Risk Factors Comparison 2024-02-21 to 2023-02-21 Form: 10-K

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~~continue existing projects or to start new projects. This may result in the delay or cancellation of orders from our customers or potential customers and may adversely affect our revenues and our ability to manage inventory levels, collect customer receivables and maintain profitability. Economic conditions and financial markets in the United States and globally have experienced significant volatility. Central banks have raised interest rates to slow inflationary conditions. The economic conditions for fiscal year 2023 are predicted to be very challenging as a result of the inflationary environment, higher interest rates, labor challenges and potential recession. We cannot predict how ongoing inflation, risk of recession, the war in Ukraine, COVID- 19 restrictions, supply chain disruptions and related costs may impact our ability to service our customers or the potential impact on our profit margins going forward. If these market conditions persist, we may see diminished liquidity and credit availability, inability to access capital markets, and the bankruptcy, failure, collapse, or sale of various entities that could directly or indirectly impact our business, including certain of our customers and suppliers. If economic conditions worsen in the future, our revenues and profits could decrease or trigger additional goodwill, indefinite- lived intangible assets, or long- lived asset impairments and could have a material adverse effect on our financial condition and results of operations. Changes in the costs of raw materials and purchased components, including imposition of or changes in tariff rates, as well as supply chain and logistics disruptions, could reduce our profit margins and adversely affect our ability to meet our customer delivery commitments.~~ Our products are made using various purchased components and raw materials, including primarily bronze, brass, cast iron, stainless steel, steel and plastic. Substantially all of the raw materials we require to manufacture our products are purchased from outside sources. The costs and availability of raw materials and components may be subject to change due to, among other things, interruptions in production by suppliers, changes in worldwide ~~price~~ **prices** , demand levels, exchange rates and imposition of or changes in tariff rates. We typically do not enter into long- term supply agreements. Our inability to obtain supplies of raw materials and purchased components for our products at favorable costs could have a material adverse effect on our business, financial condition or results of operations by decreasing our profit margins. Commodity prices, particularly copper and stainless- steel prices, have experienced tremendous volatility over the past several years, mainly due to global macroeconomic trends, including global price inflation, supply chain disruption and **international conflicts** ~~the war in Ukraine~~ . Should commodity costs or purchased component costs increase substantially, we may not be able to recover such costs, through selling price increases to our customers or other product cost reductions, which would have a negative effect on our financial results. If commodity costs or purchased component costs decline, we may experience pressure from customers to reduce our selling prices. Additionally, we continue to purchase components and finished goods from international sources. In limited cases, these components or finished goods are single- sourced. The availability of components and finished goods from international sources could be adversely impacted by **a range of factors such as a** ~~, among other things, interruptions in production by suppliers including due to pandemics or other~~ public health ~~crises~~ **crisis , extreme weather events** , suppliers' allocations to other purchasers, threats of wars and global geo- political instability, and new laws, tariffs or regulations **that might cause short term / long term supply chain disruptions** . As a global manufacturer and distributor, we are facing additional risks related to ongoing disruptions and increased costs in our supply chain and logistics. Although ~~the~~ **recent** global supply chain disruptions have **normalized** ~~shown signs of easing~~ , **labor** ~~some logistics issues and electronic component~~ shortages ~~remain. We are experiencing inflation across our cost of materials, labor, transportation, and energy. Labor shortages and workforce disruptions~~ have affected our manufacturing and distribution processes, as well as those of our suppliers. The ongoing ~~war~~ **wars** in Ukraine ~~has~~ **and Gaza have** added strain to the European markets and the global economy, as well as exacerbated inflation, particularly energy inflation. ~~-~~We face intense competition and, if we are not able to respond to competition in our markets, our revenues and profits may decrease. Competitive pressures in our markets could adversely affect our competitive position, leading to a possible loss of market share or a decrease in prices, either of which could result in decreased revenues and profits. We encounter intense competition in all areas of our business. To remain competitive, we will need to invest continually in manufacturing, product development, marketing, customer service and support and our distribution networks. We may not have sufficient resources to continue to make such investments and we may be unable to maintain our competitive position. In addition, we may have to reduce the prices of some of our products to stay competitive, potentially resulting in a reduction in the profit margin for, and inventory valuation of, these products. Some of our competitors are based in foreign countries and have cost structures and prices in foreign currencies. Accordingly, currency fluctuations could cause our U. S. dollar costed products to be less competitive than our competitors' products costed in other currencies. ~~16We~~ **We** are subject to risks associated with changing technology, product innovation, manufacturing techniques, operational flexibility and business continuity, which could place us at a competitive disadvantage. The successful implementation of our business strategy requires us to continually evolve our existing products and introduce new products to meet customers' needs in the industries we serve, as evidenced by our investments in our smart and connected strategy. Many of our products are characterized by stringent performance and specification requirements that mandate a high degree