Risk Factors Comparison 2024-02-29 to 2023-03-07 Form: 10-K

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~~The following summarizes the principal factors that make an investment in ESAB speculative or risky, all of which are more fully described in the " Risk Factors " section below. This summary should be read in connection with the " Risk Factors " section and should not be relied upon as an exhaustive summary of the material risks facing our business.~~ Our business is subject to a number of risks, including risks that may prevent us from achieving our business objectives or may adversely affect our business, financial condition, results of operations, cash flows ~~,~~ and prospects. These risks **, which** are discussed more fully below ~~and~~ **,** include, but are not limited to **the following** ~~, risks related to~~ : Risks Related to Our Business • The cyclical nature and maturity of the welding and cutting industry in developed markets. • A significant or sustained decline in the levels of new capital investment and maintenance expenditures by certain of our customers could reduce the demand for our products. • Specific risks associated with international operations. • The **effects of wars and geopolitical tensions, including the** Russian invasion of Ukraine and the international response to the invasion. • The effects of ~~the COVID~~ **natural or man** - ~~19~~ **made disasters, adverse weather events or conditions, epidemics,** ~~pandemic~~ **pandemics and other widespread health events. • Significant movements in foreign currency exchange rates. • The possibility that we are unable to identify suitable acquisition candidates, complete any proposed acquisitions or successfully integrate the businesses we are acquire** . • Our restructuring activities, which may subject us to additional uncertainty in our operating results. • Any impairment in the value of our intangible assets, including Goodwill. • ~~The possibility of product liability lawsuits. •~~ Service interruptions, data corruption, cyber- based attacks or network security breaches to our **electronic** information ~~technology infrastructure~~ **systems. • Our indebtedness, which could adversely affect our businesses and our ability to meet our obligations and pay dividends. • The possibility that we do not generate sufficient cash to service all of our indebtedness and may be forced to take other actions to satisfy our obligations under our indebtedness** . • A material disruption at any of our manufacturing facilities. • **The possibility of product liability lawsuits. •** Strikes, work stoppages or other slowdowns by our associates represented by trade unions or ~~work~~ **works** ~~counsels~~ **councils** or the failure to negotiate new and acceptable agreements with our associates represented by trade unions or ~~work~~ **works** ~~counsels~~ **councils** . • Any failure to maintain and protect our intellectual property rights or challenges to these rights by third parties **. • Our defined benefit pension plans and post- retirement medical and death benefit plans, which could become subjects to funding requirements or obligations that could adversely affect our business. • Our dependency on raw materials and parts and components used in our products. • Inability to respond successfully to the competition. • Changes in our tax rates or exposure to additional income tax liabilities. • If we require additional capital, the potential for unsatisfactory terms or for additional capital to not be available, or the potential that we cannot fully access credit under future credit agreements. • Our hedging activity** . • The loss of key leadership. Risks Related to Litigation and Regulatory Compliance • Available insurance coverage, the number of future asbestos- related claims and the average settlement value of current and future asbestos- related claims of certain subsidiaries could be different than current estimates. • Failure to comply with various sanction and embargo laws may result in enforcement or other regulatory actions. • Failure to comply with export control regulations could result in substantial fines or other sanctions. • Evolving risks related to privacy, data protection and data security. • Environmental and health and safety laws for which compliance, or related liabilities, could be costly. • **The impact of** ~~Certain~~ **certain** regulatory and financial risks related to climate change **,** ~~. • Certain regulatory and financial risks related to~~ anti- corruption, export control, medical device and other regulations. Risks Related to the Separation and Our Relationship with Enovis • Our limited history of operating as a separate, publicly traded company. • ~~As a separate, publicly traded company, we may not enjoy the same benefits that we did as a part of Colfax. • Significant fluctuations in our stock price. •~~ Our **indemnification obligation in connection with** ~~inability to achieve some or all of the expected benefits of~~ the Separation. • Failure of Enovis to indemnify us from certain agreed- upon liabilities in connection with the Separation. **• The potential that we may be required to indemnify Enovis for certain tax liabilities. • Our ability to engage in equity transactions could be limited by the Separation. • Certain of our executives and directors have an equity interest in Enovis. • We may have received better terms for unqualified third parties than the terms we received in our agreements with Enovis.** Risks Related to Our Common Stock • If we are unable to ~~implement and~~ maintain effective internal control over financial reporting in the future, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our common stock may be negatively affected. • ~~The obligations associated with being a public company require significant~~ **Significant** ~~resources and management attention~~ **fluctuations in our stock price** . • We cannot guarantee the payment of dividends on our common stock, or the timing or amount of any such dividends. • **Issuance of** ~~Your~~ - **our** ~~percentage ownership~~ **equity securities may significantly dilute our existing stockholders. • Provisions** in **our certificate of incorporation and amended and restated bylaws, and of Delaware law, may prevent or delay an acquisition of** us **. • Our certificate of incorporation designates that state courts in the State of Delaware or, if not state court located within the State of Delaware has jurisdiction, the federal court for the District of Delaware, as the sole and exclusive forum for certain types of actions and proceedings that** may be ~~diluted in the future~~ **initiated by our stockholders** . PART I Item 1. Business General Founded in 1904, ESAB Corporation **,** is a ~~world leader in connected fabrication technology~~ **focused premier industrial compounder. On April 4, 2022, ESAB completed its Separation from Colfax Corporation and became** ~~and~~ - **an** ~~gas control solutions~~ **independent, publicly- traded company, listed on the New York Stock Exchange (" NYSE ")** . We provide our partners with advanced equipment, consumables, gas control equipment, robotics and digital solutions. Our rich history of innovative products and workflow solutions and our business system, ESAB Business Excellence (" EBX "),

enables ~~allows us to realize~~ our purpose of Shaping the world we ~~imagine~~ **imagineTM** . Our products are utilized to solve challenges in a wide range of industries, including cutting, joining and automated welding. Products are marketed under several brand names, most notably ESAB, which we believe is well known in the international welding industry. ESAB' s comprehensive range of welding consumables includes electrodes, cored and solid wires ~~,~~ and fluxes using a wide range of specialty and other materials ~~,~~ and cutting consumables includes electrodes, nozzles, shields and tips. ESAB' s equipment ranges from portable welding machines to large customized automated cutting and welding systems. ESAB also offers a range of software and digital solutions to help its customers increase their productivity, remotely monitor their welding operations and digitize their documentation. Products are sold into a wide range of global end markets, including general industry, infrastructure, renewable energy, medical and life sciences, transportation, construction and energy. Our sales channels include both independent distributors and direct salespeople ~~who~~ **that** , depending on geography and end market, sell our products to our end users. ESAB ~~Corporation~~ is based in North Bethesda, Maryland and employs approximately 9, 000 associates and serves customers in approximately 150 countries. ~~ESAB Corporation is a Delaware corporation and was incorporated in 2021 for the purpose of holding the fabrication technology business of Colfax in connection with the separation of ESAB from Colfax. On December 29, 2021, in anticipation of the Distribution (as defined below), certain subsidiaries of Colfax were transferred into the ownership of ESAB in a common- control transaction. We completed the Separation on April 4, 2022 and became an independent, publicly- traded company, listed on the New York Stock Exchange. The Separation was effected through a pro-rata distribution of 90 % of the then outstanding shares of common stock of ESAB Corporation to the holders of common stock of the Former Parent (the " Distribution "). Upon completion of the Distribution, Colfax changed its name to Enovis and continued to hold 10 % of the outstanding common stock of ESAB. In November 2022, Enovis sold a total of 6. 0 million shares of the Company' s common stock as part of a secondary offering. After the secondary offering, Enovis no longer owned any of the Company' s outstanding common stock.~~ We believe our ~~company~~ **Company** , which competes in an estimated $ 30 billion market, is one of the prominent industry players with a substantial position in every major market in the world, combining global scale with regional agility to maximize growth and profits. We define our addressable market as established **fabrication technology** equipment products and new products in automation, software and services, and estimate its size based on public data from peer companies, customer surveys ~~,~~ and market analysis conducted by our sales function. Approximately 50 % of our ~~2022~~ **2023** revenues were derived from developing markets, which we define as South America, Eastern Europe, India, Asia, Australia and the Middle East, and which are expected to grow at greater than twice the rate of more mature markets in North America and Europe **,** based on publicly available economic data from sources such as IHS Markit and the International Monetary Fund. Our gas control business is also well- positioned in attractive markets ~~like healthcare~~ **such as medical** and ~~life sciences~~ **specialty gas control** . Acquisitions are a core part of our strategy and are used to strengthen our ~~company~~ **Company** and accelerate growth. Acquisitions follow our disciplined process to ensure strategic alignment, rapid integration and attractive long- term financial returns. During the year ended December 31, ~~2022~~ **2023** , we completed ~~two~~ **one** ~~acquisitions~~ - **acquisition** and we expect to complete more acquisitions in the following years. See **Part II, Item 8,** Note 5, " Acquisitions " ~~in Item 8~~ of this Form 10- K for further information. The Company The Company has been built through a series of acquisitions, as well as organic growth. We seek to build an enduring premier global enterprise by applying EBX ~~, our business management system~~ to continuously improve our Company and pursue growth in revenues and improvements in profit and cash flow. EBX is integral to our operations. EBX is our culture and includes our values, a comprehensive set of tools ~~,~~ and repeatable, teachable processes that we use to drive continuous improvement and create superior value for our customers, stockholders and associates. We believe that our management team' s access to, and experience in, the application of the EBX methodology is one of our primary competitive strengths. We have used EBX to accelerate our growth and improve business performance. Industry Overview Our products and services are marketed worldwide ~~,~~ and the markets we serve are fragmented and competitive. Because we compete in selected niches of these markets and due to the diversity of our products and services, no single company competes directly with us across all **of** our markets. We encounter a wide variety of competitors that differ by product line, including well-established regional competitors, competitors with greater specialization in particular markets, as well as larger competitors. The markets that we compete in are also served by Lincoln Electric and the welding business within Illinois Tool Works, Inc. Our customer base is broadly diversified across many sectors of the economy ~~,~~ and we believe customers place a premium on quality, reliability, availability, design and application engineering support. We believe the principal elements of competition in our served markets are the technical ability to meet customer specifications, product quality and reliability, brand names, price, application expertise and engineering capabilities, timely delivery and strong aftermarket support. We believe that we are a leading competitor in each of our markets. ~~We continue to actively monitor the effects of COVID- 19, including the rise, prevalence and severity of variants of the virus, the related government regulations, and the impacts on our results and operations. The pandemic and actions taken in response to it have had a variety of impacts on our results of operations including sales levels, and together with other market dynamics has contributed to inflation and widespread supply chain challenges; including labor, raw materials, and component shortages. For additional information on the risks of COVID- 19 to our operations refer to Item 1A. " Risk Factors — Risks Related to Our Business — The effects of the COVID- 19 pandemic have adversely impacted, and may in the future adversely impact, our results of operations, financial condition, and overall financial performance. "~~ Reportable Segments We conduct our operations through two reportable segments. These segments consist of the " Americas, " which includes operations in North America and South America, and " EMEA & APAC, " which includes Europe, Middle East, India, Africa and Asia Pacific. We serve a global customer base across multiple markets through a combination of direct sales and third- party distribution channels. Our customer base is highly diversified in the industrial end markets. The following discussions of International Operations, Research and Development, Intellectual Property, Raw Materials, Seasonality, Working Capital, Regulatory Environment, Human Capital Management ~~,~~ and Company Information and Access to SEC Reports include information that is common to both of our reportable segments, unless indicated otherwise. Our products and services are available worldwide. We believe this geographic diversity allows us to draw on the skills of a global workforce, provides stability to our operations, allows us to drive economies of scale, provides revenue streams that may offset economic trends in individual economies ~~,~~ and offers an opportunity to access new markets for products. In addition, we believe that our exposure to developing economies will provide additional opportunities for growth in the future. Our principal markets ~~as a whole~~ outside the United States are Europe, Asia, South America ~~,~~ and the Middle East. Our international operations subject us to certain risks. See Item 1A. " Risk Factors — Risks Related to Our Business **-** ~~".~~ The majority of our sales are derived from international operations. We are subject to specific risks associated with international operations. **"** Our research and development focus on innovation; developing new products, software and services, as well as the enhancement of existing products with the latest technology and updated designs; creating new applications for existing products; lowering the cost of manufacturing our existing products; and ~~,~~ redesigning existing product lines to increase efficiency, improve durability, enhance performance and usability. Research and development expense was $ **38. 8 million, $** 36. 0 million ~~,~~ **and** $ 39. 7 ~~million and $ 34. 