Risk Factors Comparison 2024-02-27 to 2023-03-01 Form: 10-K

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The risks described below are not the only risks facing us. Any of the following risks could materially and adversely affect our business, financial condition or results of operations. Additional risks and uncertainties not currently known to us or those we currently view to be immaterial may also materially and adversely affect our business, financial condition or results of operations. See also" Information Regarding Forward- Looking Statements" for certain warnings regarding forward- looking information contained in this document. Economic and Industry risks ~~Our results of operations may be negatively impacted by the ensuing effects of the coronavirus disease pandemic, as well as the subsequent adverse impact on availability of key inputs and associated cost inflation. Activity in most of the end markets we serve improved throughout 2021 and continued to improve in 2022 following the global COVID- 19 outbreak. The sharp recovery in demand across the global macro environment has resulted in supply chain challenges characterized by significant increases in material cost inflation on key inputs (including magnesium, aluminum and carbon fiber), labor availability issues and energy and transport cost increases. Currently, our expectation is that the impact of material and energy cost inflation and labor and transport constraints will continue into 2023. While we aim to pass on cost increases to customers through increased price, there is no guarantee that we will be able to do so in all circumstances (see: We are exposed to fluctuations in the costs of the raw materials that are used to manufacture our products, and such fluctuations could lead us to incur unexpected costs and could affect our margins and / or working capital requirements), and failure to do so could have a material adverse impact on our results of operations, financial position and cash flows.~~ We depend on certain end- markets, including automotive, alternative fuels, self- contained breathing apparatus (" SCBA"), aerospace, defense, healthcare, oil and gas and printing and paper. An economic downturn, or regulatory changes, in any of those end- markets, could reduce sales and profit margins on those end- markets. We have significant exposures to certain end- markets, including some end- markets that are cyclical in nature or subject to high levels of regulatory control, including automotive, SCBA, aerospace and defense. Dependence of either of our segments on certain end- markets is even more pronounced. To the extent that any of these cyclical end- markets are in decline, at a low point in their economic cycle, or subject to regulatory change, sales and margins on those sales may be adversely affected. It is possible that all or most of these end- markets could be in decline at the same time, i. e. during an economic downturn. Any significant reduction in sales could have a material adverse impact on our results of operations, financial position and cash flows. Our global operations expose us to economic conditions, potential tax costs, political risks and specific regulations or restrictions in the countries in which we operate, which could have a material adverse impact on our results of operations, financial position and cash flows. We derive our sales and earnings from operations in many countries and are subject to risks associated with doing business internationally. We have wholly- owned operations in the U. S., the U. K., Canada and China, as well as a joint venture in Japan. Doing business in different countries has risks, including the potential for adverse changes in the local, social, political, financial or regulatory climate, difficulty in staffing and managing geographically diverse operations, and the costs of complying with a variety of laws and regulations. For example, the Russian invasion of Ukraine and ongoing military conflict which commenced on February 24, 2022, has resulted in massive displacement of the Ukrainian population and huge disruption to its economy. Wide ranging sanctions have been imposed on the Russian Federation by the international community, targeting individuals, banks, businesses, funds transfers and imports and exports and are **having** ~~expected to have~~ a significant ~~adverse~~ impact on Russia' s economy as well as on international businesses active in the region. The impact on Luxfer in 2022 **and 2023** was not significant as we have no direct operations in the region, and our sales to Russia and Ukraine combined typically represent less than one percent of total revenue by destination. Furthermore, neither country is a critical supplier of our raw material needs, and ~~while~~ **whilst we continue to source magnesium from** Russia ~~is~~ **,** a major global exporter ~~of magnesium~~, we are **also** able to source the metal from various alternative locations, including China, Israel, Turkey and the United States. ~~However, this~~ **This** ~~has caused~~ **is also evident in the current war in the Middle East that is causing** macro- economic disruption which could ~~adversely~~ affect the Company and / or our supply chain, business partners or customers. Due to the fact we have operations in many countries, we are also liable to pay taxes in many fiscal jurisdictions. Our tax burden depends on the interpretation of local tax regulations, bilateral or multilateral international tax treaties and the administrative doctrines in each jurisdiction. Changes in these tax regulations may increase our tax burden, or otherwise affect our accounting for taxes. For example, in March 2021, the U. K. government announced an increase in the statutory rate of Corporation tax from the current 19 % to 25 %, which **became** ~~will take effect~~ **effective** ~~from~~ **in** April 2023, and is expected to increase the future tax burden on earnings from our U. K. operations. The principal markets for our products are located in North America, Europe and Asia, and any financial difficulties experienced in these markets may have a material adverse impact on our businesses. For example, the maturity of some of our markets ~~, such as the U. S. market for photo- engraving plates~~ , could require us to increase sales in developing regions, which may involve greater economic and political risks. We cannot provide any assurances that we will be able to expand sales in these regions. Any of these factors could have a material adverse impact on our results of operations, financial position and cash flows. Our operations rely on a number of large customers in certain areas of our business, and the loss of any of our major customers could negatively impact our results of operations. If we fail to maintain our relationships with our major customers, or fail to replace lost customers, or if there is reduced demand from our customers or for products produced by our customers, such failures or reduced demand could materially reduce our sales. In addition, we could experience a reduction in sales if any of our customers fail to perform or default on any payment pursuant to our contracts with them. Long- term relationships with customers are especially important for suppliers of intermediate materials and components such as ourselves. We often work closely with customers to develop products that meet particular specifications as part of the design of a product intended for an end- user market. The bespoke nature of many of our products could make it difficult to replace lost customers. Our top 10 customers accounted for approximately ~~31~~ **39** % of our net sales in ~~2022~~ **2023** . Any significant reduction in sales or customer payment default could have an adverse material impact on our results of operations, financial position and cash flows. We depend upon our larger suppliers for a significant portion of our raw materials, and a loss of one of these suppliers, or a significant supply interruption could negatively impact our financial performance. We rely, to varying degrees, on major suppliers for some of the principal raw materials of our engineered products, including aluminum, zirconium and carbon fiber ~~. For example, in 2022, we obtained approximately 42 % of our aluminum from Rio Tinto Alcan and its associated companies. Moreover, demand for carbon fiber is increasing, which has led to occasional periods of short supply in recent years with a number of expanding applications competing for the same supply of this specialized raw material. Our largest suppliers of carbon fiber are Toray and Grafil, a subsidiary of Mitsubishi Chemical. For additional details of some of our major suppliers (see ITEM 1- Suppliers and raw materials)~~ . We generally purchase raw materials from suppliers on a spot basis under standard terms and conditions. We also