

Risk Factors Comparison 2025-02-18 to 2024-02-20 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text **Moved Text** Section

Our business, financial condition, operating results, and cash flows can be impacted by a number of factors, including, but not limited to, those set forth below, any of which could adversely impact our results and result in a decline in the value or loss of an investment in our common stock. Other factors may also exist that we cannot anticipate or that we currently do not consider to be material based on information that is currently available. These risks and uncertainties have the potential to materially affect our business, financial condition, results of operations, cash flows and future results. Such risks and uncertainties may also impact the accuracy of forward- looking statements included in this Form 10- K and other reports we file with the **SEC Securities and Exchange Commission**. Business and Industry Risks The industries in which we compete are subject to ~~volatile and unpredictable fluctuation or cycles~~, **which may be volatile**. As a supplier to the global semiconductor equipment, ~~telecommunication~~ **industrial**, ~~networking~~ **medical**, data center computing, ~~industrial~~ **telecommunication**, and ~~medical~~ **networking** industries, we are subject to business fluctuations, the timing, length, and volatility of which can be difficult to predict. We are impacted by sudden changes in customers' manufacturing capacity requirements and spending, which depend in part on technology transitions, capacity utilization, demand for customers' products, inventory levels relative to demand, ~~and access to affordable capital~~, **and changes in geopolitical factors, including tariffs**. These changes have affected the timing and amount of customers' purchases and investments in technology, and continue to affect our orders, net revenue, operating expenses, and net income. In addition, several of the markets in which we compete are highly cyclical and experience downturns characterized by diminished product demand, production overcapacity, high inventory levels, and price erosion, which has caused, and in the future could cause, our revenue and gross margin to decline, adversely impacting our results of operations. It is difficult to predict the timing, length, and severity of such fluctuations and downturns, and we may not be able to respond adequately or quickly to the changes in demand. To meet rapidly changing demand in each of the industries we serve, we must effectively manage our resources and production capacity. During periods of decreasing demand for our products, we must be able to appropriately align our cost structure with prevailing market conditions, effectively manage our supply chain, and motivate and retain key employees. During periods of increasing demand, we must have enough manufacturing capacity and inventory to fulfill customer orders, effectively manage our supply chain, and attract, retain, and motivate enough qualified individuals. If we are not able to timely and appropriately adapt to changes in our business environment or to accurately assess where we are positioned within a business cycle, our business, financial condition, or results of operations may be materially and adversely affected. For example, the semiconductor industry **appears to be recovering from a cyclical downturn**, and the ~~Industrial enterprise service and storage~~ **Medical market and Telecom and Networking** market are ~~currently experiencing cyclical downturns~~ **rebalancing elevated inventory levels**, which have adversely impacted demand for our products. If the ~~semiconductor industry's~~ **semiconductor industry's recovery does not continue as anticipated, if the** length, severity, and / or volatility of these ~~downturns~~ **lower demand environments in the Industrial and Medical market and Telecom and Networking market** exceeds our expectations, if we fail to achieve further growth in our other ~~markets~~, or if we are ~~unable to sufficiently respond to reduced demand in these~~ markets, our results of operations could be adversely impacted. We must achieve design wins to retain our existing customers and to obtain new customers, although design wins achieved may not necessarily result in substantial revenue or gross profit. Driven by continuing technology migration and changing customer demand, the markets we serve are constantly changing in terms of advancement in applications, core technology, and competitive pressures. New products designed for capital equipment manufacturers typically have a lifespan of many years. Increasingly, we are required to accelerate our investment in research and development to meet the time- to- market, performance, and technology adoption cycle needs of our customers simply to compete for design wins. Given such up- front investments we make to develop, evaluate, and qualify products in the design win process, our success and future growth depend on our products being designed into our customers' new generations of equipment as they develop new technologies and applications. We must work with these manufacturers early in their design cycles to modify, enhance, and upgrade our products or design new products that meet the requirements of their new systems. The design win process is highly competitive, the design windows may be narrow, and there is no assurance we will succeed with new design wins for our existing customers or new customers' next generations of equipment. **For example, in the last few years, we have made significant investments to launch new technology platforms and products into the semiconductor and industrial and medical markets.** If existing or new customers do not choose our designs or we cannot agree to pricing, volumes, and other key commercial terms with these customers, our market share may decline, potential revenues related to the lifespan of our products may not be realized, and our business, financial condition, and results of operations could be materially and adversely impacted. Further, our ability to generate revenue or gross profit from design wins is in part or wholly dependent upon the success of our customers' solutions. Failure to accurately forecast customer demand, supply chain disruptions, or manufacturing interruptions or delays could affect our ability to meet customer demand, lead to higher costs, or result in excess or obsolete inventory. We place orders with many of our suppliers based on our expectations as to demand for our products and our customers' forecasts. As the quarter and the year progress, such demand **and product mix** can change rapidly or we may realize that our customers' expectations were overly optimistic or pessimistic, especially when industry or general economic conditions change. Our sales are primarily made on a purchase order basis ~~or are pulled from "just in time" bins or hubs by our customers, and we generally do not have no~~ long- term purchase commitments from our customers ~~, which is typical in the industries we serve~~. As a result, we are limited in our ability to predict the level of future revenue or commitments from our current customers, which may diminish our ability