8~~ million for the years ended December 31, **2023,** 2022 ~~,~~ **and** 2021 ~~and 2020~~ , respectively. These amounts do not include development and application engineering costs incurred in conjunction with fulfilling customer orders and executing customer projects, nor do they include costs related to securing third party product rights. We expect to continue making significant expenditures for research and development to maintain and improve our competitive positions. We rely on a combination of intellectual property rights, including patents, trademarks, copyrights, trade secrets and contractual provisions to protect our intellectual property **,** both in the United States and around the world for our business. Although we highlight recent additions to our patent portfolio as part of our marketing efforts, we do not consider any one patent or trademark or any group thereof essential to our business as a whole or to any of our business operations. We also rely on proprietary product knowledge and manufacturing processes in our operations. We do not rely solely on our patents and other intellectual property rights to maintain our competitive position. We believe that the development and marketing of new products and improvement of existing ones is, and will continue to be, more important to our competitive position than relying solely on existing products and intellectual property. We obtain raw materials, component parts and supplies from a variety of global sources, generally each from more than one supplier. Our principal raw materials and components for our business are steel, iron, copper and aluminum. We believe that our sources of raw materials are adequate for our needs for the foreseeable future and the loss of any one supplier would not have a material adverse effect on our business or results of operations. Our European operations typically experience a slowdown during the July ~~,~~ **and** August ~~and December~~ vacation seasons ~~for our business~~ . However, the business impact caused by ~~the COVID- 19 pandemic, as well as~~ general economic conditions **, geopolitical conflicts and other disruptions** , may distort the effects of historical seasonality patterns and impact future seasonal variations. We maintain an adequate level of working capital to support our business needs. There are no unusual industry practices or requirements related to working capital items. We face extensive government regulation both within and outside the United States relating to the development, manufacture, marketing, sale and distribution of our products, software and services. The following sections describe certain significant regulations that we are subject to. These are not the only regulations that our businesses must comply with. For a description of risks related to the regulations that our businesses are subject to, ~~please~~ refer to **Item 1A.** " Risk Factors — Risks Related to Our Business. " Some of our gas control products are related to medical device products and are subject to extensive regulation by the United States Food and Drug Administration (the " FDA "), ~~EU~~ **European Union** Medical Device Regulation (the " EU MDR ") ~~,~~ and numerous other federal, state ~~,~~ and foreign governmental authorities. These regulations include significant new requirements for medical devices, including enhanced requirements for clinical evidence and documentation, increased focus on device identification and traceability ~~,~~ and additional post- market surveillance and diligence. The process of obtaining regulatory approvals to market these products can be costly and time consuming ~~,~~ and approvals might not be granted for future products on a timely basis, if at all. Additionally, modifications to our existing products may require new regulatory approvals and we may be required to cease marketing or to recall any modified product until we obtain clearance or approval. Environmental Laws and Regulations Our operations and properties are subject to laws and regulations relating to environmental protection, including those governing air emissions, water discharges and waste management ~~,~~ and workplace health and safety. Our Quality, Environmental ~~,~~ and Occupational Health & Safety (" QEHS ") Management Systems apply to all of ESAB' s operations, activities, people ~~,~~ and units globally. We have achieved external certification of our QEHS Management Systems to the ISO 9001, ISO 14001 and ISO 45001 standards for the majority of ESAB' s operations, activities, people ~~,~~ and units globally. We maintain an Environment, Health & Safety Policy to ensure compliance with all applicable laws and regulations and promote safety and environmental protection as core business values. We are committed to continual improvement of our environment, health and safety management system through assessments, actionable planning and implementation of best practices. We establish objectives and appropriate targets for significant environmental aspects of our business operations and activities including, but not limited to, the reduction of energy and water consumed ~~,~~ and waste minimization. For a discussion of risks related to compliance with environmental and health and safety laws and risks related to past or future releases of, or exposures to, hazardous substances, ~~please~~ refer to **Item 1A.** " Risk Factors — Risks Related to Business. " Export / Import Compliance We are required to comply with various **United States** ~~U. S.~~ export / import control and economic sanctions laws, including: • the International Traffic in Arms Regulations administered by the **United States** ~~U. S.~~ Department of State, Directorate of Defense Trade Controls, which, among other things, imposes license requirements on the export from the United States of defense articles and defense services (which are items specifically designed or adapted for a military application and / or listed on the United States Munitions List) ; • the Export Administration Regulations administered by the **United States** ~~U. S.~~ Department of Commerce, Bureau of Industry and Security, which, among other things, impose licensing requirements on the export or re- export of certain dual- use goods, technology and software (which are items that potentially have both commercial and military applications) ; • the regulations administered by the **United States** ~~U. S.~~ Department of Treasury, Office of Foreign Assets Control, which implement economic sanctions imposed against designated countries, governments and persons based on United States foreign policy and national security considerations; and • the import regulatory activities of the **United States** ~~U. S.~~ Customs and Border Protection. Other nations' governments have implemented similar export and import control regulations, which may affect our operations or transactions subject to their jurisdictions. For a discussion of risks related to export / import control and economic sanctions laws, ~~please~~ refer to **Item 1A.** " Risk Factors — Risks Related to Litigation and Regulatory Compliance — We have done and may continue to do business in countries subject to **United States** ~~U. S.~~ sanctions and embargoes. Failure to comply with various sanction and embargo laws may result in enforcement or other regulatory actions " and " Risk Factors — Risks Related to Litigation and Regulatory Compliance — If we fail to comply with export control regulations, we could be subject to substantial fines or other sanctions, which could have a material adverse effect on our business, financial condition and results of operations. " Employee Profile As of December 31, ~~2022~~ **2023** , we employed approximately 9, 000 ~~persons~~ **associates** , of whom approximately 1, ~~200~~ **300** were employed in the United States and approximately 7, ~~800~~ **700** were employed outside of the United States. Talent Development In our effort to enable our purpose, ~~"~~ Shaping the ~~World~~ **world** ~~We~~ **we** ~~Imagine~~ **imagineTM** ~~"~~, we strive to find extraordinary people and support them across their entire associate lifecycle, so they stay engaged in building, growing and sustaining the ~~company~~ **Company** . As a result, we ~~' re~~ **are** committed to a " Talent First " strategy which starts with our associates' health and safety. Our talent strategy is also ~~about~~ **focused on** attracting great talent, elevating the associate experience, retaining our workforce ~~,~~ and building the leadership bench strength needed for our future growth and success. **We know associate development is critical to our success. To nurture talent and build our bench strength, we offer a variety of global learning and development opportunities available to associates at all levels of our organization. We also offer mechanisms by which our associates can steer and request their own development. Our suite of programs focuses on leadership, business skills and compliance.** Employee Safety The safety and well- being of ESAB' s ~~colleagues~~ **associates** around the world has been, and always will be, a top priority. Guided by the Company' s Environment, Health & Safety Policy, ESAB strives every day to foster a proactive safety culture. The Company is committed to ~~continual~~ **continually improving** ~~improvement of~~ its environment, health and safety management system through assessments, actionable planning **,** and ~~implementation~~ **evaluation and benchmarking** of best practices. Compensation and Benefits As a global employer, the Company is committed to providing market- competitive compensation and benefits to attract and retain great talent across its global footprint. Specific compensation and benefits vary worldwide and are based on regional practices. Diversity and Inclusion ~~As a world leader for welding, cutting, fabrication, and gas control technology solutions,~~ ESAB is dedicated to creating an inclusive, welcoming culture in which every voice is valued. To advance this commitment, we have developed our Diversity, Equity and Inclusion Strategy. Our strategy is about embracing diversity ~~&~~ **and** inclusion in our everyday actions while empowering and elevating others **through equal opportunities** , leading inclusively ~~, learning about celebrating our differences~~ and ensuring every voice is valued. Labor Relations Approximately ~~18~~ **17** % of our **United States** ~~U. S.~~ associates are covered by collective bargaining agreements with **United States** ~~U. S.~~ trade unions. In addition, approximately ~~37~~ **42** % of our non- **United States** ~~U. S.~~ associates are represented by foreign trade unions and work councils in Europe, Asia, Central and South America, Canada, Africa and Australia, which could subject us to arrangements very similar to collective bargaining agreements. We have not experienced any work stoppages or strikes that have had a material adverse impact on operations. We consider our relations with our associates to be good. We were organized as a Delaware corporation in 2021. Our principal executive offices are located at 909 Rose Avenue, 8th Floor, North Bethesda, MD 20852, and our main telephone number at that address is (301) 323- 9099. Our corporate website address is www. esabcorporation. com. We make available, free of charge through our website at https: / / investors. esabcorporation. com / overview, our annual and quarterly reports on Form 10- K and Form 10- Q (including related filings in XBRL format), current reports on Form 8- K and any amendments to those reports as soon as practicable after filing or furnishing the material to the SEC. You may also request a copy of these filings, at no cost, by writing or telephoning us at: Investor Relations, ESAB Corporation, 909 Rose Avenue, 8th Floor, **North** Bethesda, MD 20852, telephone (301) 323- 9099. Information contained on our website is not incorporated by reference in this report. Additionally, the SEC maintains an Internet site that contains our reports, proxy statements and other information that we electronically file with, or furnish to, the SEC at www. sec. gov. Item 1A. Risk Factors An investment in our ~~Common~~ **common** stock involves a high degree of risk. The following discussion addresses material factors that make an investment in the Company speculative or risky. In determining whether to buy, hold or sell any of our securities you should carefully consider the risks and uncertainties described below, together with the information included elsewhere in this Form 10- K and other documents we file with the SEC. If any of the following risks were to occur, our business, financial condition, results of operations and liquidity could be materially adversely affected, the value of our ~~Common~~ **common** stock could decline and investors could lose all or part of the value of their investment in ESAB shares **. The occurrence of one of the events or risks discussed below may be material even when not initially recognized as such and does not preclude the possibility that a similar event or risk subsequently has a material adverse effect** . Furthermore, the risks and uncertainties described below are those that we have identified as material ~~,~~ but may not be the only risks to which ESAB might be exposed. Additional risks and uncertainties, which are currently unknown to us or that we do not currently consider to be material, could have material adverse effects on our business, financial condition and results of operations. Risks Related to our Business The cyclical nature and maturity of the welding and cutting industry in developed markets may adversely affect our performance. The welding and cutting industry is generally a mature industry in developed markets such as North America and Western Europe and is cyclical in nature. Overall demand for welding and cutting products is largely determined by the level of capital spending in manufacturing and other industrial sectors, and the welding industry has historically experienced contraction during periods of slowing industrial activity. If economic, business and industry conditions deteriorate, capital spending in those sectors may be substantially decreased, which could reduce demand for our products and have an adverse impact on our revenues and results of operations. A significant or sustained decline in the levels of new capital investment and maintenance expenditures by certain of our customers could reduce the demand for our products and services and harm our operations and financial performance. Demand for our products and services depends significantly on the level of new capital investment and planned maintenance expenditures by certain of our customers. The level of new capital expenditures by our customers is dependent upon many factors, including general economic conditions, availability of credit, economic conditions and investment activities within their respective industries and expectations of future market behavior. In addition, volatility in commodity prices can negatively affect the level of these new activities and can ~~result in postponement~~ ---- **postpone** ~~of~~ capital spending decisions or the delay or cancellation of existing orders. A reduction in demand for our products and services has resulted in the past, and in the future could result in **,** the delay or cancellation of existing orders or lead to excess manufacturing capacity, which unfavorably impacts our absorption of fixed manufacturing costs. For example, in 2020, we experienced a decline in customer demand for our products and services as a result of the COVID ~~- 19~~ pandemic. Any reduced demand could have a material adverse effect on our business, financial condition and results of operations. In the year ended December 31, ~~2022~~ **2023** , we derived 78 % of our sales from operations outside of the United States and, as of that date, we had principal manufacturing facilities in ~~25~~ **13** countries in addition to the United States. For the year ended December 31, ~~2022~~ **2023** , 44 % and 56 % of our Net sales were derived from the Americas and EMEA & APAC, respectively. Sales from international operations, export sales and the use of manufacturing facilities outside of the United States by us are subject to risks inherent in doing business outside the United States **, which could have a material adverse effect on our business, financial condition and results of operations** . These risks include: economic or political instability; partial or total expropriation of international assets ; limitations on ownership or participation in local enterprises ; trade protection measures by the United States or other nations ~~including China~~ , including tariffs or import- export restrictions or licensing requirements ~~,~~ and other changes in trade relations ; currency exchange rate fluctuations and restrictions on currency repatriation ; inflation ; labor, employment and environmental, health and safety laws and regulations that may be more restrictive than in the United States ; changes in laws and regulations, including taxation policies, or in how such provisions are interpreted or administered **;** difficulties in enforcing our rights outside the United States, including intellectual property rights ; difficulties in hiring and maintaining qualified staff and managing geographically diverse operations ; the disruption of operations from natural **or man- made** disasters or adverse weather conditions (including events that may be caused or exacerbated by climate change), world health events, including ~~the~~ COVID ~~- 19 pandemic~~ , labor or political disturbances, terrorist activities, insurrection or war ; the imposition of additional foreign governmental controls or regulations on the sale of our products ; increased costs of transportation or shipping ~~; the transition away from LIBOR to the Secured Overnight Financing Rate as a benchmark reference for short- term interests~~ ; and uncertainties arising from local business practices and cultural considerations. ~~If any of these risks were to materialize, they could have a material adverse effect on our business, financial condition and results of operations. See also " — Our operations in Russia are exposed to risks related to the Russian invasion of Ukraine and the international response to the invasion. "~~ Additionally, changes in **United States** ~~U. S.