Risk Factors Comparison 2024-02-28 to 2023-02-24 Form: 10-K

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In evaluating our business and investment in our securities, investors should carefully consider the following discussion of material factors and events, along with all of the other information in this Report and in our other filings with the SEC. The events and consequences discussed below could, in circumstances that we may not be able to accurately predict, recognize or control, have a material adverse effect on our business, financial condition, cash flows, results of operations and / or market price of our common stock. These risk factors do not identify all of the risks we face. Our business is also subject to general risks that affect many other companies. In addition, we operate in a continually changing business, economic and geopolitical environment and as a result, new risk factors, or changes to our risk profile, may emerge from time to time. Risks not currently known to us, or that we currently believe are immaterial, may impact our business, operations, financial condition or share price. The global ~~economic~~ **macroeconomic** and geopolitical climate ~~, including as a result of the war between Russia and Ukraine, the coronavirus (" COVID- 19") pandemic, and macroeconomic conditions,~~ amplify many of the risks below. Risks in this section are grouped in the following categories: (1) Risks Related to Geopolitical, Macroeconomic and Industry Factors; (2) Risks Related to Our Business and Operations; (3) Risks Related to Financial and Tax; **and** (4) Risks Related to Legal and Regulatory ~~; and (5) Risks Related to the Proposed Acquisition of Evoqua~~ . Many risks affect more than one category, and as a result the risks are not in order of significance or probability of occurrence. Industry and economic conditions may adversely affect our markets and our customers' operating conditions, which can in turn affect our business, results of operations and financial condition. With sales in approximately 150 countries, we compete across a wide range of ~~geographic~~ **geographies** and end ~~-~~ markets. ~~Material economic~~ **Economic** and industry factors ~~impacting~~ **that have had, or could in the future have, a material impacted on** our businesses **and demand for our products and services** include: (i) the overall strength of, and our customers' confidence in, local and global macroeconomic conditions; (ii) **inflation and related monetary policy actions by governments in response to** inflation, (iii) overall strength of industrial, governmental, public and private sector spending; (iv) overall strength of the industrial, residential and commercial real estate markets; (v) federal, state, local and municipal governmental fiscal, trade and procurement laws, regulations and policies, including ~~with~~ **as** ~~respect~~ **respects** ~~to~~ domestic content; (vi) the availability of commercial financing for our customers and end- users; and (vii) the degree of funding for our public sector customers, including **for** ~~with respect to~~ water infrastructure investments. Macroeconomic impacts ~~and dynamics~~ , including **actual or potential recession** ~~as a result of the COVID- 19 pandemic~~ , **and** ~~with respect to~~ supply chain **dynamics, including supply** shortages, logistics challenges, tight labor markets ~~and~~ **,** inflation **, and significant government debt and deficit levels** , have had, and continue to have, a material adverse effect on our business and results of operations. Future **economic** slowdowns **or** ~~, economic~~ recession, or other prolonged downturns in the global economy or our markets could have material adverse effects on our business, financial condition, cash flows, results of operations and stock price. ~~We are exposed to~~ **Our business may be materially adversely affected by** geopolitical, regulatory, economic, foreign exchange and other risks associated with our global sales, supply chain and operations. In ~~2022~~ **2023** , ~~47~~ **54** % of our total revenue was from sales to U. S. customers and ~~53~~ **46** % was from sales to customers outside the U. S. We expect our sales from international operations and export sales to continue to be a significant portion of our revenue. Many of our manufacturing operations, employees, suppliers and distribution channels are located outside of the U. S. Our operations, supply chain and sales both within the U. S. and internationally are subject, in varying degrees, to risks and uncertainties inherent in doing business globally, including: • economic nationalism, populism, protectionism, anti- global sentiment and changes in trade protection measures, including embargoes, tariffs and other trade barriers, import and export regulations, licensing requirements, and new and existing domestic content requirements for projects receiving governmental funding; • instability of and impacts from the evolving global geopolitical environment, including **concerning** ~~with respect to~~ the relationships among the U. S., European Union **, Middle East, Russia** , China, Taiwan, or other foreign countries, and the international community at large; • threat, outbreak, uncertainty or escalation of terrorism, political instability, insurrection, war or other armed conflict, including between Russia and Ukraine **and the Middle East, and the potential for regional escalation** ; • threat or outbreak of epidemics, global health crises or pandemics ~~, such as COVID- 19~~ , and related uncertainties; • changes in tax laws and potential negative consequences from the interpretation, application and enforcement by governmental tax authorities of tax laws and policies, ~~and~~ **as well as** changes in other laws and regulations or how such provisions are interpreted or administered; • disruptions in ~~our~~ global **or regional** supply ~~chain~~ **chains** , **our** operations **,** or those of third parties upon which we rely, including due to labor ~~or~~ **disruptions,** supply shortages, **and** freight and logistics challenges; • ~~actual~~ **unanticipated regulatory changes** or ~~threatened war or armed conflict, labor actions, or civil, political or other disturbances; •~~ unfavorable circumstances arising from host country laws or regulations, including those related to infrastructure and data transmission, security and privacy; • theft, compromise or misappropriation of our technology, intellectual property or data; • shocks to the global financial system, including due to the outbreak or threat of war, armed conflict, other geopolitical conflicts, terrorism or global health crises, the effects of climate change, or other idiosyncratic events; • foreign currency exchange rate fluctuations, restrictions on repatriation of earnings or payment of distributions, dividends, loans or advances to us by foreign subsidiaries; • global or regional safety and security considerations; and • increased costs and risks in developing, staffing and simultaneously managing our many global operations as a result of distance, remote work arrangements, language and cultural differences. In the year ended December 31, ~~2022~~ **2023** , ~~19~~ **16** % of our total revenues were generated in emerging markets and we have placed a particular emphasis in our strategy on increasing our growth and presence in emerging markets, including China, India, and key markets in Africa **, Middle**

East and Southeast Asia . Beyond the general risks that we face outside the U. S., our operations in emerging markets are subject to additional risks and uncertainties, including: (i) governments may impose or increase withholding or other taxes on remittances and other payments to us; (ii) governments may seek to nationalize our assets; (iii) governments may impose or increase investment barriers or other restrictions affecting our business; (iv) difficulty in enforcing commercial agreements **or collecting receivables** ; (v) challenges ~~collecting receivables, or~~ protecting our intellectual property and other assets; (vi) **pricing** pressure on ~~the pricing of~~ our products and services; (~~vii~~ **viii**) higher business conduct risks; and (~~viii~~ **ix**) challenges in our ability to attract and retain qualified talent and labor. We cannot predict the impact that such factors might have on our business, financial condition, cash flows, results of operations and stock price. We have significant sales, operations and direct or indirect suppliers located in China, which have been in the past, or could in the future be, adversely affected by **: i)** China' s evolving laws, regulations and policies, including ~~with~~ **as** ~~respect~~ **respects public health crises** ~~to its evolving COVID Policy~~ , import and export tariffs and restrictions, and information security and privacy **,** ~~. Our business~~ and **ii)** ~~operating results could also be adversely impacted by~~ changes in the political and geopolitical environment involving China, including U. S.- China or China- Taiwan relations. **The** ~~For example, the~~ U. S.' **s** imposition of tariffs on goods imported from China or deemed to be of Chinese origin, as well as the potential for new tariffs, other governmental actions, trade embargoes or sanctions by the U. S., or countermeasures imposed by China in response, has in the past and could in the future have an adverse direct or indirect impact our global supply chain, manufacturing costs, **business** and ~~sales and operations~~ - **operating results** ~~in China~~ . ~~Furthermore, geopolitical~~ **Geopolitical** changes in China- Taiwan relations could disrupt the operations of several companies in Taiwan that are critical to our complex ~~,~~ global supply chain **for** ~~, including with respect to the supply of~~ semiconductors (" chips ") and other electronic components. Such changes could ~~likely~~ have significant negative effects on the global semiconductor industry and could adversely affect our ability to manufacture our digitally- enabled products, such as pumps, controllers and smart meters. In the year ended December 31, ~~2022~~ **2023** , ~~47~~ **54** % of our revenues ~~was~~ **were** from sales to U. S. customers, which included sales of **some** products **for** ~~sold into~~ federally funded projects. We expect our U. S. sales in ~~2023~~ **2024** and beyond to be similar. However **, on a case- by- case basis** , we may not be able to successfully compete for **a** federally funded ~~projects~~ - **project** as some of our products may not comply with the domestic content requirements of the U. S. Buy America mandate under the Infrastructure Investment and Jobs Act (" IIJA ") **or** ~~, as well as~~ other federally funded projects. We continue to evaluate ~~the risks associated with the Buy America mandate~~ **and implement mitigation measures around sourcing and localization of manufacturing for our most significantly impacted product lines** , as well as ~~related mitigation options around sourcing~~ **consider alternative products that may meet both project specifications** and ~~manufacturing~~ **domestic content requirements** , but there is no guarantee that we will be able **in all cases** to meet applicable domestic content requirements **of a project or** across all our product lines. While governmental exemptions and waivers may ~~in the future~~ be issued that negate the application of the Buy America mandate ~~to~~ **for** some or all of our potential sales into IIJA and other federally funded projects, it is uncertain whether and to what extent such exemptions or waivers may be issued. An inability to meet applicable domestic content requirements ~~for U. S. federally funded projects~~ could have a material adverse impact on our business, financial condition or results of operations. ~~We are unable to predict the extent to which the ongoing global COVID- 19 pandemic, or other outbreaks, epidemics, pandemics, or public health crises may adversely impact our business, results of operations and financial condition. Our global operations expose us to risks associated with public health crises, including epidemics and pandemics. Outbreaks of epidemics, pandemics, or public health crises could adversely affect, among other things, demand for our products and services; our operations and sales; our supply chain; our research and development capabilities, engineering, design, and manufacturing processes; and other important business activities. Such outbreaks could result in the restriction or suspension of travel, prohibitions of non- essential activities, and limit in- person activities within our Company and with customers and could also present operational challenges, such as disruptions in our manufacturing and supply chain and logistics, all of which can adversely affect our ability to fulfill orders, provide services, respond to customer requests and maintain our business operations. We are unable to predict the full extent of the impact of the outbreak of epidemics, pandemics, or public health crises on our operations, customers and