

# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

## FORM 10-K

(Mark One)

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2023
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934  
Commission File Number 001-31225

### ENPRO INC.

(Exact name of registrant, as specified in its charter)

North Carolina  
(State or other jurisdiction of incorporation)  
5605 Carnegie Boulevard  
Suite 500  
Charlotte  
North Carolina  
(Address of principal executive offices)

01-0573945  
(I.R.S. Employer Identification No.)

28209  
(Zip Code)

(704) 731-1500  
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common stock, \$0.01 par value	NPO	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The aggregate market value of voting and nonvoting common stock of the registrant held by non-affiliates of the registrant as of June 30, 2023 was \$2,772,553,359. As of February 8, 2024, there were 21,086,776 shares of common stock of the registrant outstanding, which includes 177,943 shares of common stock held by a subsidiary of the registrant and accordingly are not entitled to be voted.

#### **DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the registrant's definitive proxy statement for the 2024 annual meeting of shareholders are incorporated by reference into Part III.

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## ENPRO INC.

### PART I

#### ITEM 1. BUSINESS

As used in this report, the terms “we,” “us,” “our,” “Enpro” and “Company” mean Enpro Inc. and its subsidiaries (unless the context indicates another meaning). The term “common stock” means the common stock of Enpro Inc., par value \$0.01 per share.

##### *Background*

We were incorporated under the laws of the State of North Carolina on January 11, 2002, as a wholly owned subsidiary of Goodrich Corporation (“Goodrich”). The incorporation was in anticipation of Goodrich’s announced spin-off of its Engineered Industrial Products segment by a distribution of the Company’s common stock to existing Goodrich shareholders. The distribution took place on May 31, 2002.

Today, we are a leading-edge industrial technology company focused on critical applications across a diverse group of growing end markets such as semiconductor, photonics, industrial process, aerospace, food, biopharmaceuticals and life sciences. Enpro is a leader in applied engineering and designs, develops, manufactures, and markets proprietary, value-added products and solutions that contribute key functionality or safeguard a variety of critical environments. Over the past several years, we have executed several strategic initiatives to create a portfolio of businesses that offers proprietary, industrial technology-related products and solutions with high barriers to entry, compelling margins, strong cash flow, and perpetual recurring/aftermarket revenue in markets with favorable secular tailwinds. These initiatives, described in “Acquisitions” and “Dispositions” below, have increased our ability to provide solutions to the semiconductor, life sciences, and other technology industries. As of December 31, 2023, our continuing operations had 13 primary manufacturing and service facilities (approximately 50,000 square feet or larger) located in 6 countries, including the United States.

Our sales from continuing operations by geographic region in 2023, 2022 and 2021 were as follows:

	2023	2022	2021
	(in millions)		
United States	\$ 640.3	\$ 687.4	\$ 445.7
Europe	149.6	139.7	132.7
Other	269.4	272.1	262.0
Total	<u>\$ 1,059.3</u>	<u>\$ 1,099.2</u>	<u>\$ 840.4</u>

We maintain an Internet website at [www.enpro.com](http://www.enpro.com). We will make this annual report, in addition to our other annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to these reports, available free of charge on our website as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission (the “SEC”). Our Corporate Governance Guidelines and the charters for each of our Board Committees (Audit and Risk Management, Compensation and Human Resources, Executive, and Nominating and Corporate Governance committees) are also available on our website, and copies of this information are available in print to any shareholder who requests it. Information included on or linked to our website is not incorporated by reference into this annual report.

##### *Acquisitions*

On December 28, 2023, our direct, wholly owned subsidiary, EnPro Holdings, Inc. (“EnPro Holdings”), entered into an agreement to acquire Advanced Micro Instruments, Inc. (“AMI”), for \$210 million in cash, subject to customary purchase price adjustments related to the final acquisition date net working capital determination. AMI is a leading provider of highly-engineered, application-specific analyzers and sensing technologies that monitor critical parameters to maintain infrastructure integrity, enable process efficiency, enhance safety, and facilitate the clean energy transition.

Since the acquisition closed on January 29, 2024, the assets and operating results of AMI are not included in our 2023 consolidated financial statements. (see Note 21 to our Consolidated Financial Statements in this Form 10-K for information on this subsequent event). AMI’s financial results will be included as part of our Sealing Technologies segment beginning January 29, 2024.

Based in Costa Mesa, California, AMI serves customers in the midstream natural gas, biogas, industrial processing, cryogenics, food processing, laboratory, wastewater and aerospace markets. AMI offers a portfolio of oxygen, hydrogen sulfide and moisture analyzers and proprietary sensing capabilities that detect contaminants in a variety of processes, including natural gas and biogas streams, which enable operators to avoid flaring and, thereby, reduce CO<sub>2</sub> emissions.

On December 17, 2021, EnPro Holdings, completed the acquisition of all issued and outstanding membership interests of TCFII NxEdge LLC ("NxEdge"). NxEdge is headquartered in Boise, Idaho and operates six main facilities located in California and Idaho. NxEdge is an advanced manufacturing, cleaning, coating, and refurbishment business serving the semiconductor industry. NxEdge engineers, manufactures and services leading-edge systems and components critical in the production of semiconductors, offers technically-advanced coatings and surface treatments along with refurbishment services and spare parts. NxEdge is included as part of our Advanced Surface Technologies segment. We paid \$853.9 million, net of cash acquired, for the business.

On October 26, 2020, a subsidiary of Enpro formed for this purpose (the "Alluxa Acquisition Subsidiary") acquired all of the equity securities of Alluxa, Inc. ("Alluxa"), a privately held, California-based company. Alluxa is an industrial technology company that provides specialized optical filters and thin-film coatings for the most challenging applications in the industrial technology, life sciences, semiconductor, defense, and communications markets. Alluxa's products are developed through a proprietary coating process using state-of-the-art advanced equipment. Alluxa is included as part of the Advanced Surface Technologies segment.

Alluxa works in collaboration with customers across major end markets to provide customized, complex precision coating solutions through its specialized technology platform and proprietary processes. Alluxa has long-standing customer relationships across its diversified customer base, serving customers across the Americas, Europe, and Asia. Founded in 2007, Alluxa has two locations in California and is headquartered in Santa Rosa, California.

In connection with the completion of the transaction, we entered into a limited liability operating agreement with respect to the Alluxa Acquisition Subsidiary in connection with the rollover transaction, with three equity owners of Alluxa, who were also executives of Alluxa, receiving approximately 7% of the equity interests of the Alluxa Acquisition Subsidiary in return for their contribution of the rollover shares of Alluxa. In the first quarter of 2024, we acquired all of these equity interests and became the sole owner of Alluxa.

In September 2019, Lunar Investment LLC ("Lunar"), a subsidiary of Enpro, acquired all of the equity securities of LeanTeq Co, LTD. and its affiliate LeanTeq LLC (collectively referred to as "LeanTeq"). As part of the transaction, two of the equity owners of LeanTeq, who were executives of the acquired entity (the "LeanTeq Executives"), acquired approximately a 10% ownership share of Lunar in the form of rollover equity. Founded in 2011 and headquartered in Taoyuan City, Taiwan, LeanTeq has two locations in Taiwan and one in the United States (Silicon Valley). LeanTeq primarily provides refurbishment solutions for critical components and assemblies used in state-of-the-art semiconductor manufacturing equipment. This equipment is used to produce technologically advanced microchips for smartphones, autonomous vehicles, high-speed wireless connectivity, artificial intelligence, and other leading-edge applications. LeanTeq partners closely with original equipment manufacturers throughout the development and production lifecycle to achieve Process of Record qualifications, enabling long-term, recurring aftermarket revenue. Aftermarket refurbishment solutions have historically represented approximately 65% of LeanTeq's total sales. LeanTeq's suite of solutions includes cleaning, coating, analytical testing, inspection and verification, kit assembly, failure analysis, and other value-added solutions. LeanTeq is included as part of our Advanced Surface Technologies segment. During the fourth quarter of 2022, Enpro acquired all of the equity interests of Lunar owned by the LeanTeq Executives and became the sole owner of LeanTeq.

### ***Dispositions***

During the third quarter of 2022, we entered into an agreement to sell our GGB business and announced our intention to sell Garlock Pipeline Technologies, Inc. ("GPT"), which was sold in January 2023. These businesses, along with Compressor Products International ("CPI"), which was divested on December 21, 2021, comprised our entire Engineered Materials segment ("Engineered Materials"). As a result of classifying the GGB and GPT businesses as held for sale in the third quarter of 2022, we determined Engineered Materials to be a discontinued operation. Unless otherwise indicated, amounts provided in Part I pertain to continuing operations only (see Note 20 to our Consolidated Financial Statements in this Form 10-K for information on discontinued operations and the related disposition of those operations).

On January 30, 2023 we completed the sale of GPT. In 2023, we received \$28.9 million, net of transaction fees and cash sold, resulting in a pretax gain of \$14.6 million recognized in the first quarter of 2023.

The sale of GGB closed on November 4, 2022 to The Timken Company. We received \$298.2 million, net of transaction fees and cash sold, including \$3.1 million of payments made in Q1 of 2023. We recorded a pre-tax gain of \$189.1 million as part of our discontinued operations in the fourth quarter of 2022.

The sale of GGB included a subsidiary of our Sealing Technologies segment which is not part of the discontinued operations described above. The results of operations of this subsidiary are included in continuing operations for all periods being reported. As a result of this sale, we recorded a \$0.4 million loss in the fourth quarter of 2022 in other expense in our consolidated statement of operations.

On October 12, 2021, we entered into an Equity and Asset Purchase Agreement (the “Purchase Agreement”) providing for the sale of specified equity interests and assets of our CPI business, which had been included in our Engineered Materials segment. The sale closed on December 21, 2021 and we recorded a pretax gain of \$117.6 million in the fourth quarter of 2021 as a result of this transaction.

On September 2, 2021, we sold certain assets and liabilities of our polymer components business unit, which was principally located in Houston, Texas and had been included in our Sealing Technologies segment. As a result of the sale, we recorded a pre-tax gain of \$19.5 million in other income (expense) on our Consolidated Statements of Operations.

### **Operations**

We manage our business as two segments: a Sealing Technologies segment and an Advanced Surface Technologies segment. Our reportable segments are managed separately based on differences in their respective products and solutions, and end-customers. For financial information with respect to our business segments, see Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Results of Operations,” and Note 18 to our Consolidated Financial Statements. Item 7 contains information about sales and profits for each segment, and Note 19 contains information about each segment’s sales by major end market, capital expenditures, depreciation and amortization, and assets.

Sales by market for the year ended December 31, 2023 were as follows:

	<b>Year Ended December 31, 2023</b>	
	<b>(in millions)</b>	
	<b>Total</b>	<b>% of Total</b>
Aerospace	\$ 58.3	5.5%
Chemical and material processing	84.6	8.0%
Food and pharmaceutical	65.4	6.2%
General industrial	171.4	16.2%
Commercial vehicle	198.4	18.7%
Oil and gas	27.8	2.6%
Power generation	68.3	6.5%
Semiconductors	363.5	34.3%
Other	21.6	2.0%
Total third-party sales	<u>\$ 1,059.3</u>	<u>100.0%</u>

### **Sealing Technologies Segment**

**Overview.** Our Sealing Technologies segment, composed of three operating divisions, Garlock, Technetics and STEMCO, designs, engineers and manufactures value-added products and solutions that safeguard a variety of critical environments, including: metallic, non-metallic and composite material gaskets; dynamic seals; compression packing; elastomeric components; custom-engineered mechanical seals used in diverse applications; hydraulic components; test, measurement and sensing applications; sanitary gaskets; hoses and fittings for hygienic process industries; fluid transfer products for the pharmaceutical and biopharmaceutical industries; and commercial vehicle solutions used in wheel-end and suspension components that customers rely upon to ensure safety on our roadways.

These products are used in a variety of markets, including chemical and petrochemical processing, nuclear energy, hydrogen, natural gas, food and biopharmaceutical processing, primary metal manufacturing, mining, water and waste treatment, commercial vehicle, aerospace, medical, filtration and semiconductor fabrication. In all these industries, the performance and durability of our proprietary products and solutions are vital for the safety and environmental protection of our customers' processes. Many of our products and solutions are used in highly demanding applications, often in incredibly harsh environments; for example, where extreme temperatures, extreme pressures, corrosive environments, strict tolerances, or worn equipment create challenges for product performance.

Sealing Technologies offers customers widely recognized applied engineering, innovation, process know-how and enduring reliability, driving a lasting aftermarket for many of our products and solutions. Aftermarket or recurring revenue approximates two-thirds of our Sealing Technologies segment's total revenue.

Garlock consists of two companies: Garlock Sealing Technologies (GST) and Garlock Hygienic Technologies (GHT).

GST engineers, designs, manufactures and markets metallic, non-metallic and composite material gaskets; dynamic seals; compression packing; hydraulic components; expansion joints; and wall penetration products.

Gasket products are used for sealing flange joints in a number of applications including in chemical, petrochemical and pulp and paper processing facilities where high pressures, high temperatures and corrosive chemicals create the need for specialized and highly engineered sealing products. Our products are also used in sanitary markets, such as food and beverage and pharmaceuticals, where product integrity and safety are extremely important. We sell these gasket products under a number of brand names, including: Garlock®, Gylon®, Blue-Gard®, ONE-UP®, Bio-Pro®, Tuf-Steel®, Detectomer®, and LINK-SEAL®. These products have a long-standing reputation for performance and reliability within the industries we serve.

Dynamic elastomeric seals are used in rotating applications to contain the lubricants that protect bearings from excessive friction and heat generation. Because these sealing products are utilized in dynamic applications, they are subject to wear. Durability, performance, and reliability are, therefore, critical requirements of our customers. These rotary seals are used for many markets, including for demanding applications in the steel, machine building, and mining and pulp and paper processing industries, under the well-known brand names Klozure® and PS Seal.

Compression packing is used to provide sealing in pressurized, static and dynamic applications such as pumps and valves. Major markets for compression packing products are the pulp and paper, mining, petrochemical and hydrocarbon processing industries. Branded products for these markets include 9000 EVSP®, Quickset®, and Graph-lock®.

GHT, includes Rubber Fab and The Aseptic Group, which together, design, manufacture and sell fluid process solutions, including: single-use hygienic seals, tubing, components and assemblies, primary for food and pharma markets.

Technetics designs, manufactures and sells high performance metal seals, mechanical seals, and elastomeric seals. These products are used in extreme applications for a variety of industries, including semiconductor, aerospace (including commercial space), power generation, oil and gas, life sciences and other markets. Technetics' brands include HELICOFLEX®, TEXEAL®, FELTMETAL™, CEFILAC GPA®, Qualiseal®, CEFIL' AIR®, and ORIGRAF®.

STEMCO designs, manufactures and sells commercial vehicle components and systems including: preadjusted hub systems; seals; hubcaps; mileage tracking products; bearings; locking fasteners; suspension components, such as steering knuckle king-pins and bushings, spring pins and bushings; and other polymer bushing components. Its products primarily serve the medium and heavy-duty commercial vehicle market. STEMCO's product brands include STEMCO®, STEMCO Kaiser®, Discover®, QWICKTIE®, GritGuard®, Guardian HP®, Voyager®, Discover®, Auto-Torq®, Pro-Torq®, Zip-Torq®, Sentinel®, Defender™, DataTrac®, and QwikKit®.

Customers. Our Sealing Technologies segment sells products and solutions to industrial agents and distributors, original equipment manufacturers ("OEMs"), engineering and construction firms and end users worldwide. Solutions are offered to a broad range of global customers, with approximately 43% of sales delivered to customers outside the United States in 2023. Representative customers include Sanofi, Motion Industries, Applied Industrial Technologies, Electricite de France, AREVA S.A., Bayer AG, BASF SE, Chevron Corporation, General Electric Company, Georgia-Pacific Corporation, Eastman Chemical Company, Exxon Mobil Corporation, Minara Resources, Queensland Alumina, AK Steel Corporation, Volvo Corporation, Wabash Trailer, Great Dane Trailer, Mack Volvo Corporation, Daimler Corporation, PACCAR, Carlisle Interconnect Technologies, Schlumberger, and Flextronics.

Competition. Our businesses differentiate themselves from competitors with product performance and reliability, as well as customer service, application expertise, technical support, delivery terms, breadth of product offering, reputation for quality, and the availability of product. Our leading brand names, including Garlock®, Technetics®, and STEMCO®, have been built

upon long-standing reputations for reliability and durability. In addition, the breadth, performance and quality of our product offerings allow us to achieve premium pricing and have made us a preferred supplier among our agents and distributors. We believe that our Sealing Segment's record of product performance in the major markets it serves is a significant competitive advantage. Major competitors include A.W. Chesterton Company, Klinger Group, Teadit, Lamons, SIEM/Flexitallic, SKF USA Inc., Consolidated Metco, Firestone, Saint-Gobain, Eaton Corporation, Parker Hannifin Corporation, and Miropro Co. Ltd.

**Raw Materials and Components.** Our Sealing Technologies segment uses PTFE resins, aramid fibers, specialty elastomers, elastomeric compounds, graphite and carbon, common and exotic metals, cold-rolled steel, leather, aluminum die castings, nitrile rubber, powdered metal components, and various fibers and resins. We believe that these raw materials and components are generally available from various suppliers, though sources for certain raw materials and components are limited.

### ***Advanced Surface Technologies Segment***

**Overview.** Our Advanced Surface Technologies (AST) segment is composed of four operating businesses, NxEdge, Technetics Semi, LeanTeq, and Alluxa. Our AST segment applies proprietary technologies, processes, and capabilities to deliver a highly differentiated suite of products and solutions for challenging applications in high-growth markets. The segment's products and solutions are used in demanding environments requiring performance, precision and repeatability, with a low tolerance for failure. AST's products and solutions include: (i) cleaning, coating, testing, refurbishment and verification for critical components and assemblies used in state-of-the-art advanced node semiconductor manufacturing equipment, (ii) designing, manufacturing and selling specialized optical filters and proprietary thin-film coatings for the most challenging applications in the industrial technology, life sciences, and semiconductor markets, (iii) engineering and manufacturing complex front-end wafer processing sub-systems and new and refurbished electrostatic chuck pedestals for the semiconductor equipment industry, and (iv) engineering and manufacturing edge-welded metal bellows for the semiconductor equipment industry and critical applications in the space, aerospace and defense markets. In many instances, AST capabilities drive products and solutions that enable the maintenance of our customers' high-value processes through an entire life cycle.

NxEdge is an advanced manufacturing, special processing (cleaning, coating, surface treatments), and refurbishment solutions provider. NxEdge serves customers across the semiconductor supply chain, including top-tier global integrated device manufacturers ("IDMs") and original equipment manufacturers ("OEMs"). NxEdge's unique set of vertically integrated capabilities with proprietary processes has resulted in a broad range of qualifications at top customers.

Technetics Semi engineers and manufactures complex front-end wafer processing sub-systems, new and refurbished electrostatic chuck pedestals, thin film coatings, and edge-welded metal bellows for the semiconductor equipment industry. These capabilities are also leveraged for high reliability in critical applications for space, aerospace and defense markets.

LeanTeq provides cleaning, coating, testing, refurbishment and verification solutions for critical components and assemblies used in state-of-the-art advanced node semiconductor manufacturing equipment. LeanTeq offers highly differentiated, proprietary, technology-enabled processes, market-leading process tool expertise, and broad materials proficiency. These capabilities extend the life cycles of parts and shorten the time for cleaning of chamber components.

Alluxa manufactures specialized optical filters and thin-film coatings for challenging applications in the industrial technology, life sciences, and semiconductor markets. Its products are developed through a proprietary coating process using state-of-the-art, advanced equipment. Alluxa partners with customers across major end markets to provide customized, complex precision coating solutions through Alluxa's specialized technology platform and proprietary processes.

**Customers.** Our Advanced Surface Technologies segment sells products and solutions to OEMs, IDMs, industrial agents and distributors, and end users worldwide. Advanced Surface Technologies' products and solutions are offered to global customers, with approximately 34% of sales delivered to customers outside the United States in 2023. Representative customers include leading global manufacturers of semiconductor manufacturing equipment, such as Applied Materials and ASML, as well as manufacturers of equipment used in the life sciences and industrial technology industries and government defense contractors. Due to consolidation in the semiconductor manufacturing equipment industry, a small number of companies control a significant majority of the global production of semiconductor manufacturing equipment. As a result, the segment is dependent on certain key relationships with customers in that industry and the loss of one or more of those key customers or other adverse changes in the segment's relationships with those customers could have a material adverse effect on our business, financial condition, results of operations and cash flows.

**Competition.** Competition in the markets we serve is based on technology differentiation, process know-how, proven performance and reliability, as well as price, customer service, application expertise, technical support, delivery terms, breadth of offerings, reputation for quality, global footprint and the availability of products and solutions. We believe that our significant competitive advantages include our technological knowledge, proprietary processes, manufacturing and analytical



capabilities and record of performance, which enable us to satisfy the substantial upfront qualification processes required by many of our customers. The competitive landscape in the United States for advanced manufacturing, coating and refurbishment for the semiconductor supply chain includes several providers other than NxEdge, with no provider having a dominant market position. NxEdge has a broad offering of special processes and we believe a higher level of vertical integration than most of its competitors. In the semiconductor cleaning space, our competitors include a limited number of other providers of cleaning solutions, primarily in Taiwan, Japan, South Korea and the United States, with no provider having a dominant global market position. The optical coatings market is highly fragmented, with numerous small competitors to Alluxa. Competitors of Technetics Semi include Mirapro, FMI/NGK, KSM and Senior Flexonics.

**Raw Materials and Components.** Our Advanced Surface Technologies segment uses ultra-high purity chemicals, fluoropolymers, elastomeric compounds, technical ceramics, rare earth materials, specialty substrates, common and exotic metals. We believe that these raw materials and components are generally available from various suppliers, with occasional, isolated and short-term constraints.

### ***Research and Development***

Our research and development efforts strengthen our product portfolios in our more traditional markets while simultaneously creating distinctive and breakthrough products and solutions across the company. We utilize a process to move innovations from concept to commercialization, and to identify, analyze, develop and implement new product concepts and opportunities to expand market adjacencies with differentiated and compelling products that solve critical problems for our customers.

We employ scientists, engineers and technicians throughout the organization to develop, design and test new and improved products and solutions. We work closely with our customers to identify issues and solve technical problems for critical applications. The majority of our research and development spending typically is directed toward the development of new solutions for the most demanding environments, the development of technology to support the production, cleaning and refurbishment of critical semiconductor manufacturing equipment components, and advancing our technological and process know-how to develop opportunities in new and/or adjacent niche markets that will continue to differentiate the company.

### ***Backlog***

At December 31, 2023, we had a backlog of orders valued at \$225.4 million, of which \$110.4 million related to Sealing Technologies and \$115.0 million related to Advanced Surface Technologies compared with \$310.7 million at December 31, 2022, of which \$123.9 million related to Sealing Technologies and \$186.8 million related to Advanced Surface Technologies. Approximately 5% of the December 31, 2023 backlog is expected to be filled beyond 2024. Backlog represents orders on hand that we believe to be firm. However, there is no certainty the backlog orders will result in actual sales at the times or in the amounts ordered.

### ***Quality Assurance***

We believe the quality of our products and solutions is among the most important factors in developing and maintaining strong, long-term relationships with our customers. In order to meet the exacting requirements of our customers, we maintain stringent standards of quality control. We routinely employ in-process inspection by using testing equipment as a process aid during all stages of development, design and production to ensure product quality and reliability. These include state-of-the-art CAD/CAM equipment, statistical process control systems, laser tracking devices, failure mode and effect analysis, and coordinate measuring machines. We are able to extract numerical quality control data as a statistical measurement of the quality of the parts being manufactured from our Computer Numerical Control ("CNC") machinery. In addition, we perform quality control tests on parts that we outsource. As a result of our practices, we are able to significantly improve the quality of the services we provide and the parts we manufacture, avoid and reduce defects, and improve efficiency and reliability.

As of December 31, 2023, 31 of our manufacturing and service facilities were ISO 9000 certified. Three of our facilities are ISO 14001 certified.

### ***Patents, Trademarks and Other Intellectual Property***

We maintain a number of patents and trademarks issued by the U.S. and other countries relating to the name and design of our products and have granted licenses to some of these patents and trademarks. We routinely evaluate the need to protect new and existing products through the patent and trademark systems in the U.S. and other countries. We also have unpatented proprietary information, consisting of engineering, design, and process know-how, along with trade secrets relating to the design, manufacture and operation of our products and their use, and to certain services we perform. Except for proprietary formulations and know-how in our Advanced Surface Technologies segment, we do not consider our business as a whole to be

materially dependent on any particular patent, patent right, trademark, trade secret or license granted or group of related patents, patent rights, trademarks, trade secrets or licenses granted.

In general, we are the owner of the rights to the products that we manufacture and sell. However, we also license certain intellectual property from various entities. These licenses are subject to renewal and it is possible we may not successfully renegotiate these licenses or they could be terminated in the event of a material breach. If this were to occur, our business, financial condition, results of operations and cash flows could be adversely affected.

### ***Human Capital***

As of December 31, 2023, we had approximately 3,500 employees, of which approximately 66% are in North America, 12% in Europe, and 22% in Asia Pacific.

We strive to create an environment where all colleagues can flourish and develop, and view human development as a basic right, and a core foundation to achieving excellence. Enpro is a dual-bottom line company - with the development of our colleagues and their excellence inextricably linked to a productive environment that drives strong financial performance. Safety, excellence, and respect are our enduring core values and are the standard by which we measure all our actions, including how we treat our colleagues, physically and psychologically.

In 2023, we introduced a new performance management and development process, placing emphasis on both manager engagement and employee ownership. We regularly conduct employee engagement and satisfaction surveys, including one completed in early 2023. Results from these surveys and engagement activities help senior management drive advances in our workplace and culture as we continuously focus on ways to improve our way of working.

Focus on Safety and Wellbeing of our Employees. Our core value of safety includes physical safety on our factory floors and the wellness and psychological safety of colleagues. We have worked for many years to develop a world-class safety program and culture, where the intention is that each colleague goes home each day as healthy as they arrived. Our commitment to safety has resulted in our being the only public company to have been recognized on three separate occasions by EHS Today as “America’s Safest Company.” Each year, we enhance our safety culture and safety programs. In 2023, we strengthened our safety onboarding programs so that our newest colleagues can thoroughly understand our safety culture and expectations, which are often much different from their prior places of employment. In 2024, we are working towards alignment with ISO 45001 at our major manufacturing locations. This alignment will drive our continual improvement efforts within safety.

Competitive Pay, Benefits and Equity: We provide comprehensive compensation and benefits programs that are designed to attract and retain colleagues – our most valuable resource. Our compensation programs include a focus on building long-term value and alignment with our stakeholders, including a sizable portion of compensation at appropriate levels designed to foster a culture of ownership and alignment with our shareholders. We have improved our benefit programs each year to meet the changing needs of our employees and their families. In the United States, this includes a company-wide minimum wage of \$15 per hour, a 401k plan with an above-market company match, an award-winning health and wellbeing program, flexible vacation, and time off policies, enhanced employee assistance programs, paid family leave, and comprehensive healthcare benefits, as well as company-paid long-term disability, critical illness, and accident coverage.

We continue to focus on the mental wellbeing of our colleagues through company-wide resource groups that focus on mental health and inclusion, as well as through our employee assistance programs.

Focus on Diversity and Respect. A diverse workforce and a commitment to diverse, innovative thinking are critical to our long-term growth and success. We continue to utilize inclusive practices within our talent acquisition practices, including diverse candidate slates and diverse interview panels. We have implemented tools and structures to reduce bias during the interview and selection process, including unconscious bias training. We provided Diversity Without Division training to our first line supervisors. Our gender and ethnic/racial diversity including senior management and through two levels down is 47% diverse, a testament to our focus on creating a diverse and inclusive environment, and one with opportunity for growth and development.

The positive impact of our care, compassion, and flexible programs is demonstrated by our employee retention rates. In a market with volatile turnover, our aggregate retention rates are at or above market level, in part due to our culture and due to our progressive approach to employee development and focus on employee well-being.

Focus on the Communities and our New Employee Assistance Fund. In 2020, we launched the Enpro Foundation to support charitable organizations in the communities where our colleagues live and work. Enpro has contributed \$1.75 million to the Enpro Foundation since its formation in 2020 and our Foundation has made \$690,000 in donations, with a special focus on charitable organizations nominated by our colleagues. Through our Foundation, we have created and funded an employee

assistance fund, administered by a third-party that specializes in this type of fund, where we can confidentially assist employees that are facing difficult challenges, including family sickness or impact from natural disasters or other tragedies, in a way that is objective and respectful.

## **ITEM 1A. RISK FACTORS**

*In addition to the risks stated elsewhere in this annual report, set forth below are certain risk factors that we believe are material. If any of these risks occur, our business, financial condition, results of operations, cash flows and reputation could be harmed. You should also consider these risk factors when you read “forward-looking statements” elsewhere in this report. You can identify forward-looking statements by terms such as “may,” “hope,” “will,” “could,” “should,” “expect,” “plan,” “anticipate,” “intend,” “believe,” “estimate,” “predict,” “potential” or “continue,” the negative of those terms or other comparable terms. Those forward-looking statements are only predictions and can be adversely affected if any of these risks occur.*

### **Risks Related to Our Business**

***Our business and some of the markets we serve are cyclical and distressed market conditions could have a material adverse effect on our business.***

The markets in which we sell our products and solutions, particularly wafer fab equipment for semiconductor manufacturing, chemical companies, petroleum refineries, heavy-duty trucking, and capital equipment are, to varying degrees, cyclical and have historically experienced periodic downturns. Prior downturns have been characterized by diminished product demand, excess manufacturing capacity and subsequent erosion of average selling prices in these markets resulting in negative effects on our net sales and results of operations. The wafer fab equipment for semiconductor manufacturing market, has historically been characterized by rapid changes in demand due to changes in electronics demand, economic conditions (both general and in the semiconductor and electronics industries), industry supply and demand, prices for semiconductors, and the ability of fabricators to manufacture increasingly complex and costly semiconductor devices. A prolonged and severe downward cycle in our markets, particularly in our semiconductor markets, could have a material adverse effect on our business, financial condition, results of operations and cash flows.

***We face intense competition that could have a material adverse effect on our business.***

We encounter intense competition in almost all areas of our businesses. Customers for many of our products and solutions are attempting to reduce the number of vendors from which they purchase. To remain competitive, we need to invest continuously in manufacturing, marketing, customer service and support and our distribution networks. We also need to develop new products and solutions to continue to meet the needs and desires of our customers. We may not have sufficient resources to continue to make such investments or maintain our competitive position. Additionally, some of our competitors are larger than we are and have substantially greater financial resources than we do. As a result, they may be better able to withstand the effects of periodic economic downturns. Certain of our products and solutions may also experience transformation from unique branded products to undifferentiated price sensitive products and solutions. This commoditization may be accelerated by low-cost foreign competition. Changes in the replacement cycle of certain of our products and solutions, including because of improved product and service quality or improved maintenance, may affect aftermarket demand for such products and solutions. Initiatives designed to distinguish our products and solutions through superior service, continuous improvement, innovation, customer relationships, technology, new product acquisitions, bundling with key services, long-term contracts or market focus may not be effective. Pricing and other competitive pressures could adversely affect our business, financial condition, results of operations and cash flows.

