



Navigating Geopolitical Risk Through Operational Resilience

April 20, 2026

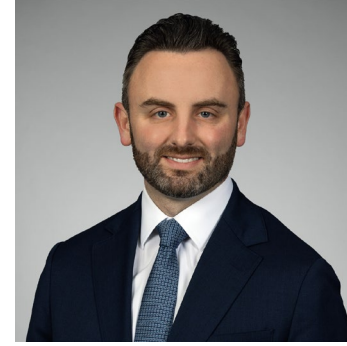
Today's Speakers



Jeff Layman
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Agenda

- Economic Update & Market Overview
- Industry & Consumer Demand Impacts
- Financial Reporting, Tax, & Audit Considerations
- Final Q&A



01

Economic Update & Market Overview



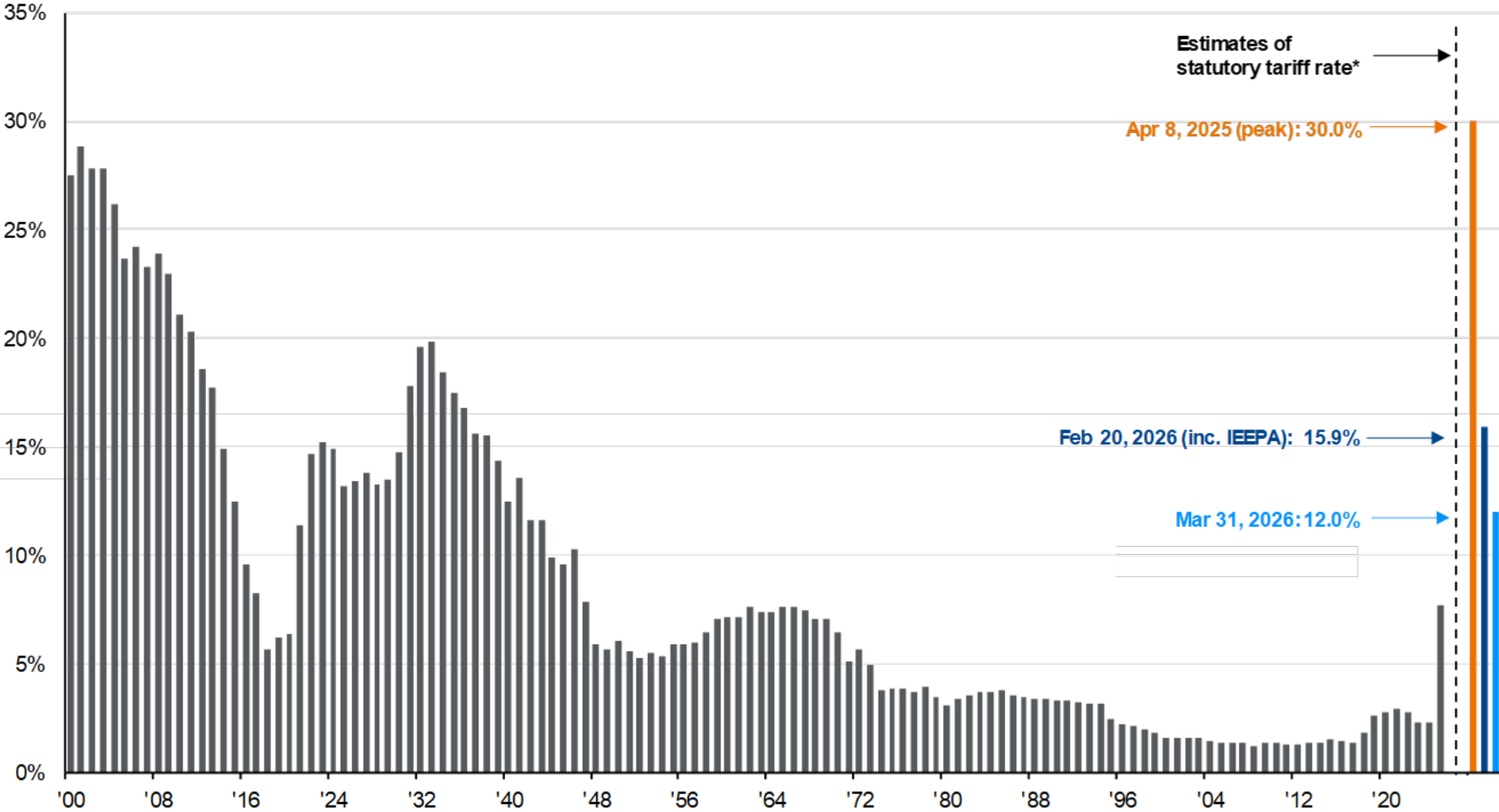
Assessing the Economic Backdrop

- Tariff Turmoil
- U.S. Workforce and Productivity Growth
- Higher Oil Prices and Inflation
- Government Finances
- Consumer Sentiment and the “K-shaped” Economy
- Stock Market Volatility