suppliers. Since early 2020, the COVID- 19 pandemic and its variants have resulted in, and may continue to result in, a slowdown of global economic activity, travel restrictions, prohibitions of non- essential activities in some cases, disruption and shutdown of businesses, including that of our customers and suppliers. Our operations have been affected by a range of external factors related to the COVID- 19 pandemic that are not within our control, including the various governmental restrictions on employees, customers, partners and suppliers, such as China' s COVID Policy, designed to limit the spread of COVID- 19. The pandemic and broader global market supply and demand dynamics have impacted, and continue to impact our supply chain with unpredictable disruptions due to material and component shortages, including with respect to key electronic components such as chips, capacity constraints, delays in shipment of materials necessary to the manufacture of our products, freight and logistics challenges, tight labor markets and inflation. While component supply shortages are showing signs of recovery, they may nevertheless persist, adversely disrupting our business. The ultimate extent of the impacts of the COVID- 19 pandemic, including as a result of possible subsequent outbreaks of new variants and measures taken in response thereto remains highly uncertain and cannot currently be predicted and we may not be successful at mitigating such impacts. The COVID- 19 pandemic caused significant volatility and uncertainty in the global financial and capital markets. A further disruption of these markets, or resulting economic downturn from the COVID- 19 pandemic or outbreak of other global health crises, may impact our ability to incur debt or access capital, or increase our cost of capital. There are no assurances that the credit markets or the capital markets will be available to us in the future or that the lenders participating in our credit facilities will be able to provide financing in accordance with their contractual obligations. Additionally, concerns over the economic impacts of COVID- 19 have caused, and may continue to cause, volatility in our stock price. A sustained economic downturn could impact our liquidity position, including our ability to continue to pay dividends, or could impact our asset values resulting in the carrying value of our goodwill or other intangible~~

~~assets exceeding their fair value, which may require us to recognize an impairment to those assets.~~ Inflation, tariffs, customs duties and other increases in manufacturing and operating costs have, and could continue to, adversely affect our cash flows and results of operations. Our operating costs are subject to fluctuations, particularly due to **volatility or** changes in prices for commodities, parts, raw materials, energy and related utilities, freight and logistics, and **the** cost of labor **.** , ~~which~~ **Price volatility and changes** have been and may continue to be driven by a variety of factors, ~~including~~ **such as** inflation, tight labor markets, prevailing price levels, exchange rates, changes in trade agreements **, tariffs** and **other** trade protection measures ~~including tariffs~~ , and other economic factors. Throughout ~~2022~~ **2023** our operating costs **were** ~~have been~~ adversely impacted by price inflation, including ~~with respect to~~ the cost of certain raw materials, ~~electronic~~ components, **energy,** commodities, freight and logistics, **which could** ~~and we expect this to~~ continue **in 2024 to varying degrees depending, in part, on broader macroeconomic** ~~for~~ - **or geopolitical conditions** ~~the foreseeable future~~ . ~~In addition~~ **For example** , we have significant manufacturing operations in Europe, which could be adversely impacted by increased **energy** costs **related to an actual** ~~for~~ - **or potential escalation in** ~~energy as a result of~~ the **ongoing** Russia- Ukraine conflict **. Our global supply chain includes shipping routes through the Red Sea, where vessels have been and may continue to be impacted by armed conflicts involving rebel groups; and continued conflicts or escalation of conflict in the Middle East could adversely impact our logistics costs and could also result in** ~~and~~ - **an** ~~governments' efforts to decrease~~ **increase** ~~dependence on Russia~~ **in our costs for** energy **and** supplies **, and potentially delay shipments to customers** . ~~The~~ **Additionally, the** U. S. has enacted various trade actions, including imposing tariffs on certain goods we import from China and other countries, which has resulted in retaliatory tariffs by China and other countries. Additional tariffs imposed by the U. S., or further retaliatory trade measures taken by China or other countries, could increase the cost of our products ~~that we~~ **. We** may not be able to offset **increases in our manufacturing costs** through price increases or productivity. Further, in a declining price environment, our operating margins may contract because we account for inventory using the first- in, first- out method. Actions we take to mitigate volatility in manufacturing and operating costs may not be successful and, as a result, our business, financial condition, cash flows and results of operations could be materially and adversely affected. Failure to compete successfully in our markets, including our ability to develop and commercialize innovative and disruptive technologies, could adversely affect our business. We offer our technologies, products and services in highly competitive markets. We believe the principal points of competition are product and service performance, quality and reliability, innovation, speed to market with new or disruptive technologies and business models, application expertise, brand reputation, energy efficiency, product security, product life cycle cost, timeliness of delivery, proximity of our service centers to customers, effectiveness of our distribution channels, price and customers' experience in doing business with us. Maintaining and improving our competitive position will require successful management of these factors in a business environment with increasingly rapid rates of change and disruption. Our competitive position and future growth ~~rate~~ depend upon a number of factors, including our ability to successfully: (i) innovate, develop **, bring to market** and maintain competitive ~~and~~ **, compelling,** secure **and efficient technologies,** products and services, ~~as well as~~ business models and customer experience, to address emerging regulations and trends and meet customers' needs (including those related to **digitization of water,** social, environmental and sustainability matters), (ii) defend our market share against an ever- expanding number of competitors, many of which are new and non- traditional ~~competitors~~ from outside our industry, such as large technology firms, or those ~~out of~~ **in the** emerging markets, (iii) enhance our product and service offerings by adding innovative features, increased efficiency or disruptive **or emerging** technologies **, such as artificial intelligence,** that differentiate them from those of our competitors and prevent commoditization, (iv) **continue to invest in, cultivate,** develop ~~, manufacture~~ and **maintain our distribution network of channel partners** ~~bring compelling, secure and efficient new products and services to market quickly and cost- effectively~~ , (v) **attract** ~~continue to cultivate~~ , develop and ~~maintain our distribution network~~ **retain individuals with the requisite innovation, digital and technical capabilities, expertise and understanding** of ~~channel partners~~ **customers' needs to develop and commercialize new technologies, products and services** , (vi) ~~attract, develop~~ **continue to leverage** and ~~retain individuals~~ **expand our external ecosystem of innovation partners** with **joint venture partners, universities, venture capital, the start- up of community and** ~~the~~ **other** ~~requisite innovation, digital and technical expertise and understanding of customers' needs to develop and commercialize new technologies~~ **technology firms** ~~, products and services~~ , (vii) continue to **invest in** ~~leverage and expand~~ our **manufacturing** ~~external ecosystem of innovation partners from universities~~ , **research** ~~venture capital, the start- up of community~~ and ~~other technology firms~~ **development, engineering, sales and marketing, and digitization of customer service and support tools** , (viii ~~) continue to invest in our manufacturing, research and development, engineering, sales and marketing, digitization of customer service and support tools, and distribution networks, (ix~~) win large contracts ~~,~~ and **execute them on schedule and on budget,** (~~i~~ **ix) optimize our supply chain and manufacturing to enable predictable and efficient delivery to customers, and (x**) compete for business subject to applicable governmental procurement laws, regulations and policies, including new and existing **sustainability and** domestic content requirements in the U. S. and globally, as they may evolve over time. We may not be successful in maintaining our competitive position, which could adversely affect our business, financial condition, cash flows or results of operations. The failure of our technologies, products or services to maintain and gain market acceptance due to more attractive offerings, **the** failure of our products to comply with ~~new~~ governmental regulations or policies, or customers' slower- than- expected adoption of and investment in our new and innovative technologies could significantly reduce our revenues or market share and adversely affect our competitive position. Pricing pressures could cause us to adjust the prices of certain products **, services or projects** to stay competitive, or we may not be able to continue to win large contracts, which could adversely affect our market share and competitive position. Cybersecurity incidents **and related data breaches** or other disruptions to our **enterprise** information technology ~~infrastructure, communications networks~~ and operations **, or to our connected products and services, including those of third parties on which we or our customers rely,** could **materially and** adversely affect our business ~~, products and services~~ . Our **enterprise consists of our** ~~business~~ **businesses , functions,** operations, ~~including~~ manufacturing ~~,~~ **and**

employees. We rely on information technology, **including** operational technology, and communications networks **to run our manufacturing processes and equipment** , ~~some of which are operated by~~ **to enable business processes, and to process, transmit, store and manage our electronic information, including confidential business information and data relating to employees, customers or other business partners. We also rely on key** third parties, including **: i) direct and indirect suppliers, ii) strategic joint venture partners that provide certain aspects of our digital services and offerings, iii) contract manufacturers, iv)** cloud- based service providers, ~~to~~ **and v) outsourced business** process **providers** ~~, transmit and store our electronic information~~ , including **in the areas of** ~~sensitive data such as confidential business information~~ **Information Technology** ~~and personal data relating to employees~~ , ~~customers or~~ **Finance, Human Resources, Procurement and Travel.** ~~other~~ **Together** ~~business partners. As a result of the evolution of new ways of working~~ , **we depend** ~~a significant portion of our workforce has transitioned to remote working and are therefore reliant~~ on ~~our~~ information technology infrastructure and communication networks ~~and~~ **for** access to reliable and **secure** ~~safe communication~~ networks in **order to run our and** their **businesses** ~~communities in order to be able to perform their jobs~~ . **Regardless of protection measures, all** ~~We also rely on third parties'~~ information technology **and communications networks are inherently susceptible to damage or disruption due to causes such as: equipment,** ~~systems~~ - **system** ~~to run manufacturing processes, to store~~ or ~~manage data~~ **application failure** , **including as** ~~or to manage or support~~ a ~~variety~~ **result** of ~~business processes and activities, including with regard to remote work. Regardless of protection measures, essentially all systems are susceptible to damage, disruption or shut- down due to cybersecurity attacks, including ransomware, denial- of- service, computer viruses and security breaches; equipment or system failure, including due to~~ maintenance, obsolescence **, unsupportability** or age; ~~and other events or circumstances, such as~~ human error or malfeasance ~~,~~ **;** vandalism ~~,~~ **;** natural disaster ~~,~~ **;** fire ~~,~~ **;** power, communication or other utility outage ~~, shutdown~~ or failure **;** ~~. While we have certain system redundancies as well as business continuity~~ and **cybersecurity incidents** ~~disaster recovery planning and response plans~~ , **including ransomware** ~~we cannot guarantee that these measures will be effective or adequate to respond to damage~~ , **denial** ~~disruption or shut~~ - ~~down circumstances~~ **of- service, malware, phishing, and computer viruses** . In addition **to damage or disruption** , ~~we have in the~~ **these** ~~past offered and continue~~ **cybersecurity incidents may lead** to ~~offer~~ **security and data breaches. We provide** certain ~~services and products, including pumps, controllers and meters, that are~~ digitally- enabled or ~~that connect to and are part of the " Internet~~ **internet - connected products** ~~of Things " (IoT)~~ , **such as pumps, controllers, meters and other equipment, and services, such as Water One ® and other remote monitoring capabilities, condition assessment, and** ~~and~~ - **an interoperability platform via a strategic joint venture partner. These products and services** are used by **us and** our customers ~~and other third parties~~ for operational purposes or to collect data. **Our connected products and services are inherently susceptible to damage or disruption from a myriad of causes as described above, including cybersecurity incidents.