to allocate labor, materials, and equipment in the manufacturing process effectively. In addition, we may purchase inventory in anticipation of sales that do not materialize, resulting in excess and obsolete inventory write-offs. Customers may delay delivery of products or cancel orders prior to shipment and may not be subject to cancellation penalties. Delays in delivery schedules and / or customer changes to backlog orders during any particular period could cause a decrease in revenue and have a material adverse effect on our business and results of operations. Orders with our suppliers cannot always be amended in response to changing demand conditions. In addition, to assure availability of certain components or to obtain priority pricing, we have entered into contracts with some of our suppliers that require us to purchase a specified number of components and subassemblies each quarter, even if we are not able to use such components or subassemblies. Moreover, we have obligations to some of our customers to hold a minimum amount of finished goods in inventory to fulfill just in time orders, regardless of whether the customers expect to place such orders. We currently have firm purchase commitments and agreements with various suppliers to ensure the availability of components. **If demand for our products does not meet expected levels, we might not be able to use all of the components that we are required to purchase under these commitments and agreements, and our cost of revenue may increase, which could have a material adverse effect on our results of operations.** If demand for our products exceeds our customers' and our forecasts, we may not be able to timely obtain enough raw materials, parts, components, or subassemblies, on favorable terms or at all, to fulfill the excess demand. Furthermore, some of our products have lengthy lifecycles and are subject to supplier parts obsolescence, and sole-sourced parts can create challenges in terms of purchasing parts on reasonable terms and lead-times. These situations may lead to customers cancelling orders prior to shipment causing a decrease in revenue, which may have a material adverse effect on our business and results of operations. In recent years, there ~~was has been~~ a shortage of critical components caused by a variety of factors, including increased demand for electronic components used in a wide variety of industries, the pandemic-driven rise in consumer demand for technology goods, logistics-related disruptions in shipping, capacity limitations at some suppliers, and labor shortages. These supply constraints led to longer lead times in procuring materials and subcomponents and, in some cases, meaningfully higher costs for the subcomponents. **Our** Supply chain performance and lead times generally improved in 2023 and the negative impact from component shortages and higher material costs will likely subside in 2024; however, our revenues, earnings, and cash flow may be adversely impacted if these conditions **reoccur** continue longer than expected or once again deteriorate. We are exposed to risks associated with worldwide financial markets and the global economy. Uncertain or adverse economic and business conditions, including uncertainties and volatility in the financial markets, rising inflation and interest rates, economic recession, national debt, and fiscal or monetary concerns, could ~~materially~~ **materially** adversely impact our operating results and financial condition. Disruptions in the global economy or financial markets, higher interest rates and market volatility could have an adverse impact on our access to and cost of capital. Additionally, tightening of credit markets, turmoil in the financial markets, and a weakening global economy have **contributed** in the past ~~contributed~~ and could again contribute to slowdowns in the industries in which we operate and adversely impact the global demand for our products. Some of our key markets ultimately depend on a combination of consumer and business spending. Economic uncertainty exacerbates negative trends in consumer and business spending and may cause our ~~customers~~ **customers** to delay, cancel, or refrain from placing orders. Difficulties or increased costs in obtaining capital and uncertain market conditions may also lead to customer liquidity constraints, a reduction of revenue, and greater instances of nonpayment or other failures to perform their obligations. Adverse or uncertain economic conditions may similarly affect our key suppliers, which could affect their ability to deliver parts and result in delays for our products. Further, these conditions and uncertainty about future economic conditions could also make it challenging for us to forecast our operating results and evaluate the risks that may affect our business, financial condition, and results of operations. If we are unable to maintain our pricing strategy or adjust our business strategy successfully for some of our product lines to reflect our customers' price sensitivity, our business and financial condition could be harmed. ~~Our business strategy for many of our product lines is focused on product performance and technology innovation to provide enhanced efficiencies and productivity.~~ Our customers continually exert pressure on us to reduce our prices and extend payment terms and we **have been and** may be required to enter into long term reduced pricing agreements, extended payment terms, exclusivity arrangements, and other unfavorable contract terms. In addition, we compete in markets in which customers may dual or multi-source their power **supply products**. We believe some of our Asia-based competitors benefit from local governmental funding incentives and purchasing preferences from end-user customers in their respective countries. If competition against any of our product lines should come to focus solely on price rather than on product performance and technology innovation, we would need to adjust our business strategy, product offerings, and product costs accordingly, and if we are unable to do so, our business, financial condition, and results of operations could be materially and adversely affected. Conversely, in 2022, we **not only** increased prices ~~and but also~~ implemented surcharges across many of our products to reflect our higher supply chain costs. Although these price changes were generally accepted by our customers, we did experience some loss of business. **We continue** Throughout 2023, we returned to **execute** the normal course of business with respect to our pricing ~~strategy~~ **strategies and practices**; however, any future ~~widespread~~ price increases could make our products less competitive in the market over time and could have an adverse effect on our results of operations. A significant portion of our revenue and accounts receivable are concentrated among a few customers. Consistent with prior years, a limited number of customers accounted for a significant portion of our business. ~~In 2023, one customer represented over 10% of our total revenue, and our ten largest customers, in the aggregate, accounted for over half of our total revenue. At December 31, 2023, the same customer accounted for over 10% of our total accounts receivable.~~ A significant decline in revenue from ~~this~~ **these** or our other large customers, the loss of ~~this these~~ or another ~~other~~ **other** large customer ~~customers~~, or any inability to collect from large customers could materially and adversely impact our business, results of operations, and financial condition. We expect that revenue from a few large customers will continue to account for a significant percentage of our total revenue in future periods; however, we generally do not have long-term purchase commitments. If our largest customers do not place orders, or if they

