

Risk Factors Comparison 2024-02-29 to 2023-02-23 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 information included elsewhere in this Annual Report on Form 10-K and other documents we file with the SEC. The risks and uncertainties described below are those that we have identified as material, but are not the only risks and uncertainties facing us. Although the risks are organized by headings, and each risk is discussed separately, many of the risks are interrelated. Readers should not interpret the disclosure of any risk factor to imply that the risk has not already materialized. Additional risks and uncertainties not currently known to us or that we currently believe are immaterial may also impact our business operations, financial results and liquidity. Risks Relating to Our Business Our businesses depend upon general economic conditions and we serve some customers in highly cyclical industries; as such, we may be subject to the loss of sales and margins due to an economic downturn or recession. Our financial performance depends, in large part, on conditions in the markets that we serve in both the U. S. and globally. In the past, our operations have been exposed to volatility due to changes in general economic conditions or consumer preferences, recessions or adverse conditions in the markets we serve, including the impact of global pandemics, ~~such as the coronavirus~~ and **international related variants ("COVID-19"), and the Russia-Ukraine conflict conflicts**. We are exposed to highly cyclical end markets for industrial goods, and to a lesser extent, aerospace and consumer products. An uncertain macro- economic and political climate could lead to reduced demand from our customers, variations in timing of sales to our customers, increased price competition for our products, increased risk of excess and obsolete inventories, uncollectible receivables, and higher overhead costs as a percentage of revenue, all of which could impact our operating margins. If our customers are adversely affected by these factors, we may experience lower product volume orders, which could have an unfavorable impact on our revenue and operating profit. For example, **beginning** ~~a number of our consumer packaged goods customers increased their first-half 2022 orders for our products due to concerns over capacity constraints and rising inflation, and significantly reduced their orders in the back half of 2022~~ **and continuing** ~~alerting us that they need to sell through 2023, demand for dispensing and closure products fell as a result~~ **substantial portion of their existing some of our larger customers' choices to rebalance on-hand inventory levels prior to placing significant additional orders and caution in current purchasing behaviors given the current inflationary macro- economic environment**. Our ability to precisely forecast the level of our customers' orders is limited and can result in inefficiencies in scheduling our installed manufacturing capacity and result in sub- optimal business and financial results ~~. The COVID-19 pandemic has adversely impacted, and continues to pose risks, to our businesses, the nature and extent of which are highly uncertain and unpredictable. We have been managing matters related to the global outbreak of the COVID-19, including impacts to our operations and strategic supplier partners in Asia, as well as our manufacturing operations in Europe and North America since early 2020. The COVID-19 pandemic has impacted our results of operations, and we expect it will continue to impact us in the future at varying levels. For example, sales for our dispensing and closure products used to help fight the spread of gems significantly increased in 2020 and 2021, and receded in 2022. Sales in our Aerospace segment significantly declined at the onset of the pandemic, and have increased in 2022 as air travel and new aircraft production increases. The primary impacts on our business to date have been related to (i) shifting customer demand for many of our products, including those used in cosmetic, personal care, pharmaceutical, home care, food and beverage, and industrial markets, as well as aerospace markets; (ii) delays and disruptions in the availability of and timely delivery of materials and components used in our operations, as well as increased costs for such materials and components; and (iii) reduced availability and productivity of employees. The extent of the COVID-19 pandemic's effect on our operational and financial performance will depend in large part on future developments, which cannot be predicted with confidence at this time. Future developments include the duration, scope and severity of the pandemic, the actions taken to contain or mitigate its ongoing impact in the regions in which we do business, and any future impacts on widespread economic activity, including air travel. The emergence of new variants of COVID-19, evolving governmental plans to institute vaccination mandates and limited availability of vaccines in various jurisdictions create uncertainty that may impact our employees and result in labor shortages and unforeseen costs. In addition, because we cannot predict the impact that COVID-19 or other global pandemics will ultimately have, the actual impact may also exacerbate other risks discussed in this Item 1A.