enter into supply contracts with Rio Tinto Alcan for a substantial portion of our aluminum requirements. In addition, we have supply contracts in place with U. S. Magnesium for raw material purchases of magnesium ingot for both military and commercial applications **, although since entering** ~~. In 2021 U. S. magnesium entered~~ force majeure ~~and~~ **in 2021,** deliveries reduced up until late 2022, when they ceased completely ~~, with an~~ **. The current** expectation **is** that they ~~would~~ **will** not recommence until the **end** ~~second half~~ of ~~2023~~ **2024** . We successfully secured and qualified magnesium from alternative sources to meet requirements for both military and commercial applications for ~~the remainder of~~ 2023 **and into 2024** . An interruption in the supply of essential raw materials used in our production processes or an increase in the costs of raw materials due to market shortages, supplier financial difficulties, government quotas or natural disturbances, could significantly affect our ability to provide competitively priced products to customers in a timely manner. For example, the significant increase in demand for materials and energy ~~stemming from the post- COVID economic recovery and current conflict in Ukraine~~ has resulted in significant constraints on availability of key inputs such as magnesium, aluminum and energy supplies with a consequent spike in prices. In the event of a significant interruption in the supply of any materials used in our production processes, or a significant increase in their prices, we may have to purchase these materials from alternative sources, build additional inventory of raw materials, increase our prices, reduce our margins or possibly fail to fill customer orders by deadlines required in contracts, which could result in, ~~among~~ **amongst** other things, contractual penalties. We can provide no assurance that we would be able to obtain replacement materials quickly on similar terms or at all. Failure to maintain relationships with key suppliers or to develop relationships with alternative suppliers could have a material adverse effect on our results of operations, financial position and cash flows. In **2021** ~~in the prior year~~ we were faced with two critical suppliers of magnesium and zirconium respectively declaring force majeure, of which the former remains in place. We have been successful in securing alternative sources of supply for key material inputs affected by force majeure, although typically at an increased cost. We are exposed to fluctuations in the costs of the raw materials that are used to manufacture our products, and such fluctuations could lead us to incur unexpected costs and could affect our margins and / or working capital requirements. Fluctuations in the costs of raw materials could affect margins and working capital requirements in the businesses in which we use them, see ITEM 7A. We cannot always pass on cost increases or increase our prices to offset these cost increases immediately or at all, whether because of fixed- price agreements with customers, competitive pressures that restrict our ability to pass on cost increases or increase prices, or other factors. It can be particularly difficult to pass on cost increases or increase prices in product areas such as gas cylinders, where competitors offer similar products made from alternative materials, such as steel, if those materials are not subject to the same cost increases. Higher prices necessitated by large increases in raw material costs could make our current or future products unattractive compared to competing products made from alternative materials that have not been so affected by raw material cost increases, or compared to products produced by competitors who have not incurred such large increases in their raw material costs. If, for example, the cost of aluminum or carbon fiber were to rise, we may not be able pass those cost increases on to our customers or manage the exposure effectively through hedging instruments. From time to time we use derivative financial instruments to hedge our exposures to fluctuations in aluminum costs. Although it is our treasury policy to enter into these transactions only for hedging and not for speculative purposes, we are exposed to market risk and credit risk with respect to the use of these derivative financial instruments, see ITEM 7A. **We** ~~In the past several years and during 2022, we have made additional purchases of large stocks of magnesium alloys in an effort to delay the effect of potentially increased costs in the future. However, even though such purchases~~ are not ~~made~~ **dependent on any one supplier** for ~~speculative purposes~~ **our primary raw materials** , **but** ~~there~~ -- **the** ~~can~~ **business could** be **impacted by supply constraints. If, in the future, we are unable to obtain sufficient amounts of material on a timely basis, we may** ~~no~~ **not be able to obtain** ~~assurance that costs will move as expected. Moreover, these strategic purchases increase our working capital needs, thus reducing our liquidity and cash flow. Accordingly, a substantial increase in~~ raw ~~material~~ **materials** ~~costs~~ **from alternate sources at competitive prices. In addition, interruptions or reductions in our supply of raw materials could make it difficult to satisfy our customers' delivery requirements, which** could have a material adverse effect on our **business, financial condition,** results of operations ~~, financial position~~ and cash flows. Changes in foreign exchange rates could reduce profit margins on our sales and reduce the reported sales of our non- U. S. operations and have a material adverse effect on our results of operations. We conduct a large portion of our commercial transactions, purchases of raw materials and sales of goods in various countries and regions, including the U. S., the U. K., continental Europe, Australia and Asia. Our manufacturing operations based in the U. S. and Asia usually purchase raw materials and sell goods denominated in their local currency, but our manufacturing operations in the U. K. often purchase raw materials and sell products in different currencies. Changes in the relative values of currencies can decrease the profits of our subsidiaries when they incur costs in currencies that are different from the currencies in which they generate all or part of their revenue. These transaction risks principally arise as a result of purchases of raw materials in U. S. dollars, coupled with sales of products to customers in euros. This impact is most pronounced in our exports to continental Europe from the U. K. In ~~2022~~ **2023** , our U. K. operations sold approximately € ~~53~~ **50** million of goods into the Eurozone. Our policy is to hedge a portion of our net exposure to fluctuations in exchange rates with forward foreign currency exchange contracts. Therefore, we are exposed to market risk and credit risk through the use of derivative financial instruments. Moreover, any failure of hedging policies could negatively impact our profits, and thus damage our ability to fund our operations and to service our indebtedness. ~~Exchange rate volatility continues to be experienced against a background of the COVID- 19 pandemic and U. K. political uncertainty, and continued volatility is to be expected.~~ In addition to subsidiaries in the U. S., we have operating subsidiaries located in the U. K., Canada, China and Australia, as well as a joint venture in Japan, each of whose revenue, costs, assets and liabilities are denominated in local currencies. As our consolidated financial statements are reported in U. S. dollars, we are exposed to fluctuations in those currencies when those amounts are translated to U. S. dollars for purposes of reporting our consolidated financial statements, which may cause declines in results of operations. The largest risk is from our operations in the U. K., which, in ~~2022~~ **2023** , generated an operating profit of $ ~~6~~ **8** . 4 million and sales of $ ~~176~~ **158. 9** million. Fluctuations in exchange rates, particularly between the U. S. dollar and GBP sterling (which has been subject to significant fluctuations, as described above), can have a material effect on our consolidated income statement and consolidated balance sheet. In ~~2022~~ **2023** , movements in the average U. S. dollar exchange rate had a ~~negative~~ **positive** impact impact on net sales of $ ~~15~~ **2** . ~~6~~ **8** million. In ~~2021~~ **2022** movements in the average U. S. dollar exchange rate had a ~~positive~~ **negative** impact on net sales of $ ~~9~~ **15** . ~~5~~ **6** million. Changes in translation exchange rates ~~decreased~~ **increased** net assets by $ **7. 3 million in 2023, compared to a decrease of $** 13. 2 million in 2022 ~~, compared to a decrease of $ 0. 