** Cybersecurity ~~attacks~~ **incidents** may ~~target~~ **impact** hardware, software and information installed, stored or transmitted by our products **and services** after they have been purchased and incorporated into customers **'** and other third parties' products, facilities **, systems** or infrastructure, including critical infrastructure applications. While we attempt to provide ~~security~~ **our customers with** measures to safeguard our products and services from ~~cyber~~ **cybersecurity** threats, the potential for ~~an attack~~ **a cybersecurity incident** remains. In addition, **certain of** our customers ~~may~~ continue to use digitally ~~-~~ enabled products that ~~were~~ **we** designed, manufactured and sold ~~by us~~ at a time when current security features were not available. A ~~successful attack~~ **cybersecurity Incident or other damage or disruption to information technology and communications networks or involving our connected products and services** may ~~result in the misappropriation~~ **have adverse effects on us** , **our customers or third parties on which we rely, including: interference with operations and services, potentially with public health and safety risks involving certain of our customers;** ~~destruction~~ - **disruption of production** , **supply chain, shipments, billing, collections and customer service; disruption to data analytics; disruption to remote monitoring and control of operational systems;** unauthorized access **,** ~~to or~~ disclosure **, misappropriation, misuse, destruction, compromise or theft** of **our financial, operational or other proprietary information, including intellectual property and trade secrets, or data pertaining to our employees,** customers or **suppliers;** ~~other third parties' confidential information,~~ damage ~~or disruption~~ to **employee,** customer ~~or third parties' operations, potentially with personal health~~ and ~~safety risks,~~ **business partner relationships;** recall of our products **; legal claims, proceedings** or **regulatory enforcement actions, and fines or penalties;** increased costs **to prevent, respond to or mitigate cybersecurity incidents; and damage our brands and reputation. Moreover, a delay in or failure to detect a cybersecurity incident or the full extent of an incident could exacerbate the effects of the incident. As such, any of the foregoing could have a material adverse effect on our reputation, competitive position, results of operations, cash flows or financial condition. To mitigate reliability and cybersecurity risks related to our enterprise and connected products and services, we maintain relevant policies, standards, procedures and technologies that are applicable to all Xylem employees and contractors, including: patching; passwords; network and data access, including requirements and rights; business continuity and disaster recovery; monitoring** for ~~security~~ **external** and **insider risks; obsolescence** ~~remediation, as well as damage to our~~ - **or end- of- life of operating technologies or applications' operating systems; IT general computing controls; secure software development. We are also operationalizing our strategy to establish segmentation between our information technology** ~~brand~~ -- **and** ~~reputation~~ **operational technology** . ~~Like many multinational companies~~ **As implementation and compliance is the responsibility of employees across the enterprise** , we **cannot guarantee adherence in all instances with our policies, standards and procedures, or that our technologies will be sufficient to fully mitigate the aforementioned or evolving risks. We** , and some third parties upon which we rely, have **in the past** experienced cybersecurity ~~attacks on~~ **incidents or other attempts to gain unauthorized access to our** information technology ~~networks~~ and **connected** ~~systems,~~ products and services ~~in the past and~~ **. As technology evolves, we** may **continue to** experience **such events** ~~them in the future~~ , likely with more frequency and involving a broader range of devices and **more sophisticated** modes of attack. To date, none have resulted in any material adverse impact to **or theft, misuse or loss of information of** our business, operations, products ~~,~~ **and** services **,** or customers. We have ~~adopted measures~~ **implemented processes, procedures and technologies** designed to **detect and respond to cybersecurity incidents and** mitigate potential risks associated with cybersecurity threats **and incidents involving** ~~, breaches or other disruptions or damage to~~ our information technology ~~networks and systems~~ , products and services ~~but the unpredictability of~~ **. However, because** the timing, nature and ~~scope~~ **modes** of ~~such disruptions~~ **cybersecurity attacks** and ~~threats could impact~~ **incidents change frequently, evolve and are unpredictable, and because unauthorized accesses may be difficult to detect for long periods of time, we may be unable to anticipate these intrusions** ~~our~~ - **or implement adequate protective or remedial measures. While we maintain insurance coverage designed to address certain aspects of** business ~~, operations, products and services. Disruption to information technology and communications networks on which we rely, or an attack on our products and services, could interfere with our operations, disrupt our supply chain and service to our customers, interrupt~~ **interruption** ~~production~~ and ~~shipments~~ **cybersecurity risks** , ~~result in theft or compromise of~~ **it may not be sufficient to cover all losses** ~~our~~ - **or all types of** ~~and our customers' intellectual property and trade secrets, damage employee, customer and business partner relationships, negatively impact our reputation, result in legal~~ claims ~~and proceedings or regulatory enforcement actions, and increase our costs for security and remediation, any of which could have a material adverse effect on our competitive position, results of operations, cash flows or financial condition~~ . Although we continue to assess ~~these~~ -- **the aforementioned** risks, implement **policies, processes, standards,** measures **, technologies and redundancies** to mitigate these risks and perform business continuity and disaster recovery planning, we cannot be sure that cybersecurity ~~attacks~~ **incidents** or other ~~interruptions~~ **disruptions** with material adverse effects will not occur, or that our business continuity and disaster recovery efforts will be effective and adequate. Lack of or delay in availability of products, parts, raw materials and energy from our supply chain or the inability of suppliers to meet delivery and other requirements, could adversely affect our business. Our business relies on a large and complex network of suppliers (and their suppliers), including contract **manufacturers and subcontractors to perform** manufacturing **and customer- related services for us** , **as well as** commodity markets and freight and logistics providers ~~,~~ to secure and ship finished goods and raw materials, parts, electronic components and other components ~~that are~~ used in our products. We expect that our reliance on, and the complexity of, the supply chain **and contract manufacturers and subcontractors** will continue to **be significant and, in some cases,** increase. Parts and raw materials commonly used in our products include **motors, fabricated parts, castings, magnets, bearings, seals, batteries, PCBs and** electronic components, including semiconductors ~~, motors, fabricated parts, castings, magnets, bearings, seals, batteries, and PCBs~~ , as well as commodities, including steel, brass, nickel, copper, aluminum and plastics. We are exposed to the availability of these **items** ~~parts, components, materials and finished goods~~ , which throughout ~~2022~~ **2023** have been and may in the future be subject to delay, curtailment or change due to, among other things, macroeconomic factors including **:** supply and demand dynamics ~~,~~ **;** labor shortages ~~,~~ **or disputes;** changes in the strategy or production planning of suppliers including decisions to exit production of key components upon which we rely ~~,~~ **;** interruptions in suppliers' production, ~~labor disputes,~~ **including as a result of fire or natural disaster;** the impaired financial condition of a particular supplier ~~,~~ **;** suppliers' capacity allocations to other purchasers ~~,~~ **;** changes in trade agreements and trade protection measures including tariffs, exchange rates and prevailing price levels ~~,~~ **;** ability to meet regulatory requirements ~~,~~ **;** weather emergencies and ~~associated~~ **the** effects of climate change **;** ~~, the ongoing effects of the COVID- 19 pandemic, or other~~ public health crises ~~, or~~ **; and** threatened or actual terrorism, armed conflict ~~,~~ or war, including the ongoing ~~conflict~~ **conflicts** between Russia and Ukraine ~~. In addition~~ , ~~any~~ **in the Middle East, and rebel attacks on commercial vessels in the Red Sea. Any** threatened or actual escalation of the **aforementioned** ~~Russia- Ukraine conflict~~ **conflicts** ~~, including~~ **and related** impacts **,** such as disruption **to** or increased cost of energy supply ~~in Europe~~ **or logistics** , could delay or interrupt our supplies from suppliers ~~of energy-intensive materials, such as steel, glass and plastics, among others~~ . We have also experienced, and continue to experience, ~~increased~~ **fluctuating** freight and logistics costs, delivery delays related to port congestion and other logistics-related challenges. Although we have insurance **related to business continuity and supply chain** , we cannot be certain that this insurance coverage will continue to be available to us at a reasonable cost or will be adequate to cover any or all aspects of supply chain disruptions. Some of our key components are available only from a sole **-** or single **-** source supplier or a limited group of suppliers and so we are subject to supply and pricing risk. In addition, if a sole **-** or single **-** source supplier were to cease or interrupt production or otherwise fail to supply a key component to us, it could adversely affect our ~~product~~ **production** ~~sales~~ **, revenues** and operating results. **As** ~~In addition, as~~ a result of ~~the ongoing COVID- 19 pandemic and broader~~ global market supply and demand dynamics, we have ~~experienced~~ **in the past** and ~~may continue to~~ **could in the future** experience shortages, capacity constraints and delays **in** ~~with respect to~~ the supply of **raw materials, parts, and** components, including **chips and other** electronic components ~~(in particular, chips), and other parts and raw materials~~ . **While** ~~We have and continue to take measures, including with respect to buffer stock, the use of alternative suppliers and re- design of certain products, to mitigate the impacts of the ongoing~~ supply **conditions eased throughout 2023** ~~chain, freight and logistics issues. However~~ , if ~~these shortages and disruptions continue, if additional~~ disruptions occur **in the future** (including related to the aforementioned risk of disruption in the global semiconductor industry due to China- Taiwan geopolitical issues), or if our efforts to mitigate these shortages and disruptions are insufficient or unsuccessful, we may be **delayed or** unable ~~to, or delayed in our ability~~ to execute on our backlog, fill new customer orders or timely deliver products to our customers and therefore could have a material adverse effect on our business, financial condition or results of operations. A material disruption to any of our facilities or operations, or that of third parties upon which we rely, may adversely affect our business and financial performance. Our facilities ~~and~~ **,** operations **and business** rely on a complex and highly reactive global supply chain, including suppliers (and their suppliers), some of which are a single- or sole- source, distributors, contract manufacturers, **subcontractors, joint venture partners,** utilities providers, and freight and logistics providers. In addition, we ~~rely on~~ **outsource to vendors** certain ~~third parties to supply~~ critical business processes and activities, including in the areas of Finance, Human Resources, Procurement, Travel and Information Technology. **Certain of our businesses require that we or our subcontractors have access to**