Tariffs on US Imports

Average tariff rate on U.S. goods imports for consumption

Duties collected / value of total goods imports for consumption, 1900 - 2025



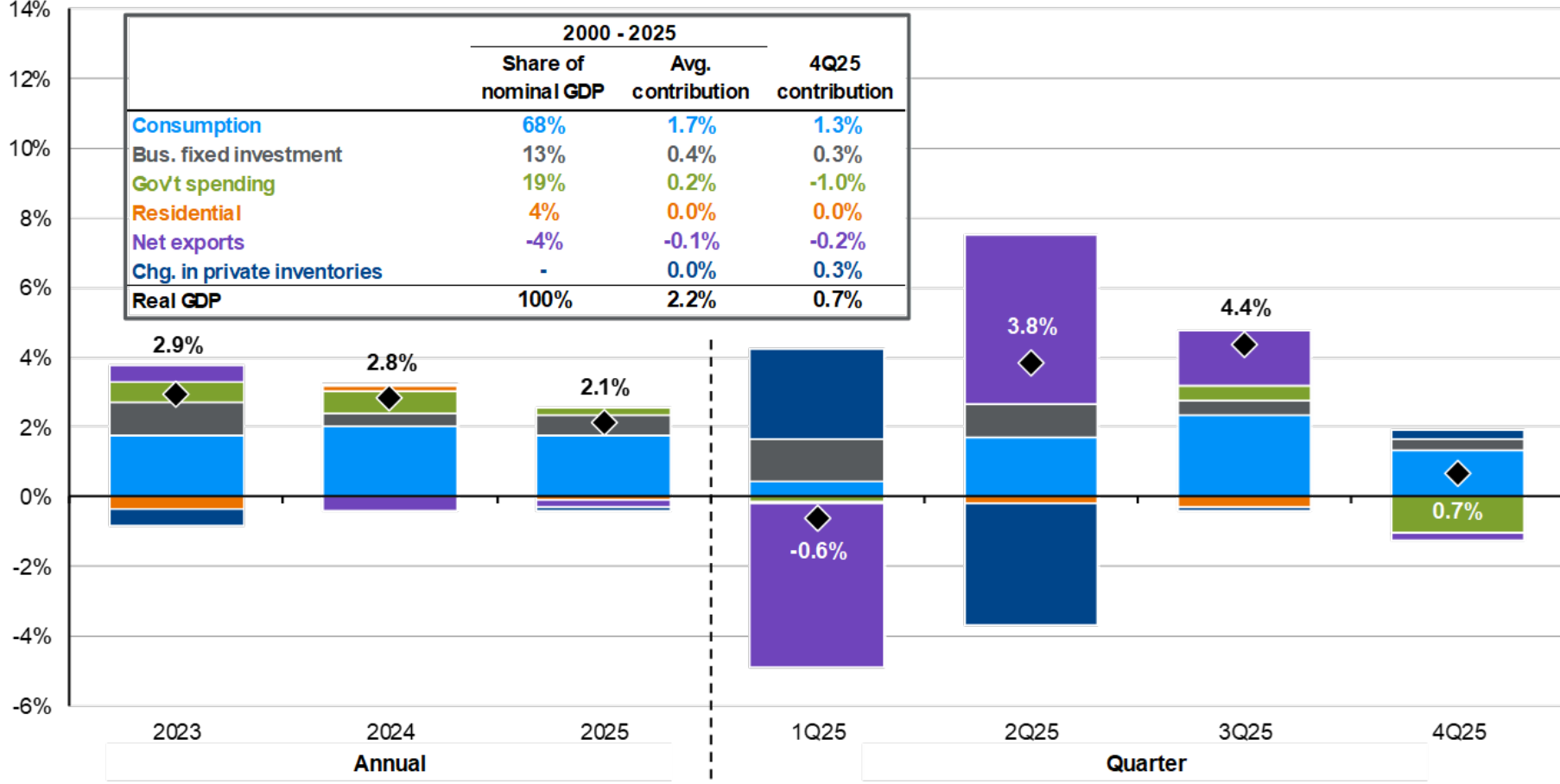
Source: U.S. Census Bureau, U.S. Department of Treasury, U.S. International Trade Commission, J.P. Morgan Asset Management. For illustrative purposes only. The estimated weighted average statutory U.S. tariff rate includes all tariffs that are currently in effect, not announced. Imports for consumption: goods brought into a country for direct use or sale in the domestic market. *Figures are based on 2024 import levels and assume no change in demand due to tariff increases. Tariff revenue shown are figures from the Monthly Treasury Statement. Import figures included in the table are from the U.S. Census Bureau. Estimates, projections and other forward-looking statements are based upon current beliefs and expectations. They are for illustrative purposes only and serve as an indication of what may occur. Given the inherent uncertainties and risks associated with forecasts, projections or other forward-looking statements, actual events, results or performance may differ materially from those reflected or contemplated. Data are as of March 31, 2026.