8 million in 2021~~ . These foreign exchange risks could have a material adverse effect on our results of operations, financial position and cash flows. For additional information on these risks, and the historical impact on our results, see ITEM 7A. Our defined benefit pension plans **have** historically ~~have had~~ **fluctuated between** funding deficits **and** ~~, (currently a surplus~~ **surpluses** ~~)~~ and are exposed to market forces that could require us to make increased ongoing cash contributions in response to changes in market conditions, actuarial assumptions and investment decisions These market forces could expose us to significant short- term liabilities if a wind- up trigger occurred in relation to such plans, each of which could have a material adverse impact on our results of operations and financial position. We have defined benefit pension arrangements in the U. K. and in the U. S., see ITEM 8, Note 14. Our largest defined benefit plan, the Luxfer Group Pension Plan, **(' the Plan')** which closed to new members in 1998, remained open for accrual of future benefits based on career- average salary until April 5, 2016. However, following a consultation, it was agreed with the Trustees and plan members to close the Luxfer Group Pension Plan in the U. K. to future accrual of benefits, effective from April 5, 2016. Moreover, when increasing pension benefit payments, it was agreed to use the CPI as the reference index, in place of the RPI where applicable. The Luxfer Group Pension Plan is funded according to the regulations in effect in the U. K. and, as of December 31, ~~2022~~ **2023** , and December 31, ~~2021~~ **2022** , had an accounting surplus of $ **40. 3 million and $** 27. 0 ~~million and $ 13. 7~~ million, respectively. There is no guarantee that the surplus funding position will be maintained and adverse market movements could result in a reversion to a deficit funding position. According to the latest triennial actuarial valuation of the Luxfer Group Pension Plan as of April 5, 2021, the Luxfer Group Pension Plan had a deficit of £ 12. 2 million on a plan- specific basis (reduced from £ 26. 5 million at the previous valuation in April 2018). This valuation was carried out prior to a one- off deficit reduction contribution of £ 9. 6 million made in December 2021. Should a wind- up trigger occur in relation to the Luxfer Group Pension Plan, the buy- out deficit of that plan will become due and payable by the employers. The aggregate deficit of the Luxfer Group Pension Plan on a buy- out basis was estimated at £ 86 million as of April 5, 2021 (reduced from £ 145 million in April 2018). The Trustee has the power to wind- up the Luxfer Group Pension Plan if it determines that in the best interests of members, there is no reasonable purpose in continuing the Luxfer Group Pension Plan. Following the actuarial valuation as of April 5, 2021, we agreed with the Trustee to make a one- off cash contribution in December 2021 of £ 9. 6 million in addition to the £ 4. 1 million annual payment agreed as a result of the previous valuation. While there is an expectation that no further contributions will be required until at least after the next valuation in 2024, there is no guarantee that this will be the case; and no contributions were made during **2023 and** 2022. The Trustee can request additional contributions, and the U. K. Pensions Regulator (" TPR") has the power to order further funding in the current three- year window should increasingly stringent regulation require it (see Environmental and regulatory risks: The Pensions Regulator in the U. K. has the power in certain circumstances to issue contribution notices or financial support directions that, if issued, could result in significant liabilities arising for us). We remain legally responsible and committed to ensuring that the Luxfer Group Pension Plan has the funding required to meet its liabilities as they fall due. Future funding requirements will likely be reassessed and revised following the next triennial actuarial valuation in April 2024. Regulatory burdens have also proved to be a significant risk, such as the U. K.' s Pension Protection Fund Levy, which was £ 0. ~~3~~ **2** million in ~~2022~~ **2023** . ~~Our~~ **The Company completed a buyout of the U. S. BA Holdings, Inc. Pension Plan in the first quarter of 2023. The Company' s** other **arrangements** ~~defined benefit plans~~ are less significant than the ~~Luxfer Group Pension~~ Plan and, as of December 31, ~~2022~~ **2023** , and December 31, ~~2021~~ **2022** , had aggregate accounting deficits of $ **0. 1 million and $** 4. 5 million ~~and $ 1. 9 million~~ , respectively ~~. The largest of these additional plans is the BA Holdings, Inc. Pension Plan in the U. S., which was closed to further benefit accruals in December 2005, and merged with the much smaller Luxfer Hourly Pension Plan, effective January 1, 2016. In September 2021, we commenced an exercise that we expect to result in a buyout of the U. S. plan liability. An initial lump sum exercise took place in December 2022, with an annuity purchase and full buyout expected in early 2023~~ . We are exposed to various risks related to our defined benefit plans, including the risk of loss of market value of the plan assets, the risk of actual investment returns being less than assumed rates of return, the Trustees of the Luxfer Group Pension Plan switching investment strategy (which ~~does require~~ **requires** consultation with the employer), and the risk of actual experience deviating from actuarial assumptions for such things as mortality of plan participants. In addition, fluctuations in interest rates cause changes in the annual cost and benefit obligations, and increasingly stringent regulation can further increase the financial burden. Any of these risks could have a material adverse impact on our results of operations, financial position and cash flows. The Pensions Regulator in the U. K. has the power in certain circumstances to issue contribution notices or financial support directions that, if issued, could result in significant liabilities arising for us. The Pensions Regulator may issue a contribution notice to the employers that participate in the Luxfer Group Pension Plan, or any person who is connected with, or is an associate of, these employers where the Pensions Regulator is of the opinion that the relevant person has been a party to an act, or a deliberate failure to act, which had as its main purpose (or one of its main purposes) the avoidance of pension liabilities or where such act has a materially detrimental effect on the likelihood of payment of accrued benefits under the Luxfer Group Pension Plan being received. A person holding alone or together with his or her associates, directly or indirectly, one- third or more of our voting power, could be the subject of a contribution notice. The terms" associate" and" connected person," which are taken from the Insolvency Act 1986, are widely defined and could cover our significant shareholders and others deemed to be shadow directors. If the Pensions Regulator considers that a plan employer is" insufficiently resourced" or a" service company" (which terms have statutory definitions), it may impose a financial support direction requiring such plan' s employer or any member of the Group, or any person associated or connected with an employer, to put in place financial support in relation to the Luxfer Group Pension Plan. Liabilities imposed under a contribution notice or financial support direction may be up to the difference between the value of the assets of the Luxfer Group Pension Plan and the cost of buying out the benefits of members and other beneficiaries of the Luxfer Group Pension Plan. The Pension Schemes Act 2021 further strengthened regulation in this area and includes new criminal and civil penalties for breaches in pensions law (including unlimited fines) and new notifiable events that apply to certain corporate transactions which have the potential to adversely affect the security of the pension plan and therefore increase the likelihood of a contribution notice. In practice, the risk of a contribution notice being imposed may restrict our ability to restructure or undertake certain corporate activities. Additional security may also need to be provided to the Trustee of the Luxfer Group Pension Plan before certain corporate activities can be undertaken (such as the payment of an unusual dividend), and any additional funding of the Luxfer Group Pension Plan may have a material adverse effect on our financial position and cash flows. Our operations may prove harmful to the environment resulting in reputational damage and clean- up or other related costs. We are exposed to substantial environmental costs and liabilities, including liabilities associated with divested