customer sites to provide our products and services. Our facilities and operations and ~~those of~~ certain **customers, contract manufacturers, subcontractors or other** third parties on which we rely, have experienced, and may in the future experience, disruptions or delays ~~as a result~~ **resulting** ~~of~~ **from** an actual or threatened event or circumstance, including due to **:** a significant equipment, technological or system failure ~~,~~**;** natural disaster ~~,~~**;** weather event ~~,~~ **or** effects of climate change ~~,~~**;** power ~~,~~ **or** energy curtailment or outage ~~,~~**;** water or communications outage ~~,~~**;** fire ~~,~~**;** explosion ~~,~~**;** critical supply chain failure ~~,~~**;** terrorism ~~,~~**;** cybersecurity attack ~~,~~**;** political disruption **;** ~~, the effects of COVID- 19,~~ outbreak of **a** ~~an epidemic,~~ pandemic or other public health crisis ~~,~~**;** insurrection ~~,~~**;** armed conflict or war, **including the ongoing conflicts involving Russia and Ukraine, the Middle East, and rebel attacks on vessels in the Red Sea;** labor dispute, ~~work~~ stoppage or slowdown ~~,~~**;** technology failure ~~,~~**;** **lack of** financial viability or other reason. In addition, our facilities or ~~that~~ **those** of third parties upon which we rely operate in certain circumstances with equipment **and manufacturing technology** that may be unique and difficult to replace or involve long lead times for replacement. A significant disruption to any of our facilities or operations, or that of **customers or** third parties ~~upon~~ **on** which we rely, could cause material adverse impacts ~~to~~ **on** our ~~financial performance,~~ operations and business, including an inability to meet customer demand or contractual commitments, increased costs ~~,~~ and reduced sales, and could **also** impact our business processes and activities, including our ability to timely report financial results. Any interruption ~~in capability~~ may be lengthy ~~and~~ **,** have lasting effects, require a significant amount of management and other employees' time and focus, and require us to make substantial expenditures to mitigate the situation, which could negatively affect our operations, business processes and activities, profitability, financial condition and reputation. Any recovery under our insurance policies may not offset the lost sales, increased costs, or longer term loss of suppliers, sales or customers that we may experience as a result of a disruption. Although we continue to assess these risks, implement mitigation plans and perform business continuity and disaster recovery planning, we cannot **guarantee** ~~be sure~~ that interruptions with material adverse effects on our operational and financial performance will not occur. **We may not realize some or all the expected benefits and synergies from our acquisition of Evoqua. On May 24, 2023, we completed the acquisition of Evoqua. The success of this acquisition will depend, in part, on our ability to realize the anticipated benefits from combining our and Evoqua' s businesses. We have and continue to devote substantial management attention and resources to the integration of the combined company' s business practices and operations so that we can fully realize the anticipated benefits of the acquisition, including cost and revenue synergies. Nonetheless, difficulties may arise during the integration process that could result in the failure to achieve the anticipated cost or revenue synergies, including: loss of key talent that may be difficult to replace; disruption of the combined company' s ongoing business; inconsistencies in each company' s standards, controls, procedures and policies; and our ability to maintain and expand relationships with customers, partners, suppliers or creditors. As a result, the anticipated benefits of the acquisition may not be realized fully within the expected timeframe or at all, may take longer to realize, or may cost more than expected, which could materially and adversely affect our business, results of operations or financial condition, as well as adversely impact the stock price of the combined company. Water and wastewater treatment operations, including those related to emerging contaminants, as well as the generation, handling, storage, use, transport, treatment, release or disposal of hazardous materials may result in contamination, environmental, personal or other liabilities or pose other significant risks that could cause us to incur significant costs and reputational harm. Water and wastewater treatment involve various unique risks and require compliance with a variety of laws or regulations, including the Clean Water Act and the Safe Drinking Water Act. If our treatment systems fail or do not operate properly, or if there is a spill, untreated or partially treated wastewater could discharge onto property or into nearby bodies of water and groundwater, causing various liabilities, damages and injuries, including environmental. In addition, a number of emerging contaminants might be found in water that we treat, including PFAS, PFOA, selenium, micro- plastics, chemicals or pathogens, that may cause illness or death if not eliminated during the treatment process,. Liabilities resulting from such events, damages and injuries could materially adversely affect our business, financial condition, results of operations or prospects. Changes in environmental requirements, laws and regulations, or increased public awareness around the presence and health impacts of human- made chemicals and naturally occurring contaminants in drinking water, could increase or decrease demand for our products and services, increase our cost of operations, result in the obsolescence of our products, or lead to an interruption of suspension of our operations. Furthermore, certain of our business activities, such as those of our historical Integrated Solutions and Services segment and new Water Solutions and Services segment, include manufacturing and waste recycling and treatment processes that currently involve the use, treatment, storage, transfer, handling and / or disposal of non-hazardous and hazardous materials, chemicals and wastes, which are subject to applicable federal, state, and local laws and regulations. The cost of compliance with these laws and regulations may become significant, result in increased operating costs or require additional investment in facilities, and therefore could have a material adverse effect on our business, financial condition, results of operations or prospects. These business activities also create a risk of accidental contamination or injury to our employees, customers and other third parties, the general public (as end- users of our industrial and municipal customers' products and services), and the environment. As such, these activities create a risk of significant legal and environmental liabilities and reputational damage. For example, under applicable environmental laws and regulations, including RCRA and CERCLA, we could be strictly, jointly and severally liable for releases of regulated substances by us at our current or former properties or the properties of others, or by other businesses that previously owned or used our current or former properties. We could also be liable or incur reputational damage if we transport such materials, generate hazardous materials or wastes, or merely arrange for their transportation, disposal, or treatment, and they are subsequently released or cause harm. If our business activities and water and wastewater treatment operations result in legal or environmental claims, damage or liabilities, including those described above, we could incur significant costs, liabilities or reputational damage in connection with legal defense, investigation,**

remediation of environmental contamination, damage to property or natural resources or personal injuries. Such costs and liabilities could exceed any applicable insurance coverage we may have. If we are unable to successfully execute large projects or meet customers' timelines, budget, performance and safety requirements, this could have a material adverse effect on our sales and profitability. A portion of our revenue is derived from large projects that are technically complex and may occur over multiple years. These projects are subject to a number of significant risks, including project delays, cost overruns, changes in scope, unanticipated site conditions, design and engineering issues, incorrect cost assumptions, increases in the cost of materials and labor, health and safety hazards, subcontractor performance issues, weather issues and changes in laws or permitting requirements. If we are unable to manage these risks, we may incur higher costs, liquidated damages, and other liabilities to our customers, which may decrease our profitability and harm our reputation. Furthermore, our project- based customers typically require performance guarantees around the effluent produced by our water treatment equipment and services. Failure **of our products and services to meet performance guarantees may require additional engineering, replacement of parts and equipment and frequent replacement of consumables, monetary reimbursement to a customer, or could otherwise increase our costs or result in liability to our customers. There are significant uncertainties and judgments involved in estimating performance guarantee obligations, including changing product designs, differences in customer installation processes and failure to identify or disclaim certain variables in a customer' s influent. To the extent that we incur substantial performance guarantee claims in any period, our reputation, earnings, and ability to obtain future business could be materially adversely affected. Many of our customers also have safety performance requirements that we must meet to be allowed access to their sites to perform our services, install our products and execute projects. Risks arising from unsafe products or performance by our employees include, among other things, delays in or suspension of site access to service or timely deliver our products. Workplace accidents or near- accidents, product- related accidents, or the failure to follow our own or our customers' safety policies could also damage our reputation or our customers' perception of our safety record, which could have a material adverse impact on demand for our products and services, result in additional costs to our business, the loss of customers or litigation against us, or increase government or regulatory oversight over us. Failure** to retain our existing **leadership** ~~senior management~~ , engineering, technology, sales, services and other key talents or the inability to attract new qualified and diverse talent could negatively impact our business. Our success ~~has depended, and will continue to depend~~ **depends to a significant extent** on our ability to attract and retain highly qualified and diverse employees in **leadership** ~~senior management~~ positions, and in strategic or core competencies, including engineering, innovation, digital technologies, commercial excellence, service, and project management, as well as general production- related talent. The market for highly ~~-~~ skilled talent, leaders and labor in our industry remains highly competitive. As a result, our success in attracting and retaining employees, particularly in the areas of services, digital technologies, innovation and data science, has depended, and will continue to depend **,** on our ability to offer attractive career growth opportunities, work arrangements, compensation, and benefits, and also policies and ways of working that support employee ~~wellbeing~~ **well- being** . In addition, **we** ~~continuing~~ **continue** to evolve our culture, ~~which~~ **where colleagues are inspired to innovate, empowered to lead and accountable to deliver, and** includes advancing diversity, equity and inclusion ~~, is~~ **. These aspects of our culture have been and will remain** critical to attracting and retaining talent needed to execute our strategy, while also driving innovation, remaining competitive and creating long- term value. We also need to continue to develop qualified talent