guide our next phase of performance as our structure has become more complex. We continue to consolidate and reallocate resources as part of our ongoing efforts to optimize our cost structure and to drive synergies. Our operating results may be negatively impacted if we are unable to implement new processes and manage organizational changes, which include changes to our go- to- market strategy, systems and processes; simultaneous focus on expense control and growth; and introduction of alternative cleaning methods. In addition, if we do not effectively realize and sustain the benefits that these transformations are designed to produce, we may not fully realize the anticipated savings of these actions or they may negatively impact our ability to serve our customers or meet our strategic objectives. **Complications with the design or implementation of our new Enterprise Resource Planning (" ERP") system that could adversely impact our business and operations.** We **rely extensively on** ~~may not be able to upgrade and evolve our information systems and technology to~~ **manage our business** systems as quickly as we wish and **support our growth strategy.** Many of ~~we may encounter difficulties as we upgrade and evolve these systems~~ **require significant upgrades to align with** support our growth strategy and business operations, which could adversely impact our abilities to accomplish anticipated future cost savings and better serve our customers. We have many information technology systems that are important to the operation of our business and are in need of upgrading in order to effectively implement our enterprise strategy. ~~Given~~ **and meet the demands of the current business environment, particularly with** our **focus** ~~greater emphasis~~ on customer- facing technologies. **However, limitations in** ~~we may not have adequate resources~~ **and expertise may hinder our ability** to upgrade ~~our these~~ systems at the pace which the current business environment demands. Additionally, significantly upgrading and evolving the capabilities of our existing systems, including ERP modernization, could lead to inefficient ~~or ineffective~~ **efficiently** or ineffective use of our technology due to lack of training or expertise in these evolving technology systems. These factors, **potentially resulting in** among other things, could lead to significant expenses, adversely impacting our results of operations **operational inefficiencies,** and **challenges in delivering improved** ~~hindering our ability to offer better technology solutions to our customers.~~ **As part of our enterprise strategy, we are implementing a global enterprise resource planning (" ERP") system to modernize our financial and operational systems, enhance functionality, and provide timely information to management. While we anticipate increased efficiencies by standardizing processes and leveraging a common cloud- based system, the implementation process has been complex and resource- intensive, requiring substantial financial and personnel investments. Risks associated with this migration include:**

- Significant capital and operating expenditures;
- Disruptions to domestic and international supply chains;
- Disruption in customer experience;
- Delays or inaccuracies in fulfilling orders or processing payments;
- Disruption to internal controls and reporting processes; and
- Increased demands on management and staff time, potentially detracting from other corporate initiatives.