~~ Many of the markets we serve are highly competitive, which could limit sales volumes and reduce our operating margins. Many of our products are sold in competitive markets. We believe that the principal points of competition in our markets are price, product quality, delivery performance, design and engineering capabilities, product development, conformity to customer specifications, customer service and effectiveness of distribution. Maintaining and improving our competitive position will require continued investment by us in manufacturing, engineering, quality standards, marketing, customer service and support of our distribution networks. We may have insufficient resources in the future to continue to make such investments and, even if we make such investments, we may not be able to maintain or improve our competitive position. We also face the risk of lower- cost manufacturers located in China, India and other regions competing in the markets for our products and we may be driven as a consequence of this competition to increase our investment overseas. Making overseas investments can be highly risky and we may not always realize the advantages we anticipate from any such investments. Competitive pressure may limit the volume of products that we sell and reduce our operating margins. We may be unable to successfully implement our business strategies and achieve our strategic and financial objectives. We have a long history of acquisitions and divestitures, and we continuously evaluate strategic opportunities and other investment activities. From time to time, we may engage in one or more strategic transactions. If we do so, it may or may not meet the intended strategic or financial objective. Strategic acquisitions may require integration expense and actions that

may negatively affect our results of operations and that could not have been fully anticipated beforehand. In addition, attractive strategic transaction opportunities may not be identified or pursued in the future, financing for strategic transactions may be unavailable on satisfactory terms and we may be unable to accomplish our strategic objectives in effecting a particular strategic transaction. We may encounter various risks in pursuing such strategic transactions, including the possible inability to integrate an acquired business into our operations, increased expenses, increased debt obligations to finance such strategic transactions and unanticipated problems or liabilities. In addition, we may dispose of assets or businesses at a price or on terms that are less favorable than we had anticipated, or with the exclusion of assets that must be divested or run off separately. As we seek to sell or separate certain assets, equity interests or businesses, we may also encounter difficulty in finding buyers, managing interdependencies across multiple transactions and other Company initiatives, implementing separation plans or executing alternative exit strategies on acceptable terms, which could delay or prevent the accomplishment of our strategic and financial objectives. Moreover, the effect of dispositions over time will reduce our cash flow and earnings capacity and result in a less diversified portfolio of businesses, **creating and we will have** a greater dependency on remaining businesses for our financial results. Accordingly, risks related to strategic acquisitions or dispositions may result in the disruption of our ongoing business, diversion of management's attention, the failure of such transactions to be completed, or the failure to realize the financial and strategic benefits contemplated at the time of a transaction, some or all of which could materially and adversely affect our business strategy, financial condition and results of operations. Increases in our raw material or energy costs or the loss of critical suppliers could adversely affect our profitability and other financial results. We are sensitive to price movements **in and availability of** our raw materials supply base. Our largest raw material purchases are for resins (such as polypropylene and polyethylene), steel, aluminum **superalloys (such as titanium, A286 stainless steel and Inconel)** and other **metal oil and non-metal-** based purchased components, **each of which have experienced recent cost volatility**. Prices for these products, along with costs for transportation and energy, fluctuate with market conditions, and have generally increased over time. For example, during 2022, we experienced increased energy costs and supply chain disruptions as a result of the Russia-Ukraine conflict. In addition, we have experienced, and expect to continue to experience, the impact of cost inflationary pressure on raw materials, wage rates and freight. **We For 2023, material and other input costs have decreased from 2022 levels, primarily in our Packaging segment, although pressure on wage rates remain. Although we** have generally been able to recover **such-costs increases** during 2022, **we** as market prices have generally stabilized. We may be unable to offset the impact of future cost increases with price increases on a timely basis due to outstanding commitments to our customers, competitive considerations or our customers' resistance to accepting such price increases and our financial performance could be adversely impacted. A failure by our suppliers to continue to supply us with certain raw materials, component parts, or at all, could have a material adverse effect on us. To the extent there are energy supply disruptions or material fluctuations in energy costs, our margins could be materially adversely impacted. Our ability to deliver products that satisfy customer requirements is dependent on the performance of our subcontractors and suppliers, as well as on the availability of raw materials and other components. We rely on other companies, including subcontractors and suppliers, to provide and produce raw materials, integrated components and sub-assemblies and production commodities included in, or used in the production of, our products. If one or more of our suppliers or subcontractors experiences delivery delays or other performance problems, we may be unable to meet commitments to our customers or incur additional costs and penalties. In some instances, we depend upon a single source of supply. Any material service disruption from one of our suppliers, either due to circumstances beyond the supplier's control, such as geopolitical developments, including any potential impacts resulting from rising tensions between the United States and China, or logistical complications or operational disruptions due to weather, global climate change, earthquakes or other natural disasters, or as a result of performance problems or financial difficulties, could have a material adverse effect on our ability to meet commitments to our customers or increase our operating costs. **In recent years** ~~Since the outbreak of the