~~ policy regarding international trade, including import and export regulation and international trade agreements, could also negatively impact our business. In 2018, the United States imposed tariffs on steel and aluminum as well as on goods imported from China and certain other countries, which ~~has~~ resulted in retaliatory tariffs by China and other countries. Additional tariffs imposed by the United States on ~~a broader range of~~ imports ~~,~~ **from China** or ~~further~~ **other countries, or** retaliatory trade measures ~~taken by China or other countries~~ in response, could result in an increase in supply chain costs that we may not be able to offset or otherwise adversely impact our results of operations. ~~The impact of the United Kingdom' s withdrawal from the European Union and its full effects are still uncertain and will depend on, among other things, the financial, trade, regulatory, and legal implications of the trade and cooperation agreement entered into by United Kingdom and the European Union and any future agreements. This uncertainty regarding the economic outlook of the United Kingdom has caused, and may continue to cause, volatility in foreign exchange rates, which could have an adverse effect on our revenue growth in future periods. Any trade barriers resulting from the exit may disrupt distribution channels, increase our Cost of sales, and limit our ability to achieve future product margin growth. We may also face new regulatory costs, employee retention, and other challenges that could have an adverse effect on our business.~~ In many foreign countries, particularly in those with developing economies, there are companies that engage in business practices prohibited by laws and regulations applicable to us, such as the Foreign Corrupt Practices Act of 1977, as amended, and the U. K. Bribery Act. Although we implement policies, procedures and training designed to facilitate compliance with these laws, our employees, contractors and agents, as well as those of the companies to which we outsource certain of our business operations, may take actions in violation of our policies, which could result in civil or criminal enforcement actions and penalties, create a substantial liability for us and also cause a loss of reputation in the market **. Our operations are exposed to risks related to the Russian invasion of Ukraine and could be impacted by other wars and geopolitical turmoil** . The Russian invasion of Ukraine has significantly escalated tensions among the United States, the North Atlantic Treaty Organization (" NATO ") member states ~~,~~ and Russia ~~,~~ and has led to macroeconomic and geopolitical instability. In response to Russia' s invasion of Ukraine, the United States and other countries have imposed numerous sanctions on Russia, including its major financial institutions and certain other businesses and individuals. The conflict may also result in additional sanctions being enacted by the United States, other NATO member states, or other countries. The impact of these sanctions, along with the spillover effect of ongoing civil, political and economic disturbances on surrounding areas, may significantly devalue currencies utilized by the Company or have other adverse impacts including increased costs of raw materials and inputs, manufacturing or shipping delays, or result in reputational harm. While local and global supply chains have been impacted by the conflict, particularly with respect to the sourcing and cost of certain raw materials, our supply chain has not been materially adversely impacted as of the date of this Form 10- K. Further, we have incorporated **applicable** ~~the recently enacted~~ sanctions and export controls into our existing screening and monitoring procedures in Russia. ~~As~~ **Although the sanctions and export controls enacted in response to the invasion have not materially impacted our ability to service our existing customer base as** of the date of this Form 10- K, **further changes in laws and regulations or** ~~the~~ **other** ~~recently~~

~~enacted sanctions and export controls~~ **factors impacting our ability to fulfill our contractual obligations could** have ~~not materially impacted~~ **an adverse effect on** our **results of operations** ~~ability to service our existing customer base~~ . The Russian invasion of Ukraine and the sanctions imposed in response ~~to this crisis~~ have increased the level of economic and political uncertainty in Russia. While we continue to closely monitor the situation and evaluate options, we are meeting current contractual obligations while addressing applicable laws and regulations. For the year ended December 31, ~~2022~~ **2023** , our operations in Russia represented approximately 6 % of our total revenue, and approximately $ ~~20~~ **12** million in Net income. Russia also had approximately ~~5~~ **4** % of our total net assets as of December 31, ~~2022~~ **2023** . Our operations in Russia had a cumulative translation loss of approximately $ ~~90~~ **115** million, which ~~could~~ **would** be realized upon a transition out. **In addition, other wars and conflicts, turmoil in the geopolitical environment, terrorism and social unrest may put pressure on economic conditions, which could lead to reduced demand for our products and services and have other adverse impacts including increased costs of raw materials and inputs, supply chain interruptions, delays in manufacturing or shipping delays. The impact of any war or conflict is unknown and could have a material adverse effect on our business. We cannot predict the future impact of these or any similar events and any heightened military conflict or geopolitical instability that may follow, including heightened operating risks and production disruptions in Russia, Europe and the Middle East, additional sanctions or counter- sanctions, heightened inflation, cyber- disruptions or attacks, higher energy costs, higher manufacturing costs, disruptions in raw materials supplies, increased raw material costs and higher supply chain costs. Such events may negatively impact our results of operations, cash flows and financial condition. Natural or man- made disasters, adverse weather events or conditions, epidemics, pandemics and other widespread health events have adversely impacted, and may in the future adversely impact, our results of operations, financial condition and overall financial performance. As a global company with a large international footprint and a majority of our sales derived from international operations, including significant operations in developing economies, we have and will continue to be subject to increased risk of damage or disruption to our operations, employees, facilities, partners, suppliers, distributors, resellers and customers due to, among other things, natural or man- made disasters, adverse weather events or conditions, epidemics, pandemics (such as COVID) and other widespread health events, wherever located around the world. We may be unable or unsuccessful in our efforts to plan for, respond to, or mitigate the effects of such incidents, any of which could adversely impact our results of operations, financial condition and overall financial performance. We may be unable to insure against such events, and any insurance we purchase may not be sufficient to compensate us for or may not cover the full impact of such events. The potential for future such events, the national and international response to such events and the perceived risk of such events, have created, and may continue to create economic and political uncertainties. Significant movements in foreign currency exchange rates have adversely impacted our financial results in the past and may adversely impact our results in the future.** We are **exposed to fluctuations** ~~closely monitoring the developments~~ in ~~Ukraine~~ **currency exchange rates. During the year ended December 31, 2023, approximately 78 % of our sales were derived from operations outside of the United States. A significant portion of our revenues** and ~~Russia~~ **income are denominated in foreign currencies. Large fluctuations in the rate of exchange between foreign currencies and the U. S. dollar could have a material adverse effect on our business, financial condition and results of operations** . Changes in ~~laws and regulations~~ **the currency exchange rates may impact** ~~or~~ **our Significant movements in foreign currency exchange rates have adversely impacted our financial results in the past and may adversely impact our results in the future.We are exposed to fluctuations in currency exchange rates.During the year ended December 31,2022,approximately 78 % of our sales were derived from operations outside the United States.A significant portion of our revenues and income are denominated in foreign currencies.Large fluctuations in the rate of exchange between foreign currencies and the U.S.dollar could have a material adverse effect on our business,financial condition and results of operations.Changes in the currency exchange rates may impact our** financial results positively or negatively in one period and not another,which may make it difficult to compare our **operating** results from different periods. **For example** ~~In December 2023~~ , **during 2018,Argentina became a highly inflationary economy,resulting in** the **remeasurement of our** Argentinian ~~peso significantly devalued due to changes in the foreign policy introduced by the Argentine government,which adversely impacted our results of~~ operations ~~and business in Argentina~~ .Future impacts to earnings of applying highly inflationary accounting for Argentina on our financial statements will be dependent upon movements in the applicable exchange rates.We also face exchange risk from transactions with customers in countries outside the United States and from intercompany transactions between affiliates.Although we use the U.S.dollar as our functional currency for reporting purposes,we have manufacturing sites throughout the world and a substantial portion of our costs are incurred and sales are generated in foreign currencies.Costs incurred and sales recorded by subsidiaries operating outside of the United States are translated into U.S. ~~dollar~~ **dollars** using exchange rates effective during the respective period.As a result,we are exposed to movements in the exchange rates of various currencies against the U.S.dollar.Further,we may be subject to foreign currency translation losses depending upon whether foreign nations devalue their currencies. ~~Acquisitions are a significant part of our growth strategy.If we are unable to identify suitable acquisition candidates,complete proposed acquisitions or successfully integrate the businesses we acquire,our growth strategy may not succeed and we may not realize the anticipated benefits of our acquisitions.We intend to seek acquisition opportunities both to expand into new markets and to enhance our position in our existing markets.However,our ability to do so will depend on a number of steps,including our ability to:identify suitable acquisition candidates;negotiate appropriate acquisition terms;obtain debt or equity financing~~ other ~~factors impacting~~ **business concerns. The failure to successfully integrate acquired businesses in a timely manner,** ~~our~~ - **or** ~~ability to fulfill~~ **at all,** ~~our~~ - **or** ~~contractual obligations~~ **the occurrence of significant unanticipated expenses associated with integration activities, including information technology integration fees, legal costs, compliance costs, facility closure costs and other restructuring expenses,** could have an adverse effect on our **business** ~~results of operations. We cannot predict the impact of~~

~~these events and any heightened military conflict or geopolitical instability that may follow~~ , ~~including heightened operating risks and production disruptions in Russia and Europe, additional sanctions or counter- sanctions, heightened inflation, cyber- disruptions or attacks, higher energy costs, higher manufacturing costs, disruptions in raw materials supplies, increased raw material costs and higher supply chain costs. Such events may negatively impact our results of operations, cash flows and~~ financial condition **and results of operation** . ~~The COVID- 19 pandemic~~ **In addition, the anticipated benefits of** ~~and~~ - **an** ~~actions~~ **acquisition may not be realized fully, or at all, or may** ~~taken~~ - **take** ~~by governments~~ **longer to realize** , **than we expect** ~~businesses and individuals in response have resulted in widespread economic disruptions, significantly affecting broader economies, financial markets, and overall demand for our products~~ . **Actual** ~~Although our customers have increased~~ operating ~~levels~~ , **technological** ~~since the early stages of the pandemic~~ , ~~such customers~~ **strategic and sales synergies, if achieved at all,** may be ~~forced~~ **less significant than we expect or may take longer** to ~~close~~ **achieve than anticipated. If we are not able to realize the anticipated benefits and synergies from** ~~or~~ **our** ~~limit~~ **acquisitions within a reasonable time, our business, financial condition and results of** operations ~~should a resurgence of COVID- 19 cases occur in their region. The longer the period of economic and global supply chain and related disruption continues, the more adverse the impact would be on our business operations and financial performance. To the extent that conditions surrounding the COVID- 19 pandemic continue to improve, the duration and sustainability of any such improvements~~ may be ~~uncertain~~ **adversely affected. Additionally, we may underestimate or fail to discover liabilities relating to acquisitions during our due diligence investigations, and we, as the successor owner of** ~~and~~ - **an** ~~continuing~~ **acquired company, might be responsible for those liabilities. Such liabilities could have a material** adverse **effect on** ~~impacts and / or~~ **our** ~~the degree of improvement may vary dramatically by geography and line of~~ business **, financial condition and results of operations** . Our restructuring activities may subject us to additional uncertainty in our operating results. We have implemented, and plan to continue to implement, restructuring programs designed to facilitate key strategic initiatives and maintain long- term sustainable growth. As such, we have incurred and expect to continue to incur expenses relating to restructuring activities. We may not achieve or sustain the anticipated benefits, including any anticipated savings, of these restructuring programs or initiatives. Further, restructuring efforts are inherently risky, and we may not be able to predict the cost and timing of such actions accurately or properly estimate their impact. Any impairment in the value of our intangible assets, including Goodwill, would negatively affect our operating results and total capitalization. Our Total assets reflect substantial intangible assets, primarily Goodwill. The Goodwill results from our acquisitions, representing the excess of cost over the fair value of the net assets we have acquired. We assess at least annually whether there has been impairment in the value of our indefinite- lived intangible assets. If future operating performance at one or more of our business units were to fall significantly below current levels, if competing or alternative technologies emerge, or if market conditions for an acquired business decline, we could incur, under current applicable accounting rules, a non- cash charge to operating earnings for Goodwill impairment. Any determination requiring the write- off of a significant portion of unamortized intangible assets would adversely affect our business, financial condition, results of operations and total capitalization, the effect of which could be material. Our **electronic** ~~business subjects us to the possibility of product liability lawsuits, which could harm our business. As the manufacturer of equipment for use in industrial markets, we may be subject to product liability claims. Component failures, manufacturing nonconformances, design defects, or inadequate disclosure of product- related risks or product- related~~ information **systems** ~~with respect to our products could result in unsafe conditions, injury or death. In addition, some of our products contain components manufactured by third parties, which may also~~ have defects. Our product liability insurance policies...... operations. Our information technology infrastructure has been and could in the future be, subject to service interruptions, data corruption, cyber- based attacks ~~or~~ **,** network security breaches **and other cybersecurity incidents** . Significant disruptions in, or breaches in security of, our **electronic** information **systems** ~~technology infrastructure~~ or data can adversely affect our business and financial statements. We rely on **electronic** information ~~technology~~ **systems, including our own and third- party** networks ~~and systems~~ , ~~including~~ the Internet, cloud- based services and third- party service providers, to process, transmit and store electronic information, personally identifiable information, credit card and other financial information ~~,~~ and to manage or support a variety of business processes and activities, including