of manufacturing, engineering, and technological expertise. If we fail to meet these requirements, or if our product offerings, including our smart and connected products, are not accepted by the market, our business could be at risk. We believe that our customers rigorously evaluate their suppliers on the basis of a number of factors, including product quality, price competitiveness, technical and manufacturing expertise, development and product design capability, new product innovation, reliability and timeliness of delivery, operational flexibility, **impact on the environment,** customer service and overall management. Our success will depend on our ability to continue to meet customers' changing specifications with respect to these criteria **. Further, we must continue to effectively adapt our products and services to a changing technological and regulatory environment to drive growth and defend against disruption caused by competitors, regulators or other external forces impacting our business and operations. If we are unable to be agile and responsive to disruption in the development of new products, services and technologies, including technologies such as artificial intelligence and machine learning, our business, financial condition, results of operations and cash flows could be adversely affected** . We cannot ensure that we will be able to address technological advances or introduce new products that may be necessary to remain competitive within our business. We cannot ensure that we can adequately protect any of our technological developments to produce a sustainable competitive advantage. Furthermore, we may be subject to business continuity risk in the event of an unexpected loss of a material facility or operation. We cannot ensure that we adequately protect against such loss. Economic and other risks associated with international sales and operations could adversely affect our business and future operating results. Since we sell and manufacture our products worldwide, our business is subject to risks associated with doing business internationally. Our business and future operating results could be harmed by a variety of factors, including: ● unexpected geo- political events in foreign countries in which we operate, which could adversely affect manufacturing and our ability to fulfill customer orders; and threats **or outbreaks** of war, terrorism ~~or~~ **,** governmental instability, **or international tensions and conflicts,** including the ~~war~~ **wars** in Ukraine **and Gaza, which could cause supply chain disruptions impacting our ability to manufacture products, service our customers or negatively impact our profit margins** ; ● our failure to comply with anti- corruption laws and regulations of the U. S. government and various international jurisdictions, such as the U. S. Foreign Corrupt Practices Act and the United Kingdom' s Bribery Act of 2010; ● trade protection measures and import or export duties or licensing requirements, which could increase our costs of doing business internationally; **● expropriation, nationalization or other protectionist activities; 18** ● potentially negative consequences from changes in tax laws, which could have an adverse impact on our profits; ● difficulty in staffing and managing widespread operations, which could reduce our productivity; ● costs of compliance with differing labor regulations, especially in connection with restructuring our overseas operations; ● laws of some foreign countries, which may not protect our intellectual property rights to the same extent as the laws of the U. S.; ● unexpected changes in regulatory requirements, which may be costly and require time to implement; **● difficulty of enforcing agreements, collecting receivables** and **protecting intellectual property and other assets through non- U. S. legal systems;** ● foreign exchange rate fluctuations, which could also materially affect our reported results. A portion of our net sales and certain portions of our costs, assets and liabilities are denominated in currencies other than U. S. dollars. Approximately **36 %,** 34 % ~~,~~ **and** 38 % ~~and 37 %~~ of our net sales in **2023,** 2022 ~~,~~ **and** 2021 ~~and 2020~~ , respectively, were from sales outside of the U. S ~~. The U. S. dollar strengthened as compared to many foreign currencies, including the Euro, during fiscal 2022, which adversely affected reported revenues of our international subsidiaries~~ . We cannot predict whether currencies such as the euro, Canadian dollar, Chinese yuan, or other currencies in which we transact will appreciate or depreciate against the U. S. dollar in future periods or whether future foreign exchange rate fluctuations will have a positive or negative impact on our reported results ~~.~~ **; and ●** ~~17The~~ -- **The occurrence or reoccurrence of regional epidemics, a global pandemic or other public health crises, such as** COVID- 19 ~~pandemic has adversely affected~~ , ~~and~~ **which** may ~~continue to~~ adversely affect ~~,~~ our ~~business~~ **operations** , financial condition, **and** results of operations ~~and prospects~~ . -The **extent to which** ~~COVID- 19 pandemic, the resulting global economic slowdown, and the reopening of global economies that has followed have created~~ a ~~number of macroeconomic challenges that have impacted our business, including volatility and uncertainty in business planning, disruptions in global supply chains, material, freight and labor inflation, shortages of and delays in obtaining certain materials and component parts, and labor shortages. New variants of COVID- 19 and other future~~ public health ~~crises~~ **crisis** ~~and pandemics may affect our operating and financial results in a manner that is not presently known to us or not presently considered to be a significant risk to our operations. The impact~~ **impacts** ~~of the COVID- 19 pandemic and~~ **our business going forward will depend on factors such as** ~~other~~ -- **the** ~~future~~ **duration and scope; governmental, business, and individuals' actions in response to the** public health ~~crises~~ **crisis ;** and ~~pandemics may also have~~ the ~~effect~~ **impact on economic activity, including the possibility** of ~~heightening~~ **recession or financial market instability. Measures to contain a public health crisis** ~~many~~ - **may intensify** ~~of the~~ other risks ~~and uncertainties~~ described in **these** ~~this "~~ Risk Factors ~~" section~~ . -Company Risk Factors Our business **, reputation** and financial performance may be adversely affected by **cyber- security attacks,** information technology **failures** and other business disruptions. Our business may be impacted by disruptions, including **cyber- security attacks or** information technology ~~attacks or~~ failures, threats to physical security, as well as damaging weather, fire or other acts of nature. We depend heavily on **the confidentiality, integrity and availability of our** information technology infrastructure **and systems,** including third- party data centers and ~~other~~ third- party cloud services to manage our business objectives and operations, support our customers' requirements and protect **proprietary and other** sensitive information **, including personal information** . Any damage to, or failure of, our systems or ~~the~~ **a** third- party hosting facility or other service that we use, could severely impact our ability to conduct our business operations, attract new customers, maintain existing customers, or result in a material weakness in our internal control over financial reporting, any of which could materially adversely affect our future operating results. While we have taken steps **designed** to reduce interruptions by implementing ~~additional~~ internal controls **, a cybersecurity risk management program** , network and data center resiliency, **and** redundancy and recovery processes, these measures may be inadequate. ~~Our information technology risks also relate to cyber~~ **Cyber -** security attacks ~~and disruptions caused by potential failures in the performance of our primary enterprise resource planning (ERP) system. Cyber security attacks~~ , in particular, are evolving **as threat actors become increasingly sophisticated in using techniques** and **tools (including artificial intelligence) to circumvent security controls. Such attacks** include, but are not limited to, malicious software, **misconfigurations, bugs,** attempts to gain unauthorized access to data **(including through social engineering / phishing or the use of malware / ransomware)** , and other electronic security breaches that could lead to disruptions in systems, unauthorized release of confidential or otherwise protected information and corruption of data. ~~Cyber security~~ **Cybersecurity** may also be breached due to employee error, malfeasance, system errors or vulnerabilities, including vulnerabilities of our customers, distributors, vendors, suppliers, and their products. We have ~~experienced~~ **been impacted by** certain cyber **-** security attacks **, either directly or indirectly via our supply chain or third- party vendors,** and may continue to experience them going forward, potentially with more frequency. **While to date no attacks have had a material impact on our operations or financial results, we cannot guarantee that material attacks will not occur in the future.** We **also** have a ~~portion~~ **19portion** of our workforce working remotely, which may heighten these risks. In addition, we have designed products and services that connect to and are part of the " Internet of Things " which may also be vulnerable to cyber **-** security breaches. As we continue to design and develop smart and connected products, services and solutions that leverage our hosted or cloud- based resources, the Internet- of- Things and other wireless / remote technologies, and include networks of distributed and interconnected devices that contain sensors, data transfers and other computing capabilities, our customers' data and systems may be subjected to harmful or illegal content or attacks, including potential cybersecurity threats. Additionally, we may not have adequately anticipated or precluded such cybersecurity threats through our product design or development. Consequently, these products, services and solutions also may be subjected to harmful or illegal content or attacks that develop vulnerabilities or critical security issues that cannot be disclosed without compromising security. If we need to address multiple vulnerabilities simultaneously, we may also need to make prioritization decisions in determining which vulnerabilities or security defects to fix first, and the timing of these fixes, which could result in compromised security. These vulnerabilities and security defects could expose us or our customers to a risk of loss, disclosure, or misuse of data; adversely affect our operating results; result in litigation **(including class actions)** , liability, or regulatory action (including under laws related to privacy, data protection, data security, network security, and consumer protection); deter customers or sellers from using our products, services and solutions; **result in significant incident response, system restoration or remediation costs;** and otherwise harm our business and reputation. We **maintain a cybersecurity risk management program and** have adopted measures and incurred cost ~~to~~ **with the intention of** ~~mitigate~~ **mitigating** potential risks associated with information technology disruptions and cybersecurity threats; however, there is no assurance that these measures will **be fully implemented, complied with or effective at** ~~prevent~~ **preventing or detecting** cyber- attacks or security breaches **, or other vulnerabilities, which may allow them to persist in the environment over long periods of time** . In addition, cybersecurity and data privacy and protection laws and regulations are evolving and present increasing compliance challenges, which may increase our costs, affect our competitiveness and expose us to substantial fines or other penalties. **Further, customers and third- party providers increasingly demand rigorous contractual provisions regarding privacy, cybersecurity, data protection, confidentiality, and intellectual property, which may also increase our overall compliance burden and related costs. Finally, we cannot guarantee that any costs and liabilities incurred in relation to an attack or incident will be covered by our existing insurance policies or that applicable insurance will be available to us in the future on economically reasonable terms or at all.