COVID-19 pandemic,~~ we have experienced even greater uncertainties in the economic environment, including input cost inflation, supply chain disruptions with our subcontractors and suppliers, shortages in global markets for commodities, logistics and labor, all of which have resulted in labor and manufacturing inefficiencies given the challenges in production scheduling. We have significant goodwill and intangible assets, and future impairment of our goodwill and intangible assets could have a material negative impact on our financial results. At December 31, ~~2022-2023~~, our goodwill and intangible assets were \$ ~~527-544~~ **9-8** million and represented ~~40.5-6~~ % of our total assets. If we experience declines in sales and operating profit or do not meet our current and forecasted operating budget, we may be subject to goodwill and / or other intangible asset impairments in the future. While the fair value of our remaining goodwill exceeds its carrying value, significantly worse financial performance of our businesses, significantly different assumptions regarding future performance of our businesses or significant declines in our stock price could result in future impairment losses. Because of the significance of our goodwill and intangible assets, and based on the magnitude of historical impairment charges, any future impairment of these assets could have a material adverse effect on our financial results. Our business may be exposed to risks associated with an increasingly concentrated customer base. While no individual customer accounted for 10 % or more of our consolidated net sales for ~~2023, 2022, or 2021, or 2020~~, our customer base has become, and may further become, increasingly concentrated as a result of our strategy to focus on growing sales with existing customers in packaging end markets, or due to customer consolidations. In ~~2022-2023~~, our Aerospace and Specialty Products segments each had ~~a customer-~~ **customer** that comprised 10 % or more of its segment revenue. As a result of these factors, changes to or reductions in the buying patterns of these larger customers, **including our customers diversifying their supply base,** may expose our business and results of operations to greater volatility. For example, **in a** ~~period to the outbreak of COVID-19,~~ a large commercial aircraft manufacturer announced significant production delays and / or reductions on certain of its platforms for which we provide products, which significantly impacted our sales, profit and production efficiencies compared ~~with to~~ historical levels. The mix and type of customers, and sales to any single customer, may vary significantly from quarter to quarter and from year to year, and have a significant impact on our financial condition, results

of operations and cash flows. If customers do not place orders, or they substantially reduce, delay or cancel orders, we may not be able to replace the business, which may have a significant adverse impact on our results of operations and financial condition. For example, a number of our consumer packaged goods customers ordered higher levels of inventory due to concerns over capacity constraints and rising inflation in the first half of 2022, and subsequently reduced their order levels in the back-half of 2022. **Sales of our consumer and industrial packaging products decreased in 2023, which we believe was due to lower customer order activity given high customer stocking levels, as well as continuing uncertainty around consumer sentiment as a result of the inflationary environment.** In addition, major customers may require that we localize manufacturing and supply capacity rather than sourcing from lower cost countries, or seek pricing, payment, intellectual property-related or other commercial terms that are less favorable to us, which may have a negative impact on our business. The concentration of our customer base also increases our risks related to the financial condition of our customers, and the deterioration in financial condition of customers or the failure of customers to perform their obligations could have a material adverse effect on our results of operations and cash flows. We are dependent on our manufacturing facilities for the production of our highly-engineered products, which subjects us to risks associated with disruptions and changing technology and manufacturing techniques that could place us at a competitive disadvantage. If our manufacturing facilities become unavailable either temporarily or permanently due to weather, earthquakes or other natural disasters related to global climate change, or geopolitical developments, including any potential impacts resulting from rising tensions between the United States and China, or logistical complications or operational disruptions arising from adverse regulatory actions, acts of war, cyber-attacks, public health crises or labor disruptions, we may be unable to shift production to other facilities or to make up for lost production. For example, our Aerospace manufacturing facilities are predominately located in southern California, an area known for earthquakes, and are thus vulnerable to damage. Any new facility would need to comply with the necessary regulatory requirements, satisfy our specialized manufacturing requirements and require specialized equipment. Even though we carry business interruption insurance policies, any business interruption losses could exceed the coverage available or be excluded from our insurance policies. Any disruption of our ability to operate our business could result in a material decrease in our revenues or significant additional costs to replace, repair or insure our assets, which could have a material adverse impact on our financial condition and results of operations. In addition, we believe that our customers rigorously evaluate their suppliers on the basis of price competitiveness, product quality, reliability and timeliness of delivery, technical expertise and development capability, new product innovation, product design capability, manufacturing expertise, operational flexibility, customer service and