substantially reduce, delay, or cancel orders, we may not be able to replace their business on a timely basis or at all. As a result, our future success depends on our ability to maintain and strengthen our existing customer relationships, build new customer relationships, and diversify our customer base. **For more information about our significant customers, see Note 3. Revenue in Part II, Item 8 “ Financial Statements and Supplementary Data. ”** If our information security measures are breached, disrupted, or fail, we may incur significant legal and financial exposure and liabilities. As part of our day- to- day business, we process, transmit and store our own confidential data and certain data about our customers and employees in our global information technology system. We are subject to ongoing data security threats, including phishing attempts, denial of service attacks, ransomware, viruses, and other malware, employee error or malfeasance, theft, natural disasters, and hardware or software malfunctions, any one of which could compromise our data security, cause the loss of critical data, or disrupt operations, which could materially adversely ~~13~~**13** affect our business and results of operations. Additionally, third parties may attempt to fraudulently induce employees or customers into disclosing sensitive information such as usernames, passwords, or other information to gain access to our customers’ data or our data or our information technology systems. We and our third party providers have experienced, and expect to continue to experience, cybersecurity events or confidential information theft incidents, some of which could be devastating. We continue to devote significant resources to ~~network security~~**13** ~~cybersecurity~~**13**, **IP protection**, data encryption, ~~network redundancy~~**13**, and other measures to protect our systems and data from unauthorized external access or internal misuse, ~~13~~**13** and we may be required to expend greater resources in the future for cybersecurity protection, compliance, and remediation, especially in the face of continuously evolving and increasingly sophisticated cybersecurity threats and privacy and data protection laws. Despite our implementation of cybersecurity measures, there is no assurance that our actions will be sufficient to prevent future threats and incidents. Because the techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. A cybersecurity event or other breach, disruption, or failure of our information and operational systems, could: • result in the disclosure, misuse, corruption, or loss of our **confidential business information, intellectual property including trade secrets**, or our customers’ data ; ~~confidential business information, or intellectual property, including trade secrets~~; • damage our reputation; • lead to a loss of confidence by our current and potential customers; • adversely impact our future revenue; • disrupt our business; • divert management attention; and • expose us to significant remediation costs, legal liability, and litigation risk. **In addition, Difficulties with the implementation ~~our~~ or transition to our next generation enterprise resource planning and other new enterprise- wide information technology system applications could harm our business and impact our results of operations. Our** business could be adversely affected to the extent we fail to appropriately manage, expand, and update our information technology infrastructure . **In particular, we are in the process of implementing a global enterprise resource planning (“ ERP ”) system and other enterprise- wide applications that will upgrade and standardize our information systems. These implementations are expected to occur in phases over the next several years. Any delays, challenges, or failure to achieve our implementation goals may adversely impact our operations. In addition, the failure to anticipate the necessary readiness and training needs, manage the transition to systems, or appropriately convert historical and concurrent data could lead to business disruption and potential loss of business. Failure or abandonment of any part of the ERP system could result in a write- off of part or all of the costs that have been capitalized on the project** . The loss of and inability to attract and retain key personnel could significantly harm our results of operations and competitive position. Our success depends to a significant degree upon the continuing contributions of our management, technical, marketing, and sales employees. We may not be successful in retaining our employees or attracting and retaining additional skilled personnel as required. If we are unable to attract, retain, and motivate qualified employees and leaders, we may be unable to fully capitalize on current and new market opportunities, which could adversely impact our business and results of operations. Our success in hiring and retaining employees depends on a variety of factors, including the attractiveness of our compensation and benefit programs, global economic or political and industry conditions, our organizational structure, our reputation, culture and working environment, competition for talent and the availability of qualified employees, the readiness for and availability of career development opportunities, and our ability to offer a challenging and rewarding work environment. We have experienced, and may continue to experience, increasing costs to attract and retain needed talent, driven by macroeconomic conditions and a highly competitive labor market. ~~In~~**14** ~~In~~**14** addition, the loss or retirement of key employees presents particular challenges to the extent the departing employee had particularly valuable knowledge or experiences. This requires us to identify and train existing or new employees to perform necessary functions, which we may be unable to do, or which could result in unexpected costs, reduced productivity, or difficulties with respect to internal processes and controls. If we fail to have succession plans in place or our succession plans do not operate effectively, we may not be able to maintain continuity and our business could be adversely affected. ~~Our~~**14** **We are consolidating our** manufacturing footprint ~~is consolidated~~, which brings risks. Our manufacturing facilities are located globally, and the majority of our products are manufactured in a select few key facilities. Most facilities are under operating leases, and interruptions in operations could be caused by early termination