** ~~18We~~ **We** also may experience unplanned system interruptions or outages of our primary ERP system as it continues to age, which may affect our ability to support and maintain the system in an effective manner. Any disruptions, delays or deficiencies related to our primary ERP system could lead to substantial business interruption, including our ability to perform routine business transactions, which could have a material adverse effect on our financial results. Given the unpredictability of the timing, nature and scope of such disruptions, we could potentially be subject to production downtimes, operational delays, other detrimental impacts on our operations or ability to provide products to our customers, the compromising of confidential or otherwise protected information, misappropriation, destruction or corruption of data, security breaches, other manipulation or improper use of our systems, networks or our products, financial losses from remedial actions, loss of business or potential liability, and / or damage to our reputation, any of which could have a material adverse effect on our competitive position, results of operations, cash flows or financial condition. We ~~plan to~~ **are in the process of** ~~replace~~ **replacing** our current primary ERP system with a new ERP system, and this system implementation is expected to occur in phases over the next several years. Any software implementation requires significant investment of human and financial resources and we may experience significant delays, increased costs and other difficulties. Any significant disruption or deficiency in the design and implementation of our software systems, including our new ERP, could adversely affect our ability to process orders, ship product, send invoices and track payments, fulfill contractual obligations or otherwise operate our business. While we invest significant resources in planning and project management, significant issues may arise, which could have a material adverse effect on our competitive position, results of operations, cash flows or financial condition. In addition, our current primary ERP system will continue to be used over the course of the phased implementation and we may experience system interruptions or deficiencies as described in the paragraph above. ~~Implementation~~ **20Implementation** of our **strategic initiatives, including** acquisition ~~strategy~~ **and dispositions, and integration of acquired businesses** may not be successful, which could affect our ability to increase our revenues or our profitability. One of our strategies is to increase our revenues and profitability and expand our business through acquisitions that will provide us with complementary products and solutions and **enhance** ~~increase market share for~~ our existing product ~~categories~~ **offerings. In addition, from time to time, we may divest assets or businesses based on an evaluation of our business portfolio** . We cannot be certain that we will be able to identify, acquire or profitably manage additional companies or successfully integrate such additional companies without substantial costs, delays or other problems. ~~Also~~ **The identification** , **evaluation,** ~~companies acquired recently~~ and ~~in~~ **negotiation of potential acquisitions and** ~~the~~ **other** ~~future~~ **strategic transactions such as divestitures** may **divert the attention of management and entail various expenses, whether or** not **such transactions are ultimately completed** ~~achieve anticipated revenues, cost synergies, profitability or cash flows that justify our investment in them~~ . We have faced increasing competition for acquisition candidates, which has resulted in significant increases in the purchase prices of many acquisition candidates. This competition, and the resulting purchase price increases, may limit the number of acquisition opportunities available to us, possibly leading to a decrease in the rate of growth of our revenues and profitability. **Also, companies acquired recently and in the future may not achieve anticipated revenues, cost synergies, profitability or cash flows that justify our investment, or divestitures may not realize the expected benefits or synergies of such transactions.** In addition, acquisitions may involve a number of risks, including, but not limited to: **● difficulties in integrating operations, business processes, systems and company culture; ● challenges in conforming standards, controls, procedures and accounting and other policies, business cultures and compensation structures; ● adverse effects on existing business relationships with suppliers or customers;** ● inadequate internal control over financial reporting and our ability to bring such controls into compliance with the requirements of Section 404 of the Sarbanes- Oxley Act of 2002 in a timely manner; ● adverse short- term effects on our reported operating results **, as a result of incurring acquisition- related debt, pre- acquisition potential tax liabilities, acquisition expenses, and the amortization of acquisition- acquired assets; ● inability to effectively transfer liabilities, contracts, facilities and employees to the purchaser, identify and separate the intellectual property to be divested from the intellectual property that we wish to keep and reduce fixed costs previously associated with the divested assets or business; we may still retain liabilities associated with the divested businesses and other indemnification obligations** ; ● diversion of management' s attention; ● investigations of, or challenges to, acquisitions by competition authorities; ● loss of key personnel at acquired companies; ● unanticipated management or operational problems or legal liabilities; and ● potential goodwill, indefinite- lived intangible assets, or long- lived asset impairment charges. We are subject to risks related to product defects, which could result in product recalls and could subject us to warranty claims in excess of our warranty provisions or which are greater than anticipated due to the unenforceability of liability limitations. We cannot be certain that our quality controls and procedures, including the testing of raw materials and safety testing of selected finished products, will reveal latent defects in our products or the materials from which they are made, which may not become apparent until after the products have been sold into the market. We also cannot be certain that our ~~19suppliers~~ -- **suppliers** will always eliminate latent defects in products we purchase from them. Accordingly, there is a risk that product defects will occur, which could require a product recall. Product recalls can be expensive to implement and, if a product recall occurs during the product' s warranty period, we may be required to replace the defective product. In addition, a product recall may damage our relationship with our customers and we may lose market share with our customers. Our insurance policies may not cover the costs of a product recall. ~~Our~~ **21Our** standard warranties contain limits on damages and exclusions of liability for consequential damages and for misuse, improper installation, alteration, accident or