overall management. Our success depends on our ability to continue to meet our customers' changing expectations with respect to these criteria. We may be unable to install, maintain and certify equipment needed to produce products or upgrade or transition our manufacturing facilities without impacting production rates or requiring other operational efficiency measures at our facilities. We anticipate that we will remain committed to product research and development, advanced manufacturing techniques and service to remain competitive, which entails significant costs; however, we may be unable to address technological advances, implement new and more cost-effective manufacturing techniques, or introduce new or improved products, whether in existing or new markets, so as to maintain our businesses' competitive positions or to grow our businesses as desired. A major failure of our information systems could harm our business; increased IT security threats and more sophisticated and targeted computer crime could pose a risk to our systems, networks and products. We depend on integrated information systems to conduct our business. While we maintain some of our critical information systems, we are also dependent on third parties to provide important services relating to, among other things, operational technology at our facilities, human resources, electronic communications and certain finance functions. We may experience operating problems with our information systems as a result of system failures, viruses, computer hackers or other causes. Any significant disruption or slowdown of our systems could cause customers to cancel orders or cause standard business processes to become inefficient or ineffective. We have experienced cyber-attacks in the past and, while none of these cyber-attacks resulted in a material disruption to our business, we may experience additional cyber-attacks in the future. Increased global IT security threats and more sophisticated and targeted computer crime pose a risk to the security of our systems and networks, and the confidentiality, availability and integrity of our data and communications. While we attempt to mitigate these risks by employing a number of measures, including employee training, comprehensive monitoring of our networks and systems, and maintenance of backup and protective systems, our networks and systems remain potentially vulnerable to advanced persistent threats. Furthermore, we may have little or no oversight with respect to security measures employed by third-party service providers, which may ultimately prove to be ineffective at countering threats. Depending on their nature and scope, such threats could potentially lead to the compromising of confidential information and communications, improper use of our systems and networks, manipulation and destruction of data, defective products, production downtimes and operational disruptions, which in turn could adversely affect our reputation, competitiveness and results of operations. A growing portion of our sales and earnings may be derived from international sources, which exposes us to certain risks which may adversely affect our financial results and impact our ability to service debt. We have operations outside of the United States. Of our net sales for the year ended December 31, 2022-2023, 21-23.8% were derived from sales by our subsidiaries located outside of the U. S. In addition, we may expand our international operations through internal growth or acquisitions. International operations, particularly sales to emerging markets and manufacturing in non-U. S. countries, are subject to risks that are not present within U. S. markets, which include, but are not limited to, the following: • **volatility-Volatility** of currency exchange between the U. S. dollar and currencies in international markets; • **changes-Changes** in local government regulations and policies including, but not limited to, foreign currency exchange controls or monetary policy, governmental embargoes, repatriation of earnings, expropriation of property, duty or tariff restrictions, investment limitations and tax policies; • **political-Political** and economic instability and disruptions, including labor unrest, civil strife, public health crises (including viral outbreaks such as the coronavirus), acts of war, guerrilla activities, insurrection and terrorism; • **legislation-Legislation** that regulates the use of chemicals; • **disadvantages-Disadvantages** of

competing against companies from countries that are not subject to U. S. laws and regulations, including the Foreign Corrupt Practices Act ("FCPA"); • ~~compliance~~ **Compliance** with international trade laws and regulations, including export control and economic sanctions, such as anti-dumping duties; • ~~difficulties~~ **Difficulties** in staffing and managing multi-national operations; • ~~limitations~~ **Limitations** on our ability to enforce legal rights and remedies; • ~~tax~~ **Tax** inefficiencies in repatriating cash flow from non-U. S. subsidiaries that could affect our financial results and reduce our ability to service debt; • ~~reduced~~ **Reduced** protection of intellectual property rights; and • ~~other~~ **Other** risks arising out of foreign sovereignty over the areas where our operations are conducted. In addition, we could be adversely affected by violations of the FCPA and similar worldwide anti-bribery laws as well as export controls and economic sanction laws. The FCPA and similar anti-bribery laws in other jurisdictions generally prohibit companies and their intermediaries from making improper payments to non-U. S. officials for the purpose of obtaining or retaining business. Our acquisition and disposition agreements by which we have acquired or sold companies, include indemnification provisions that may not fully protect us and may result in unexpected liabilities. Certain of the agreements related to the acquisition and disposition of businesses require indemnification against certain liabilities related to the operations of the company for the previous owner. We cannot be assured that any of these indemnification