procurement, manufacturing, distribution, invoicing, collection, communication with our employees, customers, dealers and suppliers, business acquisitions and other corporate transactions, compliance with regulatory, legal and tax requirements ~~,~~ and research and development. These information ~~technology networks and~~ systems may be susceptible to damage, disruptions or shutdowns due to failures during the process of upgrading or replacing software, databases or components, power outages, hardware failures ~~or~~ **,** computer viruses **or other cybersecurity incidents** . If these information technology systems suffer severe damage, disruption or shutdown and business continuity plans do not effectively resolve the issues in a timely manner, our business, financial condition, results of operations ~~,~~ and liquidity could be materially adversely affected. In addition, our information ~~technology networks and~~ system and those of third parties upon which we rely are subject to security threats and sophisticated cyber- based attacks, including, but not limited to, denial- of- service attacks, hacking, " phishing " attacks, computer viruses, ransomware, malware, employee or insider error, malfeasance, social engineering **, vulnerabilities** , or physical breaches, that can cause deliberate or unintentional damage, destruction or misuse, manipulation, denial of access to or disclosure of confidential or important information, either directly or by our employees, suppliers or third- party service providers. Additionally, advanced persistent attempts to gain unauthorized access or deny access to, or otherwise disrupt, our systems and those of third- party service providers we rely on are increasing in sophistication and frequency. We expect to continue to confront efforts by hackers and other third parties to gain unauthorized access or deny access to, or otherwise disrupt, our information ~~technology~~ systems ~~and networks~~ and those of third parties upon which we rely. Any such attacks could have a material adverse effect on our business, financial condition, results of operations or liquidity. ~~We~~ **While we are not aware of any material cybersecurity threats or incidents that have had or are reasonably likely to have a material effect on us, we** can provide no assurance that our efforts to actively manage technology risks potentially affecting our systems ~~and networks~~ will be successful in ~~eliminating~~ **deterring** or mitigating risks to or intrusions into our systems, networks and data or in effectively detecting or resolving such risks or intrusions when they materialize. A failure of or breach in information technology security of our own systems, or those of our third- party vendors, could expose us and our employees, customers, dealers and suppliers to risks of **unauthorized access, exfiltration, loss, disclosure or** misuse of **our, customer, employee or other third- party** information or systems, the compromise of confidential information, denial of access to, manipulation or destruction of data, defective products, production downtimes and operations disruptions. Any of these events in turn could adversely affect our business or prospects, reputation and competitive position, including a material loss of customers and revenue, business, results of operations and liquidity. In addition, such breaches in security could result in litigation, regulatory action and potential liability, including liability under federal or state laws that protect the privacy of personal information, as well as the costs and operational consequences of implementing further data protection measures. **Any of the foregoing may be exacerbated by a delay or failure to detect a cybersecurity incident or the full extent of such incident. In addition, disclosure or media reports of actual or perceived security vulnerabilities to our systems or those of our third- party service providers, even if no breach has been attempted or occurred, could lead to reputational harm, loss of customers and revenue or increased regulatory actions oversight and scrutiny.** As of December 31, ~~2022~~ **2023** , we have approximately $ 1 ~~. 2~~ billion of outstanding indebtedness with the ability to borrow incremental $ ~~500~~ **718** million under the credit facility and an additional $ ~~77~~ **78** million ~~of indebtedness~~ pursuant to certain uncommitted credit lines. This indebtedness could adversely affect our businesses and our ability to meet our obligations and pay dividends. We ~~entered into~~ **are party to** a $ 1. 75 billion credit facility, **approximately** $ 1 ~~. 2~~ billion of which was outstanding **as** ~~at the time~~ of ~~the Distribution~~ **December 31, 2023** . We also have the ability to incur an additional $ ~~77~~ **78** million of indebtedness pursuant to certain uncommitted credit lines, and in the future we may incur additional indebtedness. See " Description of Certain Indebtedness. " This debt could have important, adverse consequences to us and our investors, including: • requiring a substantial portion of our cash flow from operations to make interest payments ; • making it more difficult to satisfy other obligations ; • increasing the risk of a future credit ratings downgrade of our debt, which could increase future debt costs and limit the future availability of debt financing ; • increasing our vulnerability to general adverse economic and industry conditions ; • reducing the cash flow available to fund capital expenditures and other corporate purposes and to grow our businesses ; • limiting our ability to pay dividends ; • limiting our flexibility in planning for, or reacting to, changes in our businesses and industries ; and • limiting our ability to borrow additional funds as needed or take advantage of business opportunities as they arise, pay cash dividends or repurchase shares of our common stock. The instruments governing the debt financing contain restrictive covenants that limit our ability to engage in activities that may be in our long- term interest, including for example EBITDA- based leverage and interest coverage ratios. If we breach any of these restrictions and cannot obtain a waiver from the lenders on favorable terms, subject to applicable cure periods, the outstanding indebtedness (and any other indebtedness with cross- default provisions) could be declared immediately due and payable, which would adversely affect our liquidity and financial statements. In addition, any failure to obtain and maintain credit ratings from independent rating agencies would adversely affect our cost of funds and could adversely affect our liquidity and access to the capital markets. See " Description of Certain Indebtedness. " The risks described above will increase with the amount of indebtedness we incur, and in the future we may incur significant indebtedness in addition to the indebtedness described above. In addition, our actual cash requirements in the future may be greater than expected. Our cash flow from operations may not be sufficient to service our outstanding debt or to repay the outstanding debt as it becomes due, and we may not be able to borrow money, sell assets or otherwise raise funds on acceptable terms, or at all, to service or refinance our debt. We may be unable to generate sufficient cash to service all of our indebtedness and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful. Our ability to make scheduled payments on or refinance our debt obligations depends on our financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain financial, business, legislative, regulatory and other factors beyond our control. We may be unable to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal and interest on our indebtedness. If our cash flows and capital resources are insufficient to fund our debt service obligations, we could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures, or to dispose of material assets or operations, alter our dividend policy, seek additional debt or equity capital or restructure or refinance our indebtedness. We may not be able to effect any such alternative measures on commercially reasonable terms or at all and, even if successful, those alternative actions may not allow us to meet our scheduled debt service obligations. The instruments that govern our indebtedness restrict our ability to dispose of assets and may restrict the use of **any** proceeds from ~~those~~ dispositions. We may not be able to consummate ~~those~~ dispositions or to obtain proceeds in an amount sufficient to meet any debt service obligations when due. In addition, we conduct our operations through our subsidiaries. Accordingly, repayment of our indebtedness will depend on the generation of cash flow by our subsidiaries, including certain international subsidiaries, and their ability to make such cash available to us, by dividend, debt repayment or otherwise. Our subsidiaries may not have any obligation to pay amounts due on our indebtedness or to make funds available for that purpose. Our subsidiaries may not be able to, or may not be permitted to, make adequate distributions to enable us to make payments in respect of our indebtedness. Each subsidiary is a distinct legal entity and, under certain circumstances, legal, tax and contractual restrictions may limit our ability to obtain cash from our subsidiaries. In the event that we do not receive distributions from our subsidiaries, we may be unable to make required principal and interest payments on our indebtedness. Our inability to generate sufficient cash flows to satisfy our debt obligations, or to refinance our indebtedness on commercially reasonable terms or at all, may materially adversely affect our business, financial condition and results of operations and our ability to satisfy our obligations under our indebtedness or pay dividends on our common stock. A material disruption at any of our manufacturing facilities could adversely affect our ability to generate sales and meet customer demand. If operations at any of our manufacturing facilities were to be disrupted as a result of a significant equipment failure, natural disaster or adverse weather conditions (including events that may be caused or exacerbated by climate change), power outage, fire, explosion, terrorism, **war, civil disobedience,** cyber- based attack, pandemic or other contagious outbreak (such as the COVID ~~- 19~~ pandemic), labor dispute or shortage or other reason, our financial performance could be adversely affected as a result of our inability to meet customer demand for our products. Interruptions in production could increase our costs and reduce our sales. Any interruption in production capability could require us to make substantial capital expenditures to remedy the situation or rely on third- party manufacturers, which could negatively affect our profitability and financial condition. Any recovery under our property damage and business interruption insurance policies may not offset the lost sales or increased costs that may be experienced during the disruption of operations, which could adversely affect our business, financial condition and results of operations. ~~parties,which may also have~~ defects.Our product liability insurance policies have limits that may not be sufficient to cover claims made ~~against us~~ .In addition,this insurance may not continue to be available at a reasonable cost.With respect to components manufactured by third- party suppliers,the contractual indemnification that we seek from our third- party suppliers may be limited and thus insufficient to cover claims made against us.If insurance coverage or contractual indemnification is insufficient to satisfy product liability claims made against us,the claims could have an adverse effect on our business and financial condition.Even claims without merit could harm our reputation,reduce demand for our products,cause us to incur substantial legal costs and distract the attention of our management.The occurrence of any of the foregoing could have a material adverse effect on our business,financial condition and results **of operations.Our information technology infrastructure has** If our associates represented by trade unions or works councils engage in a strike, work stoppage or other slowdown or if the representation committees responsible for negotiating with such trade unions or works councils are unsuccessful in negotiating new and acceptable agreements when the existing agreements with associates covered by collective bargaining expire, we could experience business disruptions or increased costs. As of December 31, ~~2022~~ **2023** , approximately ~~34~~ **38** % of our associates were represented by a number of different trade unions and works councils. Further, as of that date, we had approximately 7, ~~800~~ **700** associates, representing approximately ~~87~~ **86** % of our worldwide associate base, in foreign locations. In Canada, Australia and various countries in Europe, Asia ~~,~~ and Central and South America, by law, certain of our associates are represented by a number of different trade unions and works councils, which subject us to employment arrangements very similar to collective bargaining agreements. Further, the laws of certain foreign countries may place restrictions on our ability to take certain employee- related actions or require that we conduct additional negotiations with trade unions, works councils or other governmental authorities before we can take such actions. If our associates represented by trade unions or works councils were to engage in a strike, work stoppage or other slowdown in the future, we could experience a significant disruption of our operations. Such disruption could interfere with our business operations and could lead to decreased productivity, increased labor costs and lost revenue as well as adversely impact our reputation. The representation committees that negotiate with the foreign trade unions or works councils on our behalf may not be successful in negotiating new collective bargaining agreements or other employment arrangements when the current ones expire. Furthermore, future labor negotiations could result in significant increases in our labor costs. The occurrence of any of the foregoing could have a material adverse effect on our business, financial condition and results of operations. Failure to maintain and protect our intellectual property rights or challenges to these rights by third parties may affect our operations and financial performance. The market for many of our products is, in part, dependent upon patent, trademark, copyright and trade secret laws, agreements with employees, customers and other third parties including confidentiality agreements, invention assignment agreements and proprietary information agreements, to establish and maintain our intellectual property rights, and the Goodwill engendered by our trademarks and trade names. The protection and enforcement of these intellectual property rights is therefore material to our business. The failure to protect these rights may have a material adverse effect on our business, financial condition and results of operations. Litigation may be required to enforce our intellectual property rights, protect our trade secrets or determine the validity and scope of proprietary rights of others. It may be particularly difficult to enforce our intellectual property rights in countries where such rights are not highly developed or protected. Any action we take to protect or enforce our intellectual property rights could be costly and could absorb significant management time and attention. As a result of any such litigation, we could lose our proprietary rights. In addition, third parties may claim that we or our customers are infringing upon their intellectual property rights. Any claims of intellectual property infringement may subject us to costly and time- consuming defense actions and, should our defenses not be successful, may result in the payment of damages, redesign of affected products, entry into settlement or license agreements, or a temporary or permanent injunction prohibiting us from manufacturing, marketing or selling certain of our products. It is also possible that others will independently develop technology that will compete with our patented or unpatented technology. The occurrence of any of the foregoing could have a material adverse effect on our business, financial condition and results of operations. Our defined benefit pension plans and post- retirement medical and death benefit plans are or may become subject to funding requirements or obligations that could adversely affect our business, financial condition and results of operations. We operate defined benefit pension plans and post- retirement medical and death benefit plans for current and former employees worldwide. Each plan' s funding position is affected by the investment performance of the plan' s investments, changes in the fair value of the plan' s assets, the type of investments, the life expectancy of the plan' s members, changes in the actuarial assumptions used to value the plan' s liabilities, changes in the rate of inflation and interest rates, our financial position, as well as other changes in economic conditions. Furthermore, since a significant proportion of the plans' assets are invested in publicly traded debt and equity securities, they are, and will be, affected by market risks. Any detrimental change in any of the above factors