assets and prior activities performed on sites before we acquired an interest in them. Our operations, including the production and delivery of our products, are subject to a broad range of continually changing environmental laws and regulations in each of the jurisdictions in which we operate. These laws and regulations increasingly impose more stringent environmental protection standards on us with respect to, among other things, air emissions, wastewater discharges, the use and handling of hazardous materials, noise levels, waste disposal practices, soil and groundwater contamination and environmental clean- up. Complying with these regulations involves significant and recurring costs. We cannot predict our future environmental liabilities and cannot assure investors that our management is aware of every fact or circumstance regarding potential liabilities, or that the amounts provided and budgeted to address such liabilities will be adequate for all purposes. In addition, future developments, such as changes in regulations, laws or environmental conditions, may result in reputational damage or increase environmental costs and liabilities that could have a material adverse effect on our results of operations, financial position and cash flows. The health and safety of our employees and the safe operation of our business is subject to various health and safety regulations in each of the jurisdictions in which we operate. These regulations impose various obligations on us, including the provision of safe working environments and employee training on health and safety matters. Complying with these regulations involves recurring costs. Certain **aspects** of our operations are highly regulated by different agencies that require products to comply with their rules and procedures and can subject our operations to penalties or adversely affect production. Certain **aspects** of our operations are in highly regulated industries that require us to maintain regulatory approvals and, from time to time, obtain new regulatory approvals from various countries. This can involve substantial time and expense. In turn, higher costs of compliance reduce our cash flows from operations. For example, manufacturers of gas cylinders throughout the world must comply with high local safety and health standards and obtain regulatory approvals in the markets in which they sell their products. Furthermore, military organizations require us to comply with applicable government regulations and specifications when providing products or services to them directly or as subcontractors. In addition, we are required to comply with U. S. and other export regulations with respect to certain products and materials. The E. U. has also passed legislation governing the registration, evaluation and authorization of chemicals, known as REACH, pursuant to which we are required to register chemicals and gain authorization for the use of certain substances. Following the U. K.' s withdrawal from the E. U. and the subsequent transition period, the E. U. REACH Regulation has been brought into U. K. law, and REACH, and related legislation, have therefore been replicated in the U. K. In the U. S., there is similar legislation under the Toxic Substance Control Act 1976 (" TSCA") which was substantially amended in 2016. Although we make reasonable efforts to obtain all licenses and certifications that are required by countries in which we operate, there is always a risk that we may be found not to comply with certain required procedures. This risk grows with increased complexity and variance in regulations across the globe. As regulatory ~~schemes~~ **plans** vary by country, we may also be subject to regulations of which we are not presently aware and could be subject to sanctions by a foreign government that could materially and adversely affect our operations in the relevant country. Governments and their agencies have considerable discretion to determine whether regulations have been satisfied. They may also revoke or limit existing licenses and certifications or change the laws and regulations to which we are subject at any time. If our operations fail to obtain, experience delays in obtaining **,** or lose a needed certification or approval, we may not be able to sell ~~our~~ products to our customers, expand into new geographic markets or expand into new product lines. In addition, new or more stringent regulations, if imposed, could result in us incurring significant costs in connection with compliance. Non- compliance with these regulations could result in administrative, civil, financial, criminal or other sanctions against us, which could have negative consequences on our business and financial position. Furthermore, if we begin to operate in new countries, we may need to obtain new licenses, certifications and approvals. Our customers are also often subject to similar regulations and risks. We therefore face the risk that our customers may have the demand for their products reduced as a result of regulatory matters that fall outside our direct control. This would in turn reduce demand for our products and have a negative financial impact on our operating results. We are subject to legislation and regulations to reduce carbon dioxide and other greenhouse gas emissions. ~~Although~~ **Whilst** we are working to improve our energy efficiency, our manufacturing processes and the manufacturing processes of many of our suppliers and customers are ~~still~~ energy- intensive and use or generate, directly or indirectly, greenhouse gases (" GHGs"). In recent years, current regulatory programs impacting GHG emissions from large industrial plants and other sources include the E. U. Emissions Trading Scheme, the CRC Energy Efficiency Scheme in the U. K. and certain federal and state programs in the U. S., including GHG reporting and permitting rules issued by the U. S. E. P. A and the California Cap and Trade Program. **There are potential additional costs in order to comply with these increased regulations.** Moreover, in December 2015, 195 countries participating in the United Nations Framework Convention on Climate Change, at its 21st Conference of the Parties meeting held in Paris, adopted a new global agreement on the reduction of climate change (the" Paris Agreement"). The Paris Agreement set a goal of holding the increase in global average temperature to ~~well~~ below 2 degrees Celsius and pursuing efforts to limit the increase to 1. 5 degrees Celsius, to be achieved by commitments by the participating countries to set emissions reduction targets, referred to as" nationally determined contributions." The Paris Agreement came into effect on November 4, 2016, after it was ratified the previous month, with implementation efforts beginning from 2018 with reassessment every five years. In November 2021, 197 countries joined together at the 26th Conference" COP26" in Glasgow, U. K., resulting in the Glasgow Climate Pact, which contains all necessary guidelines for fully implementing the Paris Agreement. The package of decisions within the Pact consists of a range of agreed items, including strengthened efforts to build resilience to climate change, to curb greenhouse gas emissions and to provide the necessary finance for both. Nations collectively agreed to work to reduce the gap between existing emission reduction plans and what is required to reduce emissions, so that the rise in the global average temperature can be limited to 1. 5 degrees Celsius. Increased costs of compliance with climate change regulations and the potential impact on energy costs could have a material adverse effect on our results of operations, financial position and cash flows. Due to the nature and use of the products that we manufacture, we may in the future face large liability claims. We are subject to litigation in the ordinary course of our business, which could be costly to us and which may arise in the future. We are exposed to possible claims for personal injury, death or property damage, which could result from a failure of a product manufactured by us or of a product integrating one of our products. For example, improperly manufactured gas cylinders could explode at high pressure, which can cause substantial personal and property damage. This risk may be increased through the use of new technologies, materials and innovations. We also supply many components into aerospace applications in which the potential for significant liability exposures necessitates additional insurance costs. Many factors beyond our control could lead to liability claims, including: • the failure of a product manufactured by a third party that incorporated components manufactured by us; • the reliability and skills of persons using our products or the products of our customers; and • the use by customers of materials or products that we produced for