provisions will fully protect us, and as a result we may incur unexpected liabilities that adversely affect our profitability and financial position. Expectations relating to sustainability and ESG considerations could expose us to potential liabilities, increased costs, reputational harm and other adverse effects on our business. Many governments, regulators, investors, employees, customers and other stakeholders are increasingly focused on sustainability and ESG considerations relating to businesses. We have announced certain areas of focus through information on our website, press statements and other communications, including through our Sustainability Reports, which include health and safety, environmental matters, climate change and greenhouse gas emissions, human capital, diversity, equity and inclusion, talent development, and innovation for sustainable products. The criteria used to evaluate sustainability and ESG practices, including goals and initiatives, may continue to evolve, which could result in greater expectations and may cause us to make investments, which may be material, to satisfy new criteria. In addition, some stakeholders may disagree with our goals and initiatives, or have very different views on where our sustainability and ESG focus should be placed, including differing views of regulators in various jurisdictions in which we operate. The increasing attention to sustainability could also result in reduced demand for certain of our products and / or reduced profits. If we are unable to respond effectively, investors may conclude that our sustainability and ESG policies and / or actions are inadequate. Any failure, or perceived failure, by us to achieve our sustainability or ESG goals and initiatives, adhere to our public statements, comply with federal, state or international laws and regulations, meet evolving and varied stakeholder expectations and standards, or accurately disclose our progress on such matters, could expose us to potential liabilities, increased costs, reputational harm and other adverse effects on our business. Regulatory, Legal and Environmental Risks Significant developments from the recent and potential changes in U. S. trade policies could have a material adverse effect on us and our financial condition and results of operations. Free trade laws and regulations provide certain duties and tariffs on qualifying imports and exports, subject to compliance with the applicable classification and other requirements. The United States government has indicated its intent to alter its approach to international trade policy and in some cases to renegotiate, or potentially terminate, certain existing bilateral or multi-lateral trade agreements and treaties with foreign countries. For example, the U. S. government has implemented additional tariffs on certain goods imported from China. These tariffs, and other governmental actions relating to international trade agreements or policies, the adoption and expansion of trade restrictions, or the occurrence of a trade war may adversely impact demand for our products, costs, customers, suppliers and / or the U. S. economy or certain sectors thereof and, as a result, adversely impact our business. These tariffs and actions may, directly or indirectly, lead to higher costs and cause us to increase prices to our customers which may reduce demand, or, if we are unable to increase prices, result in lowering our margin on products sold. For example, in the past few years, we have experienced higher input costs as a direct result of tariffs imposed on certain raw materials and components imported from China. In certain cases, we have passed-through these incremental costs to the customer, while in some cases we have not changed pricing to retain or expand volume, and in other cases we continue to work to install capacity in facilities where there currently is no tariff. In addition, certain of our U. S. suppliers raised prices for components in response to an overall increase in demand for domestic sources. It remains unclear what the U. S. or foreign governments will or will not do with respect to tariffs, international trade agreements and policies on a short-term or long-term basis. Additional changes in laws or policies governing the terms of foreign trade, and in particular increased trade restrictions, tariffs or taxes on imports from countries where we manufacture or purchase products could have a material adverse effect on our business and financial results. Compliance with and changes in tax laws, including tax reform legislation in the United States, could materially and adversely impact our financial condition, results of operations and cash flows. We are subject to extensive tax liabilities, including federal, state and foreign income taxes and transactional taxes such as excise, sales and use, payroll, franchise, withholding and property taxes. Many tax liabilities are subject to periodic audits by taxing authorities, and such audits could subject us to additional tax as well as interest and penalties. New tax laws and regulations and changes in existing tax laws and regulations could result in increased expenditures by us for tax liabilities in the future and could materially and adversely impact our financial condition, results of operations and cash flows. We **continue to monitor and evaluate legislative developments related to the Global Anti-Base Erosion Proposal ("GloBE") established by the Organization of Economic Cooperation and Development' s ("OECD") Pillar Two framework. On December 12, 2022, the European Union member states agreed to implement the OECD' s Pillar Two global corporate minimum tax rate of 15 % on companies with revenues of at least \$ 790, 000, which would go into effect beginning in 2024. While we will continue to analyze this law to determine potential impacts, at this time, we do not expect the Pillar Two legislation to have a material impact on our consolidated financial statements.** We may face liability associated with the use of products for which patent ownership or other intellectual property rights are claimed. We may be subject to claims or inquiries regarding alleged unauthorized use of a third party' s intellectual property. An