to support business growth and robust succession plans, both of which are critical to our long- term success. A failure to attract or retain highly engaged and skilled talent and labor could adversely affect our ability to meet and exceed the needs of our customers, operate and grow our business and execute our strategy. Defects, unanticipated **or improper** use or inadequate disclosures **concerning** ~~with respect to~~ our products could adversely affect our business, reputation and financial condition and results of operations. Defects, inadequacies or quality issues in the manufacture, design, software, security or service of our products (including finished goods, parts or components that we source from third parties), unanticipated **or improper** use, or inadequate disclosure of risks relating to the use of our products **,** could result in product safety, product security, regulatory or environmental risks, including personal injury, death, **and** property or environmental damage. These events could also lead to **product** recalls, safety or security alerts **,** ~~relating to our~~ - **or** ~~products,~~ result in the removal of a product from the market ~~and / or result in~~ **, issuance of credits,** warranty or liability claims **or contractual damages** against us. Although we have liability insurance, we cannot be certain that this insurance coverage will continue to be available to us at a reasonable cost or will be adequate to cover any or all aspects of liability claims. Manufacturing, design, software, security or service defects or inadequacies may **therefore** ~~also result in contractual damages against us, warranty expenses or issuance of credits, which could impact our profitability. Recalls, removals, and warranty, liability and quality claims can~~ result in significant costs, ~~as well as~~ **decreased profitability,** negative publicity **,** and **reputational** damage **,** ~~to our reputation~~ that could reduce demand for our products and have ~~a~~ material adverse ~~effect~~ **impacts** on our business, financial condition and results of operations. We may not achieve some or all of the expected benefits of our restructuring and realignment plans or our restructuring and realignment may adversely affect our business. **From time to time** ~~In 2022 and recent prior fiscal years~~ , we **have and may continue to** ~~initiated~~ - **initiate** restructuring and realignment ~~plans in an effort~~ **actions for various reasons, including** to optimize our cost structure, improve our operational efficiency and effectiveness, ~~strengthen our competitive positioning~~ and **enable us to** better serve our customers ~~. Additionally~~ , **or** ~~in 2020,~~ in response to ~~the~~ **impacts from** business and economic conditions ~~resulting from the COVID- 19 pandemic, we initiated additional restructuring and realignment activity~~ . We are also engaged in a multi- year effort to transform many of our support functions and related technologies, including Finance, Human Resources and Procurement. Challenges with the enabling technologies and delays in implementing planned restructuring and realignment activities have delayed the realization of some of the expected operational and financial benefits from such actions. We may not be able to obtain all of the cost savings and benefits that were initially anticipated in connection with our restructuring and realignment plans. Additionally, as a result of these plans, we may experience a loss of continuity or ~~,~~ accumulated knowledge or inefficiencies during transitional periods and ongoing operations. Realignment and restructuring require a significant amount of management and other employees' time and focus, which may divert attention from operating and growing our business. The successful implementation and execution of our restructuring and realignment actions are critical to achieving our expected cost savings, as well as effectively competing in the marketplace and positioning us for future growth. Factors that may impede a successful implementation and execution include the retention of key employees, the impact of regulatory matters including tax, matters involving certain third- party service providers selected to assist us, including staffing, technology, and compliance of service providers with our internal controls over financial reporting, and adverse economic market conditions. If our restructuring and realignment actions are not executed successfully, it could have material adverse impacts on the effectiveness of our internal controls over financial reporting, our competitive position, business, financial condition, cash flows and results of operations. The execution of our strategy includes acquisitions **and divestitures** , which we may be unable to successfully execute ~~or effectively integrate~~ . To execute our growth strategy, we plan to continue to ~~pursue~~ **realign and enhance our portfolio by pursuing** the acquisition of companies, assets, technologies, product lines and customer channels that complement or expand our existing business or improve our competitive position **, and divesting non- core or less strategic businesses** . We may not be able to complete acquisitions **or divestitures** with favorable terms or timing ~~,~~ or at all, or obtain financing that may be needed to consummate acquisitions. In addition, our results of operations may be adversely impacted by: (i) the failure to ~~successfully~~ **efficiently, effectively and timely** integrate acquired businesses into our operations, technology ~~and~~ **,** financial and other systems, (ii) the failure of acquired businesses to meet or exceed expected returns, which in the past has led to, and in the future may lead to, accounting impairments, (iii) the discovery of unanticipated liabilities, labor relations difficulties, cybersecurity concerns, control or compliance issues, or other issues for which we lack contractual protections, insurance or indemnities. **Failure to successfully execute our growth strategy via acquisitions and successfully integrate these acquisitions could adversely affect our competitive position, business, financial condition or results of operations.** Acquisitions involve a number of risks and present financial, managerial and operational challenges, including: diversion of management' s **time and** attention from existing businesses and operations; insufficient internal controls over financial or compliance activities or financial reporting; the failure to realize expected synergies; **impact our ability to achieve our sustainability commitments;** the assumption of new material risks associated with the acquired businesses; and the loss of key employees of the acquired businesses. ~~Failure to successfully execute our growth strategy via~~ **As a result, the anticipated benefits of** acquisitions ~~and successfully integrate~~ **may not be realized fully within** ~~these~~ -- **the** ~~acquisitions~~ **expected timeframe or at all, may take longer to realize, or may cost more than expected, which** could **materially and** adversely affect our ~~competitive position,~~ business, **results of operations or** financial condition ~~or results of operations~~ . A significant portion of our products and offerings in our Measurement ~~&~~ **and** Control Solutions segment are affected by the availability, regulation of and interference with radio spectrum that we use. A significant portion of the offerings in our Measurement ~~&~~ **and** Control Solutions segment use radio spectrum, which is subject to government regulation. To the extent we introduce new products designed for use in the U. S. or another country, such products may require significant modification or redesign in order to meet frequency requirements and other regulatory specifications. Limitations on frequency availability or the cost of making necessary modifications may preclude us from selling our products in certain countries. The regulations that govern our use of radio spectrum may change **or new products may be allowed under the regulations that cause interference with our products** , which may require us to modify our products or seek new partnerships ~~, either directly or due to interference caused by new consumer products allowed under the regulations~~ . In addition, we may not be able to secure suitable partners for co- development of products. ~~The~~ **An** inability ~~to~~ **or delay in** ~~modify~~ **modifying** our products to meet such requirements, **or** the **cost of** ~~possible delays in~~ completing ~~or the cost of~~ such modifications **,** could have ~~a~~ material adverse ~~effect~~ **effects** on our business, financial condition, and results of operations. In the U. S., our products are primarily designed to use FCC- licensed spectrum in the 900MHz range. If the FCC does not renew our existing spectrum licenses, or materially changes regulations affecting the use of these licenses, our business, financial condition, and results of operations could be adversely affected. In addition, there may be insufficient available frequencies in some markets to sustain or develop our planned operations at a commercially feasible price or at all. Outside the U. S., certain of our products require the use of radio frequency and are subject to regulations. In some jurisdictions, radio station licenses may be granted for a fixed term and must be periodically renewed. Our advanced and smart metering systems offerings transmit to (and receive information from, if applicable) handheld, mobile, or fixed network reading devices in licensed bands made available to us through strategic partnerships and are reliant **,** to some extent **,** on the licensed spectrum continuing to be available through our partners or our customers. We may be unable to find partners or customers that have access to sufficient frequencies in some markets to sustain or develop our planned operations, or ~~to find partners or customers~~ that have access to sufficient frequencies ~~in the relevant markets~~ at a commercially feasible price or at all. Weather conditions, including the effects of climate change ~~and~~ **as well as** associated efforts by governmental or regulatory authorities to mitigate such effects, may cause volatility in our served markets ~~,~~ and ~~may~~ affect our businesses, operations and financial results ~~. Globally, the frequency and severity of weather events due to the effects of climate change is increasing~~ . The unpredictable nature ~~of~~ **, frequency, severity and changes in** weather events **, patterns** and related conditions, ~~including~~ **such as** heavy flooding, ~~water stress due to~~ prolonged droughts, **wildfires, rainfall amounts and intensity, sea levels,** and fluctuations in temperatures ~~or weather patterns~~ , including as a result of climate change, can positively or negatively impact portions of our business **and therefore result in volatility in our financial results** . For example, **certain events may disrupt the operations of our customers, creating customer shutdowns that prevent site access or defer our performance of services or sale of equipment.** ~~heavy~~ **Heavy** flooding and rain events ~~attributable to the effects of global climate change~~ may increase ~~customer~~ demand for ~~some of~~ our solutions that help manage water and stormwater overflows or remove and transfer excess or unwanted water. Prolonged drought conditions may increase demand for our pumping technology used in agriculture and turf irrigation applications. Demand for water reuse applications, ~~including~~ **such as** those provided by our treatment business, may also increase as communities look to address water scarcity challenges ~~due to the effects of climate change~~ . ~~In addition, fluctuations~~ **Fluctuations** in temperatures **may** result in varying ~~levels of~~ demand for our products used in residential and commercial hydronic applications, where homes and buildings use circulating water to heat and cool living spaces ~~. Significant fluctuations in these weather conditions and climate changes can therefore result in volatility in our financial results~~ . Severe weather events and other effects of climate change have also caused, and may in the future cause, disruptions to our facilities and operations, **and** ~~as well as~~ those of our customers and suppliers. In 2021, a physical risk analysis **of legacy Xylem facilities** using the Task Force on Climate Related Financial Disclosures ~~(" TCFD ")~~ framework indicated that certain of our facilities are at ~~a~~ moderate risk for exposure to water stress, coldwave and wildfire impacts due to the effects of climate change. While we continue to assess these risks, implement mitigation plans and perform business continuity and disaster recovery planning, we cannot be sure that disruptions with material adverse effects will not occur. ~~Governments~~ **In addition, certain of our products, services and solutions assist our customers in meeting increasingly stringent scarcity, efficiency, environmental and safety requirements, including via laws or regulations enacted for the purpose of limiting greenhouse gas emissions or making water supplies more resilient, cleaner and safer. Our future growth is dependent in part on the impact and timing of potential new laws and regulations, as well as potential changes to existing laws and regulations. If stricter laws or regulations are delayed, not enacted, repealed, amended to be less strict, not enforced or are enacted with prolonged phase - in periods, demand for our products and services** may **be** ~~implement emissions trading schemes, carbon taxes, fuel taxes and other policies to reduce~~ **reduced** ~~the impacts of climate~~ **. We are currently unable to predict whether** ~~change~~ **changes to laws and regulations will affect demand for our products and services. To the extent** that ~~could~~ **such changes increase uncertainty or have a negative** impact ~~our business and financial results. The timing, scope and effect of governments' implementation of carbon pricing and taxes are uncertain, but could significantly increase our expenses in the future and therefore have material adverse impacts~~ on **us,** our business, financial condition, ~~cash flows,~~ results of operations ~~and market price of our~~ - **or** ~~common stock~~ **prospects may be materially and adversely impacted** . Our **sustainability** commitments, goals, targets, objectives and initiatives ~~related to sustainability~~ , and our public statements and disclosures regarding them, expose us to numerous risks. We have ~~developed,~~ and will continue to establish ~~,~~ goals, targets, and other objectives related to sustainability matters, including our sustainability goals and commitments to Science- Based Targets aligned to limiting global temperature increase to 1. 