applications for which the material or product was not designed. If we cannot successfully defend ourselves against claims, we may incur substantial liabilities. Even successful defense would require significant financial and management resources. Regardless of the merits or eventual outcome, liability claims may result in: • decreased demand for our products; • reputational injury; • initiation of investigation by regulators; • costs to defend related litigation; • diversion of management time and resources; • compensatory damages and fines; • product recalls, withdrawals or labeling, marketing or promotional restrictions; • loss of revenue; • exhaustion of any available insurance and our capital resources; and • a decline in our stock price. We could be required to pay a material amount if a claim is made against us that is not covered by insurance or otherwise subject to indemnification or that exceeds the insurance coverage that we maintain. Moreover, we do not currently carry insurance to cover the expense of product recalls, and litigation involving significant product recalls or product liability could have a material adverse effect on our results of operations, financial position and cash flows. We are exposed to risks related to cybersecurity threats and general information security incidents which may also expose us to liability under data protection laws, including the GDPR. In the conduct of our business, we increasingly collect, use, transmit and store data on information technology systems. This data includes confidential information belonging to us, our customers and other business partners, as well as personally identifiable information of individuals, including our employees. Like other global companies, we have experienced, and expect to continue to be subject to, cybersecurity threats and incidents, ranging from employee error or misuse, individual attempts to gain unauthorized access to information technology systems, and to sophisticated and targeted measures known as advanced persistent threats, none of which have been material to the Company to date. Although we devote significant resources to network security, data encryption and other measures to protect our information technology systems and data from unauthorized access or misuse, including those measures necessary to meet certain information security standards that may be required by our customers, there can be no assurance that these measures will be successful in preventing a cybersecurity or general information security incident. We also rely in part on the reliability of certain tested third parties' cybersecurity measures, including firewalls, virus solutions and backup solutions, and our business may be affected if these third- party resources are compromised. Cybersecurity incidents may result in business disruption, the misappropriation, corruption or loss of confidential information (including personally identifiable information) and critical data (ours or that of third parties), reputational damage, litigation with third parties, regulatory fines, diminution in the value of our investment in research and development and data privacy issues and increased information security protection and remediation costs. As these cybersecurity threats, and government and regulatory oversight of associated risks, continue to evolve, we may be required to expend additional resources to remediate, enhance or expand upon the cybersecurity protection and security measures we currently maintain. For example, we are subject to the European Union' s General Data Protection Regulation (" GDPR"), which became enforceable from May 25, 2018, and, following the U. K.' s exit from the E. U. on January 31, 2020, our U. K. based businesses are subject to U. K.- GDPR, which enshrines equivalent requirements in U. K. law. The GDPR introduced a number of new obligations for subject companies, resulting in the need to continue dedicating financial resources and management time to GDPR compliance. Among other things, the GDPR places subject companies under obligations relating to the security of the personally identifiable information they process. While we have taken steps to ensure compliance with the GDPR, there can be no assurance that the measures we have taken will be successful in preventing an incident, including a cybersecurity incident or other data breach, which results in a breach of the GDPR. Fines for non- compliance with the GDPR may be levied up to a maximum of € 20, 000, 000 or 4 % of the subject company' s annual, group- wide turnover (whichever is higher). Individuals who have suffered damage as a result of a subject company' s non- compliance with the GDPR also have the right to seek compensation from such a company. Future cybersecurity breaches, general information security incidents, further increases in data protection costs or failure to comply with relevant legal obligations regarding protection of data could therefore have a material adverse effect on our results of operations, financial position and cash flows. **See ITEM 1C for further information regarding disclosed our Cybersecurity procedures.** We could incur future liability claims arising from previous businesses now closed or sold. We have sold or closed a number of businesses over the years, but the products or services provided when the businesses were open and under our ownership could still result in potential liabilities, which could have a material adverse effect on our operations, financial position and cash flows. Risks associated to new and existing products Our ability to remain profitable depends on our ability to protect and enforce our intellectual property, and any failure to protect and enforce such intellectual property could have a material adverse impact on our results of operations and financial position. We cannot ensure that we will always have the ability to protect proprietary information and our intellectual property rights. We protect our intellectual property rights (within the U. S., Europe and other countries) through various means, including patents and trade secrets. Due to the difference in foreign trademark, patent and other laws concerning proprietary rights, our intellectual property rights may not receive the same degree of protection in other countries as they would in the U. S. or the U. K. The patents we own could be challenged, invalidated or circumvented by others and may not be of sufficient scope or strength to provide us with any meaningful protection or commercial advantage. Further, competitors may infringe our patents and the costs of protecting our patents could be significant. We cannot assure ~~you~~ that we will have adequate resources to enforce our patents. Our patents will only be protected for the duration of the patent. Some of our older key patents have expired, and others will expire over the next few years. As a result, our competitors may introduce products using the technology previously protected, and these products may have lower prices than our products, which may negatively affect our market share. To compete, we may need to reduce our prices for those products. Additionally, the expiry of certain of those patents has reduced, or will reduce, barriers to entry to possible competitors for certain products and end- markets. With respect to our unpatented proprietary technology, it is possible that others will independently develop the same or similar technology or obtain access to our unpatented technology. To protect our trade secrets and other proprietary information, we require employees, consultants, advisors and collaborators to enter into confidentiality agreements. Nevertheless, we cannot assure ~~you~~ that these agreements will provide meaningful protection for our trade secrets, know- how or other proprietary information in the event of any unauthorized use, misappropriation or disclosure of such trade secrets, know- how or other proprietary information. We rely on our trademarks, trade names and brand names to distinguish our products from the products of our competitors, and we have registered or applied to register many of these trademarks. Third parties may also oppose our trademark applications, or otherwise challenge our use of the trademarks. In the event that our trademarks are successfully challenged, we could be forced to rebrand our products, which could result in loss of brand recognition and could require us to devote resources to advertising and marketing new brands. Further, we cannot assure ~~you~~ that competitors will not infringe our trademarks or that we will have adequate resources to enforce our trademarks. Any failure to maintain, protect and enforce our intellectual property or the expiry of patent protection could have a material adverse impact on our results of operations, financial position and cash flows. Expiration or termination