***The reliance of our Advanced Surface Technologies segment on a small number of significant customers may adversely affect our financial results***

A majority of the revenues of our Advanced Surface Technologies segment are derived from manufacturing, cleaning, coating and refurbishing components used in advanced node semiconductor manufacturing equipment. Due to consolidation in the semiconductor manufacturing equipment industry, a small number of companies control a significant majority of the global production of semiconductor manufacturing equipment. As a result, the segment is dependent on certain key relationships with customers in that industry, including a customer that accounted for approximately 26% of our 2023 consolidated net sales, and the loss of the segment’s relationship with that customer or other key customers or other adverse changes in the segment’s relationships with those customers could have a material adverse effect on our business, financial condition, results of operations and cash flows. Consolidation among our customers, or a decision by any one or more of our customers to no longer outsource the type of solutions provided by our Advanced Surface Technologies segment, may further concentrate our business

in a limited number of customers and expose us to increased risks relating to dependence on an even smaller number of customers.

***If we fail to retain the agents and distributors upon whom we rely to market our products, we may be unable to effectively market our products and our revenue and profitability may decline.***

The marketing success of many of our businesses in the U.S. and abroad depends largely upon our independent agents' and distributors' sales and service expertise and relationships with customers in our markets. Many of these agents have developed strong ties to existing and potential customers because of their detailed knowledge of our products. A loss of a significant number of these agents or distributors, or of a particular agent or distributor in a key market or with key customer relationships, could significantly inhibit our ability to effectively market our products, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

***Increased costs for raw materials, the termination of existing supply arrangements or other disruptions of our supply chain has had, and could continue in the future to have, a material adverse effect on our business.***

We have seen organic changes related to price increases of raw materials over the past several years. The prices of some of our raw materials may continue to increase due to supply chain limitations or the imposition (or announcement of the intended imposition) of new or increased tariffs or changes in trade laws. While we have been successful in passing along some of these higher costs, there can be no assurance we will be able to continue doing so without losing customers. Similarly, the loss of a key supplier, the unavailability of a key raw material, or other disruptions of our supply chain could adversely affect our business, financial condition, results of operations and cash flows. In addition, we have limited sources for certain key raw materials and other supplies.

***If we are unable to protect our intellectual property rights and knowledge relating to our products and services, our business and prospects may be negatively impacted.***

We believe that proprietary products, processes, and technology are important to our success. If we are unable to adequately protect our intellectual property and know-how, our business and prospects could be negatively impacted. Our efforts to protect our intellectual property through patents, trademarks, service marks, domain names, trade secrets, copyrights, confidentiality, non-compete and nondisclosure agreements and other measures may not be adequate to protect our proprietary rights. Patents issued to third parties, whether before or after the issue date of our patents, could render our intellectual property less valuable. Questions as to whether our competitors' products or services infringe our intellectual property rights or whether our products and services infringe our competitors' intellectual property rights may be disputed. In addition, intellectual property rights may be unavailable, limited or difficult to enforce in some jurisdictions, which could make it easier for competitors to capture market share in those jurisdictions.

Our competitors may capture market share from us by selling products that claim to mirror the capabilities of our products or technology. Without sufficient protection nationally and internationally for our intellectual property, our competitiveness worldwide could be impaired, which would negatively impact our growth and future revenue. As a result, we may be required to spend significant resources to monitor and enforce our intellectual property rights.

***Failure to maintain or renew licenses to certain intellectual property rights could adversely affect our business, financial condition, results of operations and cash flows.***

In general, we are the owner of the rights to the products and services that we manufacture and provide. However, we also license certain intellectual property from various entities. These licenses are subject to renewal and it is possible we may not successfully renegotiate these licenses or they could be terminated in the event of a material breach. If this were to occur, our business, financial condition, results of operations and cash flows could be adversely affected.

***Our products and solutions are often used in critical applications, which could expose us to potentially significant product liability, warranty and other claims and recalls. Our insurance coverage may be inadequate to cover all of our significant risks or our insurers may deny coverage of material losses we incur, which could adversely affect our profitability and overall financial condition.***

Our products and solutions are often used in critical applications in demanding environments, including in the nuclear, oil and gas, automotive, aerospace and pharmaceutical industries. Accordingly, product and service failures can have significant consequences and could result in significant product liability, warranty and other claims against us, regardless of whether our products and services caused the incident that is the subject of the claim, and we may have obligations to participate in the recall of products in which our products are components, if any of the components or services we supply prove to be defective.

We endeavor to identify and obtain in established markets insurance agreements to cover certain significant risks and liabilities, though insurance against some of the risks inherent in our operations (such as insurance covering down-stream customer product recalls) is either unavailable or available only at rates or on terms that we consider excessive. Depending on competitive conditions and other factors, we endeavor to obtain contractual protection against uninsured risks from our customers, including limitations on liability and indemnification. In some cases, we are unable to obtain such contractual protections, and when we do, such contractual protection may not be as broad as we desire, may not be supported by adequate insurance maintained by the customer, or may not be fully enforceable in the jurisdictions in which our customers are located. Such insurance or contractual protection may not be sufficient or effective under all circumstances or against all hazards to which we may be subject. A successful claim or product recall for which we are not insured or for which we are underinsured could have a material adverse effect on us. Additionally, disputes with insurance carriers over coverage may affect the timing of cash flows and, if litigation with the carrier becomes necessary, an outcome unfavorable to us may have a material adverse effect on our results of operations.

***Our business may be adversely affected by information technology disruptions.***

Our business may be impacted by information technology disruptions, including information technology attacks. Cybersecurity attacks, in particular, are evolving and include, but are not limited to, malicious software, attempts to gain unauthorized access to data or corporate funds, and other electronic security breaches that could lead to disruptions in systems, unauthorized release of confidential or otherwise protected information and corruption of data (our own or that of third parties). We have experienced cybersecurity attacks and, while we believe that we have adopted appropriate measures and procedures to mitigate potential risks to our systems from information technology-related disruptions, it is possible that a cybersecurity attack could be successful in breaching the measures and procedures designed to protect our systems. In such an event, we could potentially be subject to production downtimes, operational delays, other detrimental impacts on our operations or ability to provide products and services to our customers, the compromising of confidential or otherwise protected information, misappropriation, destruction or corruption of data, security breaches, misappropriation of corporate funds, other manipulation or improper use of our systems or networks, 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 business, financial condition, results of operations and cash flows.

***A failure to develop new or improved products and solutions may result in a significant competitive disadvantage.***

In order to maintain our market positions and margins, we need to continually develop and introduce high-quality, technologically advanced and cost-effective products and solutions on a timely basis, in many cases in multiple jurisdictions around the world. The failure to do so could result in a significant competitive disadvantage that could materially adversely affect our results of operations.

***The loss of key personnel and an inability to attract and retain qualified employees could have a material adverse effect on our operations.***

We are dependent on the continued services of our leadership team. The loss of these personnel without adequate replacement could have a material adverse effect on our operations. Additionally, we need qualified managers and skilled employees with technical and industry experience in many locations in order to operate our business successfully. From time to time, there may be a shortage of skilled labor, which may make it more difficult and expensive for us to attract and retain qualified employees. If we were unable to attract and retain sufficient numbers of qualified individuals or our costs to do so were to increase significantly, our operations and results of operations could be materially adversely affected.

***Our business with the U.S. government is subject to government contracting risks.***

Our business with government agencies, including sales to prime contractors that supply these agencies, is subject to government contracting risks. U.S. government contracts are subject to termination by the government, either for the convenience of the government or for default as a result of our failure to perform under the applicable contract. In addition, if we or one of our divisions were charged with wrongdoing with respect to a U.S. government contract, the U.S. government could suspend us from bidding on or receiving awards of new government contracts pending the completion of legal proceedings, and if we are found liable, we could subject us to fines, penalties, repayments and treble and other damages, and/or debarment from bidding on or receiving new awards of U.S. government contracts.

***Climate change and legal or regulatory responses thereto may have an adverse impact on our business and results of operations.***

There is growing concern that a gradual increase in global average temperatures as a result of increased concentration of carbon dioxide and other greenhouse gases in the atmosphere will cause significant changes in weather patterns around the globe and an increase in the frequency and severity of natural disasters. Many of our manufacturing facilities use significant amounts of electricity generated by burning fossil fuels, which releases carbon dioxide. Such climate change may impair our production capabilities, disrupt our supply chain or impact demand for our products. Growing concern over climate change also may result in additional legal or regulatory requirements designed to reduce or mitigate the effects of carbon dioxide and other greenhouse gas emissions on the environment. Increased energy or compliance costs and expenses as a result of increased legal or regulatory requirements may cause disruptions in, or an increase in the costs associated with, the manufacturing and distribution of our products. The impacts of climate change and legal or regulatory initiatives to address climate change could have a long-term adverse impact on our business and results of operations. If we fail to achieve or improperly report on our progress toward achieving our goals and commitments to reduce our carbon footprint or in environmental and sustainability programs and initiatives, the results could have an adverse impact on our business, financial position, results of operations or cash flows.

***Evolving regulatory restrictions on per- and polyfluoroalkyl substances (PFAS) may restrict the manufacture or use of fluoropolymers, including PTFE, which are currently included as critical components in certain of our products.***

In February 2023, the European Chemical Agency (ECHA) proposed several options for restricting the manufacture, import and use of PFAS in the EU under the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) regulations, potentially including PTFE and/or the fluorosurfactants that our suppliers use to manufacture PTFE. ECHA is in the process of evaluating these proposed options and preparing opinions on the socio-economic, environmental and health impacts of the proposal for consideration by the European Commission. PTFE resins are currently a critical raw material in the manufacture of certain of our products, and are included as components of several of our final products. If the manufacture or use of PTFE resins were restricted by this or other emerging regulations in the coming years, or if a substantial number of our suppliers discontinued production of PTFE resins due to regulatory pressures, and if we were unable to develop products using substitute materials that provide the same reliability and performance as our current products, our results of operations could be adversely affected.

***Our business could be materially adversely affected by numerous other risks, including rising healthcare costs, changes in environmental laws and other unforeseen business interruptions.***

Our business may be negatively impacted by numerous other risks. For example, medical and other healthcare costs may continue to grow faster than general inflation or employees may receive more or higher cost services in future periods. Initiatives to address these costs, such as consumer driven health plan packages, may not successfully reduce these expenses to the extent expected or required. Failure to offer competitive employee benefits may result in our inability to recruit or maintain key employees. Other risks to our business include potential changes in environmental rules or regulations, which could negatively impact our manufacturing processes, or changes to the magnitude of costs at existing environmental sites. Use of certain chemicals and other substances could become restricted or such changes may otherwise require us to incur additional costs which could reduce our profitability and impair our ability to offer competitively priced products. Additional risks to our business include global or local events which could significantly disrupt our operations. Certain of our facilities are located in areas at risk for hurricanes, earthquakes, wildfires and/or flooding. Such natural disasters, as well as terrorist attacks, political insurgencies, pandemics and electrical grid disruptions and outages are some of the unforeseen risks that could negatively affect our business, financial condition, results of operations and cash flows.

**Risks Related to Our Acquisition Activities**

***We have made and expect to continue to make acquisitions, which could involve certain risks and uncertainties.***

We expect to continue to make acquisitions in the future. Acquisitions involve numerous inherent challenges, such as properly evaluating acquisition opportunities, properly evaluating risks and other diligence matters, ensuring adequate capital availability and balancing other resource constraints. There are risks and uncertainties related to acquisitions, including: difficulties integrating acquired technology, operations, personnel and financial and other systems; unrealized sales expectations from the acquired business; unrealized synergies and cost savings; unknown or underestimated liabilities; diversion of management attention from running our existing businesses; and potential loss of key management, employees or customers of the acquired business. In addition, internal controls over financial reporting of acquired companies may not be up to required U.S. public company standards. Our integration activities may place substantial demands on our management, operational

resources and financial and internal control systems. Customer dissatisfaction or performance problems with an acquired business, technology, service or product could also have a material adverse effect on our reputation and business.

### **Risks Related to Our Prior Ownership of Disposed Businesses**

***We have exposure to some contingent liabilities relating to previously owned businesses, which could have a material adverse effect on our financial condition, results of operations, and cash flows in any fiscal period.***

We have contingent liabilities related to discontinued operations and previously owned businesses of our predecessors, including environmental liabilities and liabilities for certain products and other matters. In some instances we have indemnified others against those liabilities, and in other instances we have received indemnities from third parties against those liabilities. For example, in 2014 when our then Fairbanks Morse division and a consortium partner entered into a multi-year arrangement with Electricite de France ("EDF") to supply opposed-piston, diesel engine generator set to EDF for emergency backup power at 20 of EDF's nuclear power plants in France, Enpro Inc. guaranteed the performance of Fairbanks Morse's obligations under agreements with our consortium partner, which guarantee continues to be in place following our sale of Fairbanks Morse, though both Fairbanks Morse and the purchaser of Fairbanks Morse have agreed to indemnify us for any payments we are required to make pursuant to such guarantee.

Claims could arise relating to products, facilities, employees or former employees, or other matters related to our discontinued operations. Some of these claims could seek substantial monetary payments. For example, Enpro has entered into an Administrative Settlement Agreement and Order on Consent for Interim Removal Action with the Environmental Protection Agency for the assessment and potential remediation of eight surface uranium mines in Arizona on the basis that our EnPro Holdings subsidiary, through which we hold most of our operating subsidiaries, was a potentially responsible party under federal environmental laws as the successor to a former operator in the 1950s of those mines. Further, we could potentially be liable with respect to firearms manufactured prior to March 1990 by Colt Firearms, a former operation of a corporate predecessor of EnPro Holdings, and electrical transformers manufactured prior to May 1994 by Central Moloney, another former operation of that corporate predecessor.

We have established reserves related to some of these liabilities based upon our best estimates in accordance with generally accepted accounting principles in the United States. However, if our insurance coverage is depleted or our reserves are not adequate, environmental and other liabilities relating to discontinued operations could have a material adverse effect on our financial condition, results of operations and cash flows.

### **Risks Related to Our International Operations**

***We conduct a significant amount of our sales and service activities outside of the U.S., which subjects us to additional business risks, including foreign exchange risks, that may cause our profitability to decline.***

Because we sell our products and provide services in a number of foreign countries, we are subject to risks associated with doing business internationally. In 2023, we derived approximately 40% of our net sales from sales of our products and solutions outside of the U.S. Outside the U.S., we operate 6 primary manufacturing and service facilities (approximately 50,000 square feet or larger) located in 5 countries. Our sales and operating activities outside of the U.S. are, and will continue to be, subject to a number of risks, including:

- unfavorable fluctuations in foreign currency exchange rates, including long-term contracts denominated in foreign currencies;
- adverse changes in foreign tax, legal and regulatory requirements;
- political and economic instability, including any conflict or threat of conflict that may affect Taiwan;
- difficulty in protecting intellectual property;
- government embargoes, tariffs and trade protection measures, such as "anti-dumping" duties applicable to classes of products, and import or export licensing requirements, as well as the imposition of trade sanctions against a class of products imported from or sold and exported to, or the loss of "normal trade relations" status with, countries in which we conduct business, could significantly increase our cost of products or otherwise reduce our sales and harm our business;
- cultural norms and expectations that may sometimes be inconsistent with our Code of Conduct and our requirements about the manner in which our employees, agents and distributors conduct business;
- differing labor regulations; and

- acts of hostility, terror or war.

Any of these factors, individually or together, could have a material adverse effect on our business, financial condition, results of operations and cash flows. For example, tapered roller bearings manufactured at our facilities in China that are imported into the United States before re-sale to customers are currently subject to “anti-dumping” duties imposed by the U.S. Department of Commerce based on its periodic review and analysis of our manufacturing and selling activities or the manufacturing and selling activities of larger Chinese suppliers of these products. Such duties, if imposed at higher levels, could materially adversely affect the commercial competitiveness of these products, which could adversely affect the business and results of operations of our Sealing Technologies segment.

Our operations outside the United States require us to comply with a number of United States and international regulations. For example, we are subject to the Foreign Corrupt Practices Act (the “FCPA”), which prohibits United States companies or their agents and employees from providing anything of value to a foreign official for the purposes of influencing any act or decision of these individuals in their official capacity to help obtain or retain business, direct business to any person or corporate entity, or obtain any unfair advantage. Our activities in countries outside the United States create the risk of unauthorized payments or offers of payments by one of our employees or agents that could be in violation of the FCPA, even though these parties are not always subject to our control. We have internal control policies and procedures and have implemented training and compliance programs with respect to the FCPA. However, we cannot assure that our policies, procedures and programs always will protect us from reckless or criminal acts committed by our employees or agents. In the event that we believe or have reason to believe that our employees or agents have or may have violated applicable anti-corruption laws, including the FCPA, we may be required to investigate or have outside counsel investigate the relevant facts and circumstances. In addition, we are subject to and must comply with all applicable export controls and economic sanctions laws and embargoes imposed by the United States and other various governments. Changes in export control or trade sanctions laws may restrict our business practices, including cessation of business activities in sanctioned countries or with sanctioned entities, and may result in modifications to compliance programs and increase compliance costs, and violations of these laws or regulations may subject us to fines, penalties and other sanctions, such as loss of authorizations needed to conduct aspects of our international business or debarments from export privileges. Violations of the FCPA or export controls or sanctions laws and regulations may result in severe criminal or civil sanctions, and we may be subject to other liabilities, which could negatively affect our business, financial condition, results of operations, and cash flows.

We intend to continue to pursue international growth opportunities, which could increase our exposure to risks associated with international sales and operations. As we expand our international operations, we may also encounter new risks that could adversely affect our revenues and profitability. For example, as we focus on building our international sales and distribution networks in new geographic regions, we must continue to develop relationships with reputable and qualified local agents, distributors and trading companies. If we are not successful in developing these relationships, we may not be able to increase sales in these regions.

Failure to properly manage these risks could adversely affect our business, financial condition, results of operations and cash flows.

### **Risks Related to Our Capital Structure**

***Our debt agreement and the indenture governing our senior notes impose limitations on our operations, which could impede our ability to respond to market conditions, address unanticipated capital investments and/or pursue business opportunities.***

The agreement governing our senior secured revolving credit facility and the indenture governing our senior notes impose limitations on our operations, such as limitations on certain restricted payments, investments, incurrence or repayment of indebtedness, and maintenance of a consolidated net leverage ratio and an interest coverage financial ratio. In addition, the indenture governing our senior notes contains limitations on certain restricted payments, investments and incurrence or repayment of indebtedness. These limitations could impede our ability to respond to market conditions, address unanticipated capital investment needs and/or pursue business opportunities.

***We may not have sufficient cash to fund a required repurchase of our senior notes upon a change of control.***

Upon a change of control, as defined under the indenture governing our senior notes and includes events that may be beyond our control, the holders of our senior notes have the right to require us to offer to purchase all of our senior notes then outstanding at a price equal to 101% of their principal amount plus accrued and unpaid interest. In order to obtain sufficient funds to pay the purchase price of the outstanding notes, we expect that we would have to refinance our senior notes. We cannot assure you that we would be able to refinance our senior notes on reasonable terms, if at all. Our failure to offer to



purchase all outstanding notes or to purchase all validly tendered notes would be an event of default under the indenture governing our senior notes. Such an event of default may cause the acceleration of our other debt.

***We may incur increased interest expense as a result of our variable rate debt.***

Borrowings under our revolving credit facility and our term loan facilities incur interest which is variable based on fluctuations in the referenced Secured Overnight Financing Rate ("SOFR"). Increases in the referenced SOFR will increase the Company's borrowing costs and negatively impact financial results and cash flows.

**Risks Related to Ownership of Our Common Stock**

***The market price of our common stock may be volatile.***

A relatively small number of shares are normally traded in any one day and higher volumes could have a significant effect on the market price of our common stock. The market price of our common stock could fluctuate significantly for many reasons, including in response to the risks described in this section and elsewhere in this report or for reasons unrelated to our operations, such as reports by industry analysts, investor perceptions or negative announcements by our customers, competitors or suppliers regarding their own performance, as well as industry conditions and general financial, economic and political instability.

***Because our quarterly revenues and operating results may vary significantly in future periods, our stock price may fluctuate.***

Our revenue and operating results may vary significantly from quarter to quarter. A high proportion of our costs are fixed, due in part to significant selling and manufacturing costs. Small declines in revenues could disproportionately affect operating results in a quarter and the price of our common stock may fall. Other factors that could significantly affect quarterly operating results include, but are not limited to:

- demand for our products and services;
- the timing and execution of customer contracts;
- the timing of sales of our products and services;
- contractual penalties for late delivery of long-lead-time products;
- increases in costs due to equipment or labor issues;
- changes in foreign currency exchange rates;
- changes in applicable tax rates;
- an impairment of goodwill or other intangibles at one of our reporting units;
- unanticipated delays or problems in introducing new products;
- announcements by competitors of new products, services or technological innovations;
- changes in our pricing policies or the pricing policies of our competitors;
- increased expenses, whether related to sales and marketing, raw materials or supplies, product development or administration;
- major changes in the level of economic activity in major regions of the world in which we do business;
- costs related to possible future acquisitions or divestitures of technologies or businesses;
- an increase in the number or magnitude of product liability or environmental claims;
- our ability to expand our operations and the amount and timing of expenditures related to expansion of our operations, particularly outside the U.S.; and
- economic assumptions and market factors used to determine postretirement benefits and pension liabilities.

***Various provisions and laws could delay or prevent a change of control.***

The anti-takeover provisions of our articles of incorporation and bylaws and provisions of North Carolina law could delay or prevent a change of control or may impede the ability of the holders of our common stock to change our management. In particular, our articles of incorporation and bylaws, among other things:

- require a supermajority shareholder vote to approve any business combination transaction with an owner of 5% or more of our shares unless the transaction is recommended by disinterested directors;
- limit the right of shareholders to remove directors and fill vacancies;
- regulate how shareholders may present proposals or nominate directors for election at shareholders' meetings; and
- authorize our board of directors to issue preferred stock in one or more series, without shareholder approval.

***Future sales of our common stock in the public market could lower the market price for our common stock.***

In the future, we may sell additional shares of our common stock to raise capital or issue shares of common stock as consideration in connection with an acquisition. In addition, a reasonable number of shares of our common stock are reserved for issuance under our equity compensation plans, including shares to be issued upon the vesting of restricted stock unit or performance share awards. We cannot predict the size of future issuances or the effect, if any, that they may have on the market price for our common stock. The issuance and sales of substantial amounts of common stock, or the perception that such issuances and sales may occur, could adversely affect the market price of our common stock.

**ITEM 1B. UNRESOLVED STAFF COMMENTS**

Not applicable.

**ITEM 1C. CYBERSECURITY**

*Risk Management Strategy*

We recognize the critical importance of effectively managing cybersecurity risks to protect our businesses, intellectual property, employees, and customers. We manage cybersecurity risks as part of our broader enterprise risk management framework, which allows us to leverage existing, robust processes for assessing the effectiveness and coverage of our controls.

In recent years, we have invested significant time and resources to develop, implement, and maintain a robust set of cybersecurity measures, which all support our efforts to mitigate potential risks to the confidentiality, integrity, and availability of our data and critical business systems. Since the cybersecurity risk landscape is in a constant state of change, we employ a continuous, multi-layered approach to assess and measure the effectiveness of our cybersecurity defenses. Our approach includes using select third-party resources, including external cybersecurity consultants, auditors, and technologies, along with our internal staff, to benchmark, measure, and improve our cybersecurity risk management systems and processes, and ensure alignment with industry best practices.

Due to the increasing risk of third and fourth-party business relationships, we implemented a Third-Party Risk Management ("TPRM") Program to evaluate and monitor our network of external partners, vendors, suppliers, and service providers. Capabilities of our TPRM program include continuous monitoring of third parties, secure vendor remote access, and security architecture to protect against cyber threats introduced through other business-to-business ("B2B") system integrations.

In addition to above, we have implemented and maintained the following cybersecurity measures as part of our efforts to assess, identify, and manage material risks from cybersecurity threats, and to protect against, detect and respond to cybersecurity incidents (as defined in Item 106(a) of Regulation S-K):

- *Security Operations Program* - a security operations program to bolster real-time cybersecurity incident detection and response capabilities;
- *Security Control Framework* - a security control framework that aligns with industry accepted best practices and prioritizes implementation of critical cybersecurity controls;
- *Incident Response Plan* - a cybersecurity Incident Response Plan, designed to effectively address cybersecurity incidents while promoting cross-functional coordination across the organization;

- *Tabletop Exercises* - periodic internal and vendor-led tabletop exercises to assess the effectiveness, relevance, and completeness of the Incident Response Plan;
- *Assessments* - annual cybersecurity assessments, which focus on identifying and remediating vulnerabilities that present the most significant organizational risks;
- *Training* - security awareness training for all salaried personnel that highlights critical organizational risks through quarterly phishing simulation campaigns, “lunch and learns”, monthly communication updates, and regular cybersecurity learning modules;
- *Insurance* - cybersecurity insurance policies and periodic reviews of our policies and coverage levels; and
- *Monitoring Legal/Regulatory Developments* – review of emerging data protection, data privacy, and other relevant cybersecurity laws and regulations to determine appropriate changes to cybersecurity controls and processes.

Please see Item 1A. Risk Factors in this Form 10-K for more information regarding cybersecurity-related risks that could materially affect our business strategy, results of operations, or financial condition, including under the heading “Our business may be adversely affected by information technology disruptions”.

#### *Board and Management Oversight*

Our Board of Directors has delegated to its Audit and Risk Management Committee (the “Audit Committee”), which consists of all of our non-management directors, the authority and responsibility to oversee our company’s compliance program, including our cybersecurity program. Accordingly, the Audit Committee oversees our approach to cybersecurity risk management and plays a critical role in the governance of our cybersecurity risk management program.

From a management perspective, our Chief Information Security Officer (“CISO”) and Chief Information Officer (“CIO”) lead our cybersecurity efforts. Our CISO has extensive experience in cybersecurity, including creating and supporting cybersecurity programs for larger publicly-traded companies, obtaining cybersecurity certifications, participating in relevant cybersecurity leadership communities, and public speaking engagements on cybersecurity topics. He leads a cross functional cybersecurity team, which includes members of our legal department and internal audit function. As part of his job function, our CISO is charged to remain informed of the latest developments in cybersecurity, including the evolving threat landscape, as well as risk management improvement methods. This continual focus and understanding of the threat landscape, as well as risk treatment practices, is required to ensure that the CISO can effectively manage the Company’s efforts to prevent, detect, mitigate, and remediate cybersecurity incidents.

Our CISO implements a program and supporting processes to proactively assess systems for vulnerabilities, while taking a risk-based approach to prioritize remediation steps. Should a cybersecurity incident occur, the CISO would reference an incident response plan and supporting playbooks to support the incident response process. We regularly test our incident response process by leveraging a combination of internal resources and trusted third-party consultants to test our response readiness and the completeness of our incident response plan, including through the use of tabletop exercises.

Our CISO and CIO regularly advise the Audit Committee on cybersecurity risks and the company’s cybersecurity program, including quarterly updates and comprehensive briefings to the Audit Committee at least annually. During these briefings, our cybersecurity leaders advise the Audit Committee regarding (i) the current threat landscape and related risks; (ii) the Company’s security posture and compliance efforts; and (iii) current cybersecurity strategy and recommended next steps to address cybersecurity threats on a risk-adjusted basis.

Our CISO and CIO serve as members of our Compliance Committee, which is a management committee consisting of leaders from key functions, including legal, internal audit, finance and compliance. The Compliance Committee receives regular updates from the CISO and CIO on cybersecurity risks and threats.

The practice of our CISO and CIO is to communicate significant cybersecurity matters directly to senior management, including our Chief Executive Officer, Chief Financial Officer and General Counsel, which ensures that our executive management team remains continually informed of critical events impacting our business.

For cybersecurity matters deemed material to the Company, senior management will communicate such matters directly to the Audit Committee to enable members of the Audit Committee to offer comprehensive oversight and guidance on crucial cybersecurity matters.

## ITEM 2. PROPERTIES

We are headquartered in Charlotte, North Carolina and have 13 primary manufacturing and service facilities located in 6 countries, including the U.S. The following table outlines the location, business segment and size of our primary facilities, along with whether we own or lease each facility:

Location	Segment	Owned/ Leased	Size (Square Feet)
<b>U.S.</b>			
Palmyra, New York	Sealing Technologies	Owned	690,000
Longview, Texas	Sealing Technologies	Owned	219,000
Morgan Hill, California	Advanced Surface Technologies	Leased	156,000
Boise, Idaho	Advanced Surface Technologies	Owned	92,000
Tempe, Arizona	Advanced Surface Technologies	Owned	75,000
Houston, Texas	Sealing Technologies	Leased	66,000
Deland, Florida	Sealing Technologies	Owned	50,000
<b>Foreign</b>			
Mexico City, Mexico	Sealing Technologies	Owned	128,000
Saint Etienne, France	Sealing Technologies	Owned	108,000
Taoyuan City, Taiwan	Advanced Surface Technologies	Leased	103,000
Neuss, Germany	Sealing Technologies	Leased	97,000
Sherbrooke, Canada	Sealing Technologies	Owned	86,000
Montbrison, France	Sealing Technologies	Owned	79,000

Our manufacturing capabilities are flexible and allow us to tailor the manufacturing process to increase performance and value for our customers and meet particular specifications. We also maintain smaller manufacturing and service facilities, sales offices and warehouse facilities in strategic locations in the U.S. and other countries. We believe our facilities and equipment are generally in good condition and are well maintained and able to continue to operate at present or higher than current levels.

## ITEM 3. LEGAL PROCEEDINGS

Descriptions of environmental and other legal matters are included in Item 7 of this annual report under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Contingencies” and in Note 19 to our Consolidated Financial Statements, which descriptions are incorporated by reference herein.

In addition to the matters noted above and discussed in those sections of this report, we are from time to time subject to, and are presently involved in, other litigation and legal proceedings arising in the ordinary course of business. We believe that the outcome of such other litigation and legal proceedings will not have a material adverse effect on our financial condition, results of operations and cash flows.

We were not subject to any penalties associated with any failure to disclose “reportable transactions” under Section 6707A of the Internal Revenue Code.

## ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable

## EXECUTIVE OFFICERS OF THE REGISTRANT

Information concerning our executive officers is set forth below:

<b>Name</b>	<b>Age</b>	<b>Position</b>
Eric A. Vaillancourt	60	President, Chief Executive Officer and Director
J. Milton Childress II	66	Executive Vice President and Chief Financial Officer
Robert S. McLean	59	Executive Vice President, Chief Administrative Officer, General Counsel and Secretary
Steven R. Bower	65	Senior Vice President, Contoller and Chief Accounting Officer
Meredith L. Manz	43	Senior Vice President and Chief Human Resources Officer
Ronald R. Angelillo	53	Vice President, Tax

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Eric A. Vaillancourt is currently President and Chief Executive and has held that position since November 28, 2021, having served as our Interim President and Chief Executive Officer since August 2, 2021. Prior to his appointment as Interim President and Chief Executive Officer, Mr. Vaillancourt served as President of the Company's Sealing Technologies segment since August 26, 2020. Prior to that, Mr. Vaillancourt served as President, STEMCO division beginning in July 2018. Prior to that, he served as President, Garlock division since November 2014. Since joining the Company in 2009, he has also served as President, Garlock Sealing Products and as Vice President, Sales and Marketing of the Garlock division. Prior to joining Enpro in 2009, Mr. Vaillancourt held positions of increasing responsibility with Bluelinx Corporation, culminating in his position as Regional Vice President North-Sales and Distribution.