Components of GDP

Contributors to real GDP growth

Seasonally adjusted annualized rate



Source: BEA, FactSet, J.P. Morgan Asset Management. Data as of March 31, 2026.



Tariff Absorption

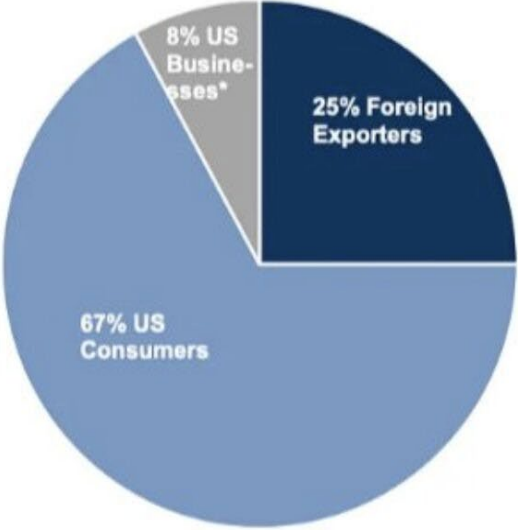
Tariff Impact

Exhibit 6: : Our Preliminary Estimates Suggest That More Than Half of Tariff Costs Have Been Absorbed by US Businesses So Far, but This Share May Decline to 8% Over the Next Several Months as Consumers and Foreign Exporters Gradually Absorb More of the Cost

Division of Tariff Costs as of June



Eventual Division of Tariff Costs by October
After All Announced Tariffs Through
June Are in Place For More Than Four Months



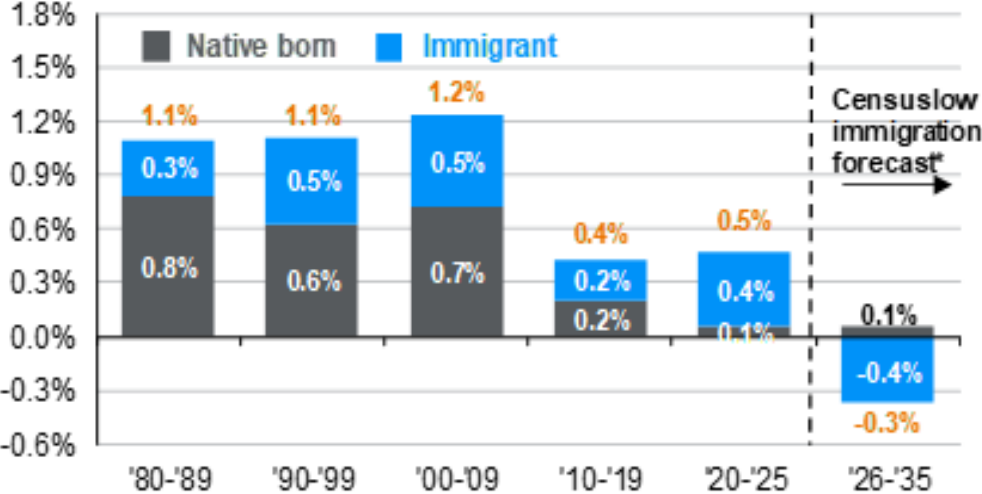
*The share of tariff costs borne by US businesses is a net amount. Some businesses probably absorbed a larger share of tariff costs, while other businesses that competed with imported goods likely raised their prices.