of our right to use certain intellectual property granted by third parties, the right of those third parties to grant the right to use the same intellectual property to our competitors, and the right of certain third parties to use certain intellectual property used as part of our business, could have a material adverse impact on our results of operations, financial position and cash flows. We have negotiated, and may from time to time in the future negotiate, licenses with third parties with respect to third party proprietary technologies used in certain of our manufacturing processes and products. If any of these licenses expire or terminate, we will no longer retain the rights to use the relevant third party proprietary technologies in our manufacturing processes and products, which could have a material adverse effect on our results of operations, financial position and cash flows. Further, the rights granted to us might be non- exclusive, which could result in our competitors gaining access to the same intellectual property. Some of our patents may cover inventions that were conceived or first reduced to practice under, or in connection with, government contracts or other government funding agreements or grants. With respect to inventions conceived or first reduced to practice under such government funding agreements, a government may retain a non- exclusive, irrevocable, royalty- free license to practice, or have practiced for or on behalf of the relevant country, the invention throughout the world. In addition, if we fail to comply with our reporting obligations, or to adequately exploit the developed intellectual property under these government funding agreements, the relevant country may obtain additional rights to the developed intellectual property, including the right to take title to any patents related to government funded inventions or to license the same to our competitors. Furthermore, our ability to exclusively license or assign the intellectual property developed under these government funding agreements to third parties may be limited or subject to the relevant government' s approval or oversight. These limitations could have a significant impact on the commercial value of the developed intellectual property. We often enter into research and development agreements with academic institutions whereby they generally retain certain rights to the developed intellectual property. The academic institutions generally retain rights over the technology for use in non- commercial academic and research fields, including in some cases the right to license the technology to third parties for use in those fields. It is difficult to monitor and enforce such non- commercial academic and research uses, and we cannot predict whether the third party licensees would comply with the use restrictions of these licenses.

We could incur substantial expenses to enforce our rights against such licensees. In addition, even though the rights that academic institutions obtain are generally limited to the non- commercial academic and research fields, they may obtain rights to commercially exploit developed intellectual property in certain instances. Under research and development agreements with academic institutions, our rights to intellectual property developed thereunder are not always certain, but instead may be in the form of an option to obtain license rights to such intellectual property. If we fail to exercise our option rights in a timely way and / or we are unable to negotiate a license agreement, the academic institution may offer a license to the developed intellectual property to third parties for commercial purposes. Any such commercial exploitation could adversely affect our competitive position and have a material adverse effect on our business. If third parties claim that intellectual property used by us infringes upon their intellectual property, our operating profits could be adversely affected. We may, from time to time, be notified of claims that we are infringing upon patents, copyrights, or other intellectual property rights owned by third parties, and we cannot provide assurances that other companies will not in the future pursue such infringement claims against us or any third party proprietary technologies we have licensed. If we were found to infringe upon a patent or other intellectual property right, or if we failed to obtain or renew a license under a patent or other intellectual property right from a third party, or if a third party from whom we are licensing technologies was found to infringe upon a patent or other intellectual property rights of another third party, we may be required to pay damages, suspend the manufacture of certain products or re- engineer or rebrand our products, if feasible, or we may be unable to enter certain new product markets. Any such claims could also be expensive and time consuming to defend and could divert management' s attention and resources. In addition, if we have omitted to enter into a valid non- disclosure or assignment agreement for any reason, we may not own the invention or our intellectual property and may not be adequately protected. Our competitive position could suffer as a result of any of these events and have a material adverse impact on our results of operations, financial position and cash flows. Any failure of our research and development activity to improve our existing products and develop new products could cause us to lose market share. Our products are highly technical in nature, and in order to maintain and improve our market position, we depend on successful research and development activity to continue to improve our existing products and develop new products. We cannot be certain that we will have sufficient research and development capability to respond to changes in the industries in which we operate. These changes could include changes in the technological environment in which we currently operate, increased demand for new products or the development of alternatives to our products. For example, the development of lighter weight steel alloys has made the use of steel in gas cylinders a more competitive alternative to aluminum than it had been previously. We may also experience delays in completing development of, enhancements to or new versions of our products, and product innovations may not achieve the market penetration or price stability necessary for profitability. In addition to benefiting from our research collaboration with universities, we spent $ 4. **6 million, $ 4.** 9 million ~~, and~~ **and** $ 3. 9 million ~~and $ 3. 3 million~~ in **2023,** 2022 ~~, and~~ **and** 2021 ~~and 2020~~, respectively, on our own research and development activities. We expect to fund our future research and development expenditure requirements through operating cash flows and restricted levels of indebtedness, but if operating profit decreases, we may not be able to invest in research and development or continue to develop new products or enhancements. Without the timely introduction of new products or enhancements to existing products, our products could become obsolete over time, in which case our results of operations, financial position and cash flows could be adversely affected. Increased climate control regulation could negatively impact sales of our products. As previously mentioned, in November 2021, 197 countries joined together at COP26 in Glasgow, U. K., resulting in the Glasgow Climate Pact (see Environmental and Regulatory risks: We are subject to legislation and regulations to reduce carbon dioxide and other greenhouse gas emissions). Participants at COP26 made specific industrial commitments in order to contribute to overall climate goals. For example, the automotive sector will be required to ensure that all new car sales are to become net- zero by 2040 and in core markets by 2035. This will ultimately curtail demand for products linked to internal combustion engine vehicles, such as our zirconium automotive catalysis products. While climate change regulation presents opportunities for Luxfer to develop new product lines and increase sales of climate-friendly products such as alternative fuel hydrogen cylinders and lightweight magnesium alloys, the impact on our existing product portfolio could have a material adverse effect on our results of operations, financial position and cash flows. Operational Risks We may not be able to consummate, finance or successfully integrate future acquisitions into our business, which could hinder our strategy or result in unanticipated expenses, losses or charges. As part of our strategy, we have supplemented and may continue to supplement organic growth by acquiring companies or operations engaged in similar or complementary businesses. If the consummation of future acquisitions, together with integration of acquired companies and