J. Milton Childress II is currently Executive Vice President and Chief Financial Officer and has held this position since July 2017. Mr. Childress previously served as Senior Vice President and Chief Financial Officer since March 2015, after having previously served as Vice President, Strategic Planning and Business Development since February 2006. Mr. Childress joined the Enpro corporate staff in December 2005. He was a co-founder of and served from October 2001 through December 2005 as Managing Director of Charlotte-based McGuireWoods Capital Group. Prior to that, Mr. Childress was Senior Vice President, Planning and Development of United Dominion Industries, Inc. from December 1999 until May 2001, having previously served as Vice President. Mr. Childress held a number of positions with Ernst & Young LLP's corporate finance consulting group prior to joining United Dominion in 1992.

Robert S. McLean is currently Executive Vice President, a position he has held since July 2017, as well as Chief Administrative Officer, a position he has held since January 2016, and General Counsel and Secretary of Enpro, positions he has held since May 2012. Mr. McLean served as Vice President, Legal and Assistant Secretary from April 2010 to May 2012. Prior to joining Enpro, Mr. McLean was a partner at the Charlotte, North Carolina law firm of Robinson Bradshaw & Hinson P.A., which he joined in 1995, and where he chaired the firm's corporate practice group. Prior to joining Robinson Bradshaw & Hinson, Mr. McLean worked with the Atlanta office of the King & Spalding law firm and the Charlotte office of the Smith, Helms, Mullis & Moore law firm (now part of McGuireWoods, LLP), after which he was the Assistant General Counsel and Secretary of the former Carolina Freight Corporation (now part of Arkansas Best Corporation).

Steven R. Bower is currently Senior Vice President, Contoller and Chief Accounting Officer and has held this position since July 2017. Mr. Bower previously served as Vice President, Contoller and Chief Accounting Officer since joining the Company in October 2014. Prior to joining the Company, Mr. Bower held finance and accounting roles with the SGL Group from 1996 through 2014, and Collins & Aikman Corporation from 1989 through 1996. Mr. Bower was with Price Waterhouse LLP from July 1983 through November 1989, where he departed as an Audit Manager. Mr. Bower is both a Certified Public Accountant and a Certified Management Accountant.

Meredith L. Manz is currently Chief Human Resources Officer and Senior Vice President of Human Resources and has held that position since July 31, 2023. Prior to joining Enpro, Ms. Manz served as Managing Director with Manz Coaching & Consulting, LLC from September 2021 through July 2023 and Senior Change Management Advisor with Switch Consulting Group from August 2022 through December 2022. Prior to that, Ms. Manz served as Head, Employee Engagement NA & Global Leadership Program, AP with BASF, having previously served as Vice President, Global Human Resources from August 2018 through September 2021. Prior to that, Ms. Manz served as Head of Global HR Pre-Merger Planning with Bayer

Crop Science, having previously served as Vice President, Global Human Resources from October 2011 through August 2018. Prior to that, Ms. Manz held positions of increasing responsibility with Nortel Networks, culminating in her position as HR Business Partner, Latin American Operations, Supply Chain & Manufacturing from September 2006 through November 2008.

Ronald R. Angelillo joined Enpro in October 2019 and has served as Vice President, Tax, since December 2019. Immediately prior to joining the Company, Mr. Angelillo served as Senior Director Global Tax Operations with XPO Logistics, from November 2018 through October 2019. Mr. Angelillo also served as Senior Vice President, Accounting for Income Tax Operations with Bank of America from June 2016 through September 2018 and as Director, Global Tax Reporting with Stanley Black & Decker from July 2011 through June 2016. Mr. Angelillo also served as Tax Senior Manager with Deloitte from October 2006 through July 2011. Prior to that Mr. Angelillo held tax roles with increasing levels of responsibility from June 1996 through October 2006 with PricewaterhouseCoopers, United Technologies Corporation and Aetna Inc.

## PART II

### ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock is publicly traded on the New York Stock Exchange (“NYSE”) under the symbol “NPO.”

As of December 31, 2023, there were 1,982 holders of record of our common stock.

The following table sets forth all purchases made by us or on our behalf or any “affiliated purchaser,” as defined in Rule 10b-18(a)(3) under the Exchange Act, of shares of our common stock during each month in the fourth quarter of 2023.

Period	Total Number of Shares (or Units) Purchased	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
October 1 – October 31, 2023	—	—	—	\$50,000,000 (1)
November 1 – November 30, 2023	—	—	—	\$50,000,000 (1)
December 1 – December 31, 2023	208 (2)	\$ 151.74 (2)	—	\$50,000,000 (1)
Total	208 (2)	\$ 151.74 (2)	—	\$50,000,000 (1)

- (1) In October of 2022, our board of directors authorized the expenditure program of up to \$50.0 million for the repurchase of our outstanding common shares through October 2024. We have not made any repurchases under this authorization.
- (2) In December 2023, a total of 208 shares were transferred to a rabbi trust that we established in connection with our Deferred Compensation Plan for Non-Employee Directors, pursuant to which non-employee directors may elect to defer directors’ fees into common stock units. EnPro Holdings furnished these shares in exchange for management and other services provided by Enpro. Of these shares, 64 shares were valued at a price of \$140.49 per share, the closing trading price of our common stock on December 13, 2023, and 144 of these shares were valued at a price of \$56.74 per share, the closing trading price of our common stock on December 31, 2023. Accordingly, the total 208 shares were valued at a weighted average price of \$151.74. We do not consider the transfer of shares from EnPro Holdings in this context to be pursuant to a publicly announced plan or program.

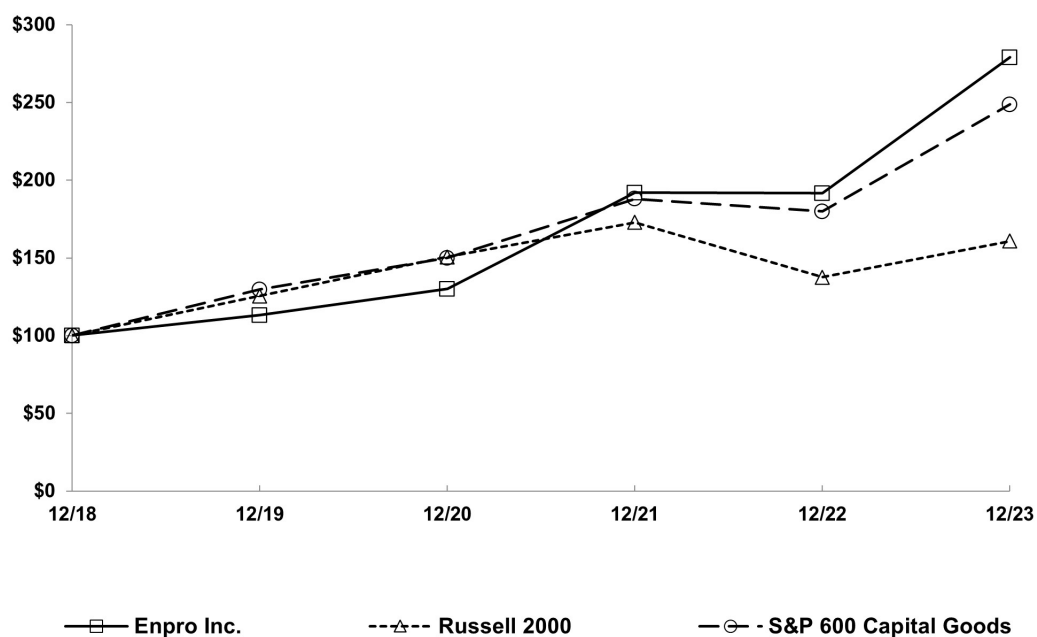
## CUMULATIVE TOTAL RETURN PERFORMANCE GRAPH

Set forth below is a line graph showing the annual change in the cumulative total shareholder return for our common stock as compared to similar returns for the Russell 2000® Stock Index and the S&P 600 Capital Goods Index.

Returns have been calculated assuming the investment of \$100 in each of the securities or indices on December 31, 2018, and reinvestment of dividends into additional shares of the respective equity securities when paid. The graph plots the respective values beginning on December 31, 2018, and continuing through December 31, 2023. Past performance is not necessarily indicative of possible future returns.

### COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN\*

Among Enpro Inc., the Russell 2000 Index  
and the S&P 600 Capital Goods Index



\*\$100 invested on 12/31/18 in stock or index, including reinvestment of dividends.  
Fiscal year ending December 31.

ITEM 6. [RESERVED]



## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following is management's discussion and analysis of certain significant factors that have affected our consolidated financial condition and operating results during the periods included in the accompanying audited Consolidated Financial Statements and the related notes. You should read the following discussion in conjunction with our audited Consolidated Financial Statements and the related notes, included elsewhere in this annual report.*

### Forward-Looking Statements

*This report contains certain statements that are "forward-looking statements" as that term is defined under the Private Securities Litigation Reform Act of 1995 (the "Act") and releases issued by the SEC. The words "may," "hope," "will," "should," "could," "expect," "plan," "anticipate," "intend," "believe," "estimate," "predict," "potential," "continue," and other expressions which are predictions of or indicate future events and trends and which do not relate to historical matters identify forward-looking statements. We believe that it is important to communicate our future expectations to our shareholders, and we therefore make forward-looking statements in reliance upon the safe harbor provisions of the Act. However, there may be events in the future that we are not able to accurately predict or control, and our actual results may differ materially from the expectations we describe in our forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause our actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements. These risks and uncertainties include, but are not limited to: the risks and uncertainties set forth in Item 1A of this annual report, entitled "Risk Factors" and in this Management's Discussion and Analysis of Financial Condition and Results of Operations. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as may be required by law. Whenever you read or hear any subsequent written or oral forward-looking statements attributed to us or any person acting on our behalf, you should keep in mind the cautionary statements contained or referred to in this section.*

### Non-GAAP Financial Information

In our discussion of our outlook and results of operations, we utilize financial measures that have not been prepared in conformity with generally accepted accounting principles in the United States ("GAAP"). They include adjusted income from continuing operations attributable to Enpro Inc., adjusted diluted earnings per share attributable to Enpro Inc. continuing operations, adjusted earnings before interest, taxes, depreciation, and amortization ("adjusted EBITDA"), and total adjusted segment EBITDA. Tables showing the reconciliation of these non-GAAP financial measures, other than total adjusted segment EBITDA, to the comparable GAAP measures are included in "—Reconciliations of Non-GAAP Financial Measures to the Comparable GAAP Measures," while the reconciliation of total adjusted segment EBITDA is included in "—Results of Operations."

We believe non-GAAP metrics are commonly used financial measures for investors to evaluate our operating performance and, when read in conjunction with our consolidated financial statements, present a useful tool to evaluate our ongoing operations and performance from period to period. In addition, these non-GAAP measures are some of the factors we use in internal evaluations of the overall performance of our businesses. We acknowledge that there are many items that impact our reported results and the adjustments reflected in these non-GAAP measures are not intended to present all items that may have impacted these results. In addition, the non-GAAP measures we use are not necessarily comparable to similarly titled measures used by other companies.

### Overview

Overview. Enpro is a leading-edge industrial technology company focused on critical applications across a diverse group of growing end markets such as semiconductor, industrial process, commercial vehicle, sustainable power generation, aerospace, food and pharmaceuticals, photonics, and life sciences. We have 13 primary manufacturing and service facilities located in 6 countries, including the United States. Enpro is a leader in applied engineering and designs, develops, manufactures, and markets proprietary, value-added products and solutions that safeguard a variety of critical environments.

Over the past several years, we have executed several strategic initiatives to focus the portfolio of businesses where we offer proprietary, industrial technology-related products and solutions with high barriers to entry, compelling margins, strong cash flow, and perpetual recurring/aftermarket revenue in markets with favorable secular tailwinds.

We manage our business as two segments: a Sealing Technologies segment and an Advanced Surface Technologies segment.

Our Sealing Technologies segment engineers and manufactures value-added products and solutions that safeguard a variety of critical environments, including: metallic, non-metallic and composite material gaskets; dynamic seals; compression packing; elastomeric components; custom-engineered mechanical seals used in diverse applications; hydraulic components; test, measurement and sensing applications; sanitary gaskets; hoses and fittings for hygienic process industries; fluid transfer products for the pharmaceutical and biopharmaceutical industries; and commercial vehicle solutions used in wheel-end and suspension components that customers rely upon to ensure safety on our roadways.

These products are used in a variety of markets, including chemical and petrochemical processing, nuclear energy, hydrogen, natural gas, food and biopharmaceutical processing, primary metal manufacturing, mining, water and waste treatment, commercial vehicle, aerospace (including commercial space), medical, filtration and semiconductor fabrication. In all these industries, the performance and durability of our proprietary products and solutions are vital for the safety and environmental protection of our customers' processes. Many of our products and solutions are used in highly demanding applications, often in harsh environments, where the cost of failure is extremely high relative to the cost of our offerings to our customers. These environments include those where extreme temperatures, extreme pressures, corrosive agents, strict tolerances, or worn equipment create challenges for product performance. Sealing Technologies offers customers widely recognized applied engineering, innovation, process know-how and enduring reliability, driving a lasting aftermarket for many of our products and solutions.

Our Advanced Surface Technologies (AST) segment applies proprietary technologies, processes, and capabilities to deliver a highly differentiated suite of products and solutions for challenging applications in high-growth markets. The segment's products and solutions are used in demanding environments requiring performance, precision and repeatability, with a low tolerance for failure. AST's products and solutions include: (i) cleaning, coating, testing, refurbishment and verification for critical components and assemblies used in semiconductor manufacturing equipment, with meaningful exposures to state-of-the-art advanced node chip applications; (ii) designing, manufacturing and selling specialized optical filters and proprietary thin-film coatings for the most challenging applications in the industrial technology, life sciences, and semiconductor markets; (iii) engineering and manufacturing complex front-end wafer processing sub-systems and new and refurbished electrostatic chuck pedestals for the semiconductor equipment industry; and (iv) engineering and manufacturing edge-welded metal bellows for the semiconductor equipment industry and critical applications in the space, aerospace and defense markets. In many instances, AST capabilities drive products and solutions that enable the performance of our customers' high-value processes through an entire life cycle.

#### Acquisitions

On December 28, 2023, our direct, wholly owned subsidiary, EnPro Holdings, Inc. ("EnPro Holdings"), entered into an agreement to acquire Advanced Micro Instruments, Inc. ("AMI"), for \$210 million in cash, subject to customary purchase price adjustments related to the final acquisition date net working capital determination. AMI is a leading provider of highly-engineered, application-specific analyzers and sensing technologies that monitor critical parameters to maintain infrastructure integrity, enable process efficiency, enhance safety, and facilitate the clean energy transition.

The acquisition closed on January 29, 2024 and thus the assets and operating results of AMI are not included in our 2023 consolidated financial statements. (see Note 21 to our Consolidated Financial Statements in this Form 10-K for information on this subsequent event). AMI's financial results will be included as part of our Sealing Technologies segment beginning January 29, 2024.

Based in Costa Mesa, California, AMI serves customers in the midstream natural gas, biogas, industrial processing, cryogenics, food processing, laboratory, wastewater and aerospace markets. AMI offers a portfolio of oxygen, hydrogen sulfide and moisture analyzers and proprietary sensing capabilities that detect contaminants in a variety of processes, including natural gas and biogas streams, which enable operators to avoid flaring and, thereby, reduce CO<sub>2</sub> emissions.

On December 17, 2021, EnPro Holdings acquired all issued and outstanding membership interests of TCFII NxEdge LLC ("NxEdge"). The consideration paid by EnPro Holdings was \$853.9 million in cash, net of cash acquired, subject to customary purchase price adjustments related to the final acquisition date net working capital determination. We funded the acquisition of NxEdge with available cash and borrowings under our senior credit facilities.

NxEdge is an advanced manufacturing, cleaning, coating, and refurbishment business focused on the semiconductor value chain, with six main facilities located in Idaho and California. Since the date of its acquisition, NxEdge has been included as part of the Company's Advanced Surface Technologies segment.

On October 26, 2020, a subsidiary of Enpro formed for this purpose (the "Alluxa Acquisition Subsidiary") acquired all of the equity securities of Alluxa, Inc. ("Alluxa"), a privately held, California-based company. Alluxa is an industrial technology company that provides specialized optical filters and thin-film coatings for the most challenging applications in the industrial technology, life sciences, and semiconductor markets. Alluxa's products are developed through a proprietary coating process using state-of-the-art advanced equipment. Alluxa is included as part of the Advanced Surface Technologies segment.

Alluxa works in collaboration with customers across major end markets to provide customized, complex precision coating solutions through its specialized technology platform and proprietary processes. Alluxa has long-standing customer relationships across its diversified customer base, serving customers across the Americas, Europe, and Asia. Founded in 2007, Alluxa has two locations in California and is headquartered in Santa Rosa, California.

In connection with the completion of the transaction, we entered into a limited liability operating agreement with respect to the Alluxa Acquisition Subsidiary in connection with the rollover transaction, with three equity owners of Alluxa, who were also executives of Alluxa, receiving approximately 7% of the equity interests of the Alluxa Acquisition Subsidiary in return for their contribution of the rollover shares of Alluxa. In the first quarter of 2024, we acquired all of these equity interests in the Alluxa Acquisition Subsidiary for \$17.9 million and became the sole owner of Alluxa.

In September 2019, Lunar Investment LLC ("Lunar"), a subsidiary of Enpro, acquired all of the equity securities of LeanTeq Co, LTD. and its affiliate LeanTeq LLC (collectively referred to as "LeanTeq"). As part of the transaction, two of the equity owners of LeanTeq, who were executives of the acquired entity (the "LeanTeq Executives"), acquired approximately a 10% ownership share of Lunar in the form of rollover equity. Founded in 2011 and headquartered in Taoyuan City, Taiwan, LeanTeq has two locations in Taiwan and one in the United States (Silicon Valley). LeanTeq primarily provides refurbishment solutions for critical components and assemblies used in state-of-the-art semiconductor manufacturing equipment. This equipment is used to produce technologically advanced microchips for smartphones, autonomous vehicles, high-speed wireless connectivity, artificial intelligence, and other leading-edge applications. LeanTeq partners closely with original equipment manufacturers throughout the development and production lifecycle to achieve Process of Record qualifications, enabling long-term, recurring aftermarket revenue. Aftermarket refurbishment solutions have historically represented approximately 65% of LeanTeq's total sales. LeanTeq's suite of solutions includes cleaning, coating, analytical testing, inspection and verification, kit assembly, failure analysis, and other value-added solutions. LeanTeq is included as part of our Advanced Surface Technologies segment. During the fourth quarter of 2022, Enpro acquired all the equity securities of Lunar owned by the LeanTeq Executives for an anticipated \$42.8 million and became the sole owner of LeanTeq. As a result of this purchase transaction, \$35.0 million of our Redeemable Non-Controlling Interests was reclassified as a liability. We paid \$41.9 million in December 2022, which was the minimum purchase price for these equity securities, of which \$7.8 million eliminated our outstanding deferred compensation liability and \$34.1 million reduced the liability attributable to the redeemable non-controlling interest acquisition. As a result of the financial performance of LeanTeq in November 2023, we will make a final \$1.1 million payment to the LeanTeq Executives in the first quarter of 2024. We have recorded this payment as a liability included in accrued expenses on our consolidated balance sheet as of December 31, 2023.

### Discontinued Operations

During the third quarter of 2022, we entered into an agreement to sell our GGB business and announced our intention to sell Garlock Pipeline Technologies, Inc. ("GPT"). These businesses, along with Compressor Products International ("CPI"), which was divested on December 21, 2021, comprised our entire Engineered Materials segment ("Engineered Materials"). As a result of classifying the GGB and GPT businesses as held for sale in the third quarter of 2022, we determined Engineered Materials to be a discontinued operation.

On January 30, 2023 we completed the sale of GPT. In 2023, we received \$28.9 million, net of transaction fees and cash sold, resulting in a pretax gain of \$14.6 million recognized in the first quarter of 2023.

The sale of GGB closed on November 4, 2022 to The Timken Company. We received \$298.2 million, net of transaction fees and cash sold, including \$3.1 million of payments made in Q1 of 2023. We recorded a pre-tax gain of \$189.1 million as part of our discontinued operations in the fourth quarter of 2022.

The sale of GGB included a subsidiary of our Sealing Technologies segment which is not part of the discontinued operations described above. The results of operations of this subsidiary are included in continuing operations for all periods being reported. As a result of this sale, we recorded a \$0.4 million loss in the fourth quarter of 2022 in other expense in our consolidated statement of operations.

On October 12, 2021, we entered into an Equity and Asset Purchase Agreement providing for the sale of specified equity interests and assets of CPI. The sale closed on December 21, 2021 and we recorded a pretax gain of \$117.6 million in the fourth quarter of 2021 as a result of this transaction.

Unless otherwise indicated, amounts presented in Management's Discussion and Analysis of Financial Condition and Results of Operations pertain to continuing operations only (see Note 20 to our Consolidated Financial Statements in this Form 10-K for information on discontinued operations and the related disposition of those operations)

### Other Dispositions

On September 2, 2021, we sold certain assets and liabilities of our polymer components business unit, which was principally located in Houston, Texas and had been included in our Sealing Technologies segment. As a result of the sale, we recorded a pre-tax gain of \$19.5 million in other income (expense) on our Consolidated Statements of Operations.

### Global Sales

Please refer to Item 1, "Business-Background" for information with respect to our sales by geographic region in 2023, 2022 and 2021.

### Highlights

Financial highlights for the years ended December 31, 2023, 2022 and 2021 are as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
	(in millions, except per share data)		
Net sales	\$ 1,059.3	\$ 1,099.2	\$ 840.4
Income from continuing operations attributable to Enpro Inc.	\$ 10.8	\$ 6.7	\$ 56.9
Net income attributable to Enpro Inc.	\$ 22.2	\$ 205.1	\$ 177.9
Diluted earnings (loss) per share from continuing operations attributable to Enpro Inc.	\$ 0.51	\$ 0.32	\$ 2.74
Adjusted income from continuing operations attributable to Enpro Inc. <sup>1</sup>	\$ 137.0	\$ 141.8	\$ 87.9
Adjusted diluted earnings per share attributable to Enpro Inc. continuing operations <sup>1</sup>	\$ 6.54	\$ 6.79	\$ 4.23
Adjusted Segment EBITDA <sup>2</sup>	\$ 287.8	\$ 300.6	\$ 215.1
Adjusted EBITDA <sup>1</sup>	\$ 238.0	\$ 257.4	\$ 162.4

<sup>1</sup> Reconciliation of these non-GAAP measures to their respective GAAP measure are located in "— Reconciliation of Non-GAAP Financial Measure to the Comparable GAAP Measure" at the end of this section.

<sup>2</sup> Reconciliation of these non-GAAP measures to their respective GAAP measure are located in "— Results of Operations".

Sales decreased 3.6% in 2023, with weakness in the semiconductor industry as the primary driver. Sealing Technologies sales increased 5.5%, driven by strategic pricing and sales optimization initiatives, along with strong demand in nuclear energy, aerospace, space and commercial vehicle markets. AST sales were down 15.7% as the semiconductor industry cycled downward during 2023.

We remain committed to our strategy to create long-term shareholder value with disciplined investments driving organic growth and innovation, strategic acquisitions, and returning capital to shareholders. In connection with our growth strategy, we regularly evaluate acquisitions that will broaden our capabilities and expand our market positions. Our portfolio presents technology leadership, compelling profitability, high cash flow return on investment, with favorable secular tailwinds.

## Results of Operations

	Years Ended December 31,		
	2023	2022	2021
	(in millions)		
Sales			
Sealing Technologies	\$ 658.4	\$ 624.3	\$ 599.8
Advanced Surface Technologies	401.2	476.1	247.3
	1,059.6	1,100.4	847.1
Intersegment sales	(0.3)	(1.2)	(6.7)
Total sales	<u>\$ 1,059.3</u>	<u>\$ 1,099.2</u>	<u>\$ 840.4</u>
Income from continuing operations attributable to Enpro Inc.	<u>\$ 10.8</u>	<u>\$ 6.7</u>	<u>\$ 56.9</u>
Adjusted Segment EBITDA			
Sealing Technologies	\$ 192.3	\$ 159.1	\$ 141.9
Advanced Surface Technologies	95.5	141.5	73.2
Total Adjusted Segment EBITDA	<u>\$ 287.8</u>	<u>\$ 300.6</u>	<u>\$ 215.1</u>
<b>Reconciliations of Income from continuing operations attributable to Enpro Inc. to Adjusted Segment EBITDA</b>			
Income from continuing operations attributable to Enpro Inc.	\$ 10.8	\$ 6.7	\$ 56.9
Plus: net income (loss) attributable to redeemable non-controlling interests	(3.9)	(2.8)	0.4
Income from continuing operations	6.9	3.9	57.3
Income tax expense	(30.8)	(24.4)	(8.7)
Income from continuing operations before income taxes	37.7	28.3	66.0
Acquisition and divestiture expenses	1.1	0.5	0.4
Non-controlling interest compensation allocation	(0.3)	(0.6)	5.3
Amortization of the fair value adjustment to acquisition date inventory	—	13.3	9.9
Restructuring and impairment costs	4.0	1.9	2.4
Depreciation and amortization expense	94.3	102.8	63.5
Corporate expenses	49.5	47.0	64.9
Interest expense, net	30.1	33.9	13.7
Goodwill impairment	60.8	65.2	—
Other expense (income), net	10.6	8.3	(11.0)
Adjusted Segment EBITDA	<u>\$ 287.8</u>	<u>\$ 300.6</u>	<u>\$ 215.1</u>

We measure segment operating performance based on segment earnings before interest, income taxes, depreciation, amortization, and other selected items ("Adjusted Segment EBITDA" or "Segment AEBITDA"), which is segment revenue reduced by operating expenses and other costs identifiable with the segment, excluding acquisition and divestiture expenses, restructuring costs, impairment charges, non-controlling interest compensation, amortization of the fair value adjustment to acquisition date inventory, and depreciation and amortization. Adjusted Segment EBITDA is not defined under GAAP and may not be comparable to similarly-titled measures used by other companies. Corporate expenses include general corporate administrative costs. Expenses not directly attributable to the segments, corporate expenses, net interest expense, gains and losses related to the sale of assets, and income taxes are not included in the computation of Adjusted Segment EBITDA. The accounting policies of the reportable segments are the same as those for Enpro.

Non-controlling interest compensation allocation represents compensation expense associated with a portion of the rollover equity from the acquisitions of LeanTeq and Alluxa that was subject to reduction for certain types of employment terminations of the sellers. This expense was recorded in selling, general, and administrative expenses on our Consolidated Statements of Operations and is directly related to the terms of the acquisitions. We acquired all of the LeanTeq non-controlling interests in the fourth quarter of 2022 and all of the Alluxa non-controlling interests in the first quarter of 2024.

Other income (expense), net in the table above contains all items included in other (operating) expense and other income (expense) on our Consolidated Statements of Operations for the years ending December 31, 2023, 2022, and 2021 with the exception of \$4.0 million, \$1.9 million, and \$2.4 million, respectively, of segment restructuring costs and \$1.0 million, \$1.1 million and \$0.1 million of corporate restructuring costs in 2023, 2022 and 2021, respectively. Additionally, other income (expense), net in the table above for the years ending December 31, 2023, 2022, and 2021 also includes \$1.6 million, \$(1.8) million, and \$3.4 million, respectively, of miscellaneous expenses (credits) that are either not associated with a particular segment or not considered part of administering the corporate headquarters. These expenses are included in selling, general and administrative expense on our Consolidated Statements of Operations.

### 2023 Compared to 2022

Sales of \$1,059.3 million in 2023 decreased 3.6% from \$1,099.2 million in 2022. The following table summarizes the impact of acquisitions, divestitures, and foreign currency on sales by segment:

Sales increase/(decrease)	Percent Change 2023 vs. 2022			
	Divestiture	Foreign Currency	Organic	Total
Enpro Inc.	(0.3)%	— %	(3.3)%	(3.6)%
Sealing Technologies	(0.7)%	0.5 %	5.7 %	5.5 %
Advanced Surface Technologies	— %	(0.5)%	(15.2)%	(15.7)%

Following is a discussion of operating results for each segment during 2023 compared to 2022:

**Sealing Technologies.** Sales of \$658.4 million in 2023 reflect a 5.5% increase compared to \$624.3 million in 2022. Excluding favorable foreign exchange translation (\$3.1 million) on our 2023 sales and the sales from businesses that have since been divested (\$4.1 million) from 2022 results, sales were up 5.7% or \$35.1 million. This increase was primarily driven by sales price actions partially offset by lower sales volume. The sales volume decline in food and pharmaceuticals, commercial vehicle OEM, and general industrial was greater than the sales volume increase in aerospace and power generation.

Segment AEBITDA of \$192.3 million in 2023 increased 20.9% from \$159.1 million in 2022. Segment AEBITDA margin increased from 25.5% in 2022 to 29.2% in 2023. Excluding the favorable foreign exchange translation (\$1.6 million) from 2023 results and the Segment AEBITDA earned from businesses that have since been divested (\$1.9 million) from 2022 results, Adjusted Segment EBITDA increased 21.3%, or \$33.5 million. The increase in Segment AEBITDA was driven primarily by pricing gains (\$41.2 million) and favorable sales mix (\$2.2 million), partially offset by increase in labor and overhead costs (\$5.3 million), decreased sales volume (\$4.0 million), foreign exchange transaction related costs (\$0.3 million), and higher segment selling, general, and administrative costs (\$0.3 million).

**Advanced Surface Technologies.** Sales of \$401.2 million in 2023 reflect a 15.7% decrease compared to \$476.1 million in 2022. Excluding the unfavorable foreign exchange translation (\$2.6 million) from 2023 results, sales were down (15.2)% or \$(72.3) million. This decrease was driven primarily by the slowdown in the global semiconductor industry.

Segment AEBITDA of \$95.5 million in 2023 decreased 32.5% from \$141.5 million in 2022. Segment AEBITDA margin decreased from 29.7% in 2022 to 23.8% in 2023. Excluding the unfavorable impact of foreign exchange translation (\$1.6 million) from 2023 results, Segment AEBITDA was down 31.4% or \$44.4 million. The decrease in Adjusted Segment EBITDA was driven primarily by lower volumes (\$37.4 million), higher labor costs (\$5.2 million), and a higher level of start-up expenses for LeanTeq's new production site in Arizona.