of existing leases by landlords or failure by landlords to renew existing leases upon expiration, including the possibility that suitable operating locations may not be available in proximity to existing facilities, which could result in labor or supply chain risks. Additionally, we ~~have are~~**14** **currently** restructuring ~~plans in place~~ to optimize and consolidate our manufacturing operations and improve operating efficiencies, and we continue to evaluate our manufacturing facilities ~~14~~**14** and we may decide to conduct additional optimization and consolidation initiatives. These plans and any future initiatives may or may not be successful in achieving our intended results. If the expected costs and charges are greater than anticipated, the estimated cost savings are lower than anticipated, or we experience a loss of continuity or inefficiency during transitional periods, our business and results of operations may be adversely affected. Disruptions to our manufacturing **or other** operations or the operations of our customers or suppliers, due to natural or other disasters, uncontrollable events or other issues could affect our results of operations. Certain

of our manufacturing and other operations are in locations subject to natural disasters, such as severe weather and geological events, including earthquakes or tsunamis, ~~that which~~ could disrupt operations. Natural disasters, uncontrollable occurrences **(including the emergence of pandemics, epidemics, or widespread outbreaks of infectious disease)**, or other operational issues at any of our manufacturing ~~or other~~ facilities could significantly reduce or disrupt our productivity ~~at such site~~ and could prevent us from meeting our customers' requirements in a timely manner, or at all. In addition, our suppliers and customers are also subject to natural and other disaster risk exposure. A natural disaster, fire, explosion, **pandemic**, or other event that results in a prolonged disruption to our operations or the operations of our customers or suppliers, may materially adversely affect our business, **workforce, supply chain,** results of operations, ~~or financial condition~~, **or cash flows**. Our long-term success and results of operations depend on our ability to successfully identify, close, integrate, and realize the anticipated benefits from our acquisitions and strategic investments. As part of our business strategy, we have and will likely continue to acquire companies or businesses and make investments to further our business. Risks associated with these transactions are many, including the following which could adversely affect our financial results: • the inability to source or complete transactions timely or at all; • any obligation to pay a termination fee or undergo litigation resulting from failed deals; • the failure to perform adequate due diligence on target companies; • the failure to realize expected revenues, gross and operating margins, net income, and other returns from acquired businesses; • the inability to successfully integrate product and / or service offerings to realize anticipated benefits from business combinations; • the inability to integrate acquired business into our existing enterprise resource planning and other global information technology systems to realize productivity improvement and cost efficiencies; • we have incurred and will incur additional depreciation and amortization expense over the useful lives of certain assets acquired in connection with business combination and ~~investment transactions and~~, to the extent that the value of ~~goodwill~~ **15goodwill** or intangible assets acquired in connection with a business combination ~~and investment transaction~~ becomes impaired, we may ~~be required to~~ incur additional material charges related to impairment of those assets; • deterioration in our effective tax rate; • a failure to retain and motivate key employees of acquired businesses; • our ability to maintain appropriate business processes, procedures, and internal controls at the acquired business; • litigation or claims associated with a proposed or completed transaction; and • unknown, underestimated, undisclosed or undetected commitments or liabilities or non-compliance by acquired business with laws, regulations, or policies. Our products may suffer from defects or errors leading to increased costs, damages, or warranty claims. Our products use complex system designs and components that may contain errors or defects **in designs, manufacturing, firmware, software, component parts, or other materials**. The manufacture of these products often involves a highly complex and precise process and the utilization of specially qualified components. The production of many of our products also requires highly skilled labor. As a result of the technical ~~15complexity~~ **complexity** of these products, design defects, skilled labor turnover, changes in our or our suppliers' manufacturing processes or the inadvertent use of defective or nonconforming materials or components by us or our suppliers could adversely affect our manufacturing quality and product reliability. To the extent our products are defective or fail, we might be required to repair, redesign, replace, or recall those products, pay damages (including liquidated damages), or fulfill warranty claims, and we could suffer significant expenses as well as harm to our reputation. Furthermore, some of our products are used in medical device applications where malfunction of the device could result in serious injury. We accrue a warranty reserve for estimated costs to provide warranty services, including the cost of technical support, product repairs, and product replacement for units that cannot be repaired. Our estimate of costs to fulfill our warranty obligations is based on historical experience and expectation of future conditions. To the extent we experience increased warranty claim activity or increased costs associated with servicing those claims, our warranty accrual will increase, resulting in decreased gross profit. Our legacy inverter products may suffer higher than anticipated litigation, damage, or warranty claims. Our legacy inverter products (of which we discontinued the manufacture, engineering, and sale in December 2015 and which are reflected as discontinued operations in this filing) contain components that may contain errors or defects and were sold with ~~original~~ product warranties ranging from one ~~to ten years with an option to purchase additional~~ **warranty coverage for up to 20 years**. If any of our products are defective or fail because of their design, we might be required to repair, redesign, or recall those products or to pay damages (including liquidated damages) or warranty claims, and we could suffer significant harm to our reputation. We have experienced claims from customers and suppliers and are involved in litigation related to the legacy inverter product line. We review such claims and vigorously defend against such lawsuits in the ordinary course of our business. We cannot assure that any such claims or litigation will not have a material adverse effect on our business or financial statements. Our