Source: Goldman Sachs Global Investment Research

Growth in U.S. Labor Force and Productivity

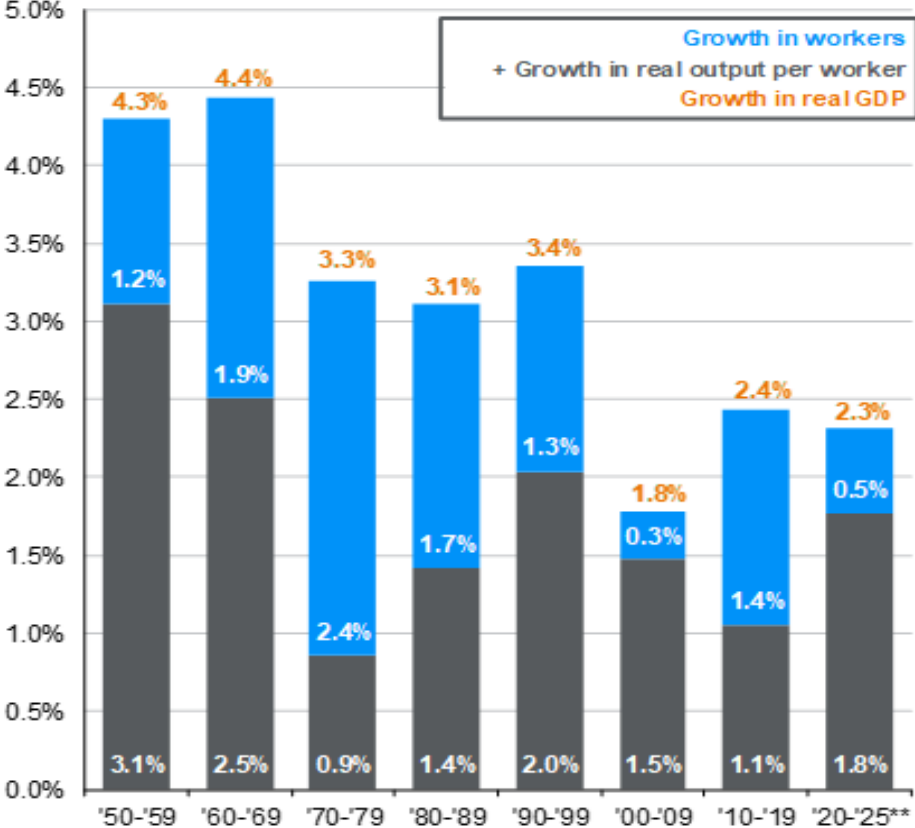
Growth in working-age population

Percent increase in civilian non-institutional population ages 16-64



Drivers of GDP growth

Average year-over-year % change



Source: JP Morgan Asset Management, Bureau of Labor Statistics. March 31, 2026.