Corporate expenses for 2023 increased \$2.5 million as compared to 2022. The increase was driven primarily by an increase in share-price-based long-term incentive compensation expenses (\$5.5 million) as a result of our strong share price performance during 2023, partially offset by lower annual incentive compensation expense (\$2.3 million) and decreased consulting related professional fees (\$0.7 million).

Interest expense, net in 2023 decreased by \$3.8 million as compared to 2022 primarily due to higher interest income earned on cash and short-term investment balances and the impact of lower average outstanding debt due to the repayment of Term Loan A-1 of \$133.1 million on July 26, 2023, offset in part by higher interest rates on our variable rate term loan debt and lower receipts as a result of settling one of our cross currency swap agreements in 2022.

Other income (expense), net in 2023 increased by \$2.3 million as compared to 2022, primarily due to higher non-service pension related costs (\$5.1 million), decreased year-over-year foreign exchange gains (\$4.8 million), and increased costs related to divested businesses (\$1.4 million), partially offset by an asbestos receivable write-down in the prior-year period (\$2.8

million), decreased foreign exchange losses related to an intercompany note denominated in Euros (\$1.6 million), lower environmental-related costs (\$2.2 million), prior-year warranty costs related to a disposed product line (\$0.7 million), a loss on the sale of a business in the prior year-period (\$0.6 million), and a decrease in charges related to the reversal of a receivable related to an amount due from the sellers of Aseptic for uncertain tax positions that have passed the statute of limitations (\$0.9 million). An offsetting decrease in expense was recorded for the release of the corresponding liability for the uncertain tax position and is reflected as a reduction in tax expense.

Income tax expense from continuing operations was \$30.8 million in 2023 and \$24.4 million in 2022. The effective tax rates for 2023 and 2022 were 81.6% and 86.2% respectively. The higher effective tax rate for both years was primarily driven by goodwill impairment, which is not deductible for income taxes, the foreign rate differential related to certain foreign earnings that were subject to higher tax rates, and releasing valuation allowances on certain tax attributes. In 2023, we had an increased tax expense relative to 2022, primarily driven by higher pre-tax earnings and the net impact of a legal entity restructuring.

Goodwill impairment expense of \$60.8 million and \$65.2 million was incurred in 2023 and 2022, respectively, related to the Alluxa reporting unit. No goodwill impairment expense was incurred in 2021.

Income from continuing operations attributable to Enpro Inc. was \$10.8 million, or \$0.52 per share, in 2023 compared to income from continuing operations attributable to Enpro Inc. of \$6.7 million, or \$0.32 per share, in 2022.

### ***2022 Compared to 2021***

For a comparison of our results of operations for the years ended December 31, 2022 to December 31, 2021, see "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2022, filed with the SEC on March 1, 2023.

### **Restructuring and Other Costs**

We incurred \$5.0 million, \$3.0 million and \$2.5 million of restructuring and impairment costs during the years ended December 31, 2023, 2022 and 2021, respectively. Additionally, in 2023 and 2022, we incurred goodwill impairment charges of \$60.8 million and \$65.2 million, respectively, related to the Alluxa reporting unit. No goodwill impairment expense was incurred in 2021.

Of the restructuring and impairment costs incurred in 2023 and 2022, we incurred \$4.3 million and \$1.8 million, respectively, of restructuring costs related to the reorganization of sites and functions, primarily in the United States and \$0.7 million and \$1.2 million, respectively, of non-cash impairment charges of long-lived assets. Workforce reductions associated with our restructuring activities in 2023 and 2022 totaled 72 and 25 administrative and manufacturing positions, respectively.

During 2021, we conducted a number of restructuring activities throughout our operations which mostly comprised of targeted workforce reductions. All costs associated with such initiatives were incurred in 2021. Workforce reductions associated with our restructuring activities totaled 36 administrative and manufacturing positions.

Please see the "Overview" section of Management's Discussion and Analysis of Financial Condition and Results of Operations and Note 3 to our consolidated financial statements for further information.

### **Liquidity and Capital Resources**

Cash requirements for, but not limited to, working capital, capital expenditures, acquisitions, and debt repayments have been funded from cash balances on hand, revolver borrowings and cash generated from operations. We are proactively pursuing acquisition opportunities. Should we need additional capital, we have resources available, which are discussed in this section under the heading "Capital Resources."

As of December 31, 2023, we held \$214.1 million of cash and cash equivalents in the United States and \$155.7 million of cash outside of the United States. The acquisition of AMI on January 29, 2024 for \$210 million was funded with cash available in the United States. If the funds held outside the United States were needed for our operations in the U.S., we have several methods to repatriate such funds without significant adverse tax effects, including repayment of intercompany loans, distributions subject to a 100-percent dividends-received deduction for income tax purposes, or distributions of previously-taxed earnings.

Because of the transition tax, GILTI, and Subpart F provisions, undistributed earnings of our foreign subsidiaries totaling \$251.0 million at December 31, 2022 have been subjected to U.S. income tax or are eligible for the 100-percent dividends-received deduction under Section 245A of the Internal Revenue Code ("IRC") provided in the Tax Cuts and Jobs Act. Additionally, undistributed earnings are estimated to be \$179.5 million as of December 31, 2023. Whether through the application of the 100-percent dividends received deduction, or distribution of these previously-taxed earnings, we do not intend to distribute foreign earnings that will be subject to any significant incremental U.S. or foreign tax. During 2023, we repatriated \$72.6 million of earnings from our foreign subsidiaries, resulting in only \$0.4 million of withholding taxes net of refunds to be received. We have determined that estimating any tax liability on our investment in foreign subsidiaries is not practicable. Therefore, we have not recorded any deferred tax liability on undistributed earnings of foreign subsidiaries.

### ***Cash Flows***

Operating activities of continuing operations provided cash in the amount of \$208.4 million, \$106.1 million and \$124.1 million in 2023, 2022 and 2021, respectively. The increase in operating cash flows in 2023 versus 2022 was primarily attributable to less income tax payments, net of refunds (\$63.6 million) and improvements in net working capital. Higher tax payments in 2022 were the result of high proceeds from our divestiture of discontinued operations. The decrease in operating cash flow in 2022 versus 2021 was primarily attributable to increased income tax payments (\$74.4 million) primarily related a refund from the IRS received in 2021 as a result of the conclusion of an audit of our 2014 through 2017 U.S. federal income tax returns and higher tax payments related to the divestiture of discontinued operations. These increases were partially offset higher sales volume.

Investing activities of continuing operations used \$7.4 million in 2023, provided \$268.6 million in 2022, and used \$647.4 million of cash in 2021. Investing activities in 2023 used cash primarily for investments in property, plant, and equipment (\$33.9 million), partially offset by proceeds of the sale of businesses, principally the sale of GPT (\$25.9 million). Investing activities in 2022 provided cash from the sale of businesses (\$301.9 million), primarily the sale of GGB, and the settlement of derivative contracts (\$27.4 million). This was partially offset by the payments for acquisitions, driven by the acquisition of the equity interests in LeanTeq held by the LeanTeq Executives (\$31.2 million) and investments in property, plant and equipment (\$29.4 million). The cash used in 2021 was primarily the result of the acquisition of NxEdge (\$856.8 million), partially offset by proceeds from the divestiture of CPI and other businesses during the year (\$224.3 million).

Financing activities of continuing operations used \$170.9 million in cash in 2023, primarily attributable to payments on our Term Loan Facilities, including the complete repayment of our Term Loan A-1 Facility, as defined and discussed below, (\$144.9 million) and by dividend payments (\$24.3 million). Financing activities of continuing operations provided \$368.0 million in 2022 primarily attributable to a net payment our Revolving Credit Facility, as defined below, and Term Loan Facilities (\$337.0 million) and by dividend payments (\$23.4 million). Financing activities provided \$618.2 million in 2021, primarily attributable to a net draw on our revolving credit facility (\$175.0 million), new Term Loan Facilities, as discussed below, (\$465.0 million), and issuance of common stock (\$10.0 million), partially offset by dividend payments (\$22.4 million) and principal payments to our existing Term Loan A-1 Facility (\$3.8 million).

### ***Capital Resources***

**Senior Secured Credit Facility.** On December 17, 2021, we entered into a Third Amended and Restated Credit Agreement (the "Amended Credit Agreement") dated as of December 17, 2021 among the Company and EnPro Holdings, as borrowers, certain of our foreign subsidiaries are from time to time party thereto, as designated borrowers, the guarantors party thereto, the lenders party thereto and Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer. The Amended Credit Agreement amends, restates and replaces the Second Amended and Restated Credit Agreement dated as of June 28, 2018, as amended, among the Company and EnPro Holdings as borrowers, the guarantors party thereto, the lenders party thereto and Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer.

The Amended Credit Agreement provides for credit facilities in the initial aggregate principal amount of \$1,007.5 million, consisting of a five-year, senior secured revolving credit facility of \$400.0 million (the "Revolving Credit Facility"), a \$142.5 million senior secured term loan facility in replacement of the our existing senior secured term loan facility, maturing September 25, 2024 (the "Term Loan A-1 Facility"), a five-year, senior secured term loan facility of \$315.0 million (the "Term Loan A-2 Facility") and a 364-day, senior secured term loan facility of \$150.0 million (the "364-Day Facility" and together with the Term Loan A-1 Facility and the Term Loan A-2 Facility, the "Term Loan Facilities", which together with the Revolving Credit Facility are referred to as the "Facilities"). The Amended Credit Agreement also provides that we may seek incremental term loans and/or additional revolving credit commitments in an amount equal to the greater of \$275.0 million and 100% of consolidated EBITDA for the most recently ended four-quarter period for which we have reported financial results, plus additional amounts based on a consolidated senior secured leverage ratio. The Amended Credit Agreement became effective on December 17, 2021.



Borrowings under the 364-Day Facility bore interest at an annual rate of LIBOR plus 1.50% or base rate plus 0.50%. Initially, borrowings under the Facilities (other than the 364-Day Facility) bore interest at an annual rate of LIBOR plus 1.75% or base rate plus 0.75%, although these interest rates were subject to incremental increase or decrease based on a consolidated total net leverage ratio. On November 8, 2022, we entered into a First Amendment to the Amended Credit Agreement, which replaced the LIBOR-based interest rate option with an option based on Term SOFR ("Secured Overnight Financing Rate") plus (i) a credit spread adjustment of 0.10% and (ii) 1.75%, again subject to incremental increase or decrease based on a consolidated total net leverage ratio. In addition, a commitment fee accrues with respect to the unused amount of the Revolving Credit Facility at an annual rate of 0.225%, which rate is also subject to incremental increase or decrease based on a consolidated total net leverage ratio.

The Term Loan A-1 Facility amortized on a quarterly basis in an annual amount equal to 2.50% of the original principal amount of the Term Loan A-1 Facility (\$150.0 million) in year one after the closing, 5.00% of such original principal amount in year two and 1.25% of such original principal amount in each of the first three quarters of year three, with the remaining outstanding principal amount payable at maturity. The Term Loan A-2 Facility amortizes on a quarterly basis in an annual amount equal to 2.5% of the original principal amount of the Term Loan A-2 Facility in each of years one through three, 5.0% of such original principal amount in year four and 1.25% of such original principal amount in each of the first three quarters of year five, with the remaining outstanding principal amount payable at maturity. The 364-Day Facility did not amortize and was repaid in full in the quarter ended September 30, 2022. The Facilities are subject to prepayment with the net cash proceeds of certain asset sales not reinvested in acquisitions within a specified period, casualty or condemnation events, and non-permitted debt issuances. On July 21, 2023, we entered into a waiver agreement under Amended Credit Agreement that waived the requirement to prepay the Facilities with remaining excess net cash proceeds related to the sale of GGB and GPT that had not been reinvested in operating assets within 365 days from the date of the sale. In conjunction with this waiver, on July 26, 2023, we voluntarily prepaid all outstanding borrowings and accrued and unpaid interest under the Term Loan A-1 Facility (a remaining principal balance of \$133.1 million and accrued interest of \$0.6 million). After taking into account the repayment of borrowings under the Term Loan A-1 Facility noted above, forecasted capital expenditures, and other applicable expenditures, we expect to meet all reinvestment requirements under the indenture related to the excess net cash proceeds from the sales of GGB and GPT. There is no prepayment penalty for a full or partial repayment of the Facilities at any time.

The Company and EnPro Holdings are the permitted borrowers under the Facilities. We have the ability to add wholly owned foreign subsidiaries as borrowers under the Revolving Credit Facility. Each of our domestic, consolidated subsidiaries (other than any subsidiaries that may be designated as "unrestricted" by the Company from time to time an inactive subsidiaries) is required to guarantee the obligations of the borrowers under the Facilities, and each of our existing domestic, consolidated subsidiaries (other than inactive subsidiaries) has entered into the Amended Credit Agreement to provide such a guarantee.

Borrowings under the Facilities are secured by a first-priority pledge of the following assets:

- 100% of the capital stock of each domestic subsidiary of the Company (other than unrestricted or inactive subsidiaries);
- 65% of the capital stock of any first tier foreign subsidiary of the Company and its domestic subsidiaries (other than unrestricted or inactive subsidiaries); and
- substantially all of the assets (including, without limitation, machinery and equipment, inventory and other goods, accounts receivable, bank accounts, general intangibles, financial assets, investment property, license rights, patents, trademarks, trade names, copyrights, chattel paper, insurance proceeds, contract rights, hedge agreements, documents, instruments, indemnification rights, tax refunds and cash, but excluding real estate interests) of the Company and its domestic subsidiaries (other than unrestricted or inactive subsidiaries).

The Amended Credit Agreement contains certain financial covenants and required financial ratios, including:

- a maximum consolidated total net leverage ratio of not more than 4.75 to 1.0 (with total debt, for the purposes of such ratio, to be net of up to \$150 million of unrestricted cash of Enpro Inc. and its consolidated subsidiaries), which ratio will decrease to 4.5 to 1.0 for each fiscal quarter beginning with the fiscal quarter ending March 31, 2022 and ending with the fiscal quarter ending December 31, 2022, and to 4.0 to 1.0 for each quarter thereafter; and, once so decreased, may be increased (up to three times) at the borrowers' option to not more than 4.5 to 1.0 for the for-quarter period following a significant acquisition; and
- a minimum consolidated interest coverage ratio of at least 2.5 to 1.0.

The Amended Credit Agreement contains affirmative and negative covenants (subject, in each case, to customary exceptions and qualifications), including covenants that limit our ability to, among other things:

- grant liens on our assets;
- incur additional indebtedness (including guarantees and other contingent obligations);
- make certain investments (including loans and advances);
- merge or make other fundamental changes;
- sell or otherwise dispose of property or assets;
- pay dividends and other distributions and prepay certain indebtedness;
- make changes in the nature of our business;
- enter into transactions with our affiliates;
- enter into burdensome contracts; and
- modify or terminate documents related to certain indebtedness.

We were in compliance with all covenants of the Amended Credit Agreement as of December 31, 2023. The borrowing availability under our Revolving Credit Facility at December 31, 2023 was \$390 million after giving consideration to \$10.0 million of outstanding letters of credit. The balance of our outstanding Term Loan A-2 Facility at December 31, 2023 was \$299.3 million.

Senior Notes. On October 17, 2018, we completed the offering of \$350 million aggregate principal amount of our 5.75% senior notes due 2026 (the "Senior Notes") and applied the net proceeds of that offering, together with borrowings under the Revolving Credit Facility, to redeem on October 31, 2018 the full \$450 million aggregate principal amount of our outstanding 5.875% senior notes due 2022.

The Senior Notes were issued to investors at 100% of the principal amount thereof. The Senior Notes are unsecured, unsubordinated obligations of Enpro and mature on October 15, 2026. Interest on the Senior Notes accrues at a rate of 5.75% per annum and is payable semi-annually in cash in arrears on April 15 and October 15 of each year, commencing April 15, 2019. The Senior Notes are required to be guaranteed on a senior unsecured basis by each of Enpro's existing and future direct and indirect domestic subsidiaries that is a borrower under, or guarantees, our indebtedness under the Revolving Credit Facility or guarantees any other Capital Markets Indebtedness (as defined in the indenture governing the Senior Notes) of Enpro or any of the guarantors.

Commencing on October 15, 2021, we may, on any one or more occasions, redeem all or a part of the Senior Notes at specified redemption prices plus accrued and unpaid interest. In addition, we may redeem a portion of the aggregate principal amount of the Senior Notes before October 15, 2021 with the net cash proceeds from certain equity offerings at a specified redemption price plus accrued and unpaid interest, if any, to, but not including, the redemption date. Prior to October 15, 2021, we could redeem some or all of the Senior Notes at a redemption price of 100% of the principal amount, plus accrued and unpaid interest, if any, to, but not including, the redemption date, plus a "make whole" premium.

Each holder of the Senior Notes may require us to repurchase some or all of the Senior Notes held by such holder for cash upon the occurrence of a defined "change of control" event. Our ability to redeem the Senior Notes prior to maturity is subject to certain conditions, including in certain cases the payment of make-whole amounts.

The indenture governing the Senior Notes requires us to apply the net cash proceeds of certain asset sales not reinvested in acquisitions, capital expenditures, or used to repay or otherwise reduce specified indebtedness within a specified period, to the extent the remaining net proceeds exceed a specified amount, to offer to repurchase the Senior Notes at a price equal to 100% of the principal amount thereof plus accrued and unpaid interest.

## Contractual Obligations

A summary of our contractual obligations and commitments at December 31, 2023, is as follows:

	Payments Due by Period (in millions)				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Long-term debt	\$ 650.1	\$ 8.1	\$ 641.8	\$ 0.2	\$ —
Interest on debt	117.3	40.3	77.0	—	—
Operating leases	57.1	11.6	18.5	12.3	14.7
Environmental liabilities	39.0	8.2	10.3	9.9	10.6
Total	<u>\$ 863.5</u>	<u>\$ 68.2</u>	<u>\$ 747.6</u>	<u>\$ 22.4</u>	<u>\$ 25.3</u>

The payments for long-term debt shown in the table above reflect the contractual principal amount for the Senior Notes and term loans under our Amended Credit Agreement. In our Consolidated Balance Sheet, these amounts are shown net of a debt discount of \$3.3 million. Additional discussion regarding the Senior Notes and Amended Credit Agreement is included in this Management's Discussion and Analysis of Financial Condition and Results of Operations in "Liquidity and Capital Resources – Capital Resources," and in Note 11, "Debt," to the consolidated financial statements. The interest on debt represents the contractual interest coupon. It does not include the debt discount accretion, which also is a component of interest expense.

The estimated payments of environmental liabilities is based on information currently known to us. However, it is possible that these estimates will vary from actual results and it is possible that these estimates may be updated if new information becomes available in the future or if there are changes in the facts and circumstances related to these liabilities. Additional discussion regarding these liabilities is included earlier in this Management's Discussion and Analysis of Financial Condition and Results of Operations in "Contingencies – Environmental" and "Contingencies – Crucible Steel Corporation a/k/a Crucible, Inc.," and in Note 19, "Commitments and Contingencies," to the consolidated financial statements.

The table does not include obligations under our pension plans, which is included in Note 14, "Pension," to the consolidated financial statements.

## Share Repurchase Program

In October 2022, our board of directors renewed their authorization for a new two-year program of up to \$50.0 million for the repurchase of our outstanding common shares. We have not made any repurchases for the three-year period ended December 31, 2023.

## Dividends

On January 13, 2015, our board of directors adopted a policy under which it intends to declare regular quarterly cash dividends on Enpro's common stock, with the determination of whether to declare a dividend and the amount being considered each quarter, after taking into account our cash flow, earnings, cash position, financial position and other relevant matters. In 2021, our board declared a dividend of \$0.27 per share in each quarter, in 2022, our board declared a dividend of \$0.28 per share in each quarter, and in 2023 our board declared a dividend of \$0.29 per share in each quarter. On February 15, 2024 we announced that our board of directors had increased the quarterly dividend to \$0.30 per share, commencing with the dividend to be paid on March 20, 2024 to all shareholders of record as of March 6, 2024. Each of the Credit Agreement and the indenture governing the Senior Notes includes covenants restricting the payment of dividends, but includes a basket permitting the payment of cash dividends of up to \$50.0 million per year under the Credit Agreement and \$60.0 million per year under the indenture governing the Senior Notes. Other baskets may be available under that the agreement governing the Revolving Credit Facility and the indenture governing the Senior Notes to permit the payment of dividends in excess of the respective basket amount.

## Critical Accounting Estimates

The preparation of our Consolidated Financial Statements, in accordance with accounting principles generally accepted in the United States, requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosures pertaining to contingent assets and liabilities. Note 1, "Overview, Basis of Presentation, Significant Accounting Policies and Recently Issued Accounting Guidance," to the Consolidated Financial Statements describes

the significant accounting policies used to prepare the Consolidated Financial Statements and recently issued accounting guidance. On an ongoing basis we evaluate our estimates, including, but not limited to, those related to bad debts, inventories, intangible assets, income taxes, warranty obligations, restructuring, pensions, and contingencies and litigation. We base our estimates on historical experience and on various other assumptions we believe to be reasonable under the circumstances. Actual results may differ from our estimates.

We believe the following accounting estimates are the most critical. Some of them involve significant judgments and uncertainties and could potentially result in materially different results under different assumptions and conditions.

### ***Goodwill and Other Intangible Assets***

Goodwill represents the excess of the purchase price over the estimated fair value of the net assets of acquired businesses. Goodwill is not amortized, but instead is subject to annual impairment testing that is conducted each calendar year in the fourth quarter. Our annual impairment testing for all of our intangible assets is November 1 of each year.

The goodwill asset impairment test involves comparing the fair value of a reporting unit to its carrying amount. An impairment charge is recognized when the carrying amount exceeds the reporting unit's fair value; however, the loss recognized would not exceed the total amount of goodwill allocated to that reporting unit. Interim tests during the year may be required if an event occurs or circumstances change (a "triggering event") that in management's judgement would more likely than not reduce the fair value of a reporting unit below its' carrying amount.

To estimate the fair value of our five reporting units, we use both a discounted cash flow and a market valuation approach. The discounted cash flow approach uses cash flow projections and a discount rate to calculate the fair value of each reporting unit while the market approach relies on market multiples of similar companies. The key assumptions used for the discounted cash flow approach include projected revenues and profit margins, projected capital expenditures, changes in working capital, and the discount and tax rates. For the market approach, we select a group of peer companies that we believe are best representative of each reporting unit. We used a 75% weighting for the discounted cash flow valuation approach and a 25% weighting for the market valuation approach, reflecting our belief that the discounted cash flow valuation approach is a better indicator of a reporting unit's value since it reflects the specific cash flows anticipated to be generated in the future by the business.

At the time of our annual test as of November 1, 2022, our updated forecast and projections based upon our annual projection and analysis indicated that the carrying value of the Alluxa reporting unit exceeded fair value by \$65.2 million which has been recognized as an impairment charge in the fourth quarter of 2022. This was primarily driven by the increase in discount rate from 12.0% as of November 1, 2021 to 14.6% as of November 1, 2022. In the second quarter of 2023, we determined the lower than previously projected actual and forecasted financial performance of our Alluxa reporting unit to be a triggering event for an interim goodwill impairment test. We determined the carrying value of our Alluxa reporting unit to exceed its fair value and, as a result, we impaired the remaining \$60.8 million of goodwill related to Alluxa. Our Consolidated Balance Sheet at December 31, 2023 reflects no goodwill related to Alluxa.

The fair value of our semiconductor reporting unit, included in the Advanced Surface Technologies segment, exceeded carrying value by approximately 20% as of November 1, 2023. The carrying value of the Semiconductor reporting unit as of December 31, 2023 includes \$532.2 million of goodwill. In the second quarter of 2023, we determined the lower than previously projected actual and forecasted financial performance of our Semiconductor reporting unit to be a triggering event for an interim goodwill impairment test. We determined the fair value exceeded the carrying value as of June 30, 2023. Our Semiconductor reporting unit's value increased from our interim test as of June 30, 2023 due to further progression in our growth initiatives for the reporting unit. We considered the sensitivity of the valuation of our Semiconductor reporting unit to adverse changes in our projected cash flows under three separate alternative scenarios. First, with a 5% reduction in forecasted sales used in our valuation model, we estimate the fair value of the Semiconductor reporting unit would exceed its carrying value by approximately 12%. Second, with a 1% increase in the discount rate as of November 1, 2023 we estimate our fair value of the Semiconductor reporting unit would exceed its carrying value by approximately 9%. For the third scenario, the combination of a 1% increase in discount rate and 5% reduction in forecasted sales would result in the fair value of our Semiconductor reporting unit approximating the carrying value. All annual and interim impairment tests of goodwill for the Semiconductor reporting unit performed during the 3-years ended December 31, 2023 indicated there was no impairment of goodwill for the Semiconductor reporting unit.

The fair value of the three reporting units of our Sealing Technologies segment all exceeded their respective carrying values by more than 75% as of November 1, 2023. Our annual impairment test of the goodwill for the three reporting units of our Sealing Technologies segment as of November 1, 2022 and 2021 indicated no impairment.

Annual assessments are conducted in the context of information that was reasonably available to us as of the date of the assessment including our best estimates of future sales volumes and prices; material and labor cost and availability; operational efficiency including the impact of projected capital asset additions, and the discount rates and tax rates. We will perform our next annual goodwill impairment tests as of November 1, 2024; or earlier, if adverse changes in circumstances result in our assessment that a triggering event has occurred at any of our reporting units and an interim test is required.

Other intangible assets are recorded at cost or, when acquired as a part of a business combination, at estimated fair value. These assets include customer relationships, patents and other technology-related assets, trademarks, licenses, and non-compete agreements. Intangible assets that have definite lives are amortized using a method that reflects the pattern in which the economic benefits of the assets are consumed or the straight-line method over estimated useful lives of 1 to 21 years. Intangible assets with indefinite lives, which consist primarily of trade names, are subject to at least annual impairment testing, which was conducted as of November 1 in 2023, 2022 and 2021. The impairment testing compares the fair value of the intangible asset with its carrying amount using the relief from royalty method. The testing completed as of November 1, 2023, 2022 and 2021, indicated no impairment. Interim tests may be required if an event occurs or circumstances change that would more likely than not reduce the fair value below the carrying value or change the useful life of the asset.

Many of the factors used in assessing fair value are outside the control of management, and it is reasonably likely that assumptions and estimates will change in future periods. These changes could result in future impairments. For additional information, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Overview” as well as Notes 1 and 8 to the Consolidated Financial Statements.

### ***Environmental***

Although we believe past operations were in substantial compliance with the then applicable regulations, we or one or more of our subsidiaries are involved with various remediation activities or an investigation to determine responsibility for environmental conditions at 19 sites.

Our policy is to accrue environmental investigation and remediation costs when it is probable that a liability has been incurred and the amount can be reasonably estimated. In general, due to uncertainties regarding, among other factors, changes to operating and monitoring requirements based on the ongoing performance of the remediation system and/or changes to applicable legal and regulatory requirements, we do not consider costs for remediation activities beyond five years to be reasonably estimable. To the extent that capital costs to be incurred more than five years out, such as costs for the construction or decommissioning of remediation systems, can be reasonably estimated such costs are included in our environmental reserves. For sites with multiple future projected cost scenarios for identified feasible investigation and remediation options where no one estimate is more likely than all the others, our policy is to accrue the lowest estimate among the range of estimates. The measurement of our liability is based on an evaluation of currently available facts with respect to each individual situation and takes into consideration factors such as existing technology, presently enacted laws and regulations and prior experience in the remediation of similar contaminated sites. Liabilities are established for all sites based on these factors. As assessments and remediation progress at individual sites, these liabilities are reviewed and adjusted to reflect additional technical data and legal information. Given the uncertainties regarding the status of laws, regulations, enforcement policies, the impact of other parties potentially being fully or partially liable, technology and information related to individual sites, we do not believe it is possible to develop an estimate of the range of reasonably possible environmental loss in excess of our recorded liabilities.

We believe that our accruals for specific environmental liabilities are adequate based on currently available information. Based upon limited information regarding any incremental remediation or other actions that may be required at these sites, we cannot estimate any further loss or a reasonably possible range of loss related to these matters. Actual costs to be incurred in future periods may vary from estimates because of the inherent uncertainties in evaluating environmental exposures due to unknown and changing conditions, changing government regulations and legal standards regarding liability.

### ***Income Taxes***

We use the asset and liability method of accounting for income taxes. Temporary differences arising between the tax basis of an asset or liability and its carrying amount on the Consolidated Balance Sheet are used to calculate future income tax assets or liabilities. This method also requires the recognition of deferred tax benefits, such as net operating loss carryforwards. Valuation allowances are recorded as appropriate to reduce deferred tax assets to the amount considered likely to be realized. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to the taxable income (losses) in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment of the change. A tax benefit from an uncertain tax position is recognized only if we believe it is more likely than not that the position will be sustained on its technical merits. If the recognition threshold for the tax position is met, only the portion of the tax benefit that

we believe is greater than 50 percent likely to be realized is recorded. Our future results may include favorable or unfavorable adjustments to our estimated tax liabilities due to closure of income tax examinations, statute expirations, new regulatory or judicial pronouncements, changes in tax laws, changes in projected levels of taxable income, future tax planning strategies, or other relevant events.

## **OECD/G20 Base Erosion and Profit Shifting Project - Pillar 2**

The Organization for Economic Co-operation and Development (the “OECD”) has introduced a framework to implement a global minimum corporate tax of 15%, referred to as Pillar Two. While it is uncertain whether the U.S. will enact legislation to adopt Pillar 2, certain countries in which we operate have adopted legislation, and other countries are in the process of introducing legislation to implement Pillar 2, which is to be effective for tax years beginning in 2024. Based on the currently issued guidance by the OECD we do not expect Pillar 2 to have a material impact on our effective tax rate in the year of adoption or in subsequent years. As the OECD continues to release additional guidance and countries implement legislation, we are monitoring developments and evaluating the impacts these new rules will have on our tax rate, including eligibility to qualify for safe harbor rules.

## **Impact of Pending Accounting Pronouncements**

See Note 1, "Overview, Basis of Presentation, Significant Accounting Policies and Recently Issued Accounting Guidance," to our consolidated financial statements for a discussion of recently issued accounting guidance that we have not yet adopted.

## **Contingencies**

A description of our contingencies is included in Note 19 to the Consolidated Financial Statements in this report, which is incorporated herein by reference.

## **Supplemental Guarantor Financial Information**

On October 17, 2018, we completed the offering of the Senior Notes. The Senior Notes are fully and unconditionally guaranteed on an unsecured, unsubordinated, joint and several basis by our existing and future wholly owned direct and indirect domestic subsidiaries, that are each guarantors of our Revolving Credit Facility, including subsidiaries that were wholly owned at the time they provided the guarantee but thereafter became majority owned subsidiaries (collectively, the “Guarantor Subsidiaries”). The Guarantor Subsidiaries at December 31, 2023 comprise all of our consolidated domestic subsidiaries at that date. Our subsidiaries organized outside of the United States, (collectively, the “Non-Guarantor Subsidiaries”) do not guarantee the Senior Notes.