adverse outcome in any intellectual property litigation could subject us to significant liabilities to third parties, require us to license technology or other intellectual property rights from others, require us to comply with injunctions to cease marketing or using certain products or brands, or require us to redesign, re-engineer, or re-brand certain products or packaging, any of which could affect our business, financial condition and operating results. If we are required to seek licenses under patents or other intellectual property rights of others, we may not be able to acquire these licenses on acceptable terms, if at all. In addition, the cost of responding to an intellectual property infringement claim, in terms of legal fees and expenses and the diversion of management resources, whether or not the claim is valid, could have a material adverse effect on our business, results of operations and financial condition. We may be unable to adequately protect our intellectual property. While we believe that our patents, trademarks, know-how and other intellectual property have significant value, it is uncertain that this intellectual property or any intellectual property acquired or developed by us in the future, will provide a meaningful competitive advantage. Our patents or pending applications may be challenged, invalidated or circumvented by competitors or rights granted thereunder may not provide meaningful proprietary protection. Moreover, competitors may infringe on our patents or successfully avoid them through design innovation. Policing unauthorized use of our intellectual property is difficult and expensive, and we may not be able to, or have the resources to, prevent misappropriation of our proprietary rights, particularly in countries where the laws may not protect such rights as fully as in the U. S. The cost of protecting our intellectual property may be significant and have a material adverse effect on our financial condition and future results of operations. We may incur material losses and costs as a result of product liability, recall and warranty claims brought against us. We are, from time to time, subject to a variety of claims or litigation incidental to our businesses, including demands for damages arising out of use of our products, claims relating to intellectual property matters, and claims involving employment matters and commercial disputes. We currently carry insurance and maintain reserves for potential product liability claims. However, our insurance coverage may be inadequate if such claims do arise and any liability not covered by insurance could have a material adverse effect on our business. Although we have been able to obtain insurance in amounts we believe to be appropriate to cover such liability to date, our insurance premiums may increase in the future as a consequence of conditions in the insurance business generally or our situation in particular. Any such increase could result in lower operating profit or cause the need to reduce our insurance coverage. In addition, a future claim may be brought against us that could have a material adverse effect on us. 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. Our product liability insurance policies have limits that, if exceeded, may result in material costs that could have an adverse effect on our future profitability. In addition, warranty claims are generally not covered by our product liability insurance. Further, any product liability or warranty issues may adversely affect our reputation as a manufacturer of high-quality, safe products, divert management's attention, and could have a material adverse effect on our business. In addition, our former Lamons business is a party to lawsuits related to asbestos contained in gaskets formerly manufactured by it or its predecessors. While we sold the Lamons business in December 2019, we retained the asbestos-related liability exposure. Some of this litigation includes claims for punitive and consequential, as well as compensatory damages. We are not able to predict the outcome of these matters given that, among other things, claims may be initially made in jurisdictions without specifying the amount sought or by simply stating the minimum or maximum permissible monetary relief, and may be amended to alter the amount sought. Of the 4,798-863 claims pending at December 31, 2022-2023, 45-33 set forth specific amounts of damages (other than those stating the statutory minimum or maximum). See Note 16-15, "Commitments and Contingencies," included in Item 8, "Financial Statements and Supplementary Data," within this Form 10-K for additional information. Total settlement costs (exclusive of defense costs) for all such cases, some of which were filed over 25-more than 30 years ago, have been \$ 12-13.5-1 million. All relief sought in the asbestos cases is monetary in nature. To date, approximately 40 % of our costs related to settlement and defense of asbestos litigation have been covered by our primary insurance. Effective February 14, 2006, we entered into a coverage-in-place agreement with our first level excess carriers regarding the coverage to be provided to us for asbestos-related claims when the primary insurance is exhausted. The coverage-in-place agreement makes asbestos defense costs and indemnity insurance coverage available to us that might otherwise be disputed by the carriers and provides a methodology for the administration of such expenses. The Company's primary insurance exhausted in November 2018, and the Company is solely responsible for defense costs and indemnity payments prior to the commencement of coverage under this agreement, the duration of which would be subject to the scope of damage awards and settlements paid. During this period, we may incur significant litigation costs in defending these matters. We also may be required to incur additional defense costs and pay damage awards or settlements, or become subject to equitable remedies, in the future that could adversely affect our businesses. Our business may be