involvement in such litigation could result in significant expense to us and divert the efforts of our technical and management personnel. We also accrue a warranty reserve for estimated costs to provide warranty services including the cost of technical support, product repairs, and product replacement for units that cannot be repaired. Our estimate of costs to fulfill our warranty obligations is based on historical experience and expectation of future conditions. To the extent we experience increased warranty claim activity or increased costs associated with servicing those claims, our warranty accrual will increase, resulting in additional expenses in our Consolidated Statements of Operations in future periods. We plan to continue supporting inverter customers with service maintenance and repair operations. This includes performing service to fulfill obligations under existing service maintenance contracts. There is no certainty that these contracts can be performed profitably, and our business could be adversely affected by higher than anticipated product failure rates, loss of critical service technician skills, an inability to obtain service parts, customer demands and disputes, and the cost of repair parts, among other factors. ~~The emergence of pandemics, epidemics, or widespread outbreaks of infectious disease could affect our business, workforce, supply chain, results of operations, financial condition, and / or cash flows. The COVID-19 pandemic adversely impacted our ability (a) to manufacture, test, service and ship our products, (b) to get required materials and sub-assemblies to build and service our products, and (c) to staff labor and management for manufacturing, research and development, supply chain, service, and administrative operations. If there are any future public health crises, including pandemics, epidemics, or widespread outbreaks of infectious disease, may impact our business, financial condition and results of operations will depend~~

on many factors beyond our control, which are highly uncertain and difficult to accurately predict. **International Operations Risks** We are subject to risks inherent in international operations. We are a global organization. We have employees in **16 more than 20** countries, our manufacturing facilities are located across the globe (mainly in the Asia-Pacific region), and revenue from customers outside the United States represented **64-66** % of our total revenue during the year ended December 31, **2023-2024**. Given the global nature of our business, we have both domestic and international concentrations of cash and ~~16 investments~~ **investments**. The value of our cash, cash equivalents, and marketable securities can be adversely affected by liquidity, credit deterioration, inflation, foreign currency exchange rate fluctuations, financial results, economic risk, political risk, sovereign risk, or other factors. Additionally, our success producing goods internationally and competing in international markets is subject to our ability to manage various operational risks and difficulties, including, but not limited to: • our ability to effectively manage our employees at remote locations who are operating in different business environments from the United States; • our ability to develop and maintain relationships with suppliers and other local businesses; • interruptions to our and / or our suppliers' supply chain; • **global trade issues and changes in and uncertainties with respect to trade and export regulations, trade policies and sanctions, tariffs, and international trade disputes, including export regulations for certain exports to China and any retaliatory measures;** • compliance with product safety requirements and standards that are different from those of the United States; • variations and changes in laws applicable to our operations in different jurisdictions, including enforceability of contract rights; • ineffective or inadequate legal and physical protection of intellectual property rights in certain countries; • ~~global trade issues and changes in and uncertainties with respect to trade and export regulations, trade policies and sanctions, tariffs, and international trade disputes, including new and changing export regulations for certain exports to China and any retaliatory measures;~~ • delays or restrictions on personnel travel and in shipping materials or finished products between and within countries; • political instability, **international hostilities**, natural disasters, health epidemics, disruptions in financial markets, and deterioration of economic conditions; • our ability to maintain appropriate business processes, procedures, and internal controls, and comply with environmental, health and safety, anti-corruption, and other regulatory requirements; • customs regulations including customs audits in various countries that occur from time to time; • the ability to provide enough levels of technical support in different locations; • our ability to obtain business licenses that may be needed in international locations to support expanded operations; • changes in tariffs, income tax, value added tax, and foreign currency exchange rates; and • laws and regulations regarding privacy, data use and processing, data privacy and protection, cybersecurity, and network security. ¹⁷Our operations in the Asia Pacific region, including China, are subject to significant political and economic uncertainties over which we have little or no control and we may be unable to alter our business practice in time to avoid reductions in revenues. A significant portion of our operations and supply chain outside the United States are located in the Asia Pacific region, including China, which exposes us to risks, such as exchange controls and currency restrictions, changes in local economic conditions, changes in customs regulations and tariffs, changes in tax policies, changes in local laws and regulations, possible retaliatory government actions, potential inability to enforce intellectual property protection or contracts terms, and changes in U. S. policy regarding overseas manufacturing and export controls. The U. S. and China regularly have significant disagreements over geopolitical, trade, and economic issues. Any escalating political controversies between the U. S. and China, whether or not directly related to our business, could have a material adverse effect on our operations, business, results of operations, and financial condition. Additionally, the Chinese government exercises substantial control over the Chinese economy, and our operations and supply chain in China may be subject to various government and regulatory interference. Policy changes, preferential treatment of local companies, or the imposition of new, stricter regulations or interpretations of existing regulations could require changes to our operating activities, increase our costs, or limit our ability to sell products in China. We continuously evaluate the risk of operations in China, including manufacturing and supply chain, and the potential financial impact to our operations. Unfavorable currency exchange rate fluctuations may lead to lower operating margins, or may cause us to raise prices, which