The Guarantor Subsidiaries jointly and severally guarantee on an unsecured, unsubordinated basis the performance and punctual payment when due, whether at stated maturity of the Senior Notes, by acceleration or otherwise, all of our obligations under the Senior Notes and the indenture governing the Senior Notes (the “Indenture”), whether for payment of principal of, premium, if any, or interest on the Senior Notes, expenses, indemnification or otherwise (all such obligations guaranteed by the Guarantor Subsidiaries are referred to as the “Guaranteed Obligations”). The Guarantor Subsidiaries have jointly and severally agreed to pay, in addition to the obligations stated above, any and all expenses (including reasonable counsel fees and expenses) incurred by the trustee (the “Trustee”) under the Indenture in enforcing any rights under their guarantees of the Guaranteed Obligations.

Each guarantee of a Guarantor Subsidiary is limited to an amount not to exceed the maximum amount that can be guaranteed by it without rendering the guarantee, as it relates to such Guarantor Subsidiary, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally. Each guarantee of a Guarantor Subsidiary is a continuing guarantee and shall inure to the benefit of and be enforceable by the Trustee, the holders of the Senior Notes and their successors, transferees and assigns and, subject to the provisions described in the following sentence, remains in full force and effect until payment in full of all of the Guaranteed Obligations of such Guarantor Subsidiary and is binding upon such Guarantor Subsidiary and its successors. A guarantee of the Senior Notes by a Guarantor Subsidiary is subject to release in the following circumstances: (i) the sale, disposition, exchange or other transfer (including through merger, consolidation, amalgamation or otherwise) of the capital stock of the subsidiary made in a manner not in violation of the Indenture; (ii) the designation of the subsidiary as an “Unrestricted Subsidiary” under the Indenture; (iii) the legal defeasance or covenant defeasance of the Senior Notes in accordance with the terms of the Indenture; or (iv) the subsidiary ceasing to be our subsidiary as a result of any foreclosure of any pledge or security interest securing our Revolving Credit Facility or other exercise of remedies in respect thereof.

The following tables present summarized financial information for Enpro Inc. (the "Parent") and the Guarantor Subsidiaries on a combined basis after intercompany eliminations.

The summarized results of operations information for the year ended December 31, 2023 was as follows:

(In Millions)	Parent and Guarantor Subsidiaries
Net sales	\$ 754.3
Gross profit	\$ 256.9
Loss from continuing operations	\$ (68.2)
Income from discontinued operations, net of taxes	11.4
Net loss	<u>\$ (56.8)</u>
Net loss attributable to Enpro Inc	<u>\$ (52.9)</u>

Of the \$11.4 million reported in income from discontinued operations, net of taxes, \$11.2 million related to gain on the sale of discontinued operations recognized by a subsidiary that is guarantor of the Senior Notes and the remaining \$0.2 million related to the operations of former subsidiary guarantors of the Senior Notes included in discontinued operations. All discontinued operations were divested by March 31, 2023 and are no longer guarantors of the Senior Notes.

The summarized balance sheet information at December 31, 2023 was as follows:

(In Millions)	Parent and Guarantor Subsidiaries
<b>ASSETS</b>	
Current assets	\$ 407.8
Non-current assets	1,403.1
Total assets	<u>\$ 1,810.9</u>
<b>LIABILITIES AND EQUITY</b>	
Current liabilities	\$ 144.3
Non-current liabilities	921.5
Total liabilities	1,065.8
Redeemable non-controlling interest	17.9
Shareholders' equity	727.2
Total liabilities and equity	<u>\$ 1,810.9</u>

The table above reflects \$9.6 million of current intercompany receivables due to the Guarantor Subsidiaries from the Non-Guarantor Subsidiaries and \$8.6 million of current intercompany payables due to the Non-Guarantor Subsidiaries from the Guarantor Subsidiaries within current assets and liabilities held and used.

The Senior Notes are structurally subordinated to the indebtedness and other liabilities of the Non-Guarantor Subsidiaries. The Non-Guarantor Subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due pursuant to the Senior Notes or the Indenture, or to make any funds available therefor, whether by dividends, loans, distributions or other payments. Any right that the Company or the Guarantor Subsidiaries have to receive any assets of any of the Non-Guarantor Subsidiaries upon the liquidation or reorganization of any Non-Guarantor Subsidiary, and the consequent rights of holders of Senior Notes to realize proceeds from the sale of any of a Non-Guarantor Subsidiary's assets, would be effectively subordinated to the claims of such Non-Guarantor Subsidiary's creditors, including trade creditors and holders of preferred equity interests, if any, of such Non-Guarantor Subsidiary. Accordingly, in the event of a bankruptcy, liquidation or reorganization of any of the Non-Guarantor Subsidiaries, the Non-Guarantor Subsidiaries will pay the holders of their debts, holders of preferred equity interests, if any, and their trade creditors before they will be able to distribute any of their assets to the Company or any Guarantor Subsidiaries.

If a Guarantor Subsidiary were to become a debtor in a case under the U.S. Bankruptcy Code or encounter other financial difficulty, under federal or state fraudulent transfer or conveyance law, a court may avoid, subordinate or otherwise decline to enforce its guarantee of the Senior Notes. A court might do so if it is found that when such Guarantor Subsidiary entered into its

guarantee of the Senior Notes, or in some states when payments became due under the Senior Notes, such Guarantor Subsidiary received less than reasonably equivalent value or fair consideration and either:

- was insolvent or rendered insolvent by reason of such incurrence;
- was left with unreasonably small or otherwise inadequate capital to conduct our business; or
- believed or reasonably should have believed that it would incur debts beyond its ability to pay.

The court might also avoid the guarantee of the Senior Notes without regard to the above factors, if the court found that the Guarantor Subsidiary entered into its guarantee with actual intent to hinder, delay or defraud our creditors.

A court would likely find that a Guarantor Subsidiary did not receive reasonably equivalent value or fair consideration for its guarantee of the Senior Notes, if such Guarantor Subsidiary did not substantially benefit directly or indirectly from the funding made available by the issuance of the Senior Notes. If a court were to avoid a guarantee of the Senior Notes provided by a Guarantor Subsidiary, holders of the Senior Notes would no longer have any claim against such Guarantor Subsidiary. The measures of insolvency for purposes of these fraudulent transfer or conveyance laws will vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer or conveyance has occurred, such that we cannot predict what standards a court would use to determine whether or not a Guarantor Subsidiary was solvent at the relevant time or, regardless of the standard that a court uses, that the guarantee of a Guarantor Subsidiary would not be subordinated to such Guarantor Subsidiary's other debt. As noted above, each guarantee provided by a Guarantor Subsidiary includes a provision intended to limit the Guarantor Subsidiary's liability to the maximum amount that it could incur without causing the incurrence of obligations under its guarantee to be a fraudulent transfer or conveyance. This provision may not be effective to protect those guarantees from being avoided under fraudulent transfer or conveyance law, or it may reduce that Guarantor Subsidiary's obligation to an amount that effectively makes its guarantee worthless, and we cannot predict whether a court will ultimately find it to be effective.

On the basis of historical financial information, operating history and other factors, we believe that each of the Guarantor Subsidiaries, after giving effect to the issuance of its guarantee of the Senior Notes when such guarantee was issued, was not insolvent, did not have unreasonably small capital for the business in which it engaged and did not and has not incurred debts beyond its ability to pay such debts as they mature. We cannot assure you, however, as to what standard a court would apply in making these determinations or that a court would agree with our conclusions in this regard.

## **Reconciliations of Non-GAAP Financial Measures to the Comparable GAAP Measures**

### *Reconciliation of Adjusted Income from Continuing Operations Attributable to Enpro Inc.*

We believe that it would be helpful to the readers of the financial statements to understand the impact of certain selected items on our reported income from continuing operations attributable to Enpro Inc. and diluted earnings per share attributable to Enpro Inc. continuing operations, including items that may recur from time to time. The items adjusted for in these non-GAAP financial measures are those that are excluded by management in budgeting or projecting for performance in future periods, as they typically relate to events specific to the period in which they occur. Accordingly, these are some of the factors the company uses in internal evaluations of the overall performance of its businesses. In addition, management believes these non-GAAP financial measures are commonly used financial measures for investors to evaluate the company's operating performance and, when read in conjunction with the company's consolidated financial statements, present a useful tool to evaluate the company's ongoing operations and performance from period to period. Management acknowledges that there are many items that impact a company's reported results and the adjustments reflected in these non-GAAP financial measures are not intended to present all items that may have impacted these results. In addition, these non-GAAP measures are not necessarily comparable to similarly titled measures used by other companies.



A reconciliation of (i) income from continuing operations attributable to Enpro Inc. to adjusted income from continuing operations attributable to Enpro Inc., including on a per share basis, and (ii) income from continuing operations attributable to Enpro Inc. to adjusted EBITDA for the years ended December 31, 2023, 2022 and 2021 are as follows:

	Years Ended December 31,					
	2023			2022		
		Average common shares outstanding, diluted	Per Share		Average common shares outstanding, diluted	Per Share
(In Millions Except Per Share Amounts)	\$			\$		
Income from continuing operations attributable to Enpro Inc.	\$ 10.8	21.0	\$0.51	\$ 6.7	20.9	\$0.32
Net loss attributable to redeemable non-controlling interests	(3.9)			(2.8)		
Income tax expense	30.8			24.4		
Income from continuing operations before income taxes	37.7			28.3		
Adjustments from selling, general, and administrative:						
Acquisition and divestiture expenses	1.1			1.2		
Non-controlling interest compensation allocation <sup>1</sup>	(0.3)			(0.7)		
Amortization of acquisition-related intangible assets	68.4			74.8		
Adjustments from other operating expense and cost of sales:						
Amortization of the fair value adjustment to acquisition inventory	—			13.1		
Restructuring and impairment costs	5.0			2.9		
Adjustments from other non-operating expense						
Asbestos receivable adjustment	—			2.8		
Environmental reserve adjustments	2.9			5.1		
Costs associated with previously disposed businesses	1.7			0.3		
Net loss on sale of businesses	—			0.6		
Pension expense (income) (non-service cost)	1.5			(3.6)		
Tax indemnification asset <sup>2</sup>	—			0.9		
Goodwill impairment	56.5			60.6		
Foreign exchange losses related to the divestiture of a discontinued operation <sup>3</sup>	2.2			3.8		
Other adjustments <sup>4</sup>						
Other	0.8			0.2		
Adjusted income from continuing operations before income taxes	177.5			190.3		
Adjusted tax expense	(44.4)			(51.3)		
Income from redeemable non-controlling interest, net of taxes	3.9			2.8		
Adjusted income from continuing operations attributable to Enpro Inc.	\$ 137.0	21.0	\$6.54 <sup>5</sup>	\$141.8	20.9	\$6.79 <sup>5</sup>

	Year Ended December 31,		
	2021		
(In Millions Except Per Share Amounts)	\$	Average common shares outstanding, diluted	Per Share
Income from continuing operations attributable to Enpro Inc.	\$ 56.9	20.8	\$ 2.74
Net income attributable to redeemable non-controlling interests	0.4		
Income tax expense	8.7		
Income from continuing operations before income taxes	66.0		
Adjustments from selling, general, and administrative:			
Acquisition and divestiture expenses	15.6		
Non-controlling interest compensation allocation <sup>1</sup>	4.9		
Amortization of acquisition-related intangible assets	42.1		
Adjustments from other operating expense and cost of sales:			
Restructuring and impairment costs	2.5		
Amortization of the fair value adjustment to acquisition inventory	9.4		
Adjustments from other non-operating expense			
Environmental reserve adjustments	8.3		
Costs associated with previously disposed businesses	0.4		
Net gain on sale of businesses	(17.5)		
Pension income (non-service cost)	(8.4)		
Tax indemnification asset <sup>2</sup>	3.0		
Other adjustments <sup>4</sup>			
Other	(0.2)		
Adjusted income from continuing operations before income taxes	126.1		
Adjusted tax expense	(37.8)		
Income from redeemable non-controlling interest, net of taxes	(0.4)		
<b>Adjusted income from continuing operations attributable to Enpro Inc.</b>	<b>\$ 87.9</b>	<b>20.8</b>	<b>4.23</b>

Adjustments in the tables above only reflect amounts attributable to Enpro Inc.

<sup>1</sup> Non-controlling interest compensation allocation represents compensation expense associated with a portion of the rollover equity from the acquisitions of LeanTeq and Alluxa that was subject to reduction for certain types of employment terminations of the LeanTeq and Alluxa sellers and is directly related to the terms of the respective acquisition. We acquired all of the LeanTeq non-controlling interests in the fourth quarter of 2022 and all of the Alluxa non-controlling interests in the first quarter of 2024.

<sup>2</sup> In connection with the acquisition of Aseptic in 2019, we recognized a liability for uncertain tax positions and a related indemnification asset for the portion of that liability recoverable from the seller. We determined the statute of limitations expired on some of the uncertain tax positions in 2021 and 2022 and, accordingly, removed a portion of the liability and receivable. The release of the related liability was recorded as part of our tax expense for the year ended December 31, 2021 and December 31, 2022 and the reversal of the related receivable was recorded as an expense in other non-operating income (expense) on our consolidated statement of operations.

<sup>3</sup> In connection with the sale of GGB, accounted for as a discontinued operation, in the fourth quarter of 2022, we issued an intercompany note between a domestic and foreign entity that was denominated in a foreign currency. As a result of this note, we recorded a loss due to the change in exchange rate during December 2022. In January 2023, we hedged the outstanding notes and expect future gains or losses to be minimal.

<sup>4</sup> Other adjustments are included in selling, general, and administrative, cost of sales, and other operating expenses on the consolidated statement of operations.

<sup>5</sup> Adjusted diluted earnings per share.

The adjusted income tax expense presented above is calculated using a normalized company-wide effective tax rate excluding discrete items of 25.0% for 2023, 27.0% for 2022, and 30.0% for 2021. Per share amounts were calculated by dividing by the weighted-average shares of diluted common stock outstanding during the periods.

*Reconciliation of Income from Continuing Operations Attributable to Enpro Inc. to Adjusted EBITDA*

	Years Ended December 31,		
	2023	2022	2021
Income from continuing operations attributable to Enpro Inc.	\$ 10.8	\$ 6.7	\$ 56.9
Net income (loss) attributable to redeemable non-controlling interests	(3.9)	(2.8)	0.4
Income from continuing operations	6.9	3.9	57.3
Adjustments to arrive at earnings before interest, income taxes, depreciation, amortization, and other selected items (" Adjusted EBITDA"):			
Interest expense, net	30.1	33.9	13.7
Income tax expense	30.8	24.4	8.7
Depreciation and amortization expense	94.5	103.1	63.8
Restructuring and impairment expense	5.0	2.9	2.5
Environmental reserve adjustments	2.9	5.1	8.3
Costs associated with previously disposed businesses	1.7	0.3	0.4
Net loss (gain) on sale of businesses	—	0.6	(17.5)
Acquisition and divestiture expense	1.1	1.2	15.6
Pension expense (income) (non-service cost)	1.5	(3.6)	(8.4)
Non-controlling interest compensation allocations <sup>1</sup>	(0.3)	(0.6)	5.3
Asbestos receivable adjustment	—	2.8	—
Amortization of the fair value adjustment to acquisition date inventory	—	13.3	9.9
Tax indemnification asset <sup>2</sup>	—	0.9	3.0
Goodwill impairment	60.8	65.2	—
Foreign exchange losses related to the divestiture of a discontinued operation <sup>3</sup>	2.2	3.8	—
Other	0.8	0.2	(0.2)
Adjusted EBITDA	\$ 238.0	\$ 257.4	\$ 162.4

<sup>1</sup> Non-controlling interest compensation allocation represents compensation expense associated with a portion of the rollover equity from the acquisitions of LeanTeq and Alluxa that was subject to reduction for certain types of employment terminations of the LeanTeq Executives and the Alluxa Executives and is directly related to the terms of the respective acquisition. We acquired all of the LeanTeq non-controlling interests in the fourth quarter of 2022 and all of the Alluxa non-controlling interests in the first quarter of 2024.

<sup>2</sup> In connection with the acquisition of Aseptic in 2019, we recognized a liability for uncertain tax positions and a related indemnification asset for the portion of that liability recoverable from the seller. We determined the statute of limitations expired on some of the uncertain tax positions in 2021 and, accordingly, removed a portion of the liability and receivable. The release of the related liability was recorded as part of our tax expense for the year ended December 31, 2021 and the reversal of the related receivable was recorded as an expense in other non-operating income (expense) on our consolidated statement of operations.

<sup>3</sup> In connection with the sale of GGB, accounted for as a discontinued operation, in the fourth quarter of 2022, we issued an intercompany note between a domestic and foreign entity that was denominated in a foreign currency. As a result of this

note, we recorded a loss due to the change in exchange rate during December 2022. In January 2023, we hedged the outstanding notes and expect future gains or losses to be minimal.

Adjusted EBITDA as presented in the table above also represents the amount defined as "EBITDA" under the indenture governing the Senior Notes.

*Reconciliation of Income from Continuing Operations Attributable to Enpro Inc. to Total Adjusted Segment EBITDA*

The reconciliation of income from continuing operations attributable to Enpro Inc. to total adjusted segment EBITDA for the years ended December 31, 2023, 2022 and 2021 is included in "—Results of Operations."

**ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

We are exposed to certain market risks as part of our ongoing business operations, including risks from changes in foreign currency exchange rates and interest rates that could affect our financial condition, results of operations and cash flows. We manage our exposure to these and other market risks through normal operating and financing activities and through the use of derivative financial instruments. We intend to use derivative financial instruments as risk management tools and not for speculative investment purposes.

***Interest Rate Risk***

We are exposed to interest rate risk as a result of our outstanding debt obligations. The table below provides information about the maturities of our fixed rate debt obligations as of December 31, 2023. The table represents principal cash flows (in millions) and related weighted average interest rates by the contractual maturity dates.

	2024	2025	2026	2027	2028	Total	Fair Value
Fixed rate debt	\$ 0.2	\$ 0.2	\$ 350.2	\$ 0.2	\$ 0.1	\$ 350.9	\$ 350.6
Average interest rate	4.1 %	4.1 %	5.8 %	4.9 %	4.8 %	5.7 %	

The table above excludes unamortized debt discount of \$2.1 million at December 31, 2023.

Additionally, we had \$299.3 million outstanding on the Amended Credit Agreement as of December 31, 2023, which has a variable interest rate that adjusts at least quarterly. A change in interest rates on variable-rate debt affects the interest expense incurred and cash flows, but does not affect the net balance sheet liability of the financial instrument.

***Foreign Currency Risk***

We are exposed to foreign currency risks arising from normal business operations. These risks include the translation of local currency balances of our foreign subsidiaries, intercompany loans with foreign subsidiaries and transactions denominated in foreign currencies. Our objective is to control our exposure to these risks and limit the volatility in our reported earnings due to foreign currency fluctuations through our normal operating activities and, where appropriate, through foreign currency forward contracts and option contracts. In December 2022, we entered into a forward contract to hedge a 95 million Euro exposure of an intercompany note agreement related to the proceeds from the GGB sale allocated to foreign subsidiaries. We expect this position to be resolved in 2024. The notional amount of foreign exchange contracts hedging foreign currency transactions was \$110.5 million and \$103.3 million as of December 31, 2023 and 2022, respectively. All foreign exchange contracts outstanding at December 31, 2023 expired in January 2024.

***Commodity Risk***

We source a wide variety of materials and components from a network of global suppliers. While such materials are typically available from numerous suppliers, commodity raw materials such as steel, engineered plastics, copper and polymers, are subject to price fluctuations, which could have a negative impact on our results. We strive to pass along such commodity price increases to customers to avoid profit margin erosion and utilize lean initiatives to further mitigate the impact of commodity raw material price fluctuations as we achieve improved efficiencies. We do not hedge commodity risk with any market risk sensitive instruments.

## ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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## ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

## ITEM 9A. CONTROLS AND PROCEDURES

### *Disclosure Controls and Procedures*

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our chief executive officer and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the “Exchange Act”). The purpose of our disclosure controls and procedures is to provide reasonable assurance that information required to be disclosed in our reports filed under the Exchange Act, including this report, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

Based on the controls evaluation, our chief executive officer and chief financial officer have concluded that our disclosure controls and procedures were effective as of December 31, 2023 to provide reasonable assurance that information required to be disclosed in our reports filed under the Exchange Act is recorded, processed, summarized and reported within the time periods specified, and that such information is accumulated and communicated to management, including its chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

### *Management's Report on Internal Control over Financial Reporting*

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Exchange Act. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

We carried out an evaluation, under the supervision and with the participation of our chief executive officer and our chief financial officer, of the effectiveness of our internal control over financial reporting as of the end of the period covered by this report. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in the *Internal Control-Integrated Framework* (2013). Based on our assessment, we have concluded, as of December 31, 2023, our internal control over financial reporting was effective based on those criteria.

The effectiveness of our internal control over financial reporting as of December 31, 2023, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears in this Annual Report on Form 10-K.

Management does not expect our disclosure controls and procedures or internal controls to prevent all errors and all fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance all control issues and instances of fraud, if any, within the company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies and procedures may deteriorate.

#### ***Changes in Internal Control Over Financial Reporting***

There were no changes to our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended December 31, 2023 that materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

#### **ITEM 9B. OTHER INFORMATION**

During 2023, none of the Company's directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement" (as such terms are defined in Item 408 of Regulation S-K).

#### **ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS**

Not applicable.

## PART III

### ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information concerning our directors and officers appearing under the captions “Election of directors,” “Corporate governance policies and practices,” and information under the caption “Beneficial ownership of our common stock; – Delinquent Section 16(a) reports” in our definitive proxy statement for the 2024 annual meeting of shareholders is incorporated herein by reference.

We have adopted a written code of business conduct (the "Code") that applies to all of our directors, officers and employees, including our principal executive officer, principal financial officer and principal accounting officer. The Code is available on our Internet site at [www.enpro.com](http://www.enpro.com). We intend to disclose on our Internet site any substantive changes to the Code and any waivers granted under the Code to the specified officers.

### ITEM 11. EXECUTIVE COMPENSATION

The information set forth under the captions "Compensation and Human Resources Committee report on executive compensation," "Compensation discussion and analysis" and “Executive compensation” (other than the information appearing under the heading "Payment versus performance") in our definitive proxy statement for the 2024 annual meeting of shareholders is incorporated herein by reference.

### ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Security ownership data appearing under the caption “Beneficial ownership of our common stock” in our definitive proxy statement for the 2024 annual meeting of shareholders is incorporated herein by reference.

The table below contains information as of December 31, 2023, with respect to our compensation plans and arrangements (other than our tax-qualified plans) under which we have options, warrants or rights to receive equity securities authorized for issuance.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	413,922 <sup>(1)</sup>	\$88.68 <sup>(2)</sup>	814,164
Equity compensation plans not approved by security holders	—	—	—
Total	413,922 <sup>(1)</sup>	\$88.68 <sup>(2)</sup>	814,164

- (1) Includes shares issuable under restricted share unit awards and under performance share awards granted under our shareholder-approved equity compensation plans. This amount includes shares payable at the maximum level for performance share awards for the 2023 – 2025 performance cycles. Performance share awards for the 2021 – 2023 and 2022 – 2024 performance cycles are settled in cash.
- (2) The weighted average exercise price does not take into account awards of phantom shares or restricted share units. Information with respect to these awards is incorporated by reference to the information appearing under the captions “Corporate governance policies and practices — Director compensation,” “Compensation discussion and analysis — 2023 executive compensation decisions in detail — Long-term compensation and “Executive compensation — Grants of plan based awards — Restricted stock unit awards” in our definitive proxy statement for the 2024 annual meeting of shareholders.

**ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

Information concerning the independence of our directors is set forth under the caption, “Corporate governance policies and practices – Director independence” in our definitive proxy statement for the 2024 annual meeting of shareholders and is incorporated herein by reference.

**ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

Information appearing under the caption “Independent registered public accounting firm” in our definitive proxy statement for the 2024 annual meeting of shareholders is incorporated herein by reference.

**PART IV**

**ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**

(a) The following documents are filed as part of this report:

1. Financial Statements

The financial statements filed as part of this report are listed in Part II, Item 8 of this report on the Index to Consolidated Financial Statements.

2. Financial Statement Schedule

Schedule II – Valuation and Qualifying Accounts for the years ended December 31, 2023, 2022 and 2021 appears on page 95.

Other schedules are omitted because of the absence of conditions under which they are required or because the required information is provided in the Consolidated Financial Statements or notes thereto.

3. Exhibits

The exhibits to this report on Form 10-K are listed in the Exhibit Index appearing on pages 46 to 49.

**ITEM 16. FORM 10-K SUMMARY**

None



## EXHIBIT INDEX

- 2.1 Securities Purchase Agreement dated as of July 19, 2019 between the Company, the Sellers listed therein, Shareholder Representative Services LLC, and the Optionholder listed therein relating to the purchase and sale of 100% of the interests of LeanTeq Co., LTD and LeanTeq LLC (incorporated by reference to Exhibit 2.1 to the Form 8-K filed on July 22, 2019 by the Company (File No. 001-31225))
- 2.2 Membership Interest Purchase Agreement dated as of December 12, 2019 among EnPro Holdings, Inc., Fairbanks Morse, LLC and Arcline FM Holdings, LLC (incorporated by reference to Exhibit 2.1 to the Form 8-K filed on December 13, 2019 by the Company (File No. 001-31225))
- 2.3 Merger Agreement dated as of September 25, 2020 among the Company, Vision Investment, LLC, Vision Investment Merger Sub, Inc., Alluxa, Inc., Michael Scobey, as representative of the equityholders of Alluxa, Inc. and certain specified shareholders of Alluxa, Inc. (incorporated by reference to Exhibit 2.1 to the Form 8-K filed on September 28, 2020 by the Company (File No. 001-31225))
- 2.4 Purchase and Sale Agreement dated as of November 4, 2021 among TCFII NxEdge Holdings, LLC, TCFII NxEdge LLC and EnPro Holdings, Inc. (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8 K filed by the Company on November 5, 2021 (File No. 001-31225))
- 2.5 Equity and Asset Purchase Agreement dated as of October 12, 2021 among EnPro Holdings, Inc., Compressor Products Holdings Limited (UK), EnPro Hong Kong Holdings Company Limited, Garlock GmbH, Coltec Industries France SAS, Compressor Products International Canada, Inc., Garlock of Canada Ltd., Granite US Holdings Corporation and Granite Holdings II B.V. (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8 K filed by the Company on October 12, 2021 (File No. 001-31225))
- 2.6 Put Option Agreement dated as of October 12, 2021 between EnPro Holdings, Inc., Coltec Industries France SAS and Granite US Holdings Corporation (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8 K filed by the Company on October 12, 2021 (File No. 001-31225))
- 2.7 Equity Purchase Agreement dated as of September 5, 2022 between EnPro Holdings, Inc. EnPro Luxembourg Holding Company S.A.R.L., EnPro German Holding GmbH, Coltec Industries Pacific PTE. LTD. and Garlock GmbH and The Timken Company, Groeneveld-Beka GmbH, Groeneveld-Beka France S.a.r.l and Timken Europe B.V. (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8 K filed by the Company on September 6, 2022 (File No. 001-31225))
- 2.8 Put Option Agreement dated as of September 5, 2022 between EnPro Holdings, Inc., EnPro Luxembourg Holding Company S.a.r.l., The Timken Company and Groeneveld-Beka France S.a.r.l. (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8 K filed by the Company on September 6, 2022 (File No. 001-31225))
- 2.9+\* Stock Purchase Agreement dated as of December 22, 2023 among AMI Holdco, Inc., EnPro Holdings, Inc., the Sellers party thereto and McNally Capital - AMI SPV, LLC, as Sellers' Representative
- 3.1\* Restated Articles of Incorporation, as amended
- 3.2 Amended and Restated Bylaws (incorporated by reference to Exhibit 3.2 to the Form 8-K filed on December 4, 2023 by the Company (File No. 001-31225))
- 4.1\* Form of certificate representing shares of common stock, par value \$0.01 per share of the Company
- 4.2 Indenture dated as of October 17, 2018 among the Company, the Guarantors party thereto and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Form 8-K filed on October 17, 2018 by the Company (File No. 001-31225))
- 4.3\* Description of Capital Stock
- 10.1 Third Amended and Restated Credit Agreement dated as of December 17, 2021 among the Company and EnPro Holdings, Inc., as borrowers, certain foreign subsidiaries of the Company from time to time party thereto, as designated borrowers, the guarantors party thereto, the lenders party thereto and Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer (incorporated by reference to Exhibit 10.1 to the Form 8-K filed on December 17, 2021 by the Company (File No. 001-31225))
- 10.2 First Amendment to Third Amended and Restated Credit Agreement dated as of November 8, 2022 among the Company, EnPro Holdings, Inc., the Guarantors party hereto, the Lenders party hereto and Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer (incorporated by reference to Exhibit 10.2 to the Form 10-K for the year ended December 31, 2022 filed by the Company (File No. 001-31225))

- 10.3 Form of Indemnification Agreement for directors and officers (incorporated by reference to Exhibit 10.5 to Amendment No. 3 of the Registration Statement on Form 10 of the Company (File No. 001-31225))
- 10.4+ 2020 Equity Compensation Plan (incorporated by reference to Appendix A to the Proxy Statement on Schedule 14A filed by the Company on March 26, 2020 (File No. 001-31225))
- 10.5+ Amended and Restated 2002 Equity Compensation Plan (2016 Amendment and Restatement) (incorporated by reference to Annex A to the Proxy Statement on Schedule 14A filed by the Company on March 31, 2016 (File No. 001-31225))
- 10.6+ Senior Executive Annual Performance Plan (2012 Amendment and Restatement) (incorporated by reference to Appendix A to the Proxy Statement on Schedule 14A dated March 23, 2017 filed by the Company (File No. 001-31225))
- 10.7+ Long-Term Incentive Plan (2016 Amendment and Restatement) (incorporated by reference to Appendix B to the Proxy Statement on Schedule 14A dated March 23, 2017 filed by the Company (File No. 001-31225))
- 10.8+ Management Stock Purchase Deferral Plan (2019 Amendment and Restatement) incorporated by reference to Exhibit 10.2 to the Form 10-Q for the period ended March 31, 2019 filed by the Company (File No. 001-31225)
- 10.9+ Form of Phantom Shares Award Grant for Outside Directors (2020 Equity Compensation Plan) (incorporated by reference to Exhibit 10.10 to the Form 10-K for the year ended December 31, 2020 filed by the Company (File No. 001-31225))
- 10.10+ Form of Restricted Share Units Award Agreement (2020 Equity Compensation Plan) (incorporated by reference to Exhibit 10.11 to the Form 10-K for the year ended December 31, 2020 filed by the Company (File No. 001-31225))
- 10.11+ Form of Restricted Share Units Award Agreement (2020 Equity Compensation Plan) (Revised 2023) (incorporated by reference to Exhibit 10.11 to the Form 10-K for the year ended December 31, 2022 filed by the Company (File No. 001-31225))
- 10.12+ Form of Performance Share Units Agreement (2020 Equity Compensation Plan) (incorporated by reference to Exhibit 10.12 to the Form 10-K for the year ended December 31, 2020 filed by the Company (File No. 001-31225))
- 10.13+\* Form of Long-Term Incentive Plan Award Agreement (Performance Share Award—Stock Settled) (2020 Equity Compensation Plan) (Revised 2023, as corrected)
- 10.14+ Form of Notice of Grant of Stock Options and Stock Option Agreement (2020 Equity Compensation Plan) (incorporated by reference to Exhibit 10.13 to the Form 10-K for the year ended December 31, 2020 filed by the Company (File No. 001-31225))
- 10.15+\* Form of Restricted Share Units Award Agreement (2020 Equity Compensation Plan) (Revised 2024)
- 10.16+\* Form of Notice of Grant of Stock Options and Stock Option Agreement (2020 Equity Compensation Plan) (Incentive Stock Option) (Revised 2024)
- 10.17+\* Form of Notice of Grant of Stock Options and Stock Option Agreement (2020 Equity Compensation Plan) (Incentive Stock Option) (Revised 2024)
- 10.18+\* Form of Performance Share Award Agreement (Stock Settled) (2020 Equity Compensation Plan) (Revised 2024)
- 10.19+ Form of Phantom Shares Award Grant for Outside Directors (2002 Equity Compensation Plan) (incorporated by reference to Exhibit 10.7 to the Form 10-K for the year ended December 31, 2012 filed by the Company (File No. 001-31225))
- 10.20+ Form Restricted Share Units Award Agreement (2002 Equity Compensation Plan) (incorporated by reference to Exhibit No. 10.10 to the Form 10-K for the year ended December 31, 2015 filed by the Company (File No. 001-31225))
- 10.21+ Defined Benefit Restoration Plan (amended and restated effective as of January 1, 2007) (incorporated by reference to Exhibit 10.25 to the Form 10-K for the year ended December 31, 2006 filed by the Company (File No. 001-31225))