mishandling while in the possession of someone other than us. We may incur additional operating expenses if our warranty provision does not reflect the actual cost of resolving issues related to defects in our products. If these additional expenses are significant, it could adversely affect our business, financial condition and results of operations **. We use important intellectual property in our business. If we are unable to protect our intellectual property or if a third party makes assertions against us or our customers relating to intellectual property rights, our business could be adversely affected. We own important intellectual property, including patents, trademarks, copyrights and trade secrets. We cannot guarantee, however, that we will be able to secure all desired protection, nor that the steps we have taken to protect our intellectual property will be adequate, to prevent infringement of our rights or misappropriation or theft of our technology, trade secrets or know-how. For example, effective patent, trademark, copyright and trade secret protection may be unavailable or limited in some of the countries in which we operate. In addition, while we generally enter into confidentiality agreements with our employees and third parties to protect our trade secrets, know- how, business strategy and other proprietary information, such confidentiality agreements could be breached or otherwise may not provide meaningful protection for our trade secrets and know- how related to the design, manufacture or operation of our products. If it became necessary for us to resort to litigation to protect our intellectual property rights, any proceedings could be burdensome and costly, and we may not prevail. Further, adequate remedies may not be available in the event of an unauthorized use or disclosure of our trade secrets and manufacturing expertise. Finally, for those products in our portfolio that rely on patent protection, once a patent has expired, the product is generally open to competition. Products under patent protection usually generate higher revenues and profitability than those not protected by patents. If we fail to successfully enforce our intellectual property rights, our competitive position could suffer, which could harm our business, financial condition, results of operations and cash flows. In addition, our competitors may develop technologies that are similar or superior to our proprietary technologies or design around the patents we own or license. Further, as we expand our operations in jurisdictions where the protection of intellectual property rights is less robust, the risk of others duplicating our proprietary technologies increases, despite efforts we undertake to protect them. Foreign governments may adopt regulations, and foreign governments or courts may render decisions, requiring compulsory licensing of intellectual property rights, or foreign governments may require products to meet standards that serve to favor local companies or provide reduced protection relative to other countries** . We face risks from product liability and other lawsuits, which may adversely affect our business. We have been and expect to continue to be subject to various product liability claims or other lawsuits, including, among others, **alleging** that our products include inadequate or improper instructions for use or installation, inadequate warnings concerning the effects of the failure of our products, alleged manufacturing or design defects, or allegations that our products contain asbestos. If we do not have adequate insurance or contractual indemnification, damages from these claims would have to be paid from our assets and could have a material adverse effect on our results of operations, liquidity and financial condition. Like other manufacturers and distributors of products designed to control and regulate fluids and gases, we face an inherent risk of exposure to product liability claims and other lawsuits in the event that the use of our products results in personal injury, property damage or business interruption to our customers. We cannot be certain that our products will be completely free from defect. In addition, in certain cases, we rely on third- party manufacturers for our products or components of our products. We cannot be certain that our insurance coverage will continue to be available to us at a reasonable cost, or, if available, will be adequate to cover any such liabilities. For more information, see Item 1. “ Business — Product Liability, Environmental and Other Litigation Matters ” and Note ~~15~~ **16** of the Notes to the Consolidated Financial Statements, both of which are incorporated herein by reference. We face risks from costs for environmental compliance and / or to address potential liabilities under environmental laws and regulations. Our operations and facilities ~~worldwide~~ **in all jurisdictions in which we operate** are subject to **federal, state, local and foreign** laws and regulations related to pollution and the protection of the environment, health and safety, including, but not limited to those governing air emissions, discharges to water, **water usage,** the generation, handling, storage, treatment and disposal of hazardous wastes and other materials, and the remediation of contaminated sites. A failure by us to comply with applicable requirements or maintain the permits required for our operations could result in civil or criminal fines, ~~penalties~~ **22penalties** , enforcement actions, third- party claims for property damage and personal injury, requirements to clean up property or to pay for the costs of cleanup or regulatory or judicial orders enjoining or curtailing operations or requiring corrective measures, including the installation of pollution control equipment or remedial actions. Certain environmental laws and regulations impose on present and former owners and operators of facilities and sites, and on potentially responsible parties (“ PRPs ”) for sites to which ~~such~~ parties may have sent waste for disposal, requirements to investigate and remediate contamination **. PRP designation typically requires the funding of site investigations and subsequent remedial activities** . Such liability can be imposed without regard to fault and, under certain circumstances, may be joint and several, **which may** ~~resulting~~ --- **result** in one PRP being held responsible for the entire obligation. Liability may also include damages to natural resources. On occasion **,** we are involved in ~~such~~ **the** ~~investigations~~ - **investigation** and / or ~~cleanup~~ **remedial activities at sites that