is likely to worsen the funding position of each of the relevant plans, and this would likely require the plans' sponsoring employers to increase the contributions currently made to the plans to satisfy our obligations. Any requirement to increase the level of contributions currently made could have a material adverse effect on our business, financial condition and results of operations. Significant movements in foreign currency exchange rates...... whether foreign nations devalue their currencies. We are dependent on the availability of raw materials, as well as parts and components used in our products. While we manufacture many of the parts and components used in our products, we purchase a substantial amount of raw materials, parts and components from suppliers. The availability and prices for raw materials, parts and components may be subject to curtailment or change due to, among other things, suppliers' allocations to other purchasers, interruptions in production by suppliers, changes in exchange rates and prevailing price levels, trade disputes and increased tariffs. Any significant change in the supply of, or price for, these raw materials, parts or components could materially affect our business, financial condition and results of operations. In addition, delays in the delivery of raw materials, parts or components by suppliers could cause delays in our delivery of products to our customers. Additionally, ~~political and economic instability and~~ changes in government regulations **,** ~~in China and other parts of Asia or~~ any pandemics or other contagious outbreaks ~~(such as the COVID- 19 pandemic)~~ , **or political and economic instability** could affect our ability to continue to receive materials from suppliers **in** ~~there~~ -- **the impacted region** . The loss of suppliers in these areas, any other interruption or delay in the supply of required materials or our inability to obtain these materials at acceptable prices and within a reasonable amount of time could impair our ability to meet scheduled product deliveries to our customers and could hurt our reputation and cause customers to cancel orders. The markets we serve are highly competitive ~~and some of our competitors may have superior resources~~ . If we are unable to respond successfully to this competition, this could reduce our sales and operating margins. Our business operates in highly fragmented and competitive markets. In order to maintain and enhance our competitive position, we intend to, among other things, continue investing in manufacturing quality, marketing, customer service and support, distribution networks ~~,~~ and research and development. We may not have sufficient resources to continue to make these investments and we may not be able to maintain our competitive position. Our competitors may develop products that are superior to our products or more widely accepted, develop methods of more efficiently and effectively providing products and services, adapt more quickly than us to new technologies or evolving customer requirements or have a larger product portfolio. Some of our competitors may also have greater financial, marketing and research and development resources than we have or stronger name recognition. As a result, those competitors may be better able to withstand the effects of periodic economic downturns. In addition, pricing pressures could cause us to adjust the prices of some of our products to stay competitive. The development of new technologies by competitors that may compete with our technologies could reduce demand for our products and affect our financial performance. Should we not be able to maintain or enhance the competitive values of our products or develop and introduce new products or technologies successfully, or if new products or technologies fail to generate sufficient revenues to offset research and development costs, our business, financial condition and operating results could be materially adversely affected. We may not be able to compete successfully with our existing competitors or with new competitors. If we fail to compete successfully, the failure may have a material adverse effect on our business, financial condition and results of operations. ~~Please see~~ **See Item1.** " Business — Industry and Competition " for additional information about the competitive markets in which we operate. Changes in our tax rates or exposure to additional income tax liabilities could adversely affect our financial results. Our future effective income tax rates could be unfavorably affected by various factors, including, among others, changes in ~~the~~ tax rates, **changes in mix of earnings and losses in countries with differing statutory tax rates and changes in** rules and regulations in jurisdictions in which we generate income. A number of **the** countries where we **operate** ~~do business, including the United States and many countries in the European Union,~~ have implemented, and are considering implementing, changes in relevant tax, accounting and other laws, regulations and interpretations. Additionally, longstanding international tax norms that determine each country' s jurisdiction to tax cross- border international trade are subject to potential evolution. For example, ~~an outgrowth~~ **many countries have enacted, proposed, or are considering enacting changes to their legislation to implement the adoption** of the Organization for Economic Co- operation and Development' s (" OECD ") ~~original Base Erosion~~ **model rules for the global minimum corporate tax of 15 % for companies with global revenues** and ~~Profit~~ **profits** ~~Shifting~~ **above certain thresholds** (**commonly referred to as** ~~" BEPS ") project is an ongoing project undertaken by the 139 member countries of the expanded OECD Inclusive Framework focused on " Addressing the Challenges of the Digitalization of the Economy, " which may impact all multinational businesses by potentially redefining jurisdictional taxation rights with Pillar One and~~ Pillar Two ~~blueprints~~ **). While the United States has not yet adopted Pillar Two, various other jurisdictions in which we operate around the world have enacted legislation and the OECD continues to release additional guidance. Based upon existing legislation and OECD guidance, Pillar Two could increase our future tax obligations in the countries in which we operate** . As these and other tax laws, regulations and norms change or evolve, our financial results could be materially impacted. Given the unpredictability of these possible changes, **we currently cannot** ~~it is very difficult to~~ assess whether the overall effect of such potential tax changes ~~would be cumulatively positive or negative for our earnings and cash flow~~ , but such changes could adversely impact our financial results. **We are continuing to evaluate and monitor the impacts of Pillar Two legislation in the jurisdictions we operate.** In addition, the amount of income taxes we pay is subject to ongoing audits by **United States** ~~U. S.~~ federal, state and local tax authorities and by non- **United States** ~~U. S.~~ tax authorities. If these audits result in assessments different from amounts recorded, our future financial results may include unfavorable tax adjustments ~~. Acquisitions are expected to be a significant part of our growth strategy. If we are unable to identify suitable acquisition candidates, complete any proposed acquisitions or successfully integrate the businesses we acquire, our growth strategy may not succeed and we may not realize the anticipated benefits of our acquisitions. We intend to seek acquisition opportunities both to expand into new markets and to enhance our position in our existing markets. However, our ability to do so will depend on a number of steps, including our ability to: obtain debt or equity financing that we may need to complete proposed acquisitions ; identify suitable acquisition candidates ; negotiate appropriate acquisition terms ; complete the proposed acquisitions ; and integrate the acquired business into our existing operations. If we fail to achieve any of these steps, our growth strategy may not be successful. Acquisitions involve numerous risks, including difficulties in the assimilation of the operations, systems, controls, technologies, personnel, services and products of the acquired company, the potential loss of key employees, customers, suppliers and distributors of the acquired company, and the diversion of our management' s attention from other business concerns. The failure to successfully integrate acquired businesses in a timely manner, or at all, or the~~

~~incurrence of significant unanticipated expenses associated with integration activities, including information technology integration fees, legal compliance costs, facility closure costs and other restructuring expenses, could have an adverse effect on our business, financial condition and results of operations. In addition, the anticipated benefits of an acquisition may not be realized fully or at all, or may take longer to realize than we expect. Actual operating, technological, strategic and sales synergies, if achieved at all, may be less significant than we expect or may take longer to achieve than anticipated. If we are not able to realize the anticipated benefits and synergies from our acquisitions within a reasonable time, our business, financial condition and results of operations may be adversely affected. Additionally, we may underestimate or fail to discover liabilities relating to acquisitions during our due diligence investigations, and we, as the successor owner of an acquired company, might be responsible for those liabilities. Such liabilities could have a material adverse effect on our business, financial condition and results of operations~~ . We may require additional capital to finance our operating needs and to finance our growth, including acquisitions. If the terms on which the additional capital is available are unsatisfactory, if the additional capital is not available at all or if we are not able to fully access credit under future credit agreements, we may not be able to pursue our growth strategy. Our growth strategy will require additional capital investment to complete acquisitions, integrate the completed acquisitions into our existing operations and expand into new markets. We intend to pay for future acquisitions using cash, capital stock, notes, assumption of indebtedness or any combination of the foregoing. To the extent that we do not generate sufficient cash internally to provide the capital we require to fund our growth strategy and future operations, we will require additional debt or equity financing. This additional financing may not be available or, if available, may not be on terms acceptable to us. Further, high volatility in the capital markets and in our stock price may make it difficult for us to access the capital markets at attractive prices, if at all. If we are unable to obtain sufficient additional capital in the future, it may limit our ability to fully implement our growth strategy. Even if future debt financing is available, it may result in (i) increased interest expense, (ii) increased term loan payments, (iii) increased leverage and (iv) decreased income available to fund further acquisitions and expansion. It may also limit our ability to withstand competitive pressures and make us more vulnerable to economic downturns. If future equity financing is available, issuances of our equity securities may significantly dilute our existing stockholders. Our hedging activity could negatively impact our results of operations, cash flows, or leverage. We have entered into derivatives to manage our exposure to interest rate and currency movements. If we do not accurately forecast our results of operations, execute contracts that do not effectively mitigate our economic exposure to interest rates, elect to not apply hedge accounting, or fail to comply with the complex accounting requirements for hedging, our results of operations and cash flows could be volatile, as well as negatively impacted. Additionally, some of our hedging activity addresses long- term exposures, such as our net investment in our subsidiaries. If we fail to comply with hedge accounting requirements, the gains or losses on those hedges could be recognized before the offsetting exposure materializes to offset them, potentially causing volatility in our **earnings,** cash or debt balances and therefore our leverage. The loss of key leadership could have a material adverse effect on our ability to run our business. We may be adversely affected if we lose members of our senior leadership. We are highly dependent on our senior leadership team as a result of their expertise in our industry and our business. The loss of key leadership or the inability to attract, retain and motivate sufficient numbers of qualified management personnel could have a material adverse effect on our business, financial condition and results of operations. Available insurance coverage, the number of future asbestos- related claims and the average settlement value of current and future asbestos- related claims of certain subsidiaries could be different than current estimates, which could materially and adversely affect our business, financial condition and results of operations. Certain subsidiaries contributed by the Former Parent immediately prior to the consummation of the Separation and pursuant to the terms of the Separation Agreement are one of many defendants in a large number of lawsuits that claim personal injury as a result of exposure to asbestos from products manufactured or used with components that are alleged to have contained asbestos. Such components were acquired from third- party suppliers and were not manufactured by any of these subsidiaries **,** nor were these subsidiaries producers or direct suppliers of asbestos. Additionally, pursuant to the definitive purchase agreements related to the sale of the Former Parent' s Fluid Handling (" FH ") and Air and Gas Handling (" AGH ") businesses, the Former Parent and its subsidiaries retained the asbestos- related contingencies and insurance coverage related to these businesses, even though the Former Parent sold the operating assets of the FH and AGH businesses. In connection with the Separation, we agreed to indemnify the Former Parent for, among other things, the retained asbestos- related contingencies and liabilities related to these businesses. See **Item 3.** " ~~Business —~~ Legal Proceedings " and ~~"~~ **Part II, Item 8.** Note 19 **, "** Commitments and Contingencies. " For purposes of our financial statements, we have estimated the future claims exposure and the amount of insurance available based upon certain assumptions with respect to future claims and liability costs. We estimate the liability costs to be incurred in resolving pending and forecasted claims for the next 15- year period as well as the amount of insurance proceeds available for such claims. We reevaluate these estimates regularly. Although we believe our current estimates are reasonable, a change in the time period used for forecasting liability costs, the actual number of future claims brought, the cost of resolving these claims, the likelihood of payment by, and the solvency of, insurers and the amount of remaining insurance available could be substantially different than the estimates, and future revaluation of liabilities and insurance recoveries could result in material adjustments to these estimates, any of which could materially and adversely affect our business, financial condition and results of operations. In addition, we incur defense, settlement and / or judgment costs related to those claims, a portion of which has historically been reimbursed by insurers. We also incur legal costs in connection with efforts to recover insurance from certain of the contributed subsidiaries' insurers relating to insurance coverage. These costs may be significant, and we may not be able to predict the amount or duration of such costs. Additionally, we may experience delays in receiving reimbursement from insurers, during which time we may be required to pay cash for settlement or legal defense costs. Any increase in the actual number of future claims brought against us, the costs of defending or resolving these claims, the costs of pursuing claims against our insurers, the likelihood and timing of payment by, and the solvency of, insurers and the amount of remaining insurance available, could materially and adversely affect our business, financial condition and results of operations. See ~~“ Business — ~~**Item 3. ”** Legal Proceedings. ” We have done and may continue to do business in countries subject to **United States** ~~U. S.~~ sanctions and embargoes. Failure to comply with various sanction and embargo laws may result in enforcement or other regulatory actions. Certain of our independent foreign subsidiaries have conducted and may continue to conduct business in countries subject to **United States** ~~U. S.~~ sanctions and embargoes or may engage in business dealings with parties whose property or property interests may be blocked under non-country- specific **United States** ~~U. S.