businesses, excessively diverts management' s attention from the operations of our existing businesses, operating results could suffer. Any acquisition made could be subject to a number of risks, including: • failing to discover liabilities of the acquired company or business for which we may be responsible as a successor owner or operator, including litigation or environmental costs and liabilities; • difficulties associated with the assimilation of operations and personnel of the acquired company or business, creating uncertainty for employees, customers and suppliers; • increased debt service requirements as a result of increased indebtedness to complete acquisitions; • the loss of key personnel in the acquired company or business; • a negative effect on our financial results resulting from an impairment of acquired intangible assets, the creation of provisions, or write downs; and / or • potential adverse effects on our stock price and dividend amount due to the issuance of additional stock. We cannot ensure that every acquisition will ultimately provide the benefits originally anticipated, which could ultimately have a material adverse impact on our results of operations, financial position and cash flows. Our failure to perform under purchase or sale contracts could result in the payment of penalties to customers or suppliers, which could have a negative impact on our results of operations, financial position or cash flows. A failure to perform under purchase or sale contracts could result in the payment of penalties to suppliers and / or customers, which could have a negative impact on our results of operations, financial position or cash flows. Certain contracts with suppliers could obligate us to purchase a minimum product volume (clauses known as" take or pay"), and contracts with customers may impose firm commitments for the delivery of certain quantities of products within certain time periods. The risk of incurring liability under a take or pay supply contract would increase during an economic crisis, which in turn would increase the likelihood of a sharp drop in demand for our products, resulting in a potential material adverse effect on our results of operations, financial position and cash flows. Our businesses could suffer if we lose certain employees or cannot attract and retain qualified employees. We rely upon a number of key executives and employees, particularly members of the Executive Leadership Team. If these and certain other employees ceased to work for us, we would lose valuable expertise and industry experience and could become less profitable. We do not carry key person insurance covering the loss of any of our executives or employees. In addition, future operating results depend in part upon our ability to attract and retain qualified engineering and technical personnel. As a result of intense competition for talent in the market, we cannot ensure that we will be able to continue to attract and retain such personnel. While our key employees are generally subject to non- competition agreements for a limited period of time following the end of their employment, if we were to lose the services of key executives or employees, it could adversely impact our ability to maintain our technological position, and / or have a material adverse effect on our results of operations, financial position and cash flows. We could suffer a material interruption in our operations as a result of unforeseen events or operating hazards, including severe weather events linked to climate change. Our production facilities are located in a number of different locations around the world. Any of our facilities could suffer an interruption in production, either at separate times or at the same time, because of various and unavoidable occurrences. These include severe weather events that may become more frequent or extreme due to the effects of climate change (for example, hurricanes and floods), or other adverse events such as earthquakes, casualty events (for example, explosions, fires or material equipment breakdowns), acts of terrorism, pandemic disease, labor disruptions or other events (for example, required maintenance shutdowns). For instance, our operations in California are subject to risks related to earthquakes. In addition, some of our products are highly flammable, and there is a risk of fire inherent in their production process. Such hazards could cause personal injury or death, serious damage to, or destruction of, property and equipment, suspension of operations, substantial damage to the environment and / or reputational harm. The risk is particularly high in the production and handling of ultra- fine magnesium powders, which are highly flammable and potentially explosive in certain situations or if mishandled. Similar disruptions in the operations of our suppliers and / or customers could materially affect our business and operations. Although we carry certain levels of business interruption insurance, the coverage on certain catastrophic events or natural disasters, a failure of energy supplies and certain other events, is limited, and it is possible that the occurrence of such events may have a significant adverse impact on our results of operations, financial position and cash flows. Employee strikes and other labor- related disruptions may adversely affect our operations. Several of our production facilities depend on employees who are members of various trade union organizations. Strikes by, or labor disputes with, our employees may adversely affect our ability to conduct business. We cannot assure you that there will not be any strike, lock- out or material labor dispute in the future. Work interruptions or stoppages could have a material adverse effect on our results of operations, financial position and cash flows. As a holding company, Luxfer Holdings PLC' s main source of cash is distributions from our operating subsidiaries. Our ultimate parent company, Luxfer Holdings PLC, conducts all of its operations through its subsidiaries. Accordingly, its main cash source is dividends from these subsidiaries. The ability of each subsidiary to make distributions depends on the funds that a subsidiary receives from its operations in excess of the funds necessary for its operations, obligations or other business plans. Since the subsidiaries are wholly- owned, claims of Luxfer Holdings PLC will generally rank junior to all other obligations of the subsidiaries. If Luxfer' s operating subsidiaries are unable to make distributions, Luxfer' s growth may slow, unless we are able to obtain additional debt or equity financing. In the event of a subsidiary' s liquidation, there may not be assets sufficient for us to recoup our investment in the subsidiary. We have a level of indebtedness which has reduced over time, but could adversely affect our cash flows and our ability to operate our business, remain in compliance with debt covenants, make payments on our indebtedness, pay dividends and respond to changes in our business or take certain actions. As of December 31, ~~2022~~ **2023**, we had $ ~~50~~ **25**. 0 million of indebtedness under our senior notes (the" Loan Notes") ~~divided into two equal tranches of $ 25. 0 million~~ due in ~~2023 and~~ 2026 ~~, respectively~~. There was also a $ ~~31~~ **43**. ~~9~~ **1 million and $ 4. 6** million balance on the revolving credit facility (" RCF") **and bank overdraft, respectively,** as of December 31, ~~2022~~ **2023**. Our indebtedness could have important consequences. For example, it could make it more difficult for us to satisfy obligations with respect to indebtedness, and any failure to comply with the obligations of any of our debt instruments, including financial and other restrictive covenants, could result in an event of default under agreements governing our indebtedness. Further, our indebtedness could require us to dedicate a substantial portion of available cash flows to pay principal and interest on our outstanding debt, which would reduce the funds available for working capital, capital expenditures, dividends, acquisitions and other general corporate purposes. Our indebtedness could also limit our ability to operate our business, including the ability to engage in strategic transactions or implement business strategies. Factors related to our indebtedness could materially and adversely affect our business and our results of operations. Furthermore, our interest expense could increase if interest rates rise, because certain portions of our debt facilities bear interest at floating rates. If we do not have sufficient cash flows to service our debt, we may be required to refinance all or part of our existing debt, sell assets, incur further indebtedness or sell securities, none of which we can guarantee we will be able to do. In addition, the agreements that govern the terms of our