- 10.22+ Deferred Compensation Plan (as amended and restated effective January 1, 2010) (incorporated by reference to Exhibit 10.16 to the Form 10-K for the year ended December 31, 2013 filed by the Company (File No. 001-31225))
- 10.23+ Amendment dated December 12, 2014 to Deferred Compensation Plan (as amended and restated effective January 1, 2010) (incorporated by reference to Exhibit 10.17 to the Form 10-K for the year ended December 31, 2014 filed by the Company (File No. 001-31225))
- 10.24+ Deferred Compensation Plan for Non-Employee Directors (as amended and restated effective January 1, 2016) (incorporated by reference to Exhibit 10.19 to the Form 10-K for the year ended December 31, 2015 filed by the Company (File No. 001-31225))
- 10.25+ Outside Directors' Phantom Share Plan (incorporated by reference to Exhibit 10.14 to the Form 10-K for the year ended December 31, 2002 filed by the Company (File No. 001-31225))
- 10.26+ Management Continuity Agreement dated as of May 1, 2013 between the Company and Eric A. Vaillancourt (incorporated by reference to Exhibit 10.2 to the Form 10-Q for the quarter ended June 30, 2013 filed by the Company (File No. 001-31225))
- 10.27+ Management Continuity Agreement dated as of January 30, 2006 between the Company and J. Milton Childress II (incorporated by reference to Exhibit 10.28 to the Form 10-K for the year ended December 31, 2005 filed by the Company (File No. 001-31225))
- 10.28+ Management Continuity Agreement dated as of May 5, 2010 between the Company and Robert S. McLean (incorporated by reference to Exhibit 10.1 to the Form 10-Q for the period ended June 30, 2010 filed by the Company (File No. 001-31225))
- 10.29+ Management Continuity Agreement dated as of March 31, 2015 between the Company and Steven R. Bower (incorporated by reference to Exhibit 10.2 to the Form 10-Q for the quarter ended March 31, 2015 filed by EnPro Industries, Inc. (File No. 001-31225))
- 10.30+ Senior Officer Severance Plan (effective as of June 5, 2017) incorporated by reference to Exhibit 10.31 to the Form 10-K for the year ended December 31, 2017 filed by the Company (File No. 001-31225))

21*	List of Subsidiaries
22.1*	List of Guarantor Subsidiaries
23.1*	Consent of PricewaterhouseCoopers LLP
24.1*	Power of Attorney from William Abbey
24.2*	Power of Attorney from Tom Botts
24.3*	Power of Attorney from Felix M. Brueck
24.4*	Power of Attorney from Adele M. Gulfo
24.5*	Power of Attorney from Kees van der Graaf
24.6*	Power of Attorney from Ronald C. Keating
24.7*	Power of Attorney from David L. Hauser
24.8*	Power of Attorney from John Humphrey
24.9*	Power of Attorney from Judith A. Reinsdorf
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a – 14(a)/15d – 14(a)
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a – 14(a)/15d – 14(a)
32*	Certification pursuant to Section 1350
97*	Dodd-Frank Clawback Policy
101.INS*	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definitions Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in the Interactive Data Files submitted as Exhibits 101.*)

\* Items marked with an asterisk are filed herewith.

+ Management contract or compensatory plan required to be filed under Item 15(c) of this report and Item 601 of Regulation S-K of the Securities and Exchange Commission.



## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Enpro Inc.

### ***Opinions on the Financial Statements and Internal Control over Financial Reporting***

We have audited the accompanying consolidated balance sheets of Enpro Inc. and its subsidiaries (the “Company”) as of December 31, 2023 and 2022, and the related consolidated statements of operations, of comprehensive income, of changes in shareholders' equity and of cash flows for each of the three years in the period ended December 31, 2023, including the related notes and financial statement schedule listed in the index appearing under Item 15(a)(2) (collectively referred to as the “consolidated financial statements”). We also have audited the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

### ***Basis for Opinions***

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

### ***Definition and Limitations of Internal Control over Financial Reporting***

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### ***Critical Audit Matters***

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

#### *Interim and Annual Goodwill Impairment Tests – Alluxa and Semiconductor Reporting Units*

As described in Notes 1 and 8 to the consolidated financial statements, the Company's consolidated goodwill balance was \$808.4 million as of December 31, 2023, and the goodwill associated with Alluxa and Semiconductor reporting units was \$0 and \$532.2 million, respectively. Goodwill is not amortized, but instead is subject to impairment testing that is conducted at least annually each calendar year in the fourth quarter. Interim tests during the year may be required if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. The goodwill asset impairment test involves comparing the fair value of a reporting unit to its carrying amount. An impairment charge is recognized when the carrying amount exceeds the reporting unit's fair value. The loss recognized would not exceed the total amount of goodwill allocated to the reporting unit. In the second quarter of 2023, management determined the lower than previously projected actual and forecasted financial performance of the Alluxa and Semiconductor reporting units was a triggering event for interim goodwill impairment tests. Management determined the carrying value of the Alluxa reporting unit exceeded its fair value, and as a result, impaired the remaining \$60.8 million of goodwill that was related to the Alluxa reporting unit. Both the annual and interim impairment tests of goodwill for the Semiconductor reporting unit indicated there was no impairment of goodwill. To estimate the fair value of the reporting units, management uses both a discounted cash flow and a market valuation approach. The key assumptions used for the discounted cash flow and market valuation approaches include projected revenues and profit margins, projected capital expenditures, changes in working capital, the discount rates, the tax rates, and market multiples of similar companies.

The principal considerations for our determination that performing procedures relating to the interim and annual goodwill impairment tests of the Alluxa and Semiconductor reporting units is a critical audit matter are (i) the significant judgment by management when developing the fair value estimates of the Alluxa and Semiconductor reporting units; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's significant assumptions related to projected revenues and profit margins for the Alluxa reporting unit as of the interim goodwill impairment test, projected revenues, profit margins, and the discount rate for the Semiconductor reporting unit as of the interim goodwill impairment test, and projected revenues and profit margins for the Semiconductor reporting unit as of the annual goodwill impairment test; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's goodwill impairment tests, including controls over the valuation of the Alluxa and Semiconductor reporting units. These procedures also included, among others (i) testing management's process for developing the fair value estimates of the Alluxa and Semiconductor reporting units; (ii) evaluating the appropriateness of the discounted cash flow approach used by management; (iii) testing the completeness and accuracy of underlying data used in the discounted cash flow approach; and (iv) evaluating the reasonableness of the significant assumptions used by management related to projected revenues, profit margins, and the discount rate. Evaluating management's assumptions related to projected revenues and profit margins involved evaluating whether the assumptions used by management were reasonable considering (i) the current and past performance of the Alluxa and Semiconductor reporting units; (ii) the consistency with external market and industry data; and (iii) whether the assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in evaluating (i) the appropriateness of the discounted cash flow approach and (ii) the reasonableness of the discount rate assumption.

/s/ PricewaterhouseCoopers LLP  
Charlotte, North Carolina  
February 27, 2024

We have served as the Company's auditor since 2004.





**ENPRO INC.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**Years Ended December 31, 2023, 2022 and 2021**  
**(in millions)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Net income attributable to Enpro Inc.	\$ 22.2	\$ 205.1	\$ 177.9
Other comprehensive income:			
Foreign currency translation adjustments	11.0	(34.1)	19.8
Pension and postretirement benefits adjustment (excluding amortization)	(2.6)	(17.0)	4.8
Pension settlements and curtailments	0.3	(1.0)	—
Amortization of pension and postretirement benefits included in net income	0.7	0.8	0.9
Other comprehensive income (loss), before tax	9.4	(51.3)	25.5
Income tax benefit (expense) related to items of other comprehensive income	1.7	—	(5.6)
Other comprehensive income (loss), net of tax	11.1	(51.3)	19.9
Less: other comprehensive income (loss) attributable to non-controlling interests	—	(3.4)	0.4
Other comprehensive income (loss), net of tax attributable to Enpro Inc.	11.1	(47.9)	19.5
Comprehensive income attributable to Enpro Inc.	<u>\$ 33.3</u>	<u>\$ 157.2</u>	<u>\$ 197.4</u>

See notes to Consolidated Financial Statements.



	<u>2023</u>	<u>2022</u>	<u>2021</u>
Income taxes, net of refunds received	\$ 17.2	\$ 80.8	\$ 6.4
Non-cash investing and financing activities			
Non-cash acquisitions of property, plant and equipment	\$ 0.2	\$ 0.7	\$ 0.7

See notes to Consolidated Financial Statements.





**ENPRO INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**1. Overview, Basis of Presentation, and Significant Accounting Policies**

***Overview***

Enpro Inc. (“we,” “us,” “our,” “Enpro,” or the “Company”) is a leading-edge industrial technology company focused on critical applications across a diverse group of growing end markets such as semiconductor, industrial process, commercial vehicle, sustainable power generation, aerospace, food and pharmaceutical, photonics and life sciences. The Company is a leader in applied engineering and designs, develops, manufactures, and markets proprietary, value-added products and solutions that contribute key functionality or safeguard a variety of critical environments.

Over the past several years, we have executed several strategic initiatives to focus the portfolio of businesses where we offer proprietary, industrial technology-related products and solutions with high barriers to entry, compelling margins, strong cash flow, and perpetual recurring/aftermarket revenue streams in markets with favorable secular tailwinds.

***Basis of Presentation***

The Consolidated Financial Statements reflect the accounts of the Company and our majority-owned and controlled subsidiaries. All intercompany accounts and transactions between our consolidated operations have been eliminated.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the amounts of assets and liabilities and the disclosures regarding contingent assets and liabilities at period end and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

***Summary of Significant Accounting Policies***

***Revenue Recognition*** – The largest stream of revenue is product revenue for shipments of the various products discussed further in Note 18, "Business Segment Information," along with a smaller amount of revenue from services that typically take place over a short period of time. We recognize revenue at a point in time following the transfer of control, which typically occurs when a product is shipped or delivered, depending on the terms of the sale agreement, or when services are rendered. Shipping costs billed to customers are recognized as revenue and expensed in cost of goods sold as a fulfillment cost when control of the product transfers to the customer. Payment from customers is typically due within 30 days of the sale for sales in the U.S. For sales outside of the U.S., payment terms may be longer based upon local business customs, but are typically due no later than 90 days after the sale.

***Redeemable Non-Controlling Interests*** – Non-controlling interests in subsidiaries that are redeemable for cash or other assets outside of our control are classified as mezzanine equity, outside of equity and liabilities, at the greater of the carrying value or the redemption value. The increases or decreases in the estimated redemption amount are recorded with corresponding adjustments against equity and are reflected in the computation of earnings per share. At December 31, 2023, the redeemable non-controlling interest relates solely to Alluxa.

***Foreign Currency Translation*** – The financial statements of those operations whose functional currency is a foreign currency are translated into U.S. dollars using the current rate method. Under this method, all assets and liabilities are translated into U.S. dollars using current exchange rates, and income statement activities are translated using average exchange rates. The foreign currency translation adjustment is included in accumulated other comprehensive income (loss) in the Consolidated Balance Sheets. Gains and losses on foreign currency transactions are included in operating income. Foreign currency transaction losses (gains) totaled \$1.3 million, \$(4.8) million, and \$1.7 million, respectively, in 2023, 2022, and 2021. In addition to these transaction losses (gains), we recorded \$2.2 million and \$3.8 million, respectively, in 2023 and 2022 of foreign currency transaction losses in other non-operating expense. These losses resulted from an intercompany note between a domestic and foreign subsidiary, related to the divestiture of discontinued operations, that was denominated in a foreign currency.

***Research and Development Expense*** – Costs related to research and development activities are expensed as incurred. We perform research and development primarily under company-funded programs for commercial products. Research and development expenditures in 2023, 2022, and 2021 were \$9.5 million, \$10.1 million, and \$9.8 million, respectively, and are included in selling, general and administrative expenses in the Consolidated Statements of Operations.



value and, as a result, we impaired the remaining \$60.8 million of goodwill related to Alluxa. Our Consolidated Balance Sheet at December 31, 2023 reflects no goodwill related to Alluxa.

The fair value of our semiconductor reporting unit, included in the Advanced Surface Technologies segment, exceeded carrying value by approximately 20% as of November 1, 2023. The carrying value of the Semiconductor reporting unit as of December 31, 2023 includes \$532.2 million of goodwill. In the second quarter of 2023, we determined the lower than previously projected actual and forecasted financial performance of our Semiconductor reporting unit to be a triggering event for an interim goodwill impairment test. We determined the fair value exceeded the carrying value as of June 30, 2023. Our Semiconductor reporting unit's value increased from our interim test as of June 30, 2023 due to further progression in our growth initiatives for the reporting unit. We considered the sensitivity of the valuation of our Semiconductor reporting unit to adverse changes in our projected cash flows under three separate alternative scenarios. First, with a 5% reduction in forecasted sales used in our valuation model, we estimate the fair value of the Semiconductor reporting unit would exceed its carrying value by approximately 12%. Second, with a 1% increase in the discount rate as of November 1, 2023 we estimate our fair value of the Semiconductor reporting unit would exceed its carrying value by approximately 9%. For the third scenario, the combination of a 1% increase in discount rate and 5% reduction in forecasted sales would result in the fair value of our Semiconductor reporting unit approximating the carrying value. All annual and interim impairment tests of goodwill for the Semiconductor reporting unit performed during the 3-years ended December 31, 2023 indicated there was no impairment of goodwill for the Semiconductor reporting unit.

The fair value of the three reporting units of our Sealing Technologies segment all exceeded their respective carrying values by more than 75% as of November 1, 2023. Our annual impairment test of the goodwill for the three reporting units of our Sealing Technologies segment as of November 1, 2022 and 2021 indicated no impairment.

Annual assessments are conducted in the context of information that was reasonably available to us as of the date of the assessment including our best estimates of future sales volumes and prices, material and labor cost and availability, operational efficiency including the impact of projected capital asset additions, and the discount rates and tax rates.

Other intangible assets are recorded at cost or, when acquired as a part of a business combination, at estimated fair value. These assets include customer relationships, patents and other technology-related assets, trademarks, licenses, and non-compete agreements. Intangible assets that have definite lives are amortized using a method that reflects the pattern in which the economic benefits of the assets are consumed or the straight-line method over estimated useful lives of 1 to 21 years. Intangible assets with indefinite lives, which are primarily trade names, are subject to at least annual impairment testing, which were conducted as of November 1 in 2023, 2022, and 2021. The impairment testing compares the fair value of the intangible asset with its carrying amount using the relief from royalty method. The testing completed as of November 1, 2023, 2022 and 2021, indicated no impairment. Interim tests may be required if an event occurs or circumstances change that would more likely than not reduce the fair value below the carrying value or change the useful life of the assets.

*Debt* – Debt issuance costs associated with our senior secured revolving credit facility are presented as an asset and subsequently amortized into interest expense ratably over the term of the revolving debt arrangement. Debt issuance costs associated with any of our other debt instruments that are incremental third-party costs of issuing the debt are recognized as a reduction in the carrying value of the debt and amortized into interest expense over the time period to maturity using the interest method.

*Derivative Instruments* – We use derivative financial instruments to manage our exposure to various risks. The use of these financial instruments modifies the exposure with the intent of reducing our risk. We do not use financial instruments for trading purposes, nor do we use leveraged financial instruments. The counterparties to these contractual arrangements are major financial institutions. We use multiple financial institutions for derivative contracts to minimize the concentration of credit risk. The current accounting rules require derivative instruments, excluding certain contracts that are issued and held by a reporting entity that are both indexed to its own stock and classified in shareholders' equity, be reported in the Consolidated Balance Sheets at fair value and that changes in a derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met.

*Fair Value Measurements* – Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

We utilize a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

- Level 1: Observable inputs such as quoted prices in active markets for identical assets or liabilities.





incurred and included in selling, general and administrative expense in the accompanying Consolidated Statement of Operations for the year then ended.

On October 26, 2020, a subsidiary of Enpro formed for this purpose (the "Alluxa Acquisition Subsidiary") acquired all of the equity securities of Alluxa, Inc. ("Alluxa"), a privately held, California-based company. Alluxa is an industrial technology company that provides specialized optical filters and thin-film coatings for the most challenging applications in the industrial technology, life sciences, and semiconductor markets. Alluxa's products are developed through a proprietary coating process using state-of-the-art advanced equipment. Alluxa is included in our Advanced Surface Technologies segment.

Alluxa works in collaboration with customers across major end markets to provide customized, complex precision coating solutions through its specialized technology platform and proprietary processes. Alluxa has cultivated long-standing customer relationships across its diversified customer base. Alluxa's global distribution capabilities support the company's international reach, serving customers across the Americas, Europe, and Asia. Founded in 2007, Alluxa has two locations in California and is headquartered in Santa Rosa, California.

In connection with the completion of the transaction, we entered into a limited liability operating agreement (the "Alluxa LLC Agreement") with respect to the "Alluxa Acquisition Subsidiary" in connection with the rollover transaction with the Alluxa Executives receiving approximately 7% of the equity interests of the Alluxa Acquisition Subsidiary in return for their contribution of the rollover shares of Alluxa. Pursuant to the Alluxa LLC Agreement, each Alluxa Executive has the right to sell to us, and we have the right to purchase from each Alluxa Executive (collectively, the "Put and Call Rights"), one-third of the Alluxa Executive equity interests in the Alluxa Acquisition Subsidiary during each of three exercise periods in 2024, 2025 and 2026, with any amount not sold or purchased in a prior exercise period being carried forward to the subsequent exercise periods (although for one Alluxa Executive who transitioned to a consulting role on January 1, 2023, the full amount of his equity interests are subject to the Company's right to purchase on June 30, 2024, with two-thirds of the equity interests purchasable at the fixed value of the equity interests as set forth in the Alluxa LLC Agreement). The Alluxa LLC Agreement also provides for the purchase by us of all of an Alluxa Executive's equity interests in the Alluxa Acquisition Subsidiary in connection with the termination of employment of the Alluxa Executive under specified circumstances, with payments in certain circumstances to be made in annual installments. In certain cases involving the termination of an Alluxa Executive's employment, the consideration payable to an Alluxa Executive for the purchase of his equity interests is equal to the fixed value set forth in the Alluxa LLC Agreement (an aggregate of \$17.85 million for all of the Alluxa Executives). In all other cases, including upon any exercise of the Alluxa Put and Call Rights, the consideration payable under the Alluxa LLC Agreement in connection with any such purchase by us of an Alluxa Executive's equity interests in the Alluxa Acquisition Subsidiary is equal to the greater of the fixed value of the equity interests as set forth in the Alluxa LLC Agreement or a price based upon a multiple of twelve-month adjusted EBITDA based upon certain financial metrics of the Alluxa Acquisition Subsidiary, plus cash and less indebtedness of the Alluxa Acquisition Subsidiary prior to the relevant payment, and subject to certain adjustments dependent upon the circumstances of the purchase and sale.

On September 25, 2019, we acquired all of the equity securities of LeanTeq Co., Ltd. and its affiliate LeanTeq LLC (collectively referred to as "LeanTeq"). LeanTeq primarily provides refurbishment services for critical components and assemblies used in state-of-the-art semiconductor equipment. This equipment is used to produce the latest and most technologically advanced microchips for smartphones, autonomous vehicles, high-speed wireless connectivity, artificial intelligence, and other leading-edge applications. Founded in 2011 and headquartered in Taoyuan City, Taiwan, LeanTeq has two locations in Taiwan and one in the United States (Silicon Valley). LeanTeq is included within the Advanced Surface Technologies segment.

A limited liability company agreement (the "LeanTeq LLC Agreement") entered into with respect to Lunar as part of the LeanTeq acquisition, provided Enpro with the right to buy from each LeanTeq Executive (each a LeanTeq "Call Option"), and each LeanTeq Executive with the right to sell to Enpro (the "Put Option") such LeanTeq Executive's Rollover Equity as follows:

Enpro had the right to buy, and the LeanTeq Executive had the right to sell, such Rollover Equity within 90 days following the third anniversary of the closing and payable in two installments as follows (the "Put/Call Price"):

- Half of the price payable for the Rollover Equity is to be equal to a pro rata portion of a multiple of EBITDA (as defined) of Lunar (on a consolidated basis) during the last 12 months ("LTM") ending on the closest month end prior to the last month end before the purchase or sale (the "First Measurement Date") less Lunar's consolidated net debt in excess of cash as of the First Measurement Date (the "First Exercise Price"). The applicable multiple depends on the future LTM EBITDA margin and revenue growth;
- The remaining half of the price payable for the Rollover Equity is to be equal to an amount that is the higher of the First Exercise Price and a pro rata portion of a multiple of EBITDA of Lunar (on a consolidated basis) during the



Restructuring and impairment costs by reportable segment are as follows:

	Years Ended December 31,		
	2023	2022	2021
	(in millions)		
Sealing Technologies	\$ 3.0	\$ 0.7	\$ 2.4
Advanced Surface Technologies	0.9	1.3	—
Corporate	1.1	1.0	0.1
	<u>\$ 5.0</u>	<u>\$ 3.0</u>	<u>\$ 2.5</u>

Also included in other operating income (expense) for the years ended December 31, 2022 and 2021 were \$0.1 million, and \$(0.1) million of other costs, respectively.

### ***Non-Operating***

During 2023, 2022 and 2021, we recorded expense of \$2.9 million, \$5.1 million and \$8.3 million, respectively, due to environmental reserve increases based on additional information at several specific sites and other ongoing obligations of previously owned businesses. Refer to Note 19, "Commitments and Contingencies - Environmental," for additional information about our environmental liabilities.

We report the service cost component of pension and other postretirement benefits expense in operating income in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. The other components of net benefit cost are presented in other income (expense). For the years ended December 31, 2023, 2022, 2021, we reported approximately \$1.5 million of expense and \$3.6 million and \$8.5 million, respectively, of income on the Consolidated Statements of Operations related to the components of net benefit cost other than service cost. Refer to Note 14, "Pension," for additional information regarding net benefit costs.

In connection with the sale of GGB, accounted for as a discontinued operation, in the fourth quarter of 2022, we issued a note between a domestic and foreign entity that was denominated in a foreign currency. As a result, we recorded a \$3.8 million loss due to the change in exchange rate in December 2022. In January 2023, we hedged the outstanding notes to minimize future gains and losses. In 2023, we recorded a \$2.2 million loss due to the change in exchange rate.

In 2022, we evaluated our outstanding long-term receivable related to anticipated receipts from legacy asbestos insurance claims and adjusted the receivable down by \$2.8 million.

In connection with the acquisition of Aseptic in 2019, we recognized a liability for uncertain tax positions and a related indemnification asset for the portion of that liability recoverable from the seller. We determined the statute of limitations expired on some of the uncertain tax positions in 2022 and 2021 and, accordingly, removed a portion of the liability and receivable. For the year ended December 31, 2022 and 2021, the release of the related liability was recorded as part of our tax expense and we recorded a \$0.9 million and \$3.0 million expense, respectively, related to the reversal of the receivable in other non-operating income (expense) on our consolidated statement of operations.

In 2021, we recorded a pre-tax gain of \$17.5 million primarily related to the sale of our polymer components business unit, which was principally located in Houston, Texas and included in our Sealing Technologies segment. Sales reported for this business included in our net sales for the year ended December 31, 2021 were \$21.4 million.

For a further discussion on businesses disposed of, see Note 20, "Discontinued Operations and Dispositions."

Additional costs included in other non-operating primarily are attributable to costs associated with previously divested businesses.





refunds to be received. We have determined that estimating any tax liability on our investment in foreign subsidiaries is not practicable. Therefore, we have not recorded any deferred tax liability on undistributed earnings of foreign subsidiaries.

We determined, based on the available evidence, that it is uncertain whether certain entities in various jurisdictions will generate sufficient future taxable income to recognize certain of these deferred tax assets. As a result, valuation allowances of \$2.7 million and \$10.7 million have been recorded as of December 31, 2023 and 2022, respectively. Valuation allowances recorded relate to certain state and foreign net operating losses and other net deferred tax assets in jurisdictions where future taxable income is uncertain. In addition, \$1.8 million and \$2.0 million of the valuation allowance recorded as of December 31, 2023 and 2022, respectively, relate to general foreign tax credit carryforwards, due to uncertainty around the ability to generate the requisite foreign source income to utilize that portion of the foreign tax credits. Valuation allowances may arise associated with deferred tax assets recorded in acquisition accounting. In accordance with applicable accounting guidelines, any reversal of a valuation allowance that was recorded in acquisition accounting reduces income tax expense.

The effective income tax rate from continuing operations varied from the statutory federal income tax rate as follows:

	Percent of Pretax Income Years Ended December 31,		
	2023	2022	2021
Statutory federal income tax rate	21.0 %	21.0 %	21.0 %
U.S. taxation of foreign profits, net of foreign tax credits	—	—	(5.6)
Research and employment tax credits	(3.6)	(2.2)	(1.1)
State and local taxes	3.0	1.5	(1.2)
Foreign tax rate differences	24.9	8.4	10.1
Statutory changes in tax rates	(1.1)	(1.1)	0.2
Valuation allowance	(1.5)	8.1	(5.1)
Changes in uncertain tax positions	1.8	(3.4)	(9.4)
Goodwill impairment	33.8	48.4	—
Nondeductible expenses	2.3	2.3	4.1
GILTI and FDII	0.2	4.0	(0.4)
Other items, net	0.8	(0.8)	0.8
Effective income tax rate	<u>81.6 %</u>	<u>86.2 %</u>	<u>13.4 %</u>

The effective tax rate for 2023 was primarily driven impairment of non-deductible goodwill, the foreign rate differential related to certain foreign earnings that were subject to higher tax rates, and releasing valuation allowances on certain tax attributes. The effect of these items resulted in a net \$21.6 million increase in income tax expense.

The GILTI provisions require us to include in our U.S. income tax returns certain current foreign subsidiary earnings net of foreign tax credits, subject to limitation. We elected to account for the GILTI tax in the period in which it is incurred. As a result of these provisions, our effective tax rate was increased by 4.4% due to GILTI.

As of December 31, 2023 and 2022, we had \$5.0 million and \$4.5 million, respectively, of gross unrecognized tax benefits. Of the gross unrecognized tax benefit balances as of December 31, 2023 and 2022, \$4.1 million and \$4.1 million, respectively, would have an impact on our effective tax rate if ultimately recognized.

We record interest and penalties related to unrecognized tax benefits in income tax expense. In addition to the gross unrecognized tax benefits above, we had \$1.4 million and \$1.2 million accrued for interest and penalties at December 31, 2023 and 2022, respectively. Income tax expense includes \$0.2 million, \$(0.2) million and \$(1.7) million for the years ended December 31, 2023, 2022, and 2021, respectively, for interest and penalties related to unrecognized tax benefits.











We rarely enter into finance leases or act as a lessor. Since finance lease amounts, lessor details, and finance lease related costs are not significant to our consolidated financial position or results of operations, additional disclosures regarding finance leases are not presented.

## 10. Accrued Expenses

	As of December 31,	
	2023	2022
	(in millions)	
Salaries, wages and employee benefits	\$ 56.0	\$ 51.6
Interest	4.2	4.4
Environmental	8.2	10.4
Income taxes	10.0	10.7
Taxes other than income	5.1	4.6
Operating lease liability	10.0	9.2
Other	26.1	29.3
	\$ 119.6	\$ 120.2

## 11. Debt

	As of December 31,	
	2023	2022
	(in millions)	
Senior notes	\$ 347.9	\$ 347.2
Term loan facilities	298.1	442.6
Other notes payable	0.8	0.9
	646.8	790.7
Less current maturities of long-term debt	8.1	15.6
	\$ 638.7	\$ 775.1

### *Senior Secured Credit Facilities*

On December 17, 2021, we entered into a Third Amended and Restated Credit Agreement (the “Amended Credit Agreement”) among the Company and EnPro Holdings, as borrowers, certain foreign subsidiaries of the Company from time to time party thereto, as designated borrowers, the guarantors party thereto, the lenders party thereto and Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer. The Amended Credit Agreement amends, restates and replaces the Second Amended and Restated Credit Agreement dated as of June 28, 2018, as amended, among the Company and EnPro Holdings as borrowers, the guarantors party thereto, the lenders party thereto and Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer.

The Amended Credit Agreement provides for credit facilities in the initial aggregate principal amount of \$1,007.5 million, consisting of a five-year, senior secured revolving credit facility of \$400.0 million (the “Revolving Credit Facility”), a \$142.5 million senior secured term loan facility in replacement of the our existing senior secured term loan facility, maturing September 25, 2024 (the “Term Loan A-1 Facility”), a five-year, senior secured term loan facility of \$315.0 million (the “Term Loan A-2 Facility”) and a 364-day, senior secured term loan facility of \$150.0 million (the “364-Day Facility” and together with the Revolving Credit Facility, the Term Loan A-1 Facility and the Term Loan A-2 Facility, the “Facilities”). The Amended Credit Agreement also provides that we may seek incremental term loans and/or additional revolving credit commitments in an amount equal to the greater of \$275.0 million and 100% of consolidated EBITDA for the most recently ended four-quarter period for which we have reported financial results, plus additional amounts based on a consolidated senior secured leverage ratio. The Amended Credit Agreement became effective on December 17, 2021.