Oil Prices

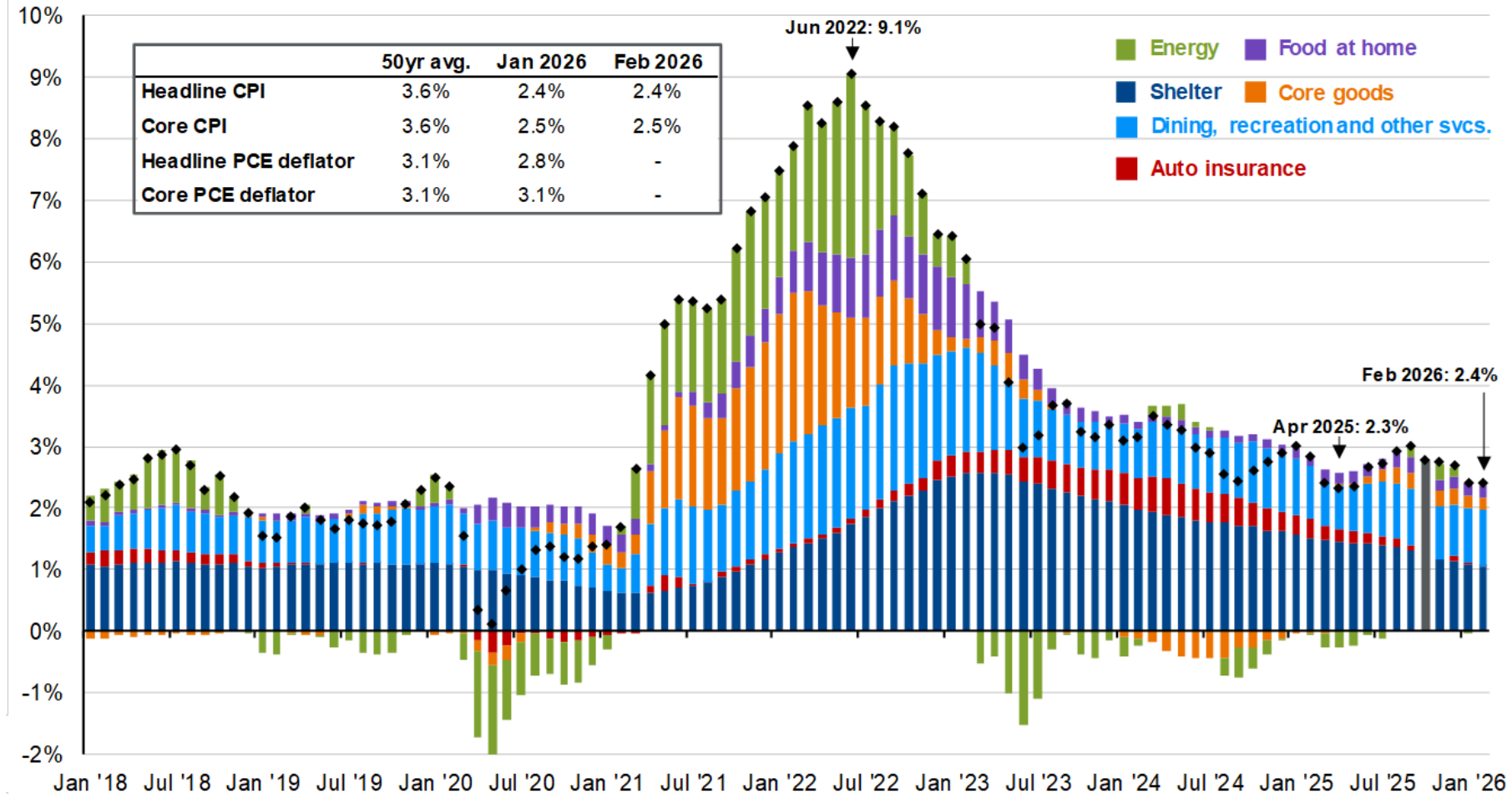


Source: FactSet, JP Morgan Asset Management, EIA. March 31, 2026.

Inflation Components

Contributors to headline CPI inflation

Contribution to year-over-year % change in CPI, non-seasonally adjusted



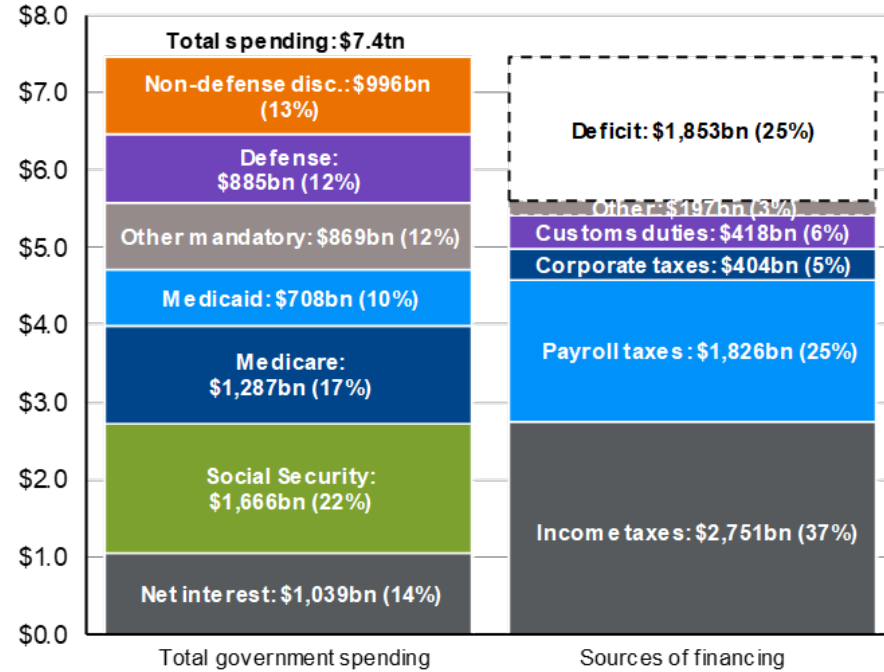
Source: BLS, FactSet, J.P. Morgan Asset Management. Contributions mirror the BLS methodology on Table 7 of the CPI report. Values may not sum to headline CPI figures due to rounding and underlying calculations. "Shelter" includes owners' equivalent rent, rent of primary residence and home insurance. "Food at home" includes alcoholic beverages. Headline and core PCE deflator inflation shown are based on seasonally adjusted data due to data availability. *Official October 2025 data unavailable due to government shutdown and data shown are J.P. Morgan Asset Management estimates. Data as of March 31, 2026.