indebtedness contain, and any future indebtedness would likely contain, a number of restrictive covenants imposing significant operating and financial restrictions on us, including restrictions that may limit our ability to engage in acts that may be in our long- term best interests, including: • incurring or guaranteeing additional indebtedness; • capital expenditures; • paying dividends (including to fund cash interest payments at different entity levels) or making redemptions, repurchases or distributions with respect to ordinary shares or capital stock; • creating or incurring certain security interests; • making certain loans or investments; • engaging in mergers, acquisitions, investment in joint ventures, amalgamations, asset sales and sale and leaseback transactions; and • engaging in transactions with affiliates. These restrictive covenants are subject to a number of qualifications and exceptions. The operating and financial restrictions and covenants in our existing debt agreements and any future financing agreements may adversely affect our ability to finance future operations or capital needs or to engage in other business activities. We may be able to incur significant additional indebtedness in the future. Although the agreements governing our indebtedness contain restrictions on the incurrence of certain additional indebtedness, these restrictions are subject to a number of important qualifications and exceptions, and the indebtedness incurred in compliance with these restrictions could be substantial. If we incur new indebtedness, the related risks, including those described above, could intensify. General risks Our ability to pay regular dividends on our ordinary shares is subject to the discretion of our Board of Directors and will depend on many factors, including our results of operations, cash requirements, financial position, contractual restrictions, applicable laws and other factors, and may be limited by our structure and statutory restrictions and restrictions imposed by the Revolving Credit Facility and the Loan Notes, as well as any future debt facilities. We may declare cash dividends on our ordinary shares as described in ITEM 8. However, the payment of future dividends will be at the discretion of our Board of Directors. Any recommendation by our Board to pay dividends will depend on many factors, including our results of operations, cash requirements, financial position, contractual restrictions, applicable laws and other factors, including availability of future debt facilities. Under English law, any payment of dividends would be subject to the Companies Act 2006 of England and Wales (the" Companies Act"), which requires, among other things, that we can only pay dividends on ordinary shares out of profits available for distribution determined in accordance with the Companies Act. Additionally, any change in the level of our dividends or the suspension of the payment thereof could adversely affect the market price of our ordinary shares. ~~If we fail to establish~~ **We identified a material weakness in** ~~or~~ **our** ~~maintain an effective system of~~ internal ~~controls~~ - **control over financial reporting which, if not remediated appropriately or timely** , we may be unable to accurately report our financial results or prevent fraud, and **could result in the loss of** investor confidence and ~~the market~~ **adversely impact our business operations and our stock** price ~~of our ordinary shares may, therefore, be adversely impacted~~ . We are subject to reporting obligations under U. S. securities laws. Our reporting obligations as a public company place a significant strain on our management, operational and financial resources and systems for the foreseeable future. ~~Our management~~ **Management** ~~is~~ **are** required to report on the effectiveness of our internal control over financial reporting, as required annually by Section 404 (a), and quarterly by Section 302 of the Sarbanes- Oxley Act, for which we perform system and process evaluation and testing of our internal control over financial reporting. **Our management is responsible** ~~Over time we may identify and correct deficiencies or~~ **for establishing** ~~weaknesses in our internal controls~~ and **maintaining adequate** ~~, where and when appropriate, report on the identification and correction of these deficiencies or weaknesses. However, the~~ internal control **over our financial reporting, as defined in Rule 13a- 15 (f) under the Exchange Act. As disclosed in Item 9A," Controls and** ~~procedures~~ **Procedures** ~~can provide only reasonable~~ **" of this 2023 Annual Report on Form 10- K** , **management** ~~and not absolute, assurance that deficiencies or weaknesses are~~ identified ~~. Deficiencies or weaknesses that have not been identified by us could emerge, and the identification and correction of these deficiencies or weaknesses could have~~ a material **weakness in** ~~adverse impact on our results of operations. If~~ our internal ~~controls~~ - **control** over financial reporting **. Management identified a lack of controls related to the Company' s accounting for inventory in transit. As a result, management concluded it did not properly design or maintain effective risk assessment control activities to allow for timely reassessment of the risks of financial reporting. This material weakness could result in a material misstatement to the annual or interim consolidated financial statements that would not be prevented or detected. However, this material weakness did not result in a misstatement to the annual or interim consolidated financial statements previously filed or included in this Annual Report on Form 10- K. We are actively engaged in remediation activities designed to address the material weakness, but our remediation efforts** are not ~~considered adequate~~ **complete and are ongoing. If our remedial measures are insufficient to address the material weakness** , ~~this~~ **or if additional material weaknesses or significant deficiencies in our internal control are discovered or occur in the future, it** may **materially** adversely affect our ability to report our financial **condition and** results **of operations in a timely and accurate manner. If we are unable to report our results in a timely and accurate manner, we may not be able to comply with the applicable covenants in our financing arrangements, and may be required to seek additional waivers or repay amounts under these financing arrangements earlier than anticipated, which could adversely impact our liquidity and financial condition. Although we continually review and evaluate internal control systems to allow management to report** on ~~a~~ **the sufficiency of our internal controls, we cannot assure you that we will not discover additional weaknesses in our internal control over financial reporting. The next time we evaluate our internal control over financial reporting, if we identify one or more new material weaknesses or are unable to** timely **remediate our existing weakness, we may be unable to assert that our internal controls are effective. If we are unable to assert that our internal control over financial reporting is effective, or if our independent registered public accounting firm is unable to express** ~~and~~ - **an opinion on the effectiveness of our internal controls, we could lose investor confidence in the** ~~accurate~~ **accuracy** ~~basis~~ **and completeness of our financial reports** , which **would** ~~may result in a loss of public confidence or~~ have ~~an~~ **a material** adverse effect on the ~~market~~ price of our **common stock and possibly** ~~ordinary shares, which could then adversely~~ impact our ability to **obtain future financing** ~~access equity markets and have a material adverse impact~~ on ~~our results of operations, financial position and cash flows~~ **acceptable terms. We may also lose assets if we do not maintain adequate internal controls** . It may be difficult to effect service of U. S. process and enforce U. S. legal processes against the directors of Luxfer. Luxfer is a public limited company incorporated under the laws of England and Wales. **Some** ~~A number~~ of our directors and officers reside outside of the U. S., principally in the U. K. A substantial portion of our assets, and the assets of such persons, are located outside of the U. S. Therefore, it may not be possible to effect service of process within the U. S. upon Luxfer or these persons in order to enforce judgments of U. S. courts against Luxfer or these persons based on the civil liability provisions of the U. S. federal securities laws. There is doubt as to the enforceability in England and Wales, in original actions or in actions for enforcement of judgments of U. S. courts, of civil liabilities solely based on the U. S. federal securities laws.