**If we are unable to successfully design, implement, and stabilize the ERP system, our financial position, operational performance, and liquidity could be adversely impacted. Furthermore, ineffective system implementation or performance could comprise our internal controls over financial reporting, delay required filings, or disrupt our ability to meet operational and customer demands.** We may encounter risks to our **information technology (" IT ")** infrastructure, such as access and security, that may not be adequately designed to protect critical data and systems from theft, corruption, unauthorized usage, viruses, sabotage or unintentional misuse. Global cybersecurity threats and incidents can range from uncoordinated individual attempts to gain unauthorized access to IT systems to sophisticated and targeted measures known as advanced persistent threats, directed at the Company, its products and its customers. We experience cybersecurity threats and incidents from time to time; however, to date, none have been material. We seek to deploy comprehensive measures to deter, prevent, detect, react to and mitigate these threats, including identity and access controls, data protection, vulnerability assessments, continuous monitoring of our IT networks and systems and maintenance of backup and protective systems. Despite these efforts, cybersecurity incidents, depending on their nature and scope, could potentially result in the misappropriation, destruction, corruption or unavailability of critical data and confidential or proprietary information (our own or that of third parties) and the disruption of business operations. The potential consequences of a material cybersecurity incident include financial loss, reputational damage, litigation with third parties, theft of intellectual property, diminution in the value of our investment in research, development and engineering, and increased cybersecurity protection and remediation costs due to the increasing sophistication and proliferation of threats, which in turn could adversely affect our competitiveness and results of operations. We may be unable to conduct business if we experience a significant business interruption in our **computer IT** systems, manufacturing plants or distribution facilities for a significant period of time. We rely on our **computer IT** systems, manufacturing plants and distribution facilities to efficiently operate our business. If we experience an interruption in the functionality in any of these items for a significant period of time for any reason, we may not have adequate business continuity planning contingencies in place to allow us to continue our normal business operations on a long- term basis. In addition, the increase in customer- facing technology raises the risk of a lapse in business operations. Therefore, significant long- term interruption in our business could cause a decline in sales, an increase in expenses and could adversely impact our financial results. Our ability to manage the health and safety of our global workforce may lead to increased business disruption and financial penalties. We remain focused on the health and safety measures that impact our business from a manufacturing perspective. Our manufacturing teams monitor the effectiveness of our wellness and safety programs. The Company may be required to make enhancements and incur costs related to any new health guidelines and protocols to adapt to new health crises, which may adversely affect our business, financial conditions, or operating results. We may consider acquisitions of suitable candidates to accomplish our growth objectives. We may not be able to successfully integrate the businesses we acquire to achieve operational efficiencies, including synergistic and other benefits of acquisition. We may consider, as part of our growth strategy, supplementing our organic growth through acquisitions of complementary businesses or products. We have engaged in acquisitions in the past and we may determine that future acquisitions may provide meaningful opportunities to grow our business and improve profitability. Acquisitions allow us to enhance the breadth of our product offerings and expand the market and geographic participation of our products and services.

However, our success in growing by acquisition is dependent upon identifying businesses to acquire, integrating the newly acquired businesses with our existing businesses and complying with the terms of our credit facilities. We may incur difficulties in the realignment and integration of business activities when assimilating the operations and products of an acquired business or in realizing projected efficiencies, cost savings, revenue synergies and profit margins. Acquired businesses may not achieve the levels of revenue, profit, productivity or otherwise perform as expected. We are also subject to incurring unanticipated liabilities and contingencies associated with an acquired entity that are not identified or fully understood in the due diligence process. Current or future acquisitions may not be successful or accretive to earnings if the acquired businesses do not achieve expected financial results. In addition, we may record significant goodwill or other intangible assets in connection with an acquisition. We are required to perform impairment tests at least annually and whenever events indicate that the carrying value may not be recoverable from future cash flows. If we determine that any intangible asset values need to be written down to their fair values, this could result in a charge that may be material to our operating results and financial condition. Inadequate funding or insufficient innovation of new technologies may result in an inability to develop and commercialize new innovative products and services. We strive to develop new and innovative products and services to differentiate ourselves in the marketplace. New product development relies heavily on our financial and resource investments in both the short- term and long- term. If we fail to adequately fund product development projects or fund a project which ultimately does not gain the market acceptance we anticipated, we risk not meeting our customers' expectations, which could result in decreased revenues, declines in margin and loss of market share. **We may encounter risks related to our business transformation and strategic initiatives. Our ability to achieve growth, competitiveness, and long- term successes depends on the effective execution of our ongoing business transformation and global strategies. However, the scope and complexity of these initiatives present significant risks. Challenges in managing this transformation effectively could result in operational disruptions, delays, or failure to realize anticipated benefits. Specific risks include: • Employee resistance and retention challenges: employees may resist changes due to concerns for job security, discomfort with new technologies and processes, or misalignment with organizational priorities. Ineffective execution of our employee value proposition strategy could exacerbate these issues, resulting in retention challenges, reduced morale, and lower workforce productivity. • Resource constraints: successful business transformation requires adequate financial, human, and technological resources. Insufficient or ineffective allocation of these resources could impede our ability to execute transformation initiatives. Completion of our business transformation may take longer than expected, and there is no guarantee that the intended outcomes will be fully realized or realized within the anticipated timeframe. If we are unable to effectively manage these risks, our business, financial condition and operating results may be materially and adversely affected.**