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Federal Finances

The 2026 federal budget

USD trillions

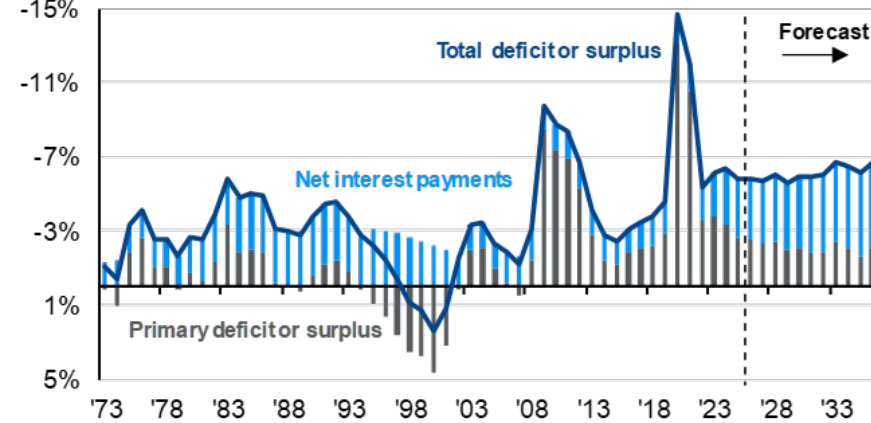


CBO's Baseline economic assumptions

	2026	'27-'28	'29-'30	'31-'36
Real GDP growth	2.3%	1.9%	1.8%	1.8%
10-year Treasury	4.1%	4.3%	4.3%	4.4%
Headline inflation (CPI)	3.0%	2.5%	2.3%	2.3%
Unemployment	4.6%	4.5%	4.4%	4.2%

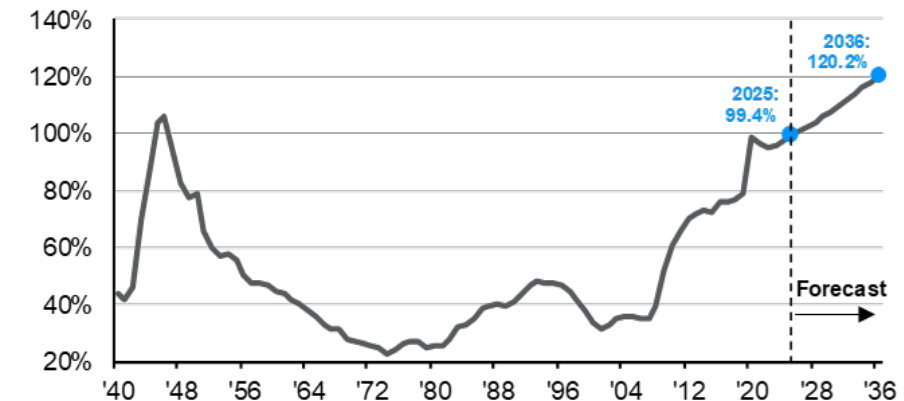
Federal deficit and net interest payments

% of GDP, 1973 - 2036, CBO Baseline Forecast



Federal net debt (accumulated deficits)

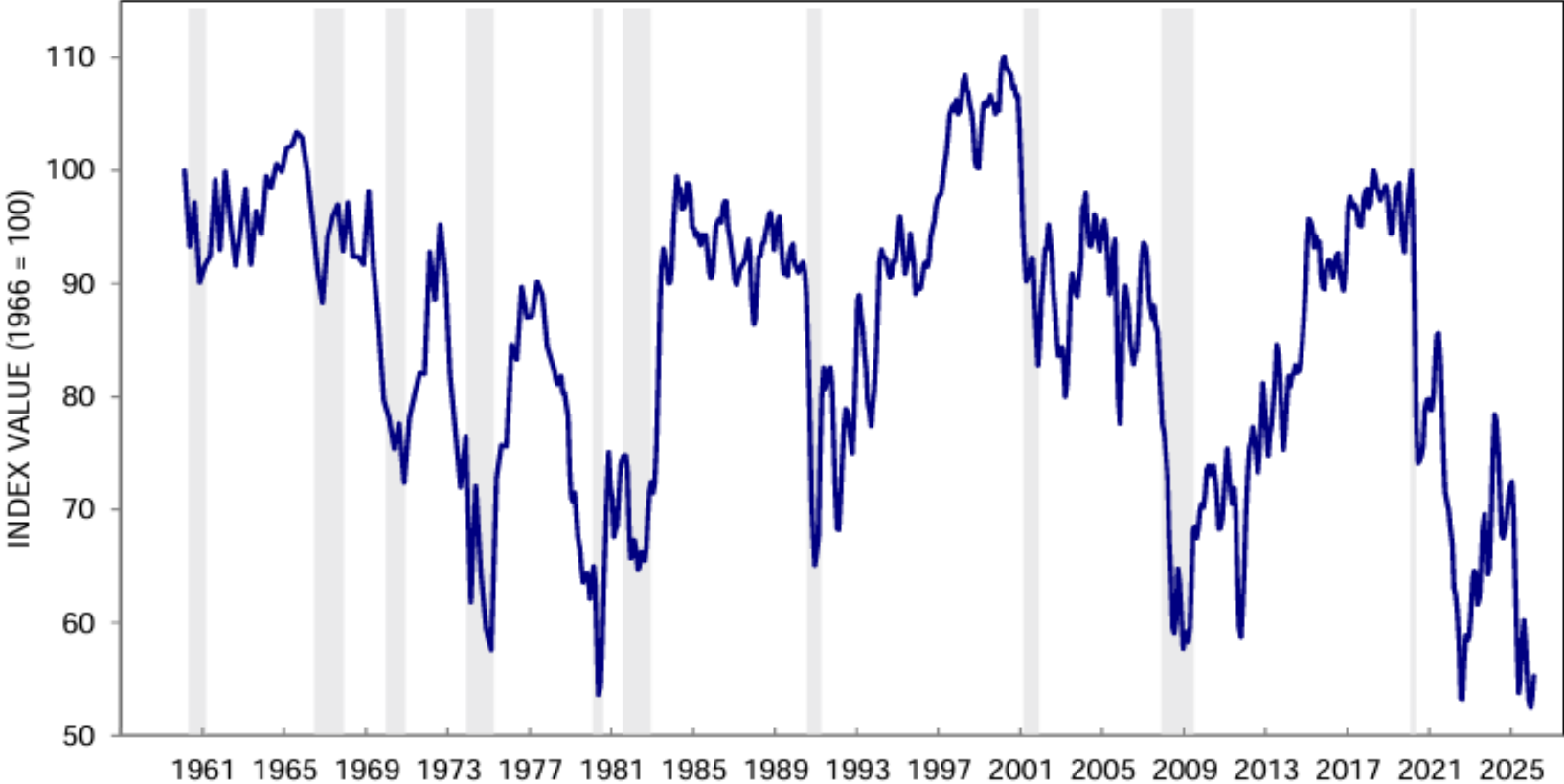
% of GDP, 1940 - 2036, CBO Baseline Forecast, end of fiscal year