we currently own or operate or formerly owned or operated** , **or sites to which we sent waste for disposal,** and ~~also~~ **we** have been and could continue to be named as a PRP ~~in environmental matters~~ **at such other sites** . The discovery of additional contamination, including at acquired facilities, the imposition of more stringent environmental, health and safety laws and regulations, including cleanup requirements, or the insolvency, or other grounds for refusing to participate, of other responsible parties could require us to incur capital expenditures or operating costs materially in excess of our accruals **, increase costs of compliance, decrease demand for our products, create reputational harm or require us to manufacture with alternative technologies and materials** . Future investigations we undertake may lead to discoveries of contamination that must be remediated, and decisions to close facilities may trigger remediation requirements that are not currently applicable. We may also face liability for alleged personal injury or property damage due to exposure to hazardous substances used or disposed of by us, contained within our current or former products, or present in the soil or groundwater at our current or former facilities. We could incur significant costs in connection with such liabilities. See Item 1. “ Business — Product Liability, Environmental and Other Litigation Matters ” and Note ~~15~~ **16** of the Notes to the Consolidated Financial Statements, both of which are incorporated herein by reference. ~~20Climate~~ -- **Climate** change, and legislation or regulations addressing climate change, may have an adverse impact on our business and results of operations. The impacts of climate change are highly unpredictable and vary depending on geographical location, but could include changing temperatures, droughts, water shortages, wildfires, changes in weather and rainfall patterns, changes in sea levels, and changing storm patterns and intensities. These impacts present several potential challenges to water and energy related products, such as potential degradation of water quality and changes in water conservation or energy efficiency requirements, particularly during periods of increased precipitation, flooding, or water shortages. Inclement weather and extreme weather events may have varying impacts on our business. Certain events may disrupt the operations of our customers, creating customer shutdowns that prevent or defer sales of our product, while other events may drive increased demand for our products, which may create volatility in our financial results. Additionally, these events may disrupt our own operations and the operations of our suppliers, including the operation of manufacturing plants, the transportation of raw materials from our suppliers, and the transportation of products to our customers, any of which may increase our costs, reduce our productivity and adversely affect our business, financial condition, results of operations and prospects. Additionally, concern over climate change **has and** may **continue to** result in new or increased legal and regulatory requirements to reduce or mitigate the effects of climate change, including limitations on greenhouse gas emissions, **or to disclose our efforts regarding such matters,** which could increase our costs or require additional investments in our facilities and equipment, and require us to make significant new disclosures regarding the climate- related impacts of our business. New legislation and regulatory requirements may also impact our customers and suppliers, which could affect demand for our products or our ability to source key materials. In addition, our customers and suppliers may impose their own requirements with respect to climate change and greenhouse gas emissions, that may require us to incur additional costs to comply with such requirements. Any failure to comply with those requirements may also affect demand for our products or our ability to source key materials. We **also** establish our own goals with respect to reducing our impact on the environment. Any failure to achieve our own goals, or any perception of a failure to act responsibly with respect to the environment or to effectively respond to regulatory requirements concerning climate change **, or failure to accurately report on our progress toward achieving our goal or in environmental and sustainability programs** can lead to adverse publicity **or litigation** , resulting in an adverse effect on our business or damage to our reputation **. 23Increased scrutiny of, and evolving expectations regarding, sustainability and environmental, social, and governance (“ ESG ”) matters could increase our costs, harm our reputation and adversely impact our financial results. Companies are facing increasing and evolving scrutiny related to ESG practices and disclosures from certain investors, government entities, customers, employees, and other stakeholders or third parties. With this increased focus, public reporting regarding ESG practices is becoming more broadly expected, which could lead to increased scrutiny of our ESG practices or lack thereof. Such increased scrutiny may result in increased costs, increased risk of litigation or reputational damage relating to our ESG practices or performance, enhanced compliance, or disclosure obligations, or other adverse impacts on our business, financial condition, or results of operations. While we may at times engage in voluntary initiatives (such as voluntary disclosures or goals), such initiatives may be costly and may not have the desired effect. For example, we may commit to certain initiatives and we**