~~ sanctions programs. Failure to comply properly with various sanction and embargo laws to which we and our operations may be subject may result in enforcement or other regulatory actions. Specifically, from time to time, certain of our independent foreign subsidiaries sell products to companies and entities located in, or controlled by the governments of, certain countries that are or have previously been subject to sanctions and embargoes imposed by the **United States** ~~U. S.~~ government, the United Nations or other countries where we maintain operations. With the exception of the **United States** ~~U. S.~~ sanctions against Cuba and Iran, the applicable sanctions and embargoes generally do not prohibit our foreign subsidiaries from selling non- **United States** ~~U. S.~~ - origin products and services to countries that are or have previously been subject to sanctions and embargoes. However, our **United States** ~~U. S.~~ personnel, each of our domestic subsidiaries, as well as our employees of foreign subsidiaries who are **United States** ~~U. S.~~ citizens, are prohibited from participating in, approving or otherwise facilitating any aspect of the business activities in those countries or with persons prohibited under **United States** ~~U. S.~~ sanctions. These constraints impose compliance costs and risks on our operations and may negatively affect the financial or operating performance of such business activities. In addition, the invasion of Ukraine by Russia and the sanctions imposed in response to this crisis have increased the level of economic and political uncertainty. For information about our business in Russia, see also “ ~~—~~ Our operations ~~in Russia~~ are exposed to risks related to the Russian invasion of Ukraine and **could be impacted by** ~~the~~ **other wars and geopolitical turmoil** ~~international response to the invasion~~ . ” Our efforts to comply with **United States** ~~U. S.~~ and other applicable sanction and embargo laws may not be effective, and as a consequence we may face enforcement or other actions if our compliance efforts are not or are perceived as not being wholly effective. Actual or alleged violations of these laws could lead to substantial fines or other sanctions which could result in substantial costs. In addition, Syria, Sudan and Iran and certain other sanctioned countries currently are identified by the **United States** ~~U. S.~~ State Department as state sponsors of terrorism and have been subject to restrictive sanctions. Because certain of our independent foreign subsidiaries may have contact with and transact limited business in certain **United States** ~~U. S.~~ sanctioned countries, including sales to enterprises controlled by agencies of the governments of such countries, our reputation may suffer due to our association with these countries, which may have a material adverse effect on the price of our common stock and our business, financial condition and results of operations. In addition, certain ~~U. S.~~ states and municipalities **within the United States** have enacted legislation regarding investments by pension funds and other retirement systems in companies that have business activities or contacts with countries that have been identified as state sponsors of terrorism and similar legislation may be pending in other states. As a result, pension funds and other retirement systems may be subject to reporting requirements with respect to investments in companies such as ESAB or may be subject to limits or prohibitions with respect to those investments that may have a material adverse effect on the price of our common stock and our business, financial condition and results of operations. Some of our products manufactured or assembled in the United States are subject to the **United States** ~~U. S.~~ Export Administration Regulations, administered by the **United States** ~~U. S.~~ Department of Commerce, Bureau of Industry and Security (“ BIS ”), which require that an export license is obtained before such products can be exported to certain countries, and the **United States** ~~U. S.~~ Treasury Department’ s Office of Foreign Assets Control’ s (“ OFAC ”) trade and economic sanctions programs. Additionally, some of our products are subject to the International Traffic in Arms Regulations, which restrict the export of certain military or intelligence- related items, technologies and services to non- **United States** ~~U. S.~~ persons. Such regulations may prohibit or restrict our ability to, directly or indirectly, conduct activities or dealings in or with certain countries or territories that are the subject of comprehensive embargoes, as well as with certain individuals or entities. Failure to comply with these laws could harm our business by subjecting us to sanctions by the **United States** ~~U. S.~~ government, including substantial monetary penalties, denial of export privileges and debarment from **United States** ~~U. S.~~ government contracts. For example, from 2016 through 2020, one of our foreign subsidiaries engaged in certain transactions, a limited number of which included **United States** ~~U. S.~~ origin goods, either directly or indirectly through distributors, involving sales to specially designated nationals and / or to the Crimea region of Ukraine, which may have been made in violation of relevant trade sanctions or export control laws. We submitted a voluntary disclosure report to relevant **United States** ~~U. S.~~ government agencies regarding these transactions. On March 26, 2021 and August 26, 2021, Colfax received letters from BIS and OFAC, respectively, warning Colfax against future violations, and closing their respective matters without further action. No further communications from any other relevant **United States** ~~U. S.~~ government agencies have been received. We are subject to a variety of continuously evolving and developing laws and regulations regarding privacy, data protection and data security. To conduct our operations, we regularly move data across national borders, and consequently we are subject to a variety of continuously evolving and developing laws and regulations in the United States and foreign jurisdictions regarding privacy, data protection and data security. The scope of the laws that may be applicable to us is often uncertain and may be conflicting, particularly with respect to foreign laws. Foreign laws we are subject to include the European Union’ s General Data Protection Regulation (the “ GDPR ”) ~~,~~ **and** the domestic version of the GDPR adopted by the United Kingdom in January 2021 ~~, following its exit from the European Union, which currently imposes the same obligations as the GDPR in most material respects~~ . Other countries have enacted or are enacting data localization laws that require data to stay within their borders. The United States has also recently seen a significantly increased focus on the regulation of personal data, led by the passage of various comprehensive privacy and data protection laws at the state level. For example, the California Consumer Privacy Act (the “ CCPA ”) ~~,~~ requires, among other things, that covered companies provide new disclosures to California consumers and affords such consumers certain rights, including the ability to opt out of certain types of data sharing and sales of their personal information. The California Privacy Rights Act, which went into effect in January 2023, amended the CCPA to provide for additional privacy protections. Similar legislation has been adopted in Virginia, Colorado, Utah and Connecticut, all of which **came** ~~will go~~ into effect in 2023 **. A number of other states have proposed or adopted their own privacy bills that will come into effect over the coming years** . The wave of similar legislative developments in other states in the United States creates the potential for a patchwork of overlapping but different state laws and could mark the beginning of a trend toward more stringent privacy legislation in the United States. All of these evolving compliance and operational requirements impose significant costs that are likely to increase over time **. Moreover, if we fail to comply with these laws and regulations, we could be subject to fines and other penalties** . We are subject to a variety of increasingly stringent environmental and health and safety laws for which compliance, or related liabilities, could be costly. We and our business are subject to international, federal, state and local environmental and safety laws and regulations, including laws and regulations governing emissions of regulated air pollutants and greenhouse gases ; discharges of wastewater and storm water ; storage and handling of raw materials ; the use, manufacture, handling, storage and disposal of hazardous materials ; generation, storage, transportation and disposal of regulated wastes ; and laws and regulations governing worker safety. These requirements impose certain responsibilities on our business, including the obligation to obtain and maintain various environmental permits. If we were to fail to comply with these requirements or fail to obtain or maintain a required permit, we could be subject to penalties and be required to undertake corrective action measures to achieve compliance. In addition, under various federal, state and local laws, regulations and ordinances, and, in some instances, international laws, relating to the protection of the environment, a current or former owner or operator of real property may be liable for the cost to remove or remediate contamination on, under, or released from such property and for any damage to natural resources, such as soil or groundwater, resulting from such contamination. Similarly, a generator of waste can be held responsible for contamination resulting from the treatment or disposal of such waste at any off-site location (such as a landfill), regardless of whether the generator arranged for the treatment or disposal of the waste in compliance with applicable laws. Costs associated with liability for removal or remediation of contamination or damage to natural resources could be substantial and liability under these laws may attach without regard to whether the responsible party knew of, or was responsible for, the presence of the contaminants. Moreover, noncompliance could subject us to private claims for property damage or personal injury based on exposure to hazardous materials or unsafe working conditions. In addition, changes in applicable requirements or stricter interpretation of existing requirements may result in costly compliance requirements or otherwise subject us to future liabilities. In addition, any environmental liability may be joint and several. Moreover, the presence of contamination or the failure to remediate contamination at our properties, or properties for which we are deemed responsible, may expose us to liability for property damage or personal injury, or materially adversely affect our ability to sell our real property interests or to borrow using the real property as collateral. We could be subject to environmental liabilities in the future as a result of historic or current operations ~~that~~ **, including historic operations at properties we acquire from third parties, which** have resulted or will result in contamination. We are exposed to certain regulatory and financial risks related to climate change, which could adversely affect our business, financial condition, results of operations and cash flows. Continuing political and social attention to the issue of climate change has resulted in both existing and pending international agreements and national, regional or local legislation and regulatory measures to limit greenhouse gas emissions, such as cap and trade **regimes, enhanced disclosure** regimes, carbon taxes, restrictive permitting, increased fuel efficiency standards and incentives or mandates for renewable energy. Such measures could subject us to additional costs and restrictions and require significant operating and capital expenditures, which could impact our business, financial condition, results of operations and cash flows. Additionally, such measures may impact our customers, which could impact their ability or desire to continue to operate at similar levels in certain jurisdictions as historically seen or as currently anticipated, which could negatively impact their demand for our products and services. Our businesses are subject to extensive regulation ; failure to comply with those regulations could adversely affect our reputation and our business, financial condition and results of operations. In addition to the environmental, health, safety, anti- corruption, export control, privacy, data protection, data security and other regulations noted above, our businesses are also subject to extensive regulation by **United States** ~~U. S.~~ and non- **United States** ~~U. S.~~ governmental and self- regulatory entities at the supranational, federal, state, local ~~,~~ and other jurisdictional levels. Certain of our gas control products are classified as medical devices that are subject to regulation by the **United States** ~~U. S.~~ Food and Drug Administration and under the European Union Medical Device Regulation, as well as by other federal and local governmental agencies ~~,~~ and by certain accrediting bodies. To varying degrees, these regulators require us to comply with laws and regulations governing the development, testing, manufacturing, labeling, marketing, distribution ~~,~~ and post- marketing surveillance of such products. We are also required to comply with ever changing labor and employment laws and regulations in multiple jurisdictions. These changes could negatively impact our business or financial position. These are not the only regulations that our businesses must comply with. The regulations we are subject to have tended to become more stringent over time and may be inconsistent across jurisdictions. Failure to comply with the regulations referenced above or any other regulations could result in civil and criminal, monetary and non- monetary penalties, and any such failure or alleged failure could also damage our reputation, disrupt our business, limit our ability to manufacture, import, export ~~,~~ and sell products and services, result in loss of customers and cause us to incur significant legal and investigatory fees. Compliance with these and other regulations may also affect our returns on investment, require us to incur significant expenses, or modify our business model or impair our flexibility in modifying product, marketing, pricing, or other strategies for growing our business. Our products and operations are also often subject to the rules of industrial standards bodies such as the International Standards Organization, and failure to comply with these rules could result in withdrawal of certifications needed to sell our products and services and otherwise adversely impact our reputation and our business, financial condition and results of operations. We have a limited history of operating as a separate, publicly traded company, and our historical financial information is not necessarily representative of the results that we would have achieved as a separate, publicly traded company and may not be a reliable indicator of our future results. The historical information about us in this Form 10- K for periods prior to the Separation refers to our businesses as operated by and integrated with Colfax. Our historical financial information for such periods included in this Form 10- K is derived from the consolidated financial statements and accounting records of Colfax. Accordingly, the historical financial information for periods prior to the Separation included in this Form 10- K does not necessarily reflect the financial condition, results of operations or cash flows that we would have achieved as a separate, publicly traded company during the periods presented or those that we will achieve in the future ~~primarily as a result of the factors described below: • prior to the Separation, our businesses were operated by Colfax as part of its broader corporate organization, rather than as a separate, publicly traded company~~ . **Significant changes** ~~Colfax or one of its affiliates performed various corporate functions for us such as legal, treasury, accounting, internal audit, human resources and finance. Our historical financial results reflect allocations of corporate expenses from Colfax for such functions and are likely to be less than the expenses we would~~ have ~~incurred~~ **occurred** ~~had we operated as a separate publicly traded company during those periods. As a result of the Separation~~ , ~~our cost related to such functions previously performed by Colfax therefore have~~ and may continue to ~~increase ; • prior to the Separation, our businesses were integrated with the other businesses of Colfax. Historically, we shared economies of scope and scale in costs, employees, vendor relationships and customer relationships. Although we entered into transition agreements with Enovis, these arrangements may not fully capture the benefits that we previously enjoyed as a result of being integrated with Colfax and may result in us paying higher charges than in the past for these services. This could have an adverse effect on our results of operations and financial condition as a result of the Separation ; • generally, our working capital requirements and capital for our general corporate purposes, including acquisitions and capital expenditures, historically were satisfied as part of the corporate- wide cash management policies of Colfax. Following the completion of the Separation, we may need to obtain additional financing from banks, through public offerings or private placements of debt or equity securities, strategic relationships or other arrangements ; • as a result of the Separation, the cost of capital for our businesses may be higher than Colfax' s cost of capital prior to the Separation ; and our historical financial information does not reflect the debt or the associated interest expense that we incurred as part of the Separation and Distribution. Other significant changes may~~ occur **,** in our cost structure, management, financing and business operations as a result of operating as a company separate from Enovis. See **Part II, Item 7.