5 ° C above pre- industrial level, in line with the Paris Agreement, by 2030 and net zero greenhouse gas (**"** GHG **"**) emissions (Scope 1, 2 and 3) before 2050. Achieving these goals and commitments will require evolving our business, making capital investments and developing technologies that might not currently exist. We might incur additional ~~expense~~ **expenses** or be required to recognize impairment charges in connection with our efforts. These commitments, goals, targets and other objectives reflect our current plans and there is no guarantee that they will be achieved. Our efforts to research, establish, accomplish ~~,~~ and accurately report on these commitments, goals, targets and objectives expose us to operational, reputational, financial, legal, and other risks. Our ability to achieve any stated commitment, goal, target, or objective is subject to factors and conditions, many of which are outside of our control, including the **extent to which energy generated from renewable resources is available from the grid, the** pace of changes in technology, the availability of requisite financing, and the availability of suppliers that can meet our sustainability and other standards. **We** ~~Our business~~ may face increased scrutiny from the investment community, regulators, media and other stakeholders related to our sustainability activities, ~~including our~~ commitments, goals, targets and objectives, and our methodologies and timelines for pursuing them **. At the same time, certain governmental representatives and other stakeholders have increasingly expressed or pursued opposing views, legislation and investment expectations around sustainability initiatives, including the enactment or proposal of " anti- ESG " legislation or policies** . We are subject to increasing regulatory requirements around sustainability-related disclosures, including significant **rulemaking by the EU related to the Corporate Sustainability Reporting Directive and** anticipated rulemaking by the SEC, which may continue to evolve. Complying with regulators' disclosure requirements may impose substantial additional costs and **will** require additional resources, including **for** ~~with respect to~~ third- party attestation, to enable the capture, analysis and audit of appropriate data. Any actual or alleged failure to comply with regulatory requirements **around disclosures** could result in fines, penalties and civil liabilities, and damage to our reputation. Furthermore, if our sustainability reporting and practices do not meet ~~investor~~ **investors** , ~~regulator~~ **regulators** or other stakeholders' expectations, standards and requirements **, or if we are unable to satisfy all stakeholders** , our reputation, ability to attract or retain employees, and attractiveness as an investment, business partner or acquiror could be negatively impacted. Similarly, our failure or perceived failure to pursue or fulfill our sustainability commitments, goals, targets, and objectives, to comply with ethical, environmental ~~,~~ or other standards, regulations, or expectations, or to comply with reporting **and disclosure** requirements and standards **related** ~~with respect~~ to these matters, within the timelines we announce, or at all, could have **adverse** operational, reputational, financial and legal impacts. Our business is subject to foreign currency exchange ~~rates~~ - **rate** fluctuations. Sales outside of the U. S. for the year ended December 31, ~~2022~~ **2023** accounted for approximately ~~53~~ **46** % of our net sales. We also have significant operations in various locations outside of the U. S. Our principal currency exposures for which we enter into cash flow hedges relate to the Euro, Swedish Krona, British Pound, Canadian Dollar, Australian Dollar, and Polish Zloty. Changes in the value of currencies of the countries in which we do business relative to the value of the U. S. Dollar or Euro could affect our ability to sell products competitively and control our cost structure, which has had and may continue to have a material adverse effect on our business, financial condition, cash flows and results of operations. Additionally, we are subject to foreign exchange translation risk due to changes in the value of foreign currencies in relation to our reporting currency, the U. S. Dollar. The translation risk is primarily concentrated in the exchange rate between the U. S. Dollar and the Euro, **British Pound, Canadian Dollar,** Chinese Yuan, ~~British Pound, Canadian Dollar,~~ Australian Dollar, **Indian Rupee, and** Swedish Krona ~~and Indian Rupee~~ . As the U. S. Dollar fluctuates against other currencies in which we transact business, revenue and income may be impacted. Strengthening of the U. S. Dollar relative to the Euro and the currencies of the other countries in which we do business, has materially and adversely affected, and could in the future materially and adversely affect, our sales growth and profitability in future periods. Refer to Item 7A." Quantitative and Qualitative Disclosures about Market Risk" for additional information on foreign exchange risk. Our financial results **may fluctuate from period to period and** can be difficult to predict. Our ~~business~~ **businesses** ~~is~~ **, including that of our Applied Water segment, are** impacted by a substantial amount of short cycle and book- and- bill business, which we have limited ~~insight~~ **visibility** into, particularly for the business that we transact through our significant distribution network. ~~Our~~ **In addition, our** businesses, including ~~that of~~ our Measurement ~~&~~ **and** Control Solutions segment, **and our legacy Integrated Services and Solutions segment and the new Water Solutions and Services segment,** are ~~also~~ impacted by ~~our~~ long- cycle business ~~,~~ including large projects, which could be unexpectedly ~~cancelled~~ - **canceled** , or whose timing can change based upon customer requirements due to a number of factors affecting the project that are beyond our knowledge or control, such as funding, readiness of the project and regulatory approvals. We rely on a complex global supply chain, which has been subject to dynamic conditions, volatility, unexpected changes and disruptions due to ~~international~~ **macroeconomic and geopolitical** conditions, including ~~as a result of~~ the ~~war~~ **ongoing conflicts** between Russia and Ukraine ~~, the COVID- 19 pandemic~~ and ~~macroeconomic conditions~~ **the Middle East** , ~~including~~ **and** high inflation. These supply chain challenges have affected, and may continue to affect, our cost structure, production and ability to timely fill customer orders. We cannot predict **how,** when, or if, these conditions will **worsen,** ease or subside in the future. Accordingly, our financial results for any given period have been and will continue to be difficult to predict. We may incur additional impairment charges for our goodwill and other indefinite-lived intangible assets which would negatively impact our operating results. We have a significant amount of goodwill and purchased intangible assets on our **Consolidated** ~~balance~~ **Balance** ~~sheet~~ **Sheets** as a result of acquisitions. As of December 31, ~~2022~~ **2023** , the net carrying value of our goodwill and other indefinite- lived intangible assets totaled approximately $ ~~3~~ **8** billion. In accordance with generally accepted accounting principles, we evaluate these assets for impairment at least annually, or more frequently if changes in events or circumstances indicate it is more likely than not that a potential impairment could exist. Significant negative industry or economic trends, disruptions to our business or our customers' business, inability to effectively integrate or scale acquired businesses, increases in cost of capital, unexpected significant changes or planned changes in use of the assets, failure of the FCC to renew radio spectrum licenses, and divestitures and market capitalization declines may cause impairment of our goodwill and other indefinite- lived intangible assets. For example, in 2020 we recorded goodwill impairment charges **of** $ 58 million within our Measurement ~~&~~ **and** Control Solutions segment primarily related to the performance of the business of the Pure Technologies Ltd. acquisition (" Pure") (as detailed in Note ~~11~~ **12** , " Goodwill and Other Intangible Assets "). We did not record goodwill impairment charges within our Measurement ~~&~~ **and** Control Solutions segment in 2021 ~~or~~ **,** 2022 **or 2023** . Material impairment charges have in the past and could in the future adversely affect our results of operations and financial condition. Changes in our effective tax rates and tax expenses may adversely affect our financial results. We sell our products in approximately 150 countries and ~~53~~ **46** % of our revenue was generated outside the U. S. for the year ended December 31, ~~2022~~ **2023** . Given the global nature of our business, a number of factors may increase our effective tax rates and tax expense, including: • the geographic mix of jurisdictions in which profits are earned and taxed; • the statutory tax rates and tax laws in jurisdictions in which we conduct business; • the resolution of tax issues arising from tax examinations by various tax authorities; and • the valuation of our deferred tax assets and liabilities. Additionally, tax laws, regulations, and administrative practices in various jurisdictions may be subject to significant change, with or without notice, due to economic, political ~~,~~ and other conditions **.