may not ultimately be able to achieve such initiatives due to cost, technological constraints or other factors that are within or outside of our control. Even if we achieve our initiatives, our actions may subsequently be determined to be insufficient by various stakeholders or other third parties. If our ESG practices and reporting do not meet investor, regulator, customer, employee, or other stakeholder or third party expectations, which continue to evolve, our brand, reputation and / or business relationships may be negatively impacted, and we may be subject to investor or regulator engagement regarding such matters. Certain market participants, including major institutional investors, use third-party benchmarks, ratings, or scores to measure our ESG practices in making investment and voting decisions. Unfavorable ratings or scores of us or our industry may lead to negative investor sentiment and the diversion of investment to other companies or industries, which could have a negative impact on our stock price and our access to and cost of capital. As ESG best practices, reporting standards, and disclosure requirements continue to develop, we may incur increasing costs related to ESG monitoring and reporting. In addition, new ESG rules and regulations have been adopted and may continue to be introduced in various states and other jurisdictions. Our failure to comply with any applicable rules or regulations could lead to penalties and adversely impact our reputation, customer attraction and retention, access to capital, and employee retention. Such ESG matters may also impact our suppliers, customers, and business partners, which may augment or cause additional impacts on our business, financial condition or results of operations. Our ability to achieve savings through our restructuring and business transformation activities may be adversely affected by management' s ability to fully execute ~~the~~ **such** plans as a result of local regulations, geo- political risk or other factors within or beyond the control of management. We have implemented a number of restructuring and business transformation activities, which include steps that we believe are necessary to enhance the value and performance of the Company, including reducing operating costs and increasing efficiencies throughout our manufacturing, sales and distribution footprint. Factors within the control of management, or factors beyond management' s control such as local labor regulations or legal or political intervention, may change the total estimated costs or the timing of when the savings will be achieved under the plans. Further, if we are not successful in completing the restructuring or business transformation activities timely or if additional or unanticipated issues such as labor disruptions, inability to retain key personnel during and after the transformation or higher exit costs arise, our expected cost savings may not be met and our operating results could be negatively affected. In addition, our restructuring and transformation activities may place substantial demands on our management, which could lead to diversion of management' s attention from other business priorities and result in a reduced customer focus. The requirements to evaluate goodwill, indefinite- lived intangible assets and long- lived assets for impairment may result in a write- off of all or a portion of our recorded amounts, which would negatively affect our operating results and financial condition. As of December 31, ~~2022~~ **2023**, our balance sheet included goodwill, indefinite- lived intangible assets, amortizable intangible assets and property, plant and equipment of $ **693** ~~592. 4 million, $ 35~~. 0 million, $ ~~78~~ **65**. ~~7~~ **5** million ~~and~~ **,** $ ~~196~~ **150**. ~~8~~ **6 million and $ 248. 2** million, respectively. In lieu of amortization, we are required to perform an annual impairment review of both goodwill and indefinite- lived intangible assets. In **2023,** 2022 ~~,~~ **and** 2021 ~~and 2020~~, none of our goodwill reporting units or our indefinite lived tradenames were impaired. We are also required to perform an impairment review of our long- lived assets if indicators of impairment exist. In 2022, we recognized a pre- tax non- cash impairment charge of $ 1. 3 million related to a technology intangible asset. **This** ~~In 2020, we recognized a pre- tax non- cash~~ impairment **was** ~~charge of $ 1. 4 million related to a long-lived asset and a technology intangible asset. These impairments were~~ due to market value expectations indicating the carrying amounts of these assets were in excess of the fair value. In **2023 and** 2021 none of our long- lived assets were impaired. ~~21There~~ **24There** can be no assurances that future goodwill, indefinite- lived intangible assets or other long- lived asset impairments will not occur. We perform our annual test for indications of goodwill and indefinite- lived intangible assets impairment in the fourth quarter of our fiscal year or sooner if indicators of impairment exist. The loss or financial instability of major customers could have an adverse effect on our results of operations. In ~~2022~~ **2023**, our top ten customers accounted for approximately ~~22~~ **21** % of our total net sales with no one customer accounting for more than 10 % of our total net sales. Our customers generally are not obligated to purchase any minimum volume of products from us and are able to terminate their relationships with us at any time. In addition, increases in the prices of our products could result in a reduction in orders from our customers. A significant reduction in orders from, or change in terms of contracts with, any significant customers could have a material adverse effect on our future results of operations. Our credit facility may limit our ability to pay dividends, incur additional debt and make acquisitions and other investments. Our revolving credit facility contains operational and financial covenants that restrict our ability to make distributions to stockholders, incur additional debt and make acquisitions and other investments unless we satisfy certain financial tests and comply with various financial ratios. If we do not maintain compliance with these covenants, our creditors could declare a default under our revolving credit facility, and our indebtedness could be declared immediately due and payable. Our ability to comply with the provisions of our indebtedness may be affected by changes in economic or business conditions beyond our control. Further, one of our strategies is to increase our revenues and profitability and expand our business through acquisitions. We may require capital in excess of our available cash and the unused portion of our revolving credit facility to make large acquisitions, which we would generally obtain from access to the credit markets. There can be no assurance that if a large acquisition is identified that we would have access to sufficient capital to complete such acquisition. Should we require additional debt financing above our existing credit limit, we cannot be assured such financing would be available to us or available to us on reasonable economic terms **.** Our inability to attract and retain key personnel may adversely affect our business. Our success depends on our ability to recruit, retain and develop highly- skilled management and key personnel. Competition for these individuals in our industry is intense and we may not be able to successfully recruit, train or retain qualified personnel, or to effectively implement successions to existing personnel. If we fail to retain and recruit the necessary personnel or arrange for successors to key personnel, our business could materially suffer. Investment Risk Factors One of our stockholders can exercise substantial influence over our Company. As of December 31,