** " Management' s Discussion and Analysis of Financial Condition and Results of Operations " and our audited consolidated and combined financial statements and notes thereto included elsewhere in this Form 10- K. ~~As a separate, publicly traded company, we may be more susceptible to market fluctuations and other adverse events than we would have been if we were still a part of the current Enovis organizational structure. As part of Colfax, we were able to enjoy certain benefits from Colfax' s operating diversity, purchasing power and opportunities to pursue integrated strategies with Colfax' s other businesses. As a separate, publicly traded company, we do not have similar diversity or integration opportunities and may not have similar purchasing power or access to capital markets. Our stock price may fluctuate significantly, including from future sales of our common stock or the perception that such sales or resales may occur. The trading market for our common stock has existed only since the Separation. The price and trading volume of our common stock has been and may continue to be volatile and the value of an investment in our common stock could decline. Prior to the Separation, there was no public market for our common stock. An active trading market for our common stock may not be sustainable. The market price and trading volume of our common stock has fluctuated substantially and may continue to do so due to a number of factors, some of which may be beyond our control, including: • our quarterly or annual earnings, or those of other companies in our industry ; • the failure of securities analysts to cover our common stock ; • actual or anticipated fluctuations in our operating results ; • changes in earnings estimated by securities analysts or our ability to meet those estimates ; • the operating and stock price performance of other comparable companies ; • changes to the regulatory and legal environment in which we operate ; • the effects of COVID- 19 ; • overall market fluctuations and domestic and worldwide economic conditions ; and • other factors described in these " Risk Factors " and elsewhere in this Form 10- K. Pursuant to that certain registration rights agreement we entered into with Mitchell P. Rales and Steven M. Rales (together, the " Rales Holders "), the Rales Holders and their permitted transferees have registration rights for the resale of certain shares of our common stock. These registration rights, which pursuant to the agreement will become available to the Rales Holders one year post the Distribution, would facilitate the resale of such securities into the public market, and any such resale would increase the number of shares of our common stock available for public trading. Sales by the Rales Holders or their permitted transferees of a substantial number of shares of our common stock in the public market, or the perception that such sales might occur, could have a material adverse effect on the price of our common stock. Stock markets in general have experienced volatility that has often been unrelated to the operating performance of a particular company. These broad market fluctuations may adversely affect the trading price of our common stock.~~ Potential indemnification obligations to Enovis pursuant to the Separation ~~Agreement~~ **Agreements** could materially and adversely affect our businesses, financial condition, results of operations and cash flows. The separation and certain other agreements with Enovis, which we entered into with Enovis on April 4, 2022 in connection with the Separation (**collectively referred to as** the " Separation ~~Agreement~~ **Agreements** "), ~~provides~~ **provide** for, among other things, indemnification obligations (for uncapped amounts) designed to make us financially responsible for all liabilities that Enovis may incur or may exist relating to our business activities (as currently and historically conducted) and those of Colfax' s divested FH and AGH businesses, whether incurred prior to or after the Separation. For example, pursuant to the Separation ~~Agreement~~ **Agreements** , we have agreed to indemnify Enovis for, among other things, the retained asbestos- related contingencies and liabilities related to the sale of Colfax' s FH and AGH businesses. See " — Risks Related to Litigation and Regulatory Compliance — Available insurance coverage, the number of future asbestos- related claims and the average settlement value of current and future asbestos- related claims of certain subsidiaries could be different than current estimates, which could materially and adversely affect our business, financial condition and results of operations. " If we are required to indemnify Enovis under the circumstances set forth in the ~~separation~~ **Separation** ~~agreement~~ **Agreement** , we may be subject to substantial liabilities. See **Item 3.** " ~~Business —~~ Legal Proceedings. " In connection with the Separation, Enovis agreed to indemnify us for certain liabilities. However, there can be no assurance that such indemnity will be sufficient to insure us against the full amount of such liabilities, or that Enovis' s ability to satisfy its indemnification obligations will not be impaired in the future. Pursuant to the Separation ~~Agreement~~ **Agreements** , the tax matters agreement, and certain other agreements with Enovis, Enovis has agreed to indemnify us for certain liabilities. However, third parties could also seek to hold us responsible for any of the liabilities that Enovis has agreed to retain, and there can be no assurance that the indemnity from Enovis will be sufficient to protect us against the full amount of such liabilities, or that Enovis will be able to fully satisfy its indemnification obligations. In addition, Enovis' s insurance will not necessarily be available to us for liabilities associated with occurrences of indemnified liabilities prior to the Separation, and in any event Enovis' s insurers may deny coverage to us for liabilities associated with certain occurrences of indemnified liabilities prior to the Separation. Moreover, even if we ultimately succeed in recovering from Enovis or such insurance providers any amounts for which we are held liable, we may be temporarily required to bear these losses. Each of these risks could negatively affect our businesses, financial position, results of operations and cash flows. If the Distribution, together with certain related transactions, fails to qualify as a reorganization under Sections 355 and 368 (a) (1) (D) of the Code, Enovis and its stockholders could incur significant tax liabilities, and we could be required to indemnify Enovis for taxes that could be material pursuant to indemnification obligations under the tax matters agreement that we entered into with Enovis on April 4, 2022. The Distribution was conditioned upon, among other things, Colfax' s receipt of a private letter ruling from the **United States Internal Revenue Service (the "** IRS **")** and the opinion of Latham & Watkins LLP, tax counsel to Colfax, both of which Colfax received, regarding the qualification of the Distribution, together with certain related transactions, as a reorganization under Sections 355 and 368 (a) (1) (D) of the Code. The private letter ruling and the opinion were based on, among other things, certain factual assumptions, representations and undertakings from Colfax and us, including those regarding the past and future conduct of the companies' respective businesses and other matters. If any of these factual assumptions, representations, or undertakings are incorrect or not satisfied, Enovis may not be able to rely on the private letter ruling or opinion, and Enovis and its stockholders could be subject to significant **United States** ~~U. S.~~ federal income tax liabilities. In addition, the private letter ruling does not address all the requirements for determining whether the Distribution will qualify for tax- free treatment, and the opinion, which addresses all such requirements, relies on the private letter ruling as to matters covered by the ruling and is not binding on the IRS or the courts. Notwithstanding any private letter ruling or opinion of tax counsel, the IRS could determine on audit that the Distribution does not qualify for tax free treatment if it determines that any of these factual assumptions, representations or undertakings are not correct or have been violated or that the Distribution should be taxable for other reasons, including as a result of a significant change in stock or asset ownership after the Distribution. If the Distribution is ultimately determined not to so qualify for tax free treatment, the Distribution could be treated as a taxable disposition of shares of ESAB stock by Enovis and as a taxable dividend or capital gain to Enovis' s stockholders for **United States** ~~U. S.~~ federal income tax purposes. In such case, Enovis and its stockholders that are subject to **United States** ~~U. S.~~ federal income tax could incur significant **United States** ~~U. S.~~ federal income tax liabilities. Under the tax matters agreement that we entered into with Enovis on April 4, 2022, we are generally required to indemnify Enovis against taxes incurred by Enovis that arise as a result of actions or omissions by us that prevent the Distribution, together with certain related transactions, from qualifying as a reorganization under Sections 355 and 368 (a) (1) (D) of the Code. We might not be able to engage in certain transactions and equity issuances as a result of the Distribution. Our ability to engage in equity transactions could be limited or restricted in order to preserve, for **United States** ~~U. S.~~ federal income tax purposes, the qualification of the Distribution, together with certain related transactions, as a reorganization under Sections 355 and 368 (a) (1) (D) of the Code. Even if the Distribution otherwise qualifies for tax- free treatment to Enovis' s stockholders under Section 355 of the Code, it may result in corporate- level taxable gain to Enovis if there is a 50 % or greater change in ownership, by vote or value, of shares of ESAB' s stock, Enovis' s stock or the stock of a successor of either occurring as part of a plan or series of related transactions that includes the Distribution. Any acquisitions or issuances of ESAB' s stock or Enovis' s stock within two years of the Distribution are generally presumed to be part of such a plan, although Enovis may be able to rebut that presumption. Under the tax matters agreement that we entered into with Enovis on April 4, 2022, we are required to comply with the representations made in the private letter ruling Colfax has received and in materials submitted to the IRS in connection therewith and to legal counsel in connection with the tax opinion Colfax received regarding the intended tax treatment of the Distribution and certain related transactions. The tax matters agreement also restricts our ability to take or fail to take any action if such action or failure to act could adversely affect the intended tax treatment. In particular, except in specific circumstances, in the two years following the Distribution, we are restricted from, among other things, (i) entering into any transaction pursuant to which all or a portion of our equity would be acquired, whether by merger or otherwise, and (ii) ceasing to actively conduct certain of our businesses. These restrictions may limit for a period of time our ability to pursue certain transactions that we may believe to be in the best interests of our stockholders or that might increase the value of our businesses. For more information, ~~see the section entitled~~ **refer to Part II, Item 8, Note 21,** " ~~Certain Relationships and~~ Related ~~Person~~ **Party** Transactions ~~— Agreements with Enovis — Tax Matters Agreement~~ . " Certain of our executive officers and directors may have actual or potential conflicts of interest because of their equity interests in Enovis ~~. Also, Christopher Hix, in addition to having served as Enovis' s Executive Vice President, Finance and Chief Financial Officer and continuing to serve as an advisor to Enovis, serves as an ESAB director, which may create the appearance of or actual conflicts of interest~~ . Because of their current or former positions with Enovis, certain of our executive officers and directors own equity interests in Enovis. Continuing ownership of shares of Enovis common stock and equity awards could create, or appear to create, potential conflicts of interest if we and Enovis face decisions that could have implications for both Enovis and us. In addition, one of Enovis' s former executive officers is a member of our Board, and ~~two~~ **one** ~~members~~ - **member** of Enovis' s board of directors ~~serve~~ **serves** on our Board, any of which could create, or appear to create, potential conflicts of interest when we and Enovis encounter opportunities or face decisions that could have implications for both companies or in connection with the allocation of such director' s time between

Enovis and us ~~. We may not achieve some or all of the expected benefits of the Separation, and the Separation may adversely affect our businesses. We may not be able to achieve the full strategic and financial benefits expected to result from the Separation, or such benefits may be delayed or not occur at all. The Separation is expected to provide the following benefits, among others: • allow investors to separately value Enovis and us based on Enovis' s and our distinct investment identities. Our businesses differ from Enovis' s businesses in several respects, such as the market for products and manufacturing processes. • enable investors to evaluate the merits, performance and future prospects of each company' s respective businesses and to invest in each company separately based on their distinct characteristics ; • create an independent equity structure to afford us direct access to the capital markets and facilitate our ability to capitalize on our unique growth opportunities ; • facilitate incentive compensation arrangements for employees tied to the performance of the relevant company' s businesses, and enhance employee hiring and retention by, among other things, improving the alignment of management and employee incentives with performance and growth objectives ; • permit each company to concentrate its financial resources solely on its own operations without having to compete internally for investment capital which may provide each company with greater flexibility to invest capital in its businesses in a time and manner appropriate for its distinct strategy and business needs ; and • allow us and Enovis to more effectively pursue our respective and distinct operating priorities and strategies and enable management of each company to focus on unique opportunities for long- term growth and profitability. Our and Enovis' s separate management teams are able to focus on executing each company' s differing strategic plans without diverting attention from the other businesses. We may not achieve these and other anticipated benefits for a variety of reasons, including, among others, factors addressed elsewhere in these Risk Factors. If we fail to achieve some or all of the benefits expected to result from the Separation, or if such benefits are delayed, our businesses, operating results and financial condition could be adversely affected~~ . We may have received better terms from unaffiliated third parties than the terms we received in our agreements with Enovis. The agreements we entered into with Enovis in connection with the Separation, including the separation agreement, transition services agreement, employee matters agreement, tax matters agreement, intellectual property matters agreement, EBS license agreement and a stockholder' s and registration rights agreement, were prepared in the context of our Separation from Colfax while we were still a wholly owned subsidiary of Colfax. Accordingly, during the period in which the terms of those agreements were prepared, we did not have a separate or independent board of directors or a management team that was separate from or independent of Colfax. As a result, the terms of those agreements may not reflect terms that would have resulted from arm' s length negotiations between unaffiliated third parties. Arm' s- length negotiations between Colfax and an unaffiliated third party in another form of transaction, such as a buyer in a sale of a business transaction, may have resulted in more favorable terms to the unaffiliated third party. ~~We or Enovis may fail to perform under various transaction agreements that were executed as part of the Separation or we may fail to have necessary systems and services in place when certain of the transaction agreements expire. The Separation Agreement