** ~~, and significant~~ **Significant** judgment is required in evaluating and estimating our provision and accruals for these taxes. ~~The recent agreement by countries~~ **We continue to monitor the developments and tax implications surrounding changes** in **the global tax environment, including** the Organization for Economic **Co-** ~~Cooperation~~ -- **operation** and Development **' s model rules that propose a global minimum tax rate of 15 %. Certain countries, including EU member states, have enacted or are expected** to **enact** ~~implement additional legislative~~ **legislation** ~~changes increases the uncertainty~~ **to be effective as early as 2024, with widespread implementation** of **a global minimum tax expected by 2025. We will continue to monitor pending legislation and implementation by individual countries and evaluate the potential impact on our business in** future ~~income tax positions~~ **periods. Based on currently enacted legislation** , **we do not expect a material impact on our** ~~and such changes may result in additional tax expense and~~ effective tax rate ~~volatility~~ **and cash tax liabilities in the near term. However, additional guidance and details regarding implementation of these rules continue to be released. Any implementation of these rules via domestic legislation of countries or via international treaties could have a material impact on our effective tax rate or result in higher cash tax liabilities** . Our businesses are regularly examined by various tax authorities throughout the world and the resolutions of these examinations do not typically have a significant impact on our effective tax rates and tax expenses, but they could. For example, following an examination regarding aspects of the reorganization of our European business that occurred in 2013, the Swedish tax authority issued a tax assessment to Xylem' s Swedish subsidiary in 2019, which we are appealing as further described in Note ~~6~~ **7** , " Income Taxes. " This examination as well as other examinations can result in increased tax assessments, and settlement or litigation about the assessments and final resolution could be unfavorable to Xylem. We regularly assess the likelihood of favorable or unfavorable outcomes resulting from these examinations to determine the adequacy of our provision for income taxes, including unrecognized tax benefits; however, developments in an audit or litigation could materially and adversely affect us. Although we believe our tax estimates and accruals are reasonable, there can be no assurance that any final determination will not be materially different than the treatment reflected in ~~its~~ **our** historical income tax provisions, accruals and unrecognized tax benefits, which could materially and adversely affect our business, operating results, cash flows and financial condition. Our pension and other defined benefit plans are subject to financial market risks that could adversely impact our earnings, financial condition and cash flows in future periods. Certain current and retired employees are covered by pension and other defined benefit plans (collectively, " post- retirement benefit plans "). We make contributions to fund our post- retirement benefit plans when **it is necessary or** we consider it ~~necessary or~~ advantageous to do so. **Risks to the Company include** ~~Significant~~ **significant** changes in market interest rates **and inflation** , decreases in fair value of ~~or investment losses on~~ plan assets, changes in discount rates, or changes in minimum funding requirements established by governments, taxing authorities or other agreements, **any of which** could increase our funding obligations and adversely impact our earnings, financial condition and cash flows in future periods. In addition **to cash funding, we attempt to mitigate these risks, including through investments in assets intended to hedge market risk and in insurance solutions to transfer risk. However** , the cost of our post- retirement benefit plans is incurred over long periods of time and involves factors that can be volatile and unpredictable, including rates of return on plan assets, discount rates used to calculate liabilities and expenses, ~~change~~ **changes** in laws ~~and~~ **,** regulatory actions, and changes in actuarial experience and assumptions, which could adversely impact our earnings, results of operations, financial condition and cash flows. ~~Our debt obligations may adversely affect our business and our ability to meet our obligations and pay dividends. As of December 31, 2022, our total outstanding indebtedness was $ 1, 880 million as described under " Liquidity and Capital Resources" and we may incur additional debt in the future. Our current or future indebtedness could have adverse consequences to us and our investors, including: • increasing our vulnerability to general adverse economic and industry conditions; • limiting our ability to obtain additional financing or borrow additional funds; • reducing or eliminating our ability to pay future dividends or repurchase our common stock; • limiting our flexibility in planning for, or reacting to, changes in our business and industry; • requiring a substantial portion of our cash flows from operations to make principal and interest payments; • reducing the cash flows available to fund working capital, capital expenditures, acquisitions or other investments to grow our business; • increasing the amount of interest expense that we must pay if future borrowings are at variable interest rates, which, as interest rates increase, would result in higher interest expense; and • increasing the risk of a future credit rating downgrade, which could increase future debt costs and limit the availability of debt financing. In addition, there can be no assurance that future borrowings or equity financing will be available to us on favorable terms or at all for the payment or refinancing of our indebtedness. The terms of any future debt indentures, including those related to green financing, may also impose additional and more stringent restrictions on our operations than we currently have. Our ability to make scheduled principal payments of, to pay interest on, or to refinance our indebtedness and to satisfy our other debt obligations will depend on our future cash flows from operations, which may not be sufficient or may be affected by factors beyond our control. If we are unable to service our indebtedness, our business, financial condition, results of operations and share price could be materially adversely affected.~~ Failure to comply with laws, regulations and policies **related to our business conduct** , including the U. S. Foreign Corrupt Practices Act, other applicable anti- corruption laws, trade regulations, and data privacy and security laws, could have a material adverse impact on our business, results of operations, financial condition and reputation. Given our global operations, we are subject to regulation under a wide variety of U. S. and non- U. S. laws, regulations and policies ~~, including laws and regulations~~ related to anti- **bribery and** corruption, trade including **tariffs,** ~~export~~ **exports** and ~~import~~ **imports** ~~compliance~~ , anti- trust and **competition,** money laundering **, and employment** . Our policies mandate compliance with these laws and regulations. The U. S. Foreign Corrupt Practices Act (the" FCPA"), the U. K. Bribery Act of 2010 and similar anti- corruption laws in other jurisdictions generally prohibit companies and their intermediaries from making improper payments to government officials or other persons for the purpose of obtaining or retaining business. We operate in many parts of the world that are recognized as having governmental and commercial corruption and in certain circumstances, strict compliance with anti- corruption laws may conflict with local business customs and practices. We cannot guarantee that our internal controls, policies and procedures will always prevent and protect us from improper conduct ~~of~~ **by** our employees or business partners **, including distributors** . In the event that we believe or have reason to believe that our employees or business partners have or may have violated applicable laws, regulations or policies, including anti- corruption laws, we are required to investigate the relevant facts and circumstances ~~, which~~ **. This** can be expensive and require significant time and attention from senior management. Any ~~such~~ violation could result in substantial fines, sanctions, civil and / or criminal penalties, termination of relationships with business partners ~~and~~ **, or** curtailment of operations in certain jurisdictions, and as a result might materially and adversely affect our business, results of operations or financial condition. In addition, actual or alleged violations could damage our reputation and ability to do business. Additionally, to conduct our **business and** operations, we regularly move data across borders, and consequently we are subject to **the** ~~a variety of~~ continuously evolving **legal** and ~~developing laws and regulations~~ **regulatory landscape** regarding data privacy, data protection and data security, including the California Consumer Protection Act, the EU' s **General Data Protection Regulation ("** GDPR **")** and **the China Personal Information Protection Law ("** PIPL **")** . The scope of ~~the~~ **these and other** laws that may be applicable to us **continues to evolve,** is ~~evolving,~~ often uncertain and may be conflicting, particularly ~~with~~ **as** ~~respect~~ **respects** ~~to~~ foreign laws. GDPR greatly increases the jurisdictional reach of EU law and adds a broad array of requirements for handling personal data, including the enforcement of data subject rights, enhanced security requirements, obligations to guarantee EU data subject rights are not compromised in countries outside the EU, and public disclosure of significant data breaches. Other countries, such as China with its PIPL, have enacted or are enacting data localization and security laws **, as well as various reporting requirements** ~~that require data to stay within their borders~~ . All of these evolving legal and operational requirements impose significant costs of compliance that are likely to increase over time. **We cannot guarantee that we will at all times be in compliance with all requirements.** In addition, any ~~such~~ violation could result in substantial fines, sanctions and / or civil penalties, damage to our reputation and ~~might~~ **could** materially and adversely affect our business, results of operations or financial condition **. Failure to comply with, and the cost of complying with, laws, regulations, policies and taxes applicable to our operations, products and services, including those involving the environment, climate change, and health and safety, could have a material adverse impact on our business, results of operations, financial condition and reputation. Certain of our operations, products and services are governed by various federal, state, and local or foreign**

environmental, health and safety laws and regulations for the protection of the public, our employees and the environment, including as respects: emissions; potable and non- potable water; wastewater treatment and discharge; the generation, handling, storage, use, transport, treatment and disposal of non- hazardous and hazardous materials and wastes; the use of U. S. FCC- licensed radio spectrum (as detailed above); and our employees' health and safety. Such laws and regulations include the Occupational Health and Safety Act, the federal Safe Drinking Water Act, the Clean Water Act, the Clean Air Act, the Resource Conservation and Recovery Act, the Comprehensive Environmental Response, Compensation, and Liability Act, the Toxic Substances Control Act, the Federal Insecticide, Fungicide and Rodenticide Act, the EU' s Restriction of Hazardous Substance Directive, and the EU' s Registration, Evaluation and Authorization of Chemicals Directive, as well as others enacted in response to environmental and climate change concerns. In addition, certain of our products may be subject to product safety regulations. For example, our Mar Cor product line provides US Food and Drug Administration 510 (k) cleared water purification systems to the dialysis industry. The aforementioned laws and regulations establish, among other things, criteria and standards we must comply with and may require licensing, permitting, approval or reporting. We cannot provide assurance that our operations, products or services will at all times be in compliance with all applicable laws, regulations and permits or that we will be able to obtain or renew all required permits. Increasing public and governmental concern regarding the environment and the effects of climate change has, and may continue to, result in new or increased legal and regulatory requirements, policies and taxes intended to limit environmental damage and GHG emissions, including as respects pollution and discharges, emissions trading schemes, carbon, fuel or other taxes. In addition, as discussed above, we expect to be subject to increasing regulatory requirements around disclosures related to our business' impact on climate change. Compliance with all of these requirements is complex. Applicable requirements change frequently and the timing and substance of future changes is uncertain and difficult to predict. We incur, and expect to continue to incur, costs to comply with applicable requirements, including: i) increased operating and capital expenditures related to our facilities and equipment; ii) increased research and development costs, including with respect to the design or re- design of our products in order to conform to changing emissions and efficiency standards and regulations, and iii) costs for tools, talent and resources to meeting the increasing disclosures requirements (discussed above). Our failure to comply with applicable laws, regulations, policies and taxes may result in substantial litigation and defense costs, fines, penalties and criminal sanctions; facility shutdowns to address violations; and investments in costly pollution control equipment or operational changes to limit emissions or discharges. Developments such as the adoption of new environmental or climate change laws and regulations, enforcement actions or litigation, discovery of previously unknown or more extensive contamination conditions, obsolescence of our products, interruption or suspension of our operations, an inability to recover costs associated with any such developments, or the financial insolvency of other responsible parties, could have material adverse effects on our business, financial condition, cash flows, results of operations, and reputation