~~2022~~ **2023** , Timothy P. Horne beneficially owned 5, 938, 290 shares of Class B common stock. Our Class B common stock entitles its holders to ten votes for each share, and our Class A common stock entitles its holders to one vote per share. As of December 31, ~~2022~~ **2023** , Timothy P. Horne beneficially owned approximately ~~18~~ **17** . ~~0~~ **9** % of our outstanding shares of Class A common stock (assuming conversion of all shares of Class B common stock beneficially owned by Mr. Horne into Class A common stock) and approximately 99. 7 % of our outstanding shares of Class B common stock, which represents approximately 68. ~~4~~ **3** % of the total outstanding voting power. As long as Mr. Horne controls shares representing at least a majority of the total voting power of our outstanding stock, Mr. Horne will be able to unilaterally determine the outcome of most stockholder votes, and other stockholders will not be able to affect the outcome of any such votes. Conversion and subsequent sale of a significant number of shares of our Class B common stock could adversely affect the market price of our Class A common stock. As of December 31, ~~2022~~ **2023** , there were outstanding 27, ~~314~~ **352** , ~~679~~ **701** shares of our Class A common stock and 5, 958, 290 shares of our Class B common stock. Shares of our Class B common stock may be converted into Class A common stock at any time on a one for one basis. Under the terms of a registration rights agreement with respect to outstanding shares of our Class B common stock, the holders of our Class B common stock have rights with respect to the registration of the underlying Class A common stock. Under these registration rights, the holders of Class B common stock may require, on ~~22up~~ **25up** to two occasions that we register their shares for public resale. If we are eligible to use Form S- 3 or a similar short- form registration statement, the holders of Class B common stock may require that we register their shares for public resale up to two times per year. If we elect to register any shares of Class A common stock for any public offering, the holders of Class B common stock are entitled to include shares of Class A common stock into which such shares of Class B common stock may be converted in such registration. However, we may reduce the number of shares proposed to be registered in view of market conditions. We will pay all expenses in connection with any registration, other than underwriting discounts and commissions. If all of the available registered shares are sold into the public market the trading price of our Class A common stock could decline. General Risk Factors Changes in regulations or standards could adversely affect our business. Our products and business are subject to a wide variety of statutory, regulatory and industry standards and requirements. A significant change to regulatory requirements, whether federal, foreign, state or local, or to industry standards, could substantially increase manufacturing costs, impact the size and timing of demand for our products **, require us to manufacture with alternative technologies or materials** , or put us at a competitive disadvantage, any of which could harm our business and have a material adverse effect on our financial condition, results of operations and cash flow. Our operating results could be negatively affected by changes in tax rates, the adoption of new tax legislation, or exposure to additional tax liabilities. As a global company, we are subject to taxation in numerous countries, states and other jurisdictions. As a result, our effective rate is derived from a combination of applicable tax rates in the various places that we operate. Our future taxes could be affected by numerous factors, including changes in the mix of our profitability from country to country, the results of examinations and audits of our tax filings, adjustments to our uncertain tax positions, changes in accounting for income taxes and changes in tax laws. In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain. Significant judgment is required in determining our global provision for income taxes, deferred tax assets or liabilities, and in evaluating our tax positions. Our tax filings are regularly under audit by tax authorities and the ultimate tax outcome may differ from the amounts recorded and may materially affect our financial results in the period or periods for which such determination is made. In October 2021, the Organization for Economic Co- operation and Development (" OECD ") issued model rules for a new global minimum tax framework ~~. In~~ **, commonly referred to as " Pillar Two, " which includes the introduction of a 15 % global minimum tax to become effective beginning after January 1,** ~~2022~~ **2024 . To date** , **approximately 140 countries have tentatively signed a framework agreeing in principle to this initiative and** several countries ~~have announced the intention~~ **are in various stages of implementing Pillar Two proposals in local tax legislation. The OECD continues** to ~~bring~~ **refine the technical guidance. Our effective tax rate and cash tax payments could increase in future years as a result of** these **changes** ~~into effect starting from 2024. While the overarching framework has been published, we are awaiting legislation and detailed guidance to assess the full implications~~ . The U. S. enacted the Inflation Reduction Act of 2022 (~~"~~ **"** IRA ~~"~~ **"**) in August 2022, which, among other provisions, creates a new corporate alternative minimum tax (CAMT) of at least 15 % for certain large corporations that have at least an average of $ 1 billion in adjusted financial statement income over a consecutive three- year period effective in tax years beginning after December 31, 2022. The IRA also includes a 1 % excise tax on new corporate stock repurchases beginning in 2023. We do not expect to meet the CAMT threshold in the near term nor expect the IRA to have a material impact on our financial statements. However, it is possible that the U. S. Congress could advance other tax legislation proposals in the future that could have a material impact on our financial statements ~~and we will continue to evaluate the impact of the IRA as additional information becomes available~~ . Item 1B. UNRESOLVED STAFF COMMENTS. None.