materially and adversely affected by compliance obligations and liabilities under environmental laws and regulations, including related to climate change. We are subject to increasingly stringent environmental laws and regulations, including those relating to air emissions, wastewater discharges and chemical and hazardous waste management and disposal. A number of governments or governmental bodies have introduced or are contemplating introducing regulatory changes in response to climate change, including regulating greenhouse gas emissions. Some of these laws hold owners or operators of land or businesses liable for their own and for previous owners' or operators' releases of hazardous or toxic substances or wastes. Other environmental laws and regulations require obtaining and complying with environmental permits. To date, costs of complying with environmental, health and safety requirements have not been material. However, the nature of our operations and our long history of industrial activities at certain of our current or former facilities, as well as those acquired, could potentially result in material liabilities. While we must comply with existing and pending climate change legislation, regulation and international treaties or accords, current laws and regulations have not had a material impact on our business, capital expenditures or financial position. Future events, including those relating to climate change or greenhouse gas regulation, could require us to incur expenses related to fund energy efficiency activities, fees or restrictions on certain activities, the modification or curtailment of operations, installation of pollution control equipment or investigation and cleanup of

contaminated sites. Any adopted future regulations could also negatively impact our ability to compete with companies situated in areas not subject to such limitations, and we may not be able to recover the cost of compliance with new or more stringent laws and regulations, which could adversely impact our results of operations, cash flow or financial condition. Our reputation, ability to do business, and results of operations may be impaired by legal compliance risks. While we strive to maintain high standards, our internal controls and compliance systems may not always protect us from acts committed by our employees, agents, or business partners that would violate U. S. and / or non- U. S. laws or adequately protect our confidential information, including the laws governing payments to government officials, bribery, fraud, anti- kickback and false claims rules, competition, export and import compliance, money laundering, and data privacy laws, as well as the improper use of proprietary information or social media. Any such allegations, violations of law or improper actions could subject us to civil or criminal investigations in the U. S. and in other jurisdictions, could lead to substantial civil or criminal, monetary and non- monetary penalties, and related shareholder lawsuits, could lead to increased costs of compliance, could damage our reputation and could have a material effect on our **consolidated** financial statements. Risks Related to our Debt and Other Financial Obligations We have debt principal and interest payment requirements that may restrict our future operations and impair our ability to meet our obligations. As of December 31, **2022-2023**, we have \$ **394-395**. 7 million of outstanding long- term debt. We are subject to variable interest rates on our revolving credit facility. Such interest rates, ~~effective January 1, 2022,~~ are **subject to benchmark interest rates** based on **the currency denomination of borrowings, with British pound sterling borrowings subject to the Sterling Overnight Index Average and Euro borrowings subject to the Euro InterBank Offered Rate, both plus a spread of 1.625 %, and U. S. dollar borrowings subject to the Secured Overnight Financing Rate, ~~the Sterling Overnight Index Average and the Euro Short Term Rate depending upon the currency of borrowing,~~ all plus a spread of 1. ~~50~~ **725** %. The interest rate spread is based upon the leverage ratio, as defined, as of the most recent determination date. We may experience increases in our interest expense as a result of general increases in interest rate levels. In addition, we could be further impacted by changes in variable interest rates. Our reference rates under our revolving credit facility may perform differently from the historical ~~rates use of U. S. dollar LIBOR~~, which may affect our net interest expense and require changes to our future risk, pricing and hedging strategies. We had no amounts outstanding under our revolving credit facility as of December 31, **2022-2023**. Our degree of leverage and level of interest expense may have important consequences, including: • ~~should~~ **Should** our leverage increase, it may place us at a competitive disadvantage as compared with our less leveraged competitors and make us more vulnerable in the event of a downturn in general economic conditions or in any of our businesses; • ~~our~~ **Our** flexibility in planning for, or reacting to, changes in our businesses and the industries in which we operate may be limited; • ~~a~~ **A** substantial portion of our cash flow from operations will be dedicated to the payment of annual interest and future principal obligations on our indebtedness, thereby reducing the funds available to us for operations, capital expenditures, acquisitions, future business opportunities or obligations to pay rent in respect of our operating leases; and • ~~our~~ **Our** operations are restricted by our debt instruments, which contain certain financial and operating covenants, and those restrictions may limit, among other things, our ability to borrow money in the future for working capital, capital expenditures, acquisitions, rent expense or other purposes. Our ability to service our debt and other obligations will depend on our future operating performance, which will be affected by prevailing economic conditions and financial, business and other factors, many of which are beyond our