could result in reduced revenue. Currency exchange rate fluctuations could have an adverse effect on our revenue and results of operations, and we could experience losses with respect to forward exchange contracts into which we may enter. Unfavorable currency fluctuations could significantly increase the labor and other costs incurred in the operation of our international facilities and the cost of raw materials, parts, components, and subassemblies that we source there, which could materially and adversely affect our results of operations. These increased costs could require us to increase prices to foreign customers, which could result in lower net revenue from such customers. Alternatively, if we do not adjust the prices for our products in response to unfavorable currency fluctuations, our results of operations could be materially and adversely affected. In addition, we have large, long- term liabilities, such as local lease and pension liabilities in Asia and Europe creating more significant exposure to fluctuations in numerous currencies. We do not attempt to hedge these exposures given the long- term nature of the underlying liabilities and the non- cash nature of the foreign exchange gain or loss. Regulatory, Legal, Tax, and Compliance Related Risks Continued restrictive global trade regulatory environment coupled with increasingly complex rules have adversely impacted ~~and our business,~~ **and our business,** could further impact our business, and could erode the competitiveness of our products compared to local and global competitors. ~~Trade controls are a primary tool leveraged by U. S. government when trying to achieve international policy objectives, and we continue to see this in newly imposed regulations and increased enforcement of existing regulations.~~ As a global company, we are subject to the **trade policies, export / import controls, and other rules and regulations, including tariffs, trade sanctions, and license requirements** of the U. S. and other government authorities. ~~We,~~ **We,** and we should expect continued **exposure to risk arising from ongoing** activity in both the promulgation ~~and enforcement of newly imposed~~ **and increased enforcement of existing regulations. The implementation and interpretation of these complex rules and other regulatory actions is uncertain and evolving, trending towards continued increasing restrictions, which is deleterious to our business and challenging for us to manage our operations and forecast our operating results.** Since October 2022, we have been particularly affected by U. S. government- imposed export regulations on

U. S. semiconductor and supercomputing technology ~~sold in China~~, and related parts and services **sold in China**. In October 2023 ~~Over the past few years~~, the U. S. government ~~has~~ introduced **several** ~~another round of final interim rules~~. These rules are not yet final, and additional **regulatory changes that** ~~restrictions could be imposed~~. The rules impose extensive restrictions and compliance obligations, and Chinese customers may replace us with competitors who are not subject to U. S. export rules. ~~Maintaining~~ **Additionally, our ability to maintain business in** China ~~business~~ may be dependent at least in part on obtaining export licenses. Obtaining export licenses may be difficult, costly, and time- consuming, and there is no assurance we will be issued licenses in time to meet customer requirements or at all. ~~18Other current 18~~ **Recently, we were also subject to new anti-dumping and countervailing duty rates and increased Section 301 tariffs that took effect in 2024 and 2025 or for certain products we import from China. The Trump Administration has threatened further tariffs on imports. If we are unable to mitigate the impact of these import restrictions, our costs and results of operations could be adversely affected. We cannot predict the extent to which unfavorable international trade policies may be implemented in the future and to what extent our business may be impacted. Future** regulatory changes **that** could materially and adversely affect our business **as well, such as include but are not limited to** additional **or increased** tariffs **;** additions or updates to various restricted party lists **;** further restrictions on selling products to entities in certain countries whose actions or functions are intended to support policies contrary to U. S. national security **;** new customs rules or requirements **, and retaliatory trade actions or trade wars**. Additionally, with increasing geopolitical risks, we might experience customers or governments of our customers promoting their own domestic businesses and competitors. ~~Any or all~~ **The implementation and interpretation of these-- the foregoing could decrease demand for our products** ~~complex rules and other regulatory actions taken by the U. S. and other governments is uncertain and evolving, trending towards continued increasing~~ **increase costs and decrease margins, reduce the competitiveness of our products, or** ~~restrictions----~~ **restrict our ability**, and this is both deleterious to **sell products, provide services or purchase necessary equipment and supplies, which in turn could have a material and adverse effect on** our business, **results of and challenging for us to manage our operations, and forecast our-- or operating results--financial condition**. We are highly dependent on our intellectual property. Our success depends significantly on our proprietary technology. We attempt to protect our intellectual property rights through a variety of methods including trade secrets, patents, and non- disclosure agreements; however, we might not be able to protect our technology, and customers or competitors might be able to develop similar technology independently. Infringement, misappropriation, and unlawful use of our intellectual property rights, and resulting unauthorized manufacture or sale of equipment using our IP rights, could result in lost revenue. Monitoring and detecting any unauthorized use of intellectual property is difficult and costly and we cannot be certain that the protective measures we have implemented will completely prevent theft or misuse. If we are unable to protect our intellectual property successfully, our business, financial condition, and results of operations could be materially and adversely affected. Patents, trademarks, and trade secret protection may not be adequate to deter infringement or misappropriation of our proprietary rights. For example, patents issued to us may be challenged, invalidated, or circumvented. The loss or expiration of any of our key patents could lead to a significant loss of sales of certain of our products and could materially affect our future operating results. The process of seeking patent protection can be time consuming and expensive and patents may not be issued for currently pending or future applications. Moreover, our existing patents or any new patents that may be issued may not be sufficient in scope or strength to provide meaningful protection or any commercial advantage to us. We may initiate claims, enforcement actions or litigation