Borrowings under the 364-Day Facility bore interest at an annual rate of LIBOR plus 1.50% or base rate plus 0.50%. Initially, borrowings under the Facilities (other than the 364-Day Facility) bore interest at an annual rate of LIBOR plus 1.75% or base rate plus 0.75%, although these interest rates were subject to incremental increase or decrease based on a consolidated total net leverage ratio. On November 8, 2022, we entered into a First Amendment to the Amended Credit Agreement, which

replaced the LIBOR-based interest rate option with an option based on Term SOFR ("Secured Overnight Financing Rate") plus (i) a credit spread adjustment of 0.10% and (ii) 1.75%, again subject to incremental increase or decrease based on a consolidated total net leverage ratio. In addition, a commitment fee accrues with respect to the unused amount of the Revolving Credit Facility at an annual rate of 0.225%, which rate is also subject to incremental increase or decrease based on a consolidated total net leverage ratio.

The Term Loan A-1 Facility amortized on a quarterly basis in an annual amount equal to 2.50% of the original principal amount of the Term Loan A-1 Facility (\$150.0 million) in year one after the closing, 5.00% of such original principal amount in year two and 1.25% of such original principal amount in each of the first three quarters of year three, with the remaining outstanding principal amount payable at maturity. The Term Loan A-2 Facility amortizes on a quarterly basis in an annual amount equal to 2.5% of the original principal amount of the Term Loan A-2 Facility in each of years one through three, 5.0% of such original principal amount in year four and 1.25% of such original principal amount in each of the first three quarters of year five, with the remaining outstanding principal amount payable at maturity. The 364-Day Facility did not amortize and was repaid in full in the quarter ended September 30, 2022. The Facilities are subject to prepayment with the net cash proceeds of certain asset sales, casualty or condemnation events and non-permitted debt issuances.

The Company and EnPro Holdings are the permitted borrowers under the Facilities. The Company may also from time to time designate any of its wholly owned foreign subsidiaries as a borrower under the Revolving Credit Facility. Each of the Company's domestic subsidiaries (other than any subsidiaries that may be designated as "unrestricted" by the Company from time to time, and inactive subsidiaries) is required to guarantee the obligations of the borrowers under the Facilities, and each of the Company's existing domestic subsidiaries (other than inactive subsidiaries) has entered into the Amended Credit Agreement to provide such a guarantee.

Borrowings under the Facilities are secured by a first-priority pledge of certain assets. The Amended Credit Agreement contains certain financial covenants and required financial ratios including a maximum consolidated total net leverage and a minimum consolidated interest coverage as defined in the Amended Credit Agreement. We were in compliance with all covenants of the Amended Credit Agreement as of December 31, 2023.

On July 21, 2023, we entered into a waiver agreement under the Amended Credit Agreement that waived the requirement to prepay the Facilities with remaining excess net cash proceeds related to the sale of GGB and GPT that had not been reinvested in operating assets within 365 days from the date of the sale. In conjunction with this waiver, on July 26, 2023, EnPro voluntarily prepaid all outstanding borrowings and accrued and unpaid interest under the Term Loan A-1 Facility (a remaining principal balance of \$133.1 million and accrued interest of \$0.6 million).

The indenture governing the Senior Notes requires us to offer to repurchase the Senior Notes at a price equal to 100.0% of the principal amount thereof plus accrued and unpaid interest, in the event that the net cash proceeds of certain asset sales are not reinvested in acquisitions, capital expenditures, or used to repay or otherwise reduce specified indebtedness within a specified period, to the extent the remaining net proceeds exceed a specified amount. After taking into account the repayment of borrowings under the Term Loan A-1 Facility noted above, forecasted capital expenditures, and other applicable expenditures, we expect to meet all reinvestment requirements under the indenture related to the excess net cash proceeds from the sales of GGB and GPT.

The borrowing availability under our Revolving Credit Facility at December 31, 2023 was \$390.0 million after giving consideration to \$10.0 million of outstanding letters of credit. The balance of borrowings outstanding under the Term Loan A-2 Facility at December 31, 2023 was \$299.3 million.

### ***Senior Notes***

On October 17, 2018, we completed the offering of \$350.0 million aggregate principal amount of 5.75% Senior Notes due 2026 (the "Senior Notes"). The Senior Notes were issued to investors at 100% of the principal amount thereof. The Senior Notes are unsecured, unsubordinated obligations of Enpro and mature on October 15, 2026. Interest on the Senior Notes accrues at a rate of 5.75% per annum and is payable semi-annually in cash in arrears on April 15 and October 15 of each year. The Senior Notes are required to be guaranteed on a senior unsecured basis by each of Enpro's existing and future direct and indirect domestic subsidiaries that is a borrower under, or guarantees, our indebtedness under the Revolving Credit Facility or guarantees any other Capital Markets Indebtedness (as defined in the indenture governing the Senior Notes) of Enpro or any of the guarantors. We may, on any one or more occasions, redeem all or a part of the Senior Notes at specified redemption prices plus accrued and unpaid interest.

The indenture governing the Senior Notes includes covenants that restrict our ability to engage in certain activities, including incurring additional indebtedness, paying dividends and repurchasing shares of our common stock, subject in each case to specified exceptions and qualifications set forth in the indenture. The indenture further requires us to offer to repurchase

the Senior Notes at a price equal to 100.0% of the principal amount thereof plus accrued and unpaid interest, in the event that the net cash proceeds of certain asset sales are not reinvested in acquisitions, capital expenditures, or used to repay or otherwise reduce specified indebtedness within a specified period, to the extent the remaining net proceeds exceed a specified amount.

We were in compliance with all of the covenants under the indenture governing the Senior Notes as of December 31, 2023.

### ***Scheduled Principal Payments***

Future principal payments on long-term debt are as follows:

	<u>(in millions)</u>
2024	\$ 8.1
2025	16.0
2026	625.8
2027	0.1
2028	0.1
Thereafter	—
	<u>\$ 650.1</u>

The payments for long-term debt shown in the table above reflect the contractual principal amount for the Senior Notes and Term Loan A-2 Facility. In the Consolidated Balance Sheet as of December 31, 2023, these amounts are shown net of unamortized debt discounts aggregating \$3.3 million pursuant to applicable accounting rules.

### ***Debt Issuance Costs***

During 2021, we capitalized \$4.7 million of debt issuance costs in connection with the Amended Credit Agreement. At December 31, 2023, the remaining unamortized balance of these costs was \$2.3 million.

## **12. Derivatives and Hedging**

We are exposed to foreign currency risks that arise from normal business operations. These risks include the translation of local currency balances on our foreign subsidiaries' balance sheets, intercompany loans with foreign subsidiaries and transactions denominated in foreign currencies. We strive to control our exposure to these risks through our normal operating activities and, where appropriate, through derivative instruments. We periodically enter into contracts to hedge forecasted transactions that are denominated in foreign currencies. Since December 2022, we have entered into monthly forward contracts to hedge a 95 million Euro exposure on an intercompany note agreement related to proceeds from the GGB sale allocated to foreign subsidiaries. We expect this position to be resolved in 2024. The notional amount of foreign exchange contracts was \$110.5 million and \$103.3 million at December 31, 2023 and 2022, respectively. All foreign exchange contracts outstanding at December 31, 2023 expired in January of 2024.

The foreign exchange contracts were recorded at their fair market value as of December 31, 2023 with changes in market value recorded in income. The earnings impact of any foreign exchange contract that is specifically related to the purchase of inventory is recorded in cost of sales and the changes in market value of all other contracts are recorded in selling, general and administrative expense in the Consolidated Statements of Operations with the exception of our monthly forward contracts to hedge our Euro exposure which are recorded in other expense. The balances of foreign exchange derivative assets are recorded in other current assets and the balances of foreign exchange derivative liabilities are recorded in accrued expenses in the Consolidated Balance Sheets.

In September 2018, we entered into cross currency swap agreements (the "Swap") with a notional amount of \$200.0 million to manage foreign currency risk by effectively converting a portion of the interest payments related to our then outstanding fixed-rate USD-denominated Senior Notes, including the semi-annual interest payments thereunder, to interest payments on fixed-rate Euro-denominated debt of 172.8 million EUR with a weighted average interest rate of 2.8%, with interest payment dates of March 15 and September 15 of each year.

The Swap matured on September 15, 2022. At settlement, we received \$30.8 million in cash, of which \$27.4 million represented the fair value of the contracts as of the settlement date and \$3.4 million represented interest receivable. Realized gains totaling \$20.8 million, net of tax, as of the maturity date are included in accumulated other comprehensive income.

In May 2019, we entered into additional cross currency swap agreements (the "Additional Swap") with a notional amount of \$100.0 million to manage an increased portion of our foreign currency risk by effectively converting a portion of the interest payments related to our fixed-rate USD-denominated Senior Notes, including the semi-annual interest payments thereunder, to interest payments on the fixed-rate Euro-denominated debt of 89.6 million EUR with a weighted average interest rate of 3.5%, with interest payment dates of April 15 and October 15 of each year. The Additional Swap agreement matures on October 15, 2026.

During the term of the Additional Swap agreement, we will receive semi-annual payments from the counterparties due to the difference between the interest rate on the Senior Notes and the interest rate on the Euro debt underlying the Additional Swap. There was no principal exchange at the inception of the arrangement, and there will be no exchange at maturity. At maturity (or earlier at our option), we and the counterparty will settle the Additional Swap agreement at its fair value in cash based on the aggregate notional amount and the then-applicable currency exchange rate compared to the exchange rate at the time the Additional Swap agreement was entered into.

We have designated the Additional Swap as a qualifying hedging instrument and are accounting for it as a net investment hedge. At December 31, 2023, the fair value of the Additional Swap equaled \$3.1 million and was recorded within our other (non-current) assets on the Consolidated Balance Sheet. The gains and losses resulting from fair value adjustment to the Additional Swap agreement, excluding interest accruals related to the above receipts, are recorded in accumulated other comprehensive income within our cumulative foreign currency translation adjustment, as the Additional Swap is effective in hedging the designated risk. Cash flows related to the Additional Swap are included in operating activities in the Consolidated Statements of Cash Flows, aside from the ultimate settlement at maturity with the counterparty, which will be included in investing activities.

### 13. Fair Value Measurements

Assets and liabilities measured at fair value on a recurring basis are summarized as follows:

	Fair Value Measurements as of	
	December 31, 2023	December 31, 2022
	(in millions)	
<u>Assets</u>		
Foreign currency derivatives	\$ 3.1	\$ 8.5
Deferred compensation assets	12.5	9.8
	<u>\$ 15.6</u>	<u>\$ 18.3</u>
<u>Liabilities</u>		
Deferred compensation liabilities	\$ 13.3	\$ 10.3

Our deferred compensation assets and liabilities are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices. Our foreign currency derivatives are classified as Level 2 as their value is calculated based upon observable inputs including market USD/Euro exchange rates and market interest rates.

The carrying values of our significant financial instruments reflected in the Consolidated Balance Sheets approximate their respective fair values, except for the following:

	December 31, 2023		December 31, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(in millions)			
Long-term debt	\$ 646.8	\$ 649.8	\$ 790.7	\$ 788.8

The fair values for long-term debt are based on quoted market prices for identical liabilities, but this would be considered a Level 2 computation because the market is not active.

### 14. Pension

We have non-contributory defined benefit pension plans covering eligible employees in the United States, Mexico, Taiwan and several European countries. Salaried employees' benefit payments are generally determined using a formula that is based on an employee's compensation and length of service. We closed our defined benefit pension plan for new salaried

employees in the United States who joined the Company after January 1, 2006, and, effective January 1, 2007, benefits were frozen for all salaried employees who were not age 40 or older as of December 31, 2006 and benefits for all remaining eligible salaried employees were frozen as of January 1, 2021. Benefits for hourly employees in the United States were frozen as of January 1, 2024.

Certain of our employees also participate in voluntary contributory retirement savings plans for salaried and hourly employees maintained by us. Under these plans, eligible employees can receive matching contributions up to the first 6% of their eligible earnings. Certain employees hired prior to August 1st, 2016 are eligible to receive an additional 2% company contribution each year. We recorded \$9.5 million, \$8.6 million and \$8.3 million in expenses in 2023, 2022 and 2021, respectively, for matching contributions under these plans.

Our general funding policy for qualified defined benefit pension plans historically has been to contribute amounts that are at least sufficient to satisfy regulatory funding standards. In 2023, we contributed \$5.5 million, in cash, to our U.S. pension plans. No contributions were made in 2022 or 2021. The contribution was made in 2023 in order to meet a funding level sufficient to avoid variable fees from the PBGC on the underfunded portion of our pension liability. We do not anticipate making contributions in 2024 to our U.S. defined benefit pension plans and we expect to make total contributions of approximately \$1.0 million in 2024 to the foreign pension plans.

The projected benefit obligation and fair value of plan assets for the defined benefit pension plans with projected benefit obligations in excess of plan assets were \$7.7 million and \$0.2 million at December 31, 2023, and \$6.1 million and \$0.2 million at December 31, 2022, respectively. The accumulated benefit obligation and fair value of plan assets for the defined benefit pension plans with accumulated benefit obligations in excess of plan assets were \$5.3 million and \$0.2 million at December 31, 2023, and \$4.3 million and \$0.2 million at December 31, 2022, respectively.

The following table sets forth the changes in projected benefit obligations and plan assets of our defined benefit pension and other non-qualified and postretirement plans as of and for the years ended December 31, 2023 and 2022.

	2023	2022
	(in millions)	
<b>Change in Projected Benefit Obligations</b>		
Projected benefit obligations at beginning of year	\$ 247.6	\$ 335.7
Service cost	0.7	1.2
Interest cost	13.6	9.8
Actuarial loss (gain)	12.9	(77.6)
Benefits paid	(16.3)	(15.9)
Curtailments	(0.3)	(1.0)
Plan combination (acquisitions/divestitures)	—	(3.9)
Other	0.5	(0.7)
Projected benefit obligations at end of year	258.7	247.6
<b>Change in Plan Assets</b>		
	2023	2022
	(in millions)	
Fair value of plan assets at beginning of year	253.3	351.4
Actual return on plan assets	24.1	(81.5)
Benefits paid	(16.3)	(15.9)
Settlements	(0.3)	—
Company contributions	5.9	0.2
Plan combination (acquisitions/divestitures)	—	(0.8)
Other	—	(0.1)
Fair value of plan assets at end of year	266.7	253.3
<b>Funded Status at End of Year</b>	<b>\$ 8.0</b>	<b>\$ 5.7</b>



	2023	2022
	(in millions)	
<b>Amounts Recognized in the Consolidated Balance Sheets</b>		
Long-term assets	\$ 15.6	\$ 11.7
Current liabilities	(0.6)	(0.5)
Long-term liabilities	(7.0)	(5.5)
	<u>\$ 8.0</u>	<u>\$ 5.7</u>

Pre-tax charges recognized in accumulated other comprehensive loss as of December 31, 2023 and 2022 consist of:

	2023	2022
	(in millions)	
Net actuarial loss	\$ 60.7	\$ 59.6
Prior service cost	0.2	0.6
	<u>\$ 60.9</u>	<u>\$ 60.2</u>

The accumulated benefit obligation for all defined benefit pension plans was \$256.3 million and \$245.9 million at December 31, 2023 and 2022, respectively.

The following table sets forth the components of net periodic benefit cost and other changes in plan assets and benefit obligations recognized in other comprehensive income for our defined benefit pension plans for the years ended December 31, 2023, 2022 and 2021.

	Year Ended December 31,		
	2023	2022	2021
	(in millions)		
<b>Net Periodic Benefit Cost</b>			
Service cost	\$ 0.7	\$ 1.2	\$ 1.5
Interest cost	13.6	9.8	9.0
Expected return on plan assets	(13.8)	(13.3)	(18.3)
Amortization of prior service cost	(0.1)	0.2	0.1
Amortization of net loss	1.5	0.5	0.7
Curtailments	0.3	(1.0)	—
Net periodic benefit cost (income)	<u>\$ 2.2</u>	<u>\$ (2.6)</u>	<u>\$ (7.0)</u>

	Year Ended December 31,		
	2023	2022	2021
	(in millions)		
<b>Other Changes in Plan Assets and Benefit Obligations Recognized in Other Comprehensive Loss</b>			
Net loss (gain)	\$ 2.4	\$ 17.2	\$ (4.7)
Prior service cost	—	—	0.4
Amortization of net loss	(1.5)	(0.5)	(0.7)
Amortization of prior service cost	0.1	(0.2)	(0.1)
Curtailments	(0.3)	1.0	—
Total recognized in other comprehensive income	<u>0.7</u>	<u>17.5</u>	<u>(5.1)</u>
<b>Total Recognized in Net Periodic Benefit Cost and Other Comprehensive Income</b>	<u>\$ 2.9</u>	<u>\$ 14.9</u>	<u>\$ (12.1)</u>

	at December 31,		
	2023	2022	2021
<b>Weighted-Average Assumptions Used to Determine Benefit Obligations</b>			
Discount rate	5.125 %	5.625 %	3.000 %
<b>Weighted-Average Assumptions Used to Determine Net Periodic Benefit Cost</b>			
Discount rate	5.625 %	3.000 %	2.625 %
Expected long-term return on plan assets	5.6 %	3.9 %	5.3 %
Rate of compensation increase	N/A	N/A	3.0 %

The discount rate reflects the current rate at which the pension liabilities could be effectively settled at the end of the year. The discount rate was determined with a model that uses a theoretical portfolio of high quality corporate bonds specifically selected to produce cash flows closely related to how we would settle our retirement obligations. This produced a discount rate of 5.1% at December 31, 2023. As of the date of these financial statements, there are no known or anticipated changes in our discount rate assumption that will impact our pension expense in 2024. A 25 basis point decrease in our discount rate, holding constant our expected long-term return on plan assets and other assumptions, would increase pension expense by approximately \$0.2 million per year.

The overall expected long-term rate of return on assets was determined based upon weighted-average historical returns over an extended period of time for the asset classes in which the plans invest according to our current investment policy.

We use the Pri-2012 base mortality table with the MP-2021 projection scale to value our domestic pension liabilities.

#### Plan Assets

The asset allocation for pension plans at the end of 2023 and 2022, and the targeted allocation for 2024, by asset category are as follows:

<u>Asset Category</u>	Target Allocation	Plan Assets at December 31,	
	2024	2023	2022
Equity securities	20 %	21 %	22 %
Fixed income	80 %	79 %	78 %
	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

Our investment goal is to maximize the return on assets, over the long term, by investing in equities and fixed income investments while diversifying investments within each asset class to reduce the impact of losses in individual securities. Equity investments include a mix of U.S. large capitalization equities, U.S. small capitalization equities and non-U.S. equities. Fixed income investments include a mix of treasury obligations and high-quality corporate bonds. The asset allocation policy is reviewed and any significant variation from the target asset allocation mix is rebalanced periodically. The plans have no direct investments in Enpro common stock.

The plans invest exclusively in mutual funds whose holdings are marketable securities traded on recognized markets and, as a result, would be considered Level 1 assets. The investment portfolios of the various funds at December 31, 2023 and 2022 are summarized as follows:

	December 31,	
	2023	2022
	(in millions)	
Mutual funds – U.S. equity	\$ 34.4	\$ 32.6
Mutual funds – international equity	22.8	22.3
Mutual funds - fixed income treasury and corporate bonds	208.2	197.2
Cash equivalents	1.3	1.2
	<u>\$ 266.7</u>	<u>\$ 253.3</u>

## Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid in the following calendar years:

	<b>Pension Benefits</b>
	<b>(in millions)</b>
2024	\$ 17.4
2025	\$ 17.9
2026	\$ 18.0
2027	\$ 18.3
2028	\$ 19.6
Years 2029 – 2033	\$ 97.9

## Other Post-Employment Retirement Benefits

We have liabilities related to other post-employment retirement benefits that were offered to certain employees of several legacy businesses owned by Enpro's predecessor as well as certain continuing operations. New employees are not offered these benefits and nearly all employees who were offered these benefits are retired. Disclosures related to these benefits are not included in the discussion and tables above. At December 31, 2023, we had \$5.5 million of liabilities related to these benefits of which \$1.8 million is a current liability.

## 15. Shareholders' Equity

We have a policy under which we intend to declare regular quarterly cash dividends on our common stock, as determined by our board of directors, after taking into account our cash flows, earnings, financial position and other relevant matters. In accordance with this policy, total dividend payments of \$24.3 million, \$23.4 million, and \$22.4 million were made during the years ended December 31, 2023, 2022, and 2021, respectively.

On February 15, 2024 we announced that our board of directors had increased the quarterly dividend to \$0.30 per share, commencing with the dividend to be paid on March 20, 2024 to all shareholders of record as of March 6, 2024.

In October 2022, our board of directors renewed their authorization for a new two-year program of up to \$50.0 million for the repurchase of our outstanding common shares. We have not made any repurchases for the 3-year period ended December 31, 2023.

The shares for all repurchase plans are retired upon purchase.

## 16. Accumulated Other Comprehensive Income (Loss)

Changes in accumulated other comprehensive Income (loss) by component (after tax) are as follows:

(in millions)	Unrealized Translation Adjustments	Pension and Other Postretirement Plans	Total
Balance at December 31, 2020	\$ 31.7	\$ (36.6)	\$ (4.9)
Other comprehensive income before reclassifications	2.5	3.8	6.3
Amounts reclassified from accumulated other comprehensive loss	12.9	0.7	13.6
Net current-period other comprehensive income	15.4	4.5	19.9
Less: other comprehensive income attributable to redeemable non-controlling interests	0.4	—	0.4
Net current-period other comprehensive income attributable to Enpro Inc.	15.0	4.5	19.5
Balance at December 31, 2021	46.7	(32.1)	14.6
Other comprehensive income before reclassifications	(39.7)	(12.8)	(52.5)
Amounts reclassified from accumulated other comprehensive loss	1.4	(0.2)	1.2
Net current-period other comprehensive income	(38.3)	(13.0)	(51.3)
Less: other comprehensive income attributable to redeemable non-controlling interests	(3.4)	—	(3.4)
Net current-period other comprehensive income attributable to Enpro Inc.	(34.9)	(13.0)	(47.9)
Balance at December 31, 2022	11.8	(45.1)	(33.3)
Other comprehensive loss before reclassifications	12.3	(2.0)	10.3
Amounts reclassified from accumulated other comprehensive loss	—	0.8	0.8
Net current-period other comprehensive income	12.3	(1.2)	11.1
Less: other comprehensive income attributable to redeemable non-controlling interests	—	—	—
Net current-period other comprehensive income (loss) attributable to Enpro Inc.	12.3	(1.2)	11.1
Balance at December 31, 2023	<u>\$ 24.1</u>	<u>\$ (46.3)</u>	<u>\$ (22.2)</u>

Reclassifications out of accumulated other comprehensive income (loss) are as follows:

Details about Accumulated Other Comprehensive Loss Components	Amount Reclassified from Accumulated Other Comprehensive Loss			Affected Statement of Operations Caption
	Years Ended December 31,			
	2023	2022	2021	
	(in millions)			
Pension and other postretirement plans adjustments:				
Amortization of actuarial losses	\$ 0.8	\$ 0.6	\$ 0.8	(1)
Amortization of prior service costs	(0.1)	0.2	0.1	(1)
Curtailments	0.3	(1.0)	—	(1)
Total before tax	1.0	(0.2)	0.9	Income (loss) from continuing operations before income taxes
Tax benefit	(0.2)	—	(0.2)	Income tax expense
Net of tax	\$ 0.8	\$ (0.2)	\$ 0.7	Income (loss) from continuing operations
Release of unrealized currency translation adjustment upon sale of investment in foreign entity, net of tax	\$ —	\$ 1.4	\$ 12.9	Other (non-operating) income (expense); Income from discontinued operations, including gain on sale, net of taxes

- (1) These accumulated other comprehensive income (loss) components are included in the computation of net periodic pension cost. Since these are components of net periodic pension cost other than service cost, the affected Consolidated Statement of Operations caption is other (non-operating) expense. (See Note 14, "Pension" for additional details).

## 17. Equity Compensation Plans

We have equity compensation plans (the "Plans") that provide for the delivery of shares pursuant to various market and performance-based incentive awards. As of December 31, 2023, there are 1.3 million shares available for future awards. Our policy is to issue new shares to satisfy share delivery obligations for awards made under the Plans.

The Plans permit awards of restricted share units to be granted to executives and other key employees. Generally, share units awarded vest in equal annual increments over three years. Compensation expense related to the restricted share units is based upon the market price of the underlying common stock as of the date of the grant and is amortized over the applicable vesting period using the straight-line method. As of December 31, 2023, there was \$5.5 million of unrecognized compensation cost related to restricted share units expected to be recognized over a weighted-average remaining amortization period of 1.7 years.

Under the terms of the Plans, performance share awards were granted to executives and other key employees during 2023, 2022 and 2021. Each grant will vest if Enpro achieves specific financial objectives at the end of each three-year performance period. Additional amounts under these awards are paid out if objectives are exceeded, but some or all the awards may be forfeited if objectives are not met.

Performance shares earned at the end of a performance period, if any, for shares issued in 2023 will be paid in actual shares of our common stock, less the number of shares equal in value to applicable withholding taxes if the employee chooses. Performance shares earned at the end of a performance period for awards granted in 2022, if any, and 2021 will be paid in cash, less applicable withholding taxes if the employee chooses. Awards are forfeited if a grantee terminates employment, during the performance period, except in the case of retirement.

Compensation expense related to performance share awards payable in stock granted in 2023 is computed using the fair value of the awards at the date of grant. Potential shares to be issued for performance share awards granted in 2023 are subject to a market condition based on the performance of our stock, measured based upon a calculation of total shareholder return, compared to a group of peer companies. The fair value of these awards was determined using a Monte Carlo simulation methodology. Compensation expense for these awards was computed based upon this grant date fair value using the straight-line method over the applicable performance period.

Compensation expense related to the performance share awards payable in cash granted in 2022 and 2021 is computed using the fair value of the awards as of December 31, 2023. The fair value of these awards was determined using a Monte Carlo simulation methodology. Compensation issued for performance share awards is subject to a market conditions based on the performance of our stock, measured based upon a calculation of total shareholder return, compared to a group of peer companies. Compensation expense for these awards is computed based upon the calculated fair value at the end of the period using the straight-line method over the applicable performance period. The shares will be remeasured and compensation expense will be adjusted based on the current market-based estimate.

The Monte Carlo simulation model utilizes multiple input variables that determine the probability of satisfying the market condition stipulated in the award and calculates the fair value of each award. We issued performance share awards to eligible participants on February 16, 2023, February 15, 2022 and February 16, 2021. We used the following assumptions in determining the fair value of these awards:

	Expected stock price volatility	Annual expected dividend yield	Risk free interest rate
<b><i>Shares granted February 16, 2023</i></b>			
Enpro Inc.	36.78 %	— %	4.34 %
S&P 600 Capital Goods Index	44.65 %	n/a	4.34 %
<b><i>Shares granted February 15, 2022</i></b>			
Enpro Inc.	33.1 %	1.00 %	4.26 %
S&P 600 Capital Goods Index	39.43 %	n/a	4.26 %
<b><i>Shares granted February 16, 2021</i></b>			
EnPro Industries, Inc.	47.32 %	1.4 %	0.22 %
S&P 600 Capital Goods Index	50.86 %	n/a	0.22 %

The expected volatility assumption for us and each member of the peer group is based on each entity's historical stock price volatility over a period equal to the length from the valuation date to the end of the performance cycle. The annual expected dividend yield is based on annual expected dividend payments and the stock price on the date of grant. The risk free rate equals the yield, as of the valuation date, on zero-coupon U.S. Treasury STRIPS that have a remaining term equal to the length of the remaining performance cycle.

As of December 31, 2023 there was \$2.1 million of unrecognized compensation cost related to nonvested performance share awards to be paid in cash and \$2.9 million of unrecognized compensation cost related to nonvested performance share awards to be settled in shares of common stock. These costs are expected to be recognized over a weighted-average vesting period of 1.6 years.

A summary of award activity under the Plans is as follows:

	Restricted Share Units		Performance Shares - Equity	
	Shares	Weighted-Average Grant Date Fair Value	Shares	Weighted-Average Grant Date Fair Value
Nonvested at December 31, 2022	124,597	88.52	—	—
Granted	62,209	116.89	60,998	148.97
Vested	(42,450)	79.61	—	—
Forfeited	(12,947)	96.14	(878)	148.97
Shares settled for cash	(17,850)	87.90	—	—
Nonvested at December 31, 2023	113,559	\$ 107.07	60,120	\$ 148.97

The maximum potential number of shares to be issued at December 31, 2023 is represented by the restricted share units nonvested balance at December 31, 2023. The number of nonvested performance share awards shown in the table above

represents the maximum potential shares to be issued. We account for forfeitures when they occur as opposed to estimating the number of awards that are expected to vest as of the grant date.

During the first quarter of calendar 2021 and 2022, the Company granted Performance Shares to certain key employees which are payable in cash after a three-year vesting period. Actual payments to be made to participating employees are based on an initial target amount, which is adjusted based on the relative three-year performance of Enpro's share price versus a set of peer companies. Expense related to each grant is recognized on a straight-line basis utilizing the best current estimate of the grant value at maturity. Expense recognized for calendar 2023, 2022 and 2021 was \$9.1 million, \$7.8 million, and \$6.9 million, respectively. The total liability related to this Performance Share cash plan was \$18.0 million at December 31, 2023, of which \$12.4 million is classified as current.

Non-qualified and incentive stock options were granted in 2021, 2022, and 2023. No stock option has a term exceeding 10 years from the date of grant. All stock options were granted at not less than 100% of fair market value (as defined) on the date of grant. As of December 31, 2023, there was \$2.7 million of unrecognized compensation cost related to stock options.

The following table provides certain information with respect to stock options as of December 31, 2023:

Range of Exercise Price	Stock Options Outstanding	Stock Options Exercisable	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life
Under \$80.00	42,091	42,091	\$ 53.78	6.16
Over \$80.00 and under \$95.00	63,231	39,280	\$ 80.57	7.18
Over \$95.00 and under \$110.00	64,234	24,932	\$ 106.47	8.11
Over \$110.00	51,871	—	\$ 111.29	9.21
Total	<u>221,427</u>	<u>106,303</u>	<u>\$ 90.19</u>	7.73

We determine the fair value of stock options using the Black-Scholes option pricing formula. Key inputs into this formula include expected term, expected volatility, expected dividend yield, and the risk-free interest rate. We use the closing stock price on the grant date for determining the fair value. This fair value is amortized on a straight line basis over the vesting period. All options issued vest in equal annual increments over three years with the exception of options granted on November 26, 2021 that vest equally at the end of one quarter years, one and one quarter years, and two and one quarter years.

The expected term represents the period that our stock options are expected to be outstanding, and is determined based on historical experience of similar awards, given the contractual terms of the awards, vesting schedules, and expectations of future employee behavior. The fair value of stock options reflects a volatility factor calculated using historical market data for Enpro's common stock. The dividend assumption is based on our current expectations for our dividend policy. We base the risk-free interest rate on the yield to maturity at the time of the stock option grant on zero-coupon U.S. government bonds having a remaining life equal to the option's expected life. When estimating forfeitures, we consider voluntary termination behaviors as well as analysis of actual option forfeitures.