Source: CBO, Treasury Department, J.P. Morgan Asset Management; (Left) Reflects actual FY 2025 government receipts and outlays based on data sourced from the Treasury Department. Numbers may not sum to 100% due to rounding; (Top and bottom right) BEA. Estimates are from the Congressional Budget Office (CBO) January 2025 An Update to the Budget Outlook: 2025 to 2035. "Other" spending includes, but is not limited to, health insurance subsidies, income security and federal civilian and military retirement. Years shown are fiscal years. OBBBA refers to the "One Big Beautiful Bill Act." *Adjusted by JPMAM to include estimates from the CBO July 2025 report "Estimated Budgetary Effects of Public Law 119-21, to Provide for Reconciliation Pursuant to Title II of H. Con. Res. 14, Relative to CBO's January 2025 Baseline." Figures are also adjusted to include JPMAM estimates of tariff revenues and the estimated cost of extending expiring tax cuts beyond 2028, based on CBO August 2025 report "Effects on Deficits and the Debt of Public Law 119-21 and of Making Certain Tax Policies in the Act Permanent." Forecasts are not a reliable indicator of future performance. Forecasts, projections and other forward-looking statements are based upon current beliefs and expectations. They are for illustrative purposes only and serve as an indication of what may occur. Given the inherent uncertainties and risks associated with forecasts, projections or other forward-looking statements, actual events, results or performance may differ materially from those reflected or contemplated. Data as of March 31, 2026.

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University of Michigan Consumer Sentiment Index