and other agreements entered into in connection with the Separation determined the allocation of assets and liabilities between the companies following the Separation and include any necessary indemnifications related to liabilities and obligations. The transition services agreement provides for the performance of certain services by each company for the benefit of the other for a period of time after the Separation. We rely on Enovis after the Separation to satisfy its performance and payment obligations under these agreements. If Enovis is unable to satisfy its obligations under these agreements, including its indemnification obligations, we could incur operational difficulties or losses. If we do not have in place our own systems and services, or if we do not have agreements with other providers of these services once certain transaction agreements expire, we may not be able to operate our businesses effectively and our profitability may decline. We have created our own, or engaged third parties to provide, systems and services to replace many of the systems and services that Colfax previously provided to us. However, we may not be successful in implementing these systems and services or in transitioning data from Colfax' s systems to us. In addition, we expect this process to be complex, time- consuming and costly. We also established or expanded our own tax, treasury, internal audit, investor relations, corporate governance and public company compliance and other corporate functions. We have incurred costs to replicate, or outsource from other providers, these corporate functions to replace the corporate services that Colfax historically provided us prior to the Separation. Any failure or significant downtime in our own financial, administrative or other support systems or in Enovis' s financial, administrative or other support systems during the transitional period during which Enovis provides us with support could negatively impact our results of operations or prevent us from paying our suppliers and employees, executing business combinations and foreign currency transactions or performing administrative or other services on a timely basis, which could negatively affect our results of operations. In particular, our day- to- day business operations rely on information technology systems. A significant portion of the communications among our personnel, customers and suppliers take place on information technology platforms. As a result of our reliance on information technology systems, the cost of such information technology integration and transfer and any such loss of key data could have an adverse effect on our business, financial condition and results of operations.~~ Risks Related to Shares of Our Common Stock As a public company, we are required to maintain internal controls over financial reporting and to report any material weaknesses in such internal controls. ~~In addition, beginning with our second annual report on Form 10- K, we will be required to furnish a report by management on the effectiveness of our internal control over financial reporting, pursuant to Section 404 of the Sarbanes- Oxley Act of 2002 (the " Sarbanes- Oxley Act "). Our independent registered public accounting firm will also be required to express an opinion as to the effectiveness of our internal control over financial reporting. At such time, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our internal control over financial reporting is documented, designed or operated.~~ The process of designing, implementing ~~,~~ and testing the internal control over financial reporting required to comply with this obligation is time consuming, costly ~~,~~ and complicated. If we identify material weaknesses in our internal control over financial reporting, if we are unable to comply with the requirements of Section 404 of the Sarbanes- Oxley Act in a timely manner or to assert that our internal control over financial reporting is effective, or if our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal control over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our common stock could be negatively affected, and we could become subject to investigations by the stock exchange on which our securities are listed, the SEC, or other regulatory authorities, which could require additional financial and management resources. ~~We are directly subject to~~ **Our stock price may fluctuate significantly, including from future sales of our common stock or** the ~~reporting~~ **perception that such sales or resales may occur. The trading market for our common stock has existed only since the Separation. The price and trading volume of our common stock has been and may continue to be volatile and the value of** ~~and~~ - **an investment in our common stock could decline. Prior to the Separation, there was no public market for our common stock. An active trading market for our common stock may not be sustainable. The market price and trading volume of our common stock has fluctuated substantially and may continue to do so due to a number of factors, some of which may be beyond our control, including: • our quarterly or annual earnings, or those of** other ~~requirements of~~ **companies in our industry; •** the **failure of** ~~Securities~~ **securities analysts to cover our common stock; • actual or anticipated fluctuations in our operating results ; •** ~~Exchange~~ -- **changes** ~~Act~~ **in earnings estimated by securities analysts or our ability to meet those estimates; • the operating and stock price performance** of ~~1934~~ **other comparable companies; • changes to the regulatory and legal environment in which we operate; • the impact of global conflicts** , ~~as amended~~ **natural or man- made disasters or global health events; • overall market fluctuations and domestic and worldwide economic conditions; and • other factors described in these “ Risk Factors ” and elsewhere in this Form 10- K. Pursuant to that certain restriction rights agreement we entered into with Mitchell P. Rales and Steven M. Rales** (**together,** the “ ~~Exchange Act~~ **Rales Holders** ”) **, the Rales Holders** and ~~the~~ **their** ~~rules of~~ **permitted transferees have registration rights for** the ~~New York~~ **resale of certain shares of our common** ~~Stock~~ **stock** ~~Exchange (“ NYSE ”)~~ . ~~As~~ **These registration rights, which pursuant to the agreement will become available to the Rales Holders one year post the Distribution, would facilitate the resale of such securities into public market, and any such resale would increase the number of shares of our common stock available for public trading. Sales by the Rales Holders or their permitted transferees of** a ~~separate~~ **substantial number of shares of our common stock in the** public ~~company~~ **market** , ~~we are required to, among other things: • prepare and distribute periodic reports, proxy statements and other stockholder communications in compliance with the federal securities laws and rules ; • have our~~ - **or** ~~own board of directors and committees thereof, which comply with federal securities laws and rules and applicable stock exchange requirements ; • maintain an internal audit function ; • maintain our own financial reporting and disclosure compliance functions ; • maintain an investor relations function ; • maintain and administer internal policies, including those~~ -- **the perception** ~~relating to trading in our securities and disclosure controls and procedures ; and comply with the rules and regulations implemented by the SEC, the Sarbanes- Oxley Act, the Dodd- Frank Act, the Public Company Accounting Oversight Board and the NYSE. These reporting and other obligations place significant demands on our management and our administrative and operational resources, and we face increased legal, accounting, administrative and other costs and expenses relating to these demands~~ that **such** ~~we had not incurred as a segment of Colfax. Our investment in compliance with existing and evolving regulatory requirements has resulted in increased administrative expenses and a diversion of management' s time and attention from~~ sales **might occur** ~~- generating activities to compliance activities~~ , ~~which~~ could have ~~an~~ **a material** adverse effect on **the price** ~~our business, financial position, results~~ of **our common stock. Stock markets in general have experienced volatility that has often been unrelated to the** ~~operations~~ - **operating** ~~and cash flows~~ **performance of a particular company. These broad market fluctuations may adversely affect the trading price of our common stock** . We declared and paid a quarterly cash dividend of $ 0. 05 per share of ESAB’ s common stock to our stockholders of record for the **first** ~~second, third and fourth quarters~~ - **quarter** of ~~2022. In addition, on March 2,~~ 2023 **and** ~~, our Board declared~~ a quarterly cash dividend of $ 0. ~~05~~ **06** per share of ESAB’ s common stock to our ~~shareholders~~ **stockholders** of record **for the second** ~~as of March 31~~ , **third and fourth quarters of** 2023 **. In addition, we declared, but have not yet paid, a quarterly dividend of $ 0. 06 per share of ESAB’ s common stock to our stockholders of record for the first quarter of 2024** . We cannot guarantee that we will continue to pay a dividend in the future. The payment of any dividends in the future, and the timing and amount thereof, to our stockholders will fall within the discretion of our Board. The Board’ s decisions regarding the payment of dividends will depend on many factors, such as our financial condition, earnings, capital requirements, debt service obligations, restrictive covenants in our then existing debt agreements, industry practice, legal requirements and other factors that the Board deems relevant. Our ability to pay dividends will depend on our ongoing ability to generate cash from operations and on our access to the capital markets. In the future, ~~your~~ - **our stockholders’** percentage ownership in ~~us~~ **our common stock** may be diluted because of equity issuances for acquisitions, capital market transactions or otherwise, including equity awards that we will be granting to our directors, officers and employees. These additional awards will have a dilutive effect on our earnings per share, which could adversely affect the market price of our common stock. In addition, our amended and restated certificate of incorporation (our “ certificate of incorporation ”) authorizes us to issue, without the approval of our stockholders, one or more classes or series of preferred stock having such designation, powers, preferences and relative, participating, optional and other special rights, including preferences over our common stock respecting dividends and distributions, as the Board generally may determine. The terms of one or more classes or series of preferred stock could dilute the voting power or reduce the value of our common stock. For example, we could grant the holders of preferred stock the right to elect some number of our directors in all events or on the happening of specified events or the right to veto specified transactions. Similarly, the repurchase or redemption rights or liquidation preferences that we could assign to holders of preferred stock could affect the residual value of the common stock. Certain provisions in our certificate of incorporation and amended and restated bylaws (our “ bylaws ”), and of Delaware law, may prevent or delay an acquisition of us, which could decrease the trading price of our common stock. Our certificate of incorporation and bylaws contain, and Delaware law contains, provisions that are intended to deter coercive takeover practices and inadequate takeover bids and to encourage prospective acquirers to negotiate with the Board rather than to attempt an unsolicited takeover not approved by the Board. These provisions include, among others: • the inability of our stockholders to call a special meeting ; • the inability of our stockholders to act by written consent ; • rules regarding how stockholders may present proposals or nominate directors for election at stockholder meetings ; • the right of the Board to issue preferred stock without stockholder approval ; • the division of the Board into three classes of directors, with each class serving a staggered three- year term, and this classified board provision could have the effect of making the replacement of incumbent directors more time consuming and difficult ; • provision that stockholders may only remove directors with cause ; and • the ability of our directors, and not stockholders, to fill vacancies (including those resulting from an enlargement of the Board) on the Board. In addition, because we have not chosen to be exempt from Section 203 of the Delaware General Corporation Law (the " DGCL "), this provision could also delay or prevent a change of control that you may favor. Section 203 provides that, subject to limited exceptions, persons that acquire, or are affiliated with a person that acquires, more than 15 % of the outstanding voting stock of a Delaware corporation (an " interested stockholder ") shall not engage in any business combination with that corporation, including by merger, consolidation or acquisitions of additional shares, for a three- year period following the date on which the person became an interested stockholder, unless (i) prior to such time, the Board of Directors of such corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder ; (ii) upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85 % of the voting stock of such corporation at the time the transaction commenced (excluding for purposes of determining the voting stock outstanding (but not the outstanding voting stock owned by the interested stockholder) the voting stock owned by directors who are also officers or held in employee benefit plans in which the employees do not have a confidential right to tender or vote stock held by the plan) ; or (iii) on or subsequent to such time the business combination is approved by the Board of Directors of such corporation and authorized at a meeting of stockholders by the affirmative vote of at least two- thirds of the outstanding voting stock of such corporation not owned by the interested stockholder. We believe these provisions will protect our stockholders from coercive or otherwise unfair takeover tactics by requiring potential acquirers to negotiate with the Board and by providing the Board with more time to assess any acquisition proposal. These provisions are not intended to make us immune from takeovers. However, these provisions will apply even if the offer may be considered beneficial by some stockholders and could delay or prevent an acquisition that the Board determines is not in the best interests of us and our stockholders. These provisions may also prevent or discourage attempts to remove and replace incumbent directors. Our certificate of incorporation designates the state courts in the State of Delaware or, if no state court located within the State of Delaware has jurisdiction, the federal court for the District of Delaware, as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders. Our certificate of incorporation further designates the federal district courts of the United States of America as the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. These forum selection provisions could discourage lawsuits against us and our directors, officers, employees and stockholders. Our certificate of incorporation provides that, unless we consent otherwise, the state courts in the State of Delaware or, if no state court located within the State of Delaware has jurisdiction, the federal court for the District of Delaware, shall be the sole and exclusive forum for any derivative action or proceeding brought on behalf of us, any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, employees or stockholders to us or our stockholders, any action asserting a claim arising pursuant to any provision of the DGCL or our certificate of incorporation or bylaws, or any action asserting a claim governed by the internal affairs doctrine. This provision does not apply to claims brought to enforce a duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. This forum selection clause may impose additional litigation costs on stockholders in pursuing any such claims, particularly if the stockholders do not reside in or near the State of Delaware. Our certificate of incorporation further provides that, unless we consent otherwise, the federal district courts of the United States of America shall, to the fullest extent permitted by law, be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. These forum selection provisions may limit the ability of our stockholders to bring a claim in a judicial forum that such stockholders find favorable for disputes with us or our directors or officers, which may discourage such lawsuits against us and our directors, officers, employees and stockholders. It is possible that a court may find these provisions of our certificate of incorporation inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, in which case we may incur additional costs associated with resolving such matters in other jurisdictions. This could materially adversely affect our business, financial condition, or results of operations and result in a diversion of the time and resources of our management and Board of Directors.