The following assumptions were used to estimate the indicated fair value of the 2023 option awards:

	Grant Date		
	February 16, 2023	March 2, 2023	October 30, 2023
Fair-value at grant date (per share)	\$ 47.27	\$ 45.13	\$ 48.88
Assumptions:			
Average expected term	6 years	6 years	6 years
Expected volatility	39.59 %	39.75 %	40.38 %
Risk-free interest rate	4.02 %	4.22 %	4.84 %
Expected dividend yield	0.99 %	1.05 %	1.01 %

The following assumptions were used to estimate the indicated fair value of the 2022 option awards:

	<u>Grant Date</u>	
	<u>February 15, 2022</u>	<u>February 24, 2022</u>
Fair-value at grant date (per share)	\$ 38.86	\$ 39.07
Assumptions:		
Average expected term	6 years	6 years
Expected volatility	39.85 %	39.88 %
Risk-free interest rate	1.99 %	1.89 %
Expected dividend yield	1.06 %	1.05 %

The following assumptions were used to estimate the indicated fair value of the 2021 option awards:

	<u>Grant Date</u>				
	<u>February 25, 2021</u>	<u>May 4, 2021</u>	<u>May 17, 2021</u>	<u>August 5, 2021</u>	<u>November 26, 2021</u>
Fair-value at grant date (per share)	\$ 27.46	\$ 30.32	\$ 33.53	\$ 29.78	\$ 36.53
Assumptions:					
Average expected term	6 years	6 years	6 years	6 years	5.6 years
Expected volatility	40.29 %	40.37 %	40.46 %	40.65 %	39.51 %
Risk-free interest rate	1.02 %	1.05 %	1.07 %	0.87 %	0.42 %
Expected dividend yield	1.35 %	1.24 %	1.14 %	1.26 %	1.74 %

A summary of option activity under the Plans as of December 31, 2023, and changes during the year then ended, is presented below:

	<u>Stock Options Outstanding</u>	<u>Weighted Average Exercise Price</u>
Balance at December 31, 2022	184,930	\$ 82.32
Granted	51,871	111.29
Exercised	(14,975)	65.73
Forfeited	(399)	106.54
Balance at December 31, 2023	<u>221,427</u>	<u>\$ 90.19</u>

The year-end intrinsic value related to stock options is presented below:

(in millions)	<u>December 31,</u>		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Options outstanding	\$ 14.7	\$ 4.9	\$ 6.1
Options exercisable	\$ 8.6	\$ 2.4	\$ 1.3



We recognized the following equity-based employee compensation expenses and benefits related to our Plan activity:

(in millions)	Years Ended December 31,		
	2023	2022	2021
Compensation expense	\$ 8.8	\$ 6.0	\$ 5.0
Related income tax benefit	\$ 2.4	\$ 1.6	\$ 1.4

Each non-employee director received an annual grant of common stock (or, at the directors' election, phantom shares) equal in value to \$110,000 in the years ended December 31, 2023, 2022 and 2021. With respect to certain phantom shares awarded in prior years, we will pay each non-employee director in cash the fair market value of the director's phantom shares upon termination of service as a member of the board of directors. The remaining phantom shares granted will be paid out in the form of one share of our common stock for each phantom share, with the value of any fractional phantom shares paid in cash. Expense recognized in the years ended December 31, 2023, 2022 and 2021 related to these share and phantom share grants was \$1.2 million, \$1.0 million and \$1.0 million, respectively. No cash payments were used to settle phantom shares in 2023, 2022 or 2021.

## 18. Business Segment Information

We aggregate our operating businesses into two reportable segments, Sealing Technologies and Advanced Surface Technologies. Factors considered in determining our reportable segments include the economic similarity of the businesses, the nature of products sold, or solutions provided, the production processes and the types of customers and distribution methods.

Our Sealing Technologies segment engineers and manufactures value-added products and solutions that safeguard a variety of critical environments, including: metallic, non-metallic and composite material gaskets; dynamic seals; compression packing; elastomeric components; custom-engineered mechanical seals used in diverse applications; hydraulic components; test, measurement and sensing applications; sanitary gaskets; hoses and fittings for hygienic process industries; fluid transfer products for the pharmaceutical and biopharmaceutical industries; and commercial vehicle solutions used in wheel-end and suspension components that customers rely upon to ensure safety on our roadways.

These products are used in a variety of markets, including chemical and petrochemical processing, nuclear energy, hydrogen, natural gas, food and biopharmaceutical processing, primary metal manufacturing, mining, water and waste treatment, commercial vehicle, aerospace (including commercial space), medical, filtration and semiconductor fabrication. In all these industries, the performance and durability of our proprietary products and solutions are vital for the safety and environmental protection of our customers' processes. Many of our products and solutions are used in highly demanding applications, often in harsh environments, where the cost of failure is extremely high relative to the cost of our offerings to our customers. These environments include those where extreme temperatures, extreme pressures, corrosive agents, strict tolerances, or worn equipment create challenges for product performance. Sealing Technologies offers customers widely recognized applied engineering, innovation, process know-how and enduring reliability, driving a lasting aftermarket for many of our products and solutions.

Our Advanced Surface Technologies (AST) segment applies proprietary technologies, processes, and capabilities to deliver a highly differentiated suite of products and solutions for challenging applications in high-growth markets. The segment's products and solutions are used in demanding environments requiring performance, precision and repeatability, with a low tolerance for failure. AST's products and solutions include: (i) cleaning, coating, testing, refurbishment and verification for critical components and assemblies used in semiconductor manufacturing equipment, with meaningful exposures to state-of-the-art advanced node chip applications; (ii) designing, manufacturing and selling specialized optical filters and proprietary thin-film coatings for the most challenging applications in the industrial technology, life sciences, and semiconductor markets; (iii) engineering and manufacturing complex front-end wafer processing sub-systems and new and refurbished electrostatic chuck pedestals for the semiconductor equipment industry; and (iv) engineering and manufacturing edge-welded metal bellows for the semiconductor equipment industry and critical applications in the space, aerospace and defense markets. In many instances, AST capabilities drive products and solutions that enable the performance of our customers' high-value processes through an entire life cycle.

We measure operating performance based on segment earnings before interest, income taxes, depreciation, amortization, and other selected items ("Adjusted Segment EBITDA"), which is segment revenue reduced by operating expenses and other costs identifiable with the segment, excluding acquisition and divestiture expenses, restructuring costs, impairment charges, non-controlling interest compensation, amortization of the fair value adjustment to acquisition date inventory, and depreciation and amortization. Adjusted Segment EBITDA is not defined under GAAP and may not be comparable to similarly-titled

measures used by other companies. Corporate expenses include general corporate administrative costs. Expenses not directly attributable to the segments, corporate expenses, net interest expense, gains and losses related to the sale of assets, and income taxes are not included in the computation of Adjusted Segment EBITDA. The accounting policies of the reportable segments are the same as those for Enpro.

Non-controlling interest compensation allocation represents compensation expense associated with a portion of the rollover equity from the acquisitions of LeanTeq and Alluxa being subject to reduction for certain types of employment terminations of the sellers. This expense was recorded in selling, general, and administrative expenses on our Consolidated Statements of Operations and is directly related to the terms of the acquisitions. In the fourth quarter of 2022, Enpro acquired all of the LeanTeq non-controlling interests.

Segment operating results and other financial data for the years ended December 31, 2023, 2022, and 2021 were as follows:

	Years Ended December 31,		
	2023	2022	2021
	(in millions)		
<b>Sales</b>			
Sealing Technologies	\$ 658.4	\$ 624.3	\$ 599.8
Advanced Surface Technologies	401.2	476.1	247.3
	<u>1,059.6</u>	<u>1,100.4</u>	<u>847.1</u>
Intersegment sales	(0.3)	(1.2)	(6.7)
Total sales	<u>\$ 1,059.3</u>	<u>\$ 1,099.2</u>	<u>\$ 840.4</u>
<b>Adjusted Segment EBITDA</b>			
Sealing Technologies	\$ 192.3	\$ 159.1	\$ 141.9
Advanced Surface Technologies	95.5	141.5	73.2
Total Adjusted Segment EBITDA	<u>\$ 287.8</u>	<u>\$ 300.6</u>	<u>\$ 215.1</u>
<b>Reconciliation of Adjusted Segment EBITDA to income from continuing operations before income taxes</b>			
Income from continuing operations before income taxes	\$ 37.7	\$ 28.3	\$ 66.0
Acquisition and divestiture expenses	1.1	0.5	0.4
Non-controlling interest compensation allocation	(0.3)	(0.6)	5.3
Amortization of fair value adjustment to acquisition date inventory	—	13.3	9.9
Restructuring and impairment expense	4.0	1.9	2.4
Depreciation and amortization expense	94.3	102.8	63.5
Corporate expenses	49.5	47.0	64.9
Interest expense, net	30.1	33.9	13.7
Goodwill impairment	60.8	65.2	—
Other expense (income), net	10.6	8.3	(11.0)
Adjusted Segment EBITDA	<u>\$ 287.8</u>	<u>\$ 300.6</u>	<u>\$ 215.1</u>

	Years Ended December 31,		
	2023	2022	2021
	(in millions)		
<b>Net Sales by Geographic Area</b>			
United States	\$ 640.3	\$ 687.4	\$ 445.7
Europe	149.6	139.7	132.7
Other foreign	269.4	272.1	262.0
Total	<u>\$ 1,059.3</u>	<u>\$ 1,099.2</u>	<u>\$ 840.4</u>

Net sales are attributed to countries based on location of the customer.

Due to the diversified nature of our business and the wide array of products that we offer, we sell into a number of end markets. Underlying economic conditions within these markets are a major driver of our segments' sales performance. Below is a summary of our third-party sales by major end market with which we did business for the years ended December 31, 2023, 2022 and 2021:

	Year Ended December 31, 2023		
	(in millions)		
	Sealing Technologies	Advanced Surface Technologies	Total
Aerospace	\$ 47.5	\$ 10.8	\$ 58.3
Chemical and material processing	84.6	—	84.6
Food and pharmaceutical	65.4	—	65.4
General industrial	151.6	19.8	171.4
Commercial vehicle	198.4	—	198.4
Oil and gas	19.8	8.0	27.8
Power generation	68.3	—	68.3
Semiconductors	8.3	355.2	363.5
Other	14.5	7.1	21.6
Total third-party sales	<u>\$ 658.4</u>	<u>\$ 400.9</u>	<u>\$ 1,059.3</u>

	Year Ended December 31, 2022		
	(in millions)		
	Sealing Technologies	Advanced Surface Technologies	Total
Aerospace	\$ 41.2	\$ 6.1	\$ 47.3
Chemical and material processing	77.6	—	77.6
Food and pharmaceutical	70.8	—	70.8
General industrial	162.3	28.4	190.7
Commercial vehicle	191.2	—	191.2
Oil and gas	21.4	5.2	26.6
Power generation	43.1	0.1	43.2
Semiconductors	6.1	430.9	437.0
Other	9.7	5.1	14.8
Total third-party sales	<u>\$ 623.4</u>	<u>\$ 475.8</u>	<u>\$ 1,099.2</u>

**Year Ended December 31, 2021**

	(in millions)		
	Sealing Technologies	Advanced Surface Technologies	Total
Aerospace	\$ 32.1	\$ 9.8	\$ 41.9
Chemical and material processing	72.5	—	72.5
Food and pharmaceutical	65.1	—	65.1
General industrial	161.8	25.7	187.5
Commercial vehicle	174.3	—	174.3
Oil and gas	19.0	4.6	23.6
Power generation	43.6	0.2	43.8
Semiconductors	14.6	203.6	218.2
Other	10.2	3.3	13.5
Total third-party sales	<u>\$ 593.2</u>	<u>\$ 247.2</u>	<u>\$ 840.4</u>

Sales to one customer of our Sealing Technologies and Advanced Surface Technologies segments represented approximately \$270.3 million, \$296.5 million, and \$166.4 million of our consolidated sales for the years ended December 31, 2023, 2022, and 2021, respectively.

	Years Ended December 31,		
	2023	2022	2021
	(in millions)		
<b>Capital Expenditures</b>			
Sealing Technologies	\$ 17.1	\$ 8.2	\$ 6.3
Advanced Surface Technologies	16.8	21.2	8.6
Total capital expenditures	<u>\$ 33.9</u>	<u>\$ 29.4</u>	<u>\$ 14.9</u>
<b>Depreciation and Amortization Expense</b>			
Sealing Technologies	\$ 25.1	\$ 26.1	\$ 30.6
Advanced Surface Technologies	69.2	76.7	32.9
Corporate	0.2	0.3	0.3
Total depreciation and amortization	<u>\$ 94.5</u>	<u>\$ 103.1</u>	<u>\$ 63.8</u>
<b>As of December 31,</b>			
	2023	2022	
	(in millions)		
<b>Assets</b>			
Sealing Technologies	\$ 687.1	\$ 689.6	
Advanced Surface Technologies		1,385.9	1,519.6
Corporate		426.5	422.7
Discontinued Operations		—	15.9
	<u>\$ 2,499.5</u>	<u>\$ 2,647.8</u>	
<b>Long-Lived Assets</b>			
United States	\$ 154.9	\$ 152.7	
France		7.9	7.4
Other Europe		1.2	0.9
Other foreign		29.8	24.2
Total	<u>\$ 193.8</u>	<u>\$ 185.2</u>	

Corporate assets include all of our cash and cash equivalents and long-term deferred income taxes. Long-lived assets consist of property, plant and equipment.

## 19. Commitments and Contingencies

### *General*

A description of certain environmental and other legal matters relating to certain of our subsidiaries is included in this section. In addition to the matters noted herein, we are from time to time subject to, and are presently involved in, other litigation and legal proceedings arising in the ordinary course of business. We believe the outcome of such other litigation and legal proceedings will not have a material adverse effect on our financial condition, results of operations and cash flows. Expenses for administrative and legal proceedings are recorded when incurred.

### *Environmental*

Our facilities and operations are subject to federal, state and local environmental and occupational health and safety laws and regulations of the U.S. and foreign countries. We take a proactive approach in our efforts to comply with these laws and regulations as they relate to our manufacturing operations and in proposing and implementing any remedial plans that may be necessary. We also regularly conduct comprehensive environmental, health and safety audits at our facilities to maintain compliance and improve operational efficiency.

Although we believe past operations were in substantial compliance with the then applicable regulations, we or one or more of our subsidiaries are involved with various investigation and remediation activities at 19 sites. At 14 of these sites, the future cost per site for us or our subsidiaries is expected to exceed \$100,000. We do not conduct manufacturing operations at any of these sites. At all 19 sites, one or more of our subsidiaries formerly conducted business operations but no longer do. Among these 19 sites, investigations have been completed for 15 sites and are in progress at 4 sites. Among the 15 sites where investigations have been completed, 7 sites have remediation systems that are operating and our only obligation at the other 8 sites is to conduct periodic monitoring. In addition to the 19 sites referenced above, the United States Environmental Protection Agency (the "EPA") has provided us notice that Enpro has potential responsibility at 1 additional site where one of our subsidiaries formerly conducted business operations but no longer does. We have responded to the EPA that we do not have responsibility at that site and are awaiting EPA's response.

Our policy is to accrue environmental investigation and remediation costs when it is probable that a liability has been incurred and the amount can be reasonably estimated. For sites with multiple future projected cost scenarios for identified feasible investigation and remediation options where no one estimate is more likely than all the others, our policy is to accrue the lowest estimate among the range of estimates. The measurement of the liability is based on an evaluation of currently available facts with respect to each individual situation and takes into consideration factors such as existing technology, presently enacted laws and regulations and prior experience in the remediation of similar contaminated sites. Liabilities are established for all sites based on these factors. As assessments and remediation progress at individual sites, these liabilities are reviewed and adjusted to reflect additional technical data and legal information. As of December 31, 2023 and 2022, we had recorded liabilities aggregating \$39.0 million and \$42.1 million, respectively, for estimated future expenditures relating to environmental contingencies. The current portion of our aggregate environmental liability included in accrued liabilities at December 31, 2023, was \$8.2 million. These amounts have been recorded on an undiscounted basis in the Consolidated Balance Sheets. Given the uncertainties regarding the status of laws, regulations, enforcement policies, the impact of other parties potentially being fully or partially liable, technology and information related to individual sites, we do not believe it is possible to develop an estimate of the range of reasonably possible environmental loss in excess of our recorded liabilities.

We believe that our accruals for specific environmental liabilities are adequate based on currently available information. Based upon limited information regarding any incremental remediation or other actions that may be required at these sites, we cannot estimate any further loss or a reasonably possible range of loss related to these matters. Actual costs to be incurred in future periods may vary from estimates because of the inherent uncertainties in evaluating environmental exposures due to unknown and changing conditions, changing government regulations and legal standards regarding liability.

### *Lower Passaic River Study Area*

Based on our prior ownership of Crucible Steel Corporation a/k/a Crucible, Inc. ("Crucible"), we may have additional contingent liabilities in one or more significant environmental matters. One such matter, which is included in the 19 sites referred to above, is the Lower Passaic River Study Area of the Diamond Alkali Superfund Site in New Jersey. Crucible operated a steel mill abutting the Passaic River in Harrison, New Jersey from the 1930s until 1974, which was one of many industrial operations on the river dating back to the 1800s. Certain contingent environmental liabilities related to this site were retained by a predecessor of EnPro Holdings when it sold a majority interest in Crucible Materials Corporation (the successor of Crucible) in 1985. The United States Environmental Protection Agency (the "EPA") notified our subsidiary in September

2003 that it is a potentially responsible party (“PRP”) for Superfund response actions in the lower 17-mile stretch of the Passaic River known as the Lower Passaic River Study Area.

EnPro Holdings and approximately 70 of the numerous other PRPs, known as the Cooperating Parties Group, are parties to a May 2007 Administrative Order on Consent with the EPA to perform a Remedial Investigation/Feasibility Study (“RI/FS”) of the contaminants in the Lower Passaic River Study Area. In September 2018, EnPro Holdings withdrew from the Cooperating Parties Group but remains a party to the May 2007 Administrative Order on Consent. The RI/FS was completed and submitted to the EPA at the end of April 2015. The RI/FS recommends a targeted dredge and cap remedy with monitored natural recovery and adaptive management for the Lower Passaic River Study Area. The cost of such remedy is estimated to be \$726 million. Previously, on April 11, 2014, the EPA released its Focused Feasibility Study (the “FFS”) with its proposed plan for remediating the lower eight miles of the Lower Passaic River Study Area. The FFS calls for bank-to-bank dredging and capping of the riverbed of that portion of the river and estimates a range of the present value of aggregate remediation costs of approximately \$953 million to approximately \$1.73 billion, although estimates of the costs and the timing of costs are inherently imprecise. On March 3, 2016, the EPA issued the final Record of Decision (ROD) as to the remedy for the lower eight miles of the Lower Passaic River Study Area, with the maximum estimated cost being reduced by the EPA from \$1.73 billion to \$1.38 billion, primarily due to a reduction in the amount of cubic yards of material that will be dredged. In October 2016, Occidental Chemical Corporation, the successor to the entity that operated the Diamond Alkali chemical manufacturing facility, reached an agreement with the EPA to develop the design for this proposed remedy at an estimated cost of \$165 million. The EPA has estimated that it will take approximately four years to develop this design. On June 30, 2018, Occidental Chemical Corporation sued over 120 parties, including the Company, in the United States District Court for New Jersey seeking recovery of response costs under the Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”).

No final allocations of responsibility have been made among the numerous PRPs that have received notices from the EPA, there are numerous identified PRPs that have not yet received PRP notices from the EPA, and there are likely many PRPs that have not yet been identified.

On April 14, 2021, the EPA issued its proposed remedy for the upper nine miles of the river, with an estimated present value cost of approximately \$441 million. The proposed remedy would involve dredging and capping of the river sediment as an interim remedy followed by a period of monitoring to evaluate the response of the river system to the interim remedy.

When the EPA initiated the allocation process in 2017, it explained that a fair, carefully structured, information-based allocation was necessary to promote settlements. With the completion of the allocation process, in the second quarter of 2021 the EPA began settlement negotiations with the parties that participated in the allocation process, including EnPro Holdings. In September 2022, EnPro Holdings paid \$5.9 million as part of a settlement between those parties and EPA. The payment will be held in escrow until court approval of the settlement. Our reserve for this site at December 31, 2023 was \$0.7 million. Further adjustments to our reserve for this site are possible as new or additional information becomes available.

Except with respect to the Lower Passaic River Study Area, we are unable to estimate a reasonably possible range of loss related to any other contingent environmental liability based on our prior ownership of Crucible. See the section entitled “Crucible Steel Corporation a/k/a Crucible, Inc.” in this footnote for additional information.

#### Arizona Uranium Mines

EnPro Holdings has received notices from the EPA asserting that it is a potentially responsible party under the CERCLA as the successor to a former operator of eight uranium mines in Arizona. The former operator conducted operations at the mines from 1954 to 1957. In the 1990s, remediation work performed by others at these sites consisted of capping the exposed areas of the mines. We have previously reserved amounts of probable loss associated with these mines, principally including the cost of the investigative work to be conducted at such mines. We entered into an Administrative Settlement Agreement and Order on Consent for Interim Removal Action with the EPA effective November 7, 2017 for the performance of this work. We entered into a First Modification of Original Administrative Settlement Agreement and Order on Consent effective July 8, 2022 for the performance of Engineering Evaluations and Cost Analyses of potential remedial options at each of the sites. In 2020, EPA initiated group discussions with EnPro Holdings and other potentially responsible parties to resolve various technical issues, including the development of cleanup standards. Based on these discussions and subsequent discussions with other responsible parties with similar sites, we have concluded that further remedial work beyond maintenance of and minor repairs to the existing caps is probable, and we have evaluated the feasibility of various remediation scenarios. Our reserve at December 31, 2023 for this site was \$11.5 million, which reflects the low end of the range of our reasonably likely liability with respect to these sites. We are not able at this time to estimate the upper end of a range of liability with respect to these sites.

On October 18, 2021, the United States District Court for the District of Arizona approved and entered a Consent Decree pursuant to which the U.S government will reimburse the Company for 35% of necessary costs of response, as defined in 42

U.S.C. section 9601(25), previously or to be in the future incurred by the Company which arise out of or in connection with releases or threatened releases of hazardous substances at or emanating from the mine sites. We expect future contributions of \$2.9 million from the U.S. government towards remediation of the site. This amount was included in other assets in the accompanying consolidated balance sheet at December 31, 2023.

In addition to the two sites discussed above, we have additional reserves of \$26.9 million, of which \$13.5 million pertains to implementing and managing a solution to clean trichloroethylene soil and groundwater contamination at the location of a former operation in Water Valley, Mississippi. These amounts represent a reasonable estimate of our probable future costs to remediate these sites given the facts and circumstances known at December 31, 2023.

*Crucible Steel Corporation a/k/a Crucible, Inc.*

Crucible, which was engaged primarily in the manufacture and distribution of high technology specialty metal products, was a wholly owned subsidiary of EnPro Holdings until 1983 when its assets and liabilities were distributed to a new subsidiary, Crucible Materials Corporation. EnPro Holdings sold a majority of the outstanding shares of Crucible Materials Corporation in 1985 and divested its remaining minority interest in 2004. Crucible Materials Corporation filed for Chapter 11 bankruptcy protection in May 2009 and is no longer conducting operations.

We have certain ongoing obligations, which are included in other liabilities in our Consolidated Balance Sheets, including workers' compensation, retiree medical and other retiree benefit matters, in addition to those mentioned previously related to EnPro Holdings' period of ownership of Crucible. Based on EnPro Holdings' prior ownership of Crucible, we may have certain additional contingent liabilities, including liabilities in one or more significant environmental matters included in the matters discussed in "Environmental" above. We are investigating these matters. Except with respect to those matters for which we have an accrued liability as discussed in "Environmental" above, we are unable to estimate a reasonably possible range of loss related to these contingent liabilities.

*Warranties*

We provide warranties on many of our products. The specific terms and conditions of these warranties vary depending on the product and the market in which the product is sold. We record a liability based upon estimates of the costs we may incur under our warranties after a review of historical warranty experience and information about specific warranty claims. Adjustments are made to the liability as claims data, historical experience, and trends result in changes to our estimate.

Changes in the carrying amount of the product warranty liability for the years ended December 31, 2023, 2022 and 2021 are as follows:

	2023	2022	2021
	(in millions)		
Balance at beginning of year	\$ 5.2	\$ 4.9	\$ 6.7
Charges to expense	2.6	2.2	0.7
Settlements made	(1.4)	(1.9)	(2.5)
Balance at end of year	<u>\$ 6.4</u>	<u>\$ 5.2</u>	<u>\$ 4.9</u>

**20. Discontinued Operation and Dispositions**

In the third quarter of 2022, we entered into an agreement to sell our GGB business and announced our intention to sell Garlock Pipeline Technologies, Inc. ("GPT"). These businesses, along with Compressor Products International ("CPI"), which was divested on December 21, 2021, comprised our entire Engineered Materials segment ("Engineered Materials"). As a result of classifying the GGB and GPT businesses as held for sale in the third quarter of 2022, we determined Engineered Materials to be discontinued operations. Accordingly, we have reported, for all periods presented, the financial condition, results of operations, and cash flows of Engineered Materials as discontinued operations in the accompanying financial statements.

On January 30, 2023 we completed the sale of GPT. In 2023, we received \$28.9 million, net of transaction fees and cash sold, resulting in a pretax gain of \$14.6 million recognized in the first quarter of 2023.

The sale of GGB closed on November 4, 2022 to The Timken Company. We received \$298.2 million, net of transaction fees and cash sold, including \$3.1 million of payments made in the first quarter of 2023. We recorded a pre-tax gain of \$189.1 million as part of our discontinued operations in the fourth quarter of 2022. The sale of GGB included a subsidiary of our Sealing Technologies segment which is not part of the discontinued operations described above. We recorded a pre-tax loss

of \$0.4 million related to the sale of this subsidiary. The loss on sale as well as operating activity of this subsidiary are included in continuing operations up to the date of the sale.

On December 21, 2021, we completed the sale of specified equity interests and assets of CPI, which had been included in our Engineered Materials segment. We received \$185.7 million, net of transaction fees and cash sold, resulting in a pre-tax gain of \$117.6 million as part of our discontinued operations.

### *Dispositions*

On September 2, 2021, we sold certain assets and liabilities of our polymer components business unit, which was principally located in Houston, Texas and had been included in our Sealing Technologies segment. As a result of the sale, we recorded a pre-tax gain of \$19.5 million in other income (expense) on our Consolidated Statement of Operations.

The results of our discontinued operations were as follows:

	Years Ended December 31,		
	2023	2022	2021
	(in millions)		
Net sales	\$ 2.0	\$ 188.9	\$ 301.4
Cost of sales	1.3	124.6	192.1
Gross profit	0.7	64.3	109.3
Operating expenses:			
Selling, general, and administrative expenses	0.4	43.8	76
Other	—	0.2	3.6
Total operating expenses	0.4	44.0	79.6
Operating income from discontinued operations	0.3	20.3	29.7
Income from discontinued operations before income taxes	0.3	20.3	29.7
Income tax benefit (expense)	(0.1)	1.8	(13.9)
Income from discontinued operations, net of taxes before gain from sale of discontinued operations	0.2	22.1	15.8
Gain from sale of discontinued operations, net of taxes	11.2	176.3	105.2
Income from discontinued operations, net of taxes	<u>\$ 11.4</u>	<u>\$ 198.4</u>	<u>\$ 121.0</u>



The major classes of assets and liabilities for our discontinued Engineered Materials segment are shown below:

<b>(in millions)</b>	December 31, 2022
<b>Assets:</b>	
Accounts receivable	\$ 3.8
Inventories	3.1
Property, plant and equipment	7.6
Other intangible assets	1.2
Other assets	0.2
	\$ 15.9
<b>Liabilities</b>	
Accounts payable	\$ 1.4
Accrued expenses	0.9
	\$ 2.3

Pursuant to applicable accounting guidance for the reporting of discontinued operations, allocations to our Engineered Materials segment for corporate services not expected to continue at the divested business subsequent to closing have not been reflected in the above financial statements of discontinued operations and have been reclassified to income from continuing operations in our accompanying consolidated financial statements for all periods. In addition, divestiture-related costs previously not allocated to our Engineered Materials segment that were incurred as a result of the divestiture of Engineered Materials have been reflected in the financial results of discontinued operations. As a result, income from discontinued operations before income taxes of Engineered Materials has been decreased by \$1.7 million for the year ended December 31, 2022 and increased \$2.4 million, for the year ended December 31, 2021 with offsetting changes in corporate expenses of continuing operations.

## **21. Subsequent Events**

On December 28, 2023, EnPro Holdings entered into an agreement to acquire Advanced Micro Instruments, Inc. (“AMI”) for \$210 million in cash, subject to customary purchase price adjustments related to the final acquisition date net working capital determination. We estimate that approximately 3% of the total consideration given for the acquisition of AMI is related to net tangible assets, excluding cash.

AMI is a leading provider of highly-engineered, application-specific analyzers and sensing technologies that monitor critical parameters to maintain infrastructure integrity, enable process efficiency, enhance safety, and facilitate the clean energy transition. The acquisition closed on January 29, 2024 and thus the assets and operating results of AMI are not included in our 2023 financial statements. AMI will be included as part of our Sealing Technologies segment.

Based in Costa Mesa, California, AMI serves customers in the midstream natural gas, biogas, industrial processing, cryogenics, food processing, laboratory, wastewater and aerospace markets. The company offers a portfolio of oxygen, hydrogen sulfide and moisture analyzers and proprietary sensing capabilities that detect contaminants in a variety of processes, including natural gas and biogas streams, which enable operators to avoid flaring and, thereby, reduce CO2 emissions.

On February 21, 2024, we acquired all outstanding equity interests of the Alluxa Acquisition Subsidiary for \$17.9 million and became the sole owner of the Alluxa. For an additional discussion on the equity interests of the Alluxa Acquisition Subsidiary, see Note 2, "Acquisitions".

**SCHEDULE II**  
**Valuation and Qualifying Accounts**  
**For the Years Ended December 31, 2023, 2022 and 2021**  
**(in millions)**

**Allowance for Doubtful Accounts**

	<b>Balance, Beginning of Year</b>		<b>Expense (income)</b>		<b>Write-off of Receivables</b>		<b>Other (1)</b>		<b>Balance, End of Year</b>
2023	\$ 2.9	_	\$ (0.3)	_	\$ (0.7)	_	\$ 0.1	\$	2.0
2022	\$ 2.1		\$ 1.0		\$ (0.2)		\$ —	\$	2.9
2021	\$ 1.8		\$ 0.1		\$ (0.2)		\$ 0.4	\$	2.1

(1) Consists primarily of the effect of changes in currency rates.

**Deferred Income Tax Valuation Allowance**

	<b>Balance, Beginning of Year</b>		<b>Expense (income)</b>		<b>Other (2)</b>		<b>Balance, End of Year</b>
2023	\$ 10.7		\$ (8.1)		\$ 0.1	\$	2.7
2022	\$ 8.9		\$ 2.3		\$ (0.5)	\$	10.7
2021	\$ 6.6		\$ 2.6		\$ (0.3)	\$	8.9

(2) Consists primarily of the effects of changes in currency rates and statutory changes in tax rates.