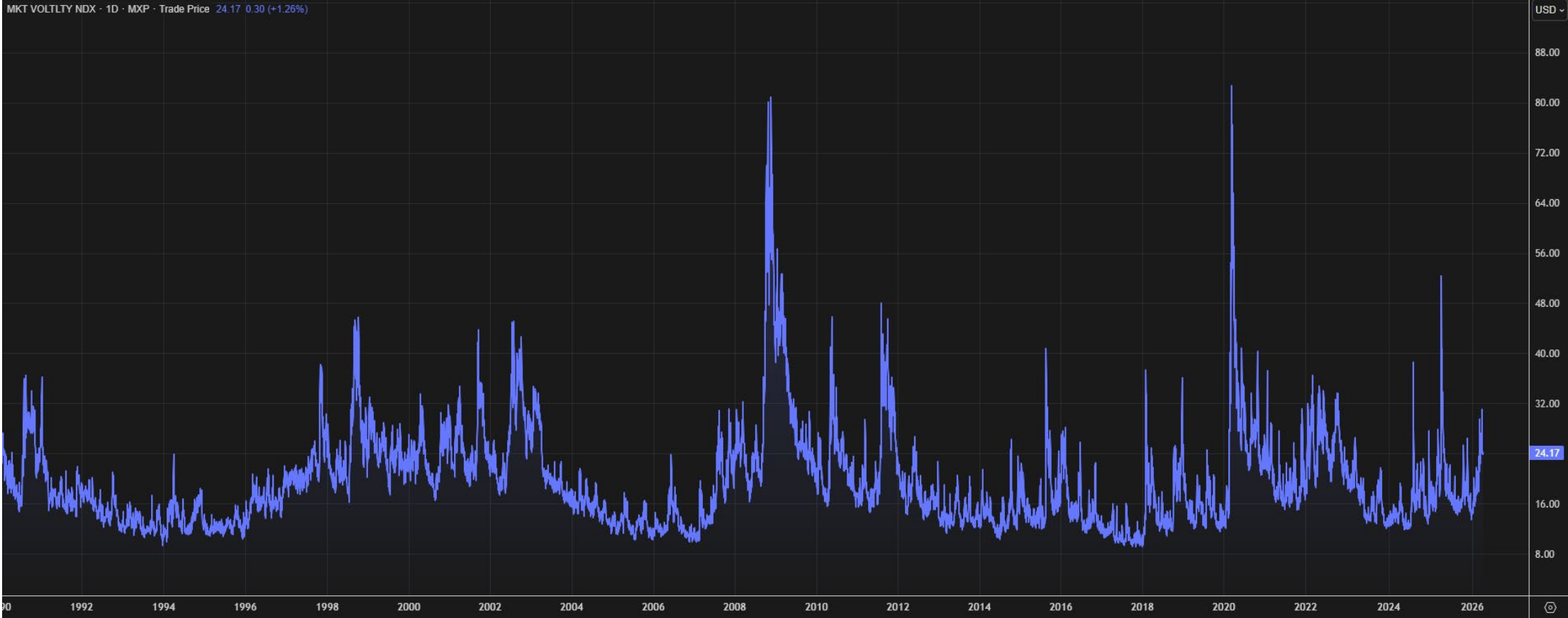
Source: University of Michigan, March 2026.

Recent Drawdowns - S&P 500 Index



Source: Refinitiv, April 6, 2026.

CBOE Volatility Index (VIX)



Source: Refinitiv, April 6, 2026.

02

Industry & Consumer Demand Impacts



Open Discussion for Key Industries

- ✓ Energy
- ✓ Consumer Retail, Transportation & Logistics, Wholesalers & Distributors
- ✓ Manufacturing
- ✓ Technology, Media, Telecommunications
- ✓ Overall supply chain



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03

Financial Reporting, Tax, & Audit Considerations



Tax Readiness: Where Exposure Typically Emerges

Impact of Geopolitical Uncertainty on Taxes

Operational Changes vs Tax Analysis

- Operational decisions happen faster than tax - Quick changes can misalign with tax timing, impacting capitalization and deductions.
- Increase in tax exposure - Anticipate tax exposure or deal with the consequences later
- Shifts in operations may disrupt the use of tax credits and incentives linked to specific activities or locations
- Short-term operational gains may create long-term tax complexity, urging a readiness mindset.

Operational Reality and Possible Tax Issues

- Manage risk by shifting or adding suppliers, reroute shipments, establish temporary warehousing
- Change in inventory location could result in new filing obligations and higher taxes
- Changes in origin, valuation, or classification can significantly affect duty costs and compliance requirements.
- New inventory locations or delivery routes can trigger VAT, sales tax, and income tax filing obligations in new jurisdictions.

Transfer Pricing – What Now???

- Operational changes can render previous transfer pricing studies outdated and misaligned with current economic conditions.
- Misaligned profit allocation increases audit risks and potential controversy with tax authorities.
- Risk often remains undetected internally as intercompany pricing processes may appear normal despite issues.
- Regularly updating transfer pricing policies is essential to reflect current operations and avoid compliance pitfalls.

Audit & Financial Reporting Readiness

Financial Reporting Impact of Geopolitical Uncertainty

Financial reporting issues

For companies with operations in impacted regions these circumstances can result in complex financial reporting issues such as:

- Impairment of investments, as well as intangible and other long-lived assets
- Negative impact on assumptions used for fair value measurements
- Reduced net realizable value of inventory
- Increased tax valuation allowances
- Contingent liabilities or gains such as insurance recoveries

Changes in expense and revenue recognition

Impacts on individual transactions with customers or vendors might require changes in expense and revenue recognition.

SEC Reporting Considerations

Outside of the audited financial statements, SEC registrants should consider disclosures related to:

- Risk factors
- Management's discussion and analysis



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04

Final Q&A



Thank You!

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