control. Our business may not generate sufficient cash flow, and future financings may not be available to provide sufficient net proceeds, to meet these obligations or to successfully execute our business strategies. See " Management' s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources." Restrictions in our debt instruments limit our ability to take certain actions and breaches thereof could impair our liquidity. Our revolving credit facility and the indenture governing our senior notes contain covenants that restrict our ability to: • ~~pay~~ **Pay** dividends or redeem or repurchase capital stock; • ~~incur~~ **Incur** additional indebtedness and grant liens; • ~~make~~ **Make** acquisitions and joint venture investments; and • ~~sell~~ **Sell** assets. Our debt instruments also require us to comply with financial covenants relating to, among other things, interest coverage and leverage. We may not be able to satisfy these covenants in the future or be able to pursue our strategies within the constraints of these covenants. Substantially all of the assets of our domestic subsidiaries are pledged as collateral. Borrowings under the foreign currency sub limit are secured by a pledge of the assets of the foreign subsidiary borrowers that are party to our revolving credit facility. A breach of a covenant contained in our debt instruments could result in an event of default under one or more of our debt instruments and our lease financing arrangements. Such breaches would permit the lenders to declare all amounts borrowed thereunder to be due and payable, and the commitments of such lenders to make further extensions of credit could be terminated. Each of these circumstances could materially and adversely impair our liquidity. Our borrowing costs may be impacted by our credit ratings developed by various rating agencies. Two major ratings agencies, Standard & Poor's and Moody's, evaluate our credit profile on an ongoing basis and have each assigned ratings for our long- term debt. If our credit ratings were to decline, our ability to access certain financial markets may become limited, the perception of us in the view of our customers, suppliers and security holders may worsen and as a result, we may be adversely affected. We have significant operating **and finance** lease obligations and our failure to meet those obligations could adversely affect our financial condition. We lease many of our manufacturing and distribution branch facilities, and certain capital equipment. Our rental expense in **2022-2023** under these ~~operating~~ leases was \$ **13-14**. 9 million. A failure to pay our rental obligations would constitute a default allowing the applicable landlord to pursue any remedy available to it under applicable law, which would include taking possession of our property and, in the case of real property, evicting us. ~~These~~ **The majority of our** leases are categorized as operating leases and are not considered indebtedness for purposes of our debt instruments. Human Capital Risks We depend on the services of key individuals and relationships, the loss of which could materially harm us. Our success will depend, in part, on the efforts of our key leadership, including key operational, technical, commercial, manufacturing and financial personnel. Our business leadership teams have served a vast majority of their careers in, and are deeply experienced in, the industries we operate. Our future success will also depend on, among other factors, our ability to retain or attract other qualified personnel.**

The loss of the services of any of our key employees or the failure to retain or attract employees could have a material adverse effect on us. We may be subject to further unionization and work stoppages at our facilities or our customers may be subject to work stoppages, which could seriously impact the profitability of our business. As of December 31, ~~2022~~ 2023, we have one facility, located in Commerce, California, where our hourly employees operate under a collective bargaining agreement, and which represents 12 % of our employees located in the United States. We have ~~five~~ four facilities outside of the United States where our employees are affiliated with state- controlled or trade unions, which covers ~~48~~ 21 % of our non- U. S. employees. In 2021 we entered a three- year collective bargaining agreement with the United Automobile, Aerospace and Agricultural Implement Workers of America at our TriMas Aerospace facility in Commerce, California, which expires in August 2024. We are not aware of any present active union organizing drives at any of our other facilities. We cannot predict the impact of any further unionization of our workplace. Many of our direct or indirect customers have unionized work forces. Strikes, work stoppages or slowdowns experienced by these customers or their suppliers could result in slowdowns or closures of assembly plants where our products are utilized. In addition, organizations responsible for shipping our customers' products may be impacted by occasional strikes or other activity. Any interruption in delivery of our customers' products may reduce demand for our products and have a material adverse effect on us. Healthcare costs for active employees may exceed projections and may negatively affect our financial results. We maintain a range of healthcare benefits for our active employees pursuant to labor contracts and otherwise. Healthcare benefits for active employees are provided through comprehensive hospital, surgical and major medical benefit provisions or through health maintenance organizations, all of which are subject to various cost- sharing features. Some of these benefits are provided for in fixed amounts negotiated in labor contracts with the respective unions. If our costs under our benefit programs for active employees exceed our projections, our business and financial results could be materially adversely affected. Additionally, foreign competitors and many domestic competitors provide fewer benefits to their employees, and this difference in cost could adversely impact our competitive position. 23