. We face risks related to legal and regulatory proceedings. We are subject to various laws, regulations and other requirements of ~~government~~ **governmental** authorities in the U. S. and foreign countries, any violation of which could potentially create substantial liability ~~for us~~ and damage our reputation. Changes in laws, ordinances, regulations or other government policies, the nature, timing, and effect of which are uncertain, may significantly increase our expenses and liabilities. From time to time, we are involved in legal and regulatory proceedings that are incidental to the operation of our businesses (**including that** ~~or the business operations~~ of **acquired or** previously owned entities). These proceedings may seek remedies relating to environmental matters, tax, **securities,** intellectual property, acquisitions or divestitures, product liability, property damage, personal injury, privacy, employment, labor and pensions, ~~government~~ **governmental and commercial or** ~~contract~~ **contractual** issues ~~and commercial~~ or ~~contractual~~ disputes. ~~Our~~ **In addition, our** continued transition to connected **products and services** and digital technologies and solutions has increased our exposure to intellectual property litigation and we expect that this risk will continue to increase as we execute on our innovation and technology priorities. It is not possible to predict with certainty the outcome of claims, investigations, regulatory proceedings and lawsuits, and we could in the future incur judgments, fines or penalties or enter into settlements and claims that could have an adverse effect on our reputation, our business, results of operations and financial condition. Additionally, we may be required to change or cease operations at one or more facilities if a regulatory agency determines that we have failed to comply with laws, regulations or orders applicable to our business. The global and diverse nature of our operations, coupled with the increase in regulation and enforcement in many regions of the globe, means that **we will continue to face** legal and compliance risks **.** ~~will continue to exist and additional~~ **Additional** legal and regulatory proceedings and other contingencies, the outcome of which cannot be predicted with certainty, ~~will~~ **have in the past and may in the future** arise from time to time. In addition, subsequent developments in legal and regulatory proceedings may affect our assessments and estimates of loss contingencies recorded as a reserve and require us to make payments in excess of our reserves, which could have an adverse effect on our results of operations and financial condition. Infringement or expiration of our intellectual property rights, or allegations that we have infringed upon the intellectual property rights of third parties could negatively affect us. We own numerous patents, trademarks, copyrights, trade secrets and other intellectual property and licenses to intellectual property owned by others, that are important to our business. Our intellectual property rights may provide us with competitive advantage because they may help us differentiate our technologies, products and services, including our growing portfolio of data analytics and digitally ~~–~~enabled offerings. However, our current or future intellectual property rights may not be sufficiently broad or may be challenged, invalidated, circumvented, misappropriated, independently developed, or designed ~~-~~ around, particularly given our operations in countries where laws governing intellectual property rights are not highly developed, protected or enforced. Our failure to obtain or maintain intellectual property rights that convey competitive advantage, adequately protect our intellectual property, or detect or prevent circumvention, misappropriation or unauthorized use of such property, as well as the cost of enforcing our intellectual property rights, could adversely impact our business, financial

condition and results of operations. From time to time, we receive notices from third parties alleging intellectual property infringement or misappropriation. Any dispute or litigation regarding intellectual property could be costly and time- consuming to defend due to the complexity and uncertainty of intellectual property litigation. We may not be successful in asserting a counterclaim, or negotiating a license, in response to a claim of infringement or misappropriation. In addition, as a result of such **infringement or misappropriation** claims ~~of infringement or misappropriation~~, we could lose our rights to use **or** ~~critical technology, be unable to~~ license critical technology ~~or~~ **,** sell critical products and services, be required to pay substantial damages or license fees with respect to the use of third- party intellectual property rights, or be required to redesign our products at substantial cost, any of which could adversely impact our competitive position, financial condition and results of operations. Even if we successfully defend against claims of infringement or misappropriation, we may incur significant costs and diversion of management attention and resources, which could adversely affect our business, financial condition and results of operations. ~~Developments in, and compliance with, current and future environmental and climate change laws and regulations could impact our business, financial condition or results of operations. Our business, operations, and product and service offerings are subject to and affected by many U. S. federal, state, local and foreign environmental laws and regulations, including those enacted in response to climate change concerns. Increasing public and governmental awareness and concern regarding the effects of climate change has led to significant legislative and regulatory efforts to limit greenhouse gas emissions and will likely result in further environmental and climate change laws and regulations. Compliance with existing laws and regulations currently requires, and compliance with future laws is expected to continue to require, increasing research and development, operating and capital expenditures, including with respect to the design or re- design of our products in order to conform to changing environmental standards and regulations, including with respect to emissions and efficiency, which could impact our business, financial condition and results of operations. Furthermore, environmental laws and regulations may authorize substantial fines and criminal sanctions as well as facility shutdowns to address violations, and may require the installation of costly pollution control equipment or operational changes to limit emissions or discharges. We also incur, and expect to continue to incur, costs to comply with current environmental laws and regulations. Developments such as the adoption of new environmental laws and regulations, stricter enforcement of laws and regulations, violations by us of such laws and regulations, discovery of previously unknown or more extensive contamination conditions, litigation involving environmental impacts, our inability to recover costs associated with any such developments, or financial insolvency of other responsible parties could have a material adverse effect on our financial condition and results of operations. We may not realize some or all the expected benefits and synergies from our proposed acquisition of Evoqua. On January 23, 2023, we announced that we entered into a definitive merger agreement under which we will acquire Evoqua. While we and Evoqua will continue to operate independently until the completion of the acquisition, the success of the acquisition will depend, in part, on our ability to realize the anticipated benefits from successfully combining our and Evoqua' s businesses. We plan on devoting substantial management attention and resources to integrating our and Evoqua' s business practices and operations so that we can fully realize the anticipated benefits and synergies of the acquisition. Nonetheless, difficulties may arise during the integration process that could result in the failure to achieve the synergies that we anticipate, including the loss of key talent that may be difficult to replace, the disruption of each company' s ongoing business or inconsistencies in each company' s standards, controls, procedures and policies that adversely affect the combined company' s ability to maintain relationships with customers, partners, suppliers or creditors. As a result, the anticipated benefits of the acquisition may not be realized fully within the expected timeframe or at all, may take longer to realize, or may cost more than expected, which could materially and adversely affect our business, results of operations or financial condition, as well as adversely impact the stock price of the combined company. In addition, at times, the attention of certain members of each company' s management and each company' s resources may be focused on completion of the merger and the integration of the businesses of the two companies, which may divert attention from day- to- day business operations and disrupt each company' s ongoing business, as well as the business of the combined company. Furthermore, we and Evoqua could potentially become targets of securities class actions or derivative lawsuits in connection with the acquisition, which could result in diversion of management' s attention and resources and substantial costs, and could delay or prevent the acquisition from being completed. Failure to complete our proposed acquisition of Evoqua could negatively impact our reputation, stock price and our future business and financial results. Our obligations and the obligations of Evoqua to complete the merger are subject to satisfaction or waiver of a number of conditions. There can be no assurance that the conditions to completion of the acquisition will be satisfied or waived or that the acquisition will be completed. If the acquisition is not consummated for any reason, we may receive negative reactions from our shareholders, suppliers, customers, regulators and employees, including damage to our reputation. We may be subjected to various material risks, including the possibility that the price of our common stock and other securities may decline to the extent that current market prices reflect a market assumption that the acquisition will be completed. Also, in the event of a termination of the merger agreement under certain specified circumstances, we would be required to reimburse expenses of Evoqua or pay Evoqua a termination fee of up to $ 325 million. We could also be subject to litigation related to any failure to complete the merger or to specifically enforce our obligation to perform our obligations under the merger agreement. In addition, the merger agreement places certain restrictions on the conduct of our businesses prior to completion of the merger, and such restrictions, the waiver of which is subject to a written consent of Evoqua in advance, may prevent us from making certain acquisitions or taking certain other specified actions during the pendency of the merger that we would have made or taken if these restrictions were not in place. If any of these risks materialize, they may materially and adversely affect our business, reputation, results of operations, financial condition, ratings, stock prices and / or bond prices. If our pending acquisition of Evoqua is consummated, our shareholders' ownership percentage will be diluted, and the combined company' s earnings per share may decrease. If the proposed acquisition is consummated, we will issue to Evoqua stockholders shares of our common stock. As a result of the issuance of these shares, our shareholders will own a smaller percentage of the combined company after the acquisition and will therefore have a reduced voting interest after the acquisition. In addition, the~~

~~market value of the combined company' s common stock may also decrease due to the additional transaction and integration-related costs or other factors beyond our control. All of these factors could cause dilution of the combined company' s earnings per share, or decrease or delay the expected accretive effect of the acquisition, which could negatively affect the market price of our common stock. The acquisition and integration of Evoqua may result in additional costs and expenses. We have incurred and expect to continue to incur a number of non- recurring costs, expenses and fees for professional services and other transaction- related costs in connection with the proposed acquisition and integration of Evoqua, whether or not the acquisition is completed. We may also incur unanticipated accounting and other costs in the integration of the businesses of Evoqua, which may lead to reserves in the future. Such costs could negatively impact our free cash flow, and the net benefit from efficiencies and synergies related to the integration of the businesses may not be realized in the near term or at all.~~