against third parties for infringement of our proprietary rights, which claims could result in costly litigation, the diversion of our technical and management personnel, and the assertion of counterclaims by defendants. In addition, the laws of some foreign countries might not afford our intellectual property the same protections as do the laws of the United States. Our intellectual property is not protected by patents in several countries in which we do business, and we have limited or no patent protection in other countries, including China. Consequently, manufacturing our products in China may subject us to an increased risk that unauthorized parties may attempt to copy our products or otherwise obtain or use our intellectual property. Generally, our efforts to obtain international patents have been concentrated in the European Union and Korea, Japan, and Taiwan. Third parties may also assert claims against us and our products. Claims that our products infringe the rights of others, whether or not meritorious, can be expensive and time- consuming to defend and resolve, and may divert the efforts and attention of management and personnel. The inability to obtain rights to use third party intellectual property on commercially reasonable terms could also have an adverse impact on our business. In addition, we may face claims based on the theft or unauthorized use or disclosure of third party trade secrets and other confidential business information. Any such incidents and claims could severely harm our business and reputation, result in significant expenses, harm our competitive position, and prevent us from selling certain products, all of which could have a material and adverse impact on our business and results of operations. ~~Our 19~~ **Our** supply chain is subject to regulatory risk. Requirements applicable to our supply chain include rules aimed at promoting transparency as well as rules that restrict sourcing from certain locations or suppliers. For example, rules aimed at extinguishing forced labor require extensive efforts to map supply chains effectively and efficiently beyond tier 1 suppliers for any involvement in human rights abuses. Goods suspected of being manufactured with forced labor could be blocked from importation into the ~~19U-U~~ **U. S.**, which could impact revenue. Another possible risk is foreign governments that restrict our access to supply; for example, if China were to further restrict export of rare earth minerals, our suppliers' ability to obtain such supply may be constrained and we may be unable to obtain sufficient quantities, or obtain supply in a timely manner, or at a commercially reasonable cost. We are, and expect to continue to be, involved in litigation. Legal proceedings are costly and could have a material adverse effect on our commercial relationships, business, financial condition, and operating results. We may be involved in legal proceedings, litigation, enforcement actions, or claims **arising from our business, including, but not limited to, those** regarding product performance, product warranty, product certification, product liability, patent infringement, misappropriation of trade secrets, other intellectual property rights, antitrust, environmental regulations, securities, contracts, unfair competition, employment, workplace safety, and other matters. Legal proceedings, enforcement

actions and claims, whether with or without merit, and associated internal investigations, may be time- consuming and expensive to prosecute, defend or conduct; divert management' s attention and other resources; inhibit our ability to sell our products or services; prevent us from using our technology; result in adverse judgments for damages, injunctive relief, penalties, and fines; and adversely affect our business. We can provide no assurance of the outcome of these legal proceedings, enforcement actions, or claims or that the insurance we maintain will **provide coverage or** be adequate to cover them. Changes in tax laws, tax rates, or mix of earnings in tax jurisdictions in which we do business, could impact our future tax liabilities and related corporate profitability. We are subject to income taxes in the U. S. (federal and state) and numerous foreign jurisdictions. Tax laws, regulations, and administrative practices in various jurisdictions by their nature are complex and may be subject to significant change due to economic, political, and other conditions, and significant judgment is required in evaluating and estimating our provision and accruals for these taxes. As both domestic and foreign governments contemplate or make changes in tax law ~~to raise more revenues~~, our results could be adversely affected. Further, there are many transactions that occur during the ordinary course of business for which the ultimate tax determination is uncertain. Our effective tax rates could be adversely affected by earnings being lower than anticipated in jurisdictions where we have lower statutory rates and earnings higher than anticipated in jurisdictions where we have higher statutory rates, losses incurred in jurisdictions for which we are not able to realize the related tax benefit, changes in foreign currency exchange rates, entry into new businesses and geographies and changes to our existing businesses, acquisitions (including integrations) and investments, changes in our deferred tax assets and liabilities and their valuation, and changes in the relevant tax, accounting, and other laws, regulations, administrative practices, principles, and interpretations, including fundamental changes to the tax laws applicable to corporate multinationals. ~~The U. S., many countries in the European Union, and several other countries are actively considering changes in this regard.~~ Furthermore, due to shifting economic and political conditions, tax policies, laws, or rates in various jurisdictions may be subject to significant changes in ways that could harm our financial condition and operating results. For example, various jurisdictions around the world have enacted or are considering revenue- based taxes such as digital services taxes and other targeted taxes, which could lead to inconsistent and potentially overlapping international tax regimes. The Organization for Economic Cooperation and Development is coordinating negotiations ~~among more than 140 countries~~ with the goal of achieving consensus around substantial changes to international tax policies, including the implementation of a minimum global effective tax rate of 15 %. These changes could increase our effective tax rate and cash tax payments could increase in future years, create additional compliance burdens, and / or require changes to our tax compliance processes. ~~Increased 20~~ **Increased** governmental action on income tax regulations could adversely impact our business. International governments have heightened their review and scrutiny of multinational businesses like ours, which could increase our compliance costs and future tax liability to those governments. As governments continue to look for ways to increase their revenue streams, they could increase audits of companies to accelerate the recovery of monies perceived as owed to them under current or past regulations. As we are subject to examination by tax authorities in every jurisdiction where we do business, an unfavorable audit outcome could adversely affect us. ~~20~~ **Changes** -- **Changes** in our provision for income taxes or adverse outcomes resulting from examination of our income tax returns could adversely affect our results. Our provision for income taxes is subject to volatility and could be adversely affected by earnings being lower than anticipated in countries that have lower tax rates and higher than anticipated in countries that have higher tax rates; by changes in the valuation of our deferred tax assets and liabilities; by changes, regulations, and interpretations of research and development capitalization and tax credit regulations, foreign- derived intangible income (" FDII "), global intangible low- tax income (" GILTI ") and base erosion and anti- abuse tax (" BEAT ") laws; by expiration of or lapses in tax incentives; by transfer pricing adjustments, including the effect of acquisitions on our legal structure; by tax effects of nondeductible compensation; by tax costs **and** related ~~to tax effects from~~ intercompany realignments; by changes in accounting principles; or by changes in tax laws and regulations, treaties, or interpretations thereof, including changes to the taxation of earnings of our foreign subsidiaries, the deductibility of expenses attributable to foreign income, and the foreign tax credit rules. Significant judgment is required to determine the recognition and measurement attribute prescribed in the accounting guidance for uncertainty in income taxes. The Organization for Economic Co- operation and Development (" OECD "), an international association ~~comprised of 36 countries~~, including the U. S., has made changes to numerous long- standing tax principles. There can be no assurance that these changes, once adopted by countries **in which we operate**, will not have an adverse impact on our provision for income taxes. Further, because of certain of our ongoing employment and capital investment actions and commitments, our income in certain countries is subject to reduced tax rates. Our failure to meet these commitments could adversely impact our provision for income taxes. In addition, we are the subject of regular examination of our income tax returns by tax authorities. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes. There can be no assurance that the outcomes from these continuous examinations will not have an adverse effect on our operating results and financial condition. Our business is subject to complex and evolving U. S. and international laws and regulations regarding privacy and data protection. Many of these laws and regulations are subject to change and uncertain interpretation and could result in claims, changes to our business practices, penalties, increased cost of operations, or declines in customer growth or engagement, or otherwise harm our business. Regulatory authorities around the world have implemented or are considering several legislative and regulatory proposals concerning data protection. In addition, the interpretation and application of consumer and data protection laws in the U. S., Europe, China and elsewhere are often uncertain and in flux. It is possible that these laws may be interpreted and applied in a manner that is inconsistent with our data practices. Violation of any of these rules could result in fines or orders requiring that we change our data practices, which could have an adverse effect on our business and results of operations. Complying with these various laws could cause us to incur substantial costs or require us to change our business practices in a manner adverse to our business. We are subject to numerous governmental regulations. We are subject to federal, state, local and foreign regulations, including environmental regulations and regulations relating to the design and operation of

our products and control systems and regulations governing the import, export and customs duties related to our products. We might incur significant costs as we seek to ensure that our products meet safety and emissions standards, many of which vary across the states and countries in which our products are used. In the past, we have invested significant resources to redesign our products to comply with these directives. In addition, through ~~recent~~ **previous** acquisitions, we expanded our presence in the medical market to include more highly regulated applications and added a medical- certified manufacturing center to our operating footprint. We may encounter ~~increased~~ **increased** costs to maintain compliance with the quality systems and other regulations and requirements that apply to the acquired business. Compliance with future regulations, directives, and standards could require us to modify or redesign some products, make capital expenditures, or incur substantial costs. Also, we may incur significant costs in complying with the numerous imports, exports, and customs regulations as we seek to sell our products internationally. If we do not comply with current or future regulations, directives, and standards: ● we could be subject to fines and penalties; ● our production or shipments could be suspended; ~~and~~ **and** ● we could be prohibited from offering particular products in specified markets. If we were unable to comply with current or future regulations, directives and standards, our business, financial condition, and results of operations could be materially and adversely affected. We are subject to risks associated with environmental, health, and safety regulations. We are subject to environmental, health, and safety regulations in connection with our global business operations, such as regulations related to the development, manufacture, sale, shipping, and use of our products; handling, discharge, recycling and disposal of hazardous materials used in our products or in producing our products; **restrictions on the presence of certain substances in our products**; the operation of our facilities; and the use of our real property. The failure or inability to comply with existing or future environmental, health and safety regulations **, including with respect to energy consumption and climate change**, could result in significant remediation or other legal liabilities; the imposition of penalties and fines; restrictions on the development, manufacture, sale, shipping, or use of certain of our products; limitations on the operation of our facilities or ability to use our real property; and a decrease in the value of our real property. We could also be required to alter our manufacturing, operations, and product design, and incur substantial expenses to comply with environmental, health and safety regulations. Any failure to comply with these regulations could subject us to significant costs and liabilities that could adversely affect our business, financial condition, and results of operations. Our failure to maintain appropriate environmental, social, and governance (“ ESG ”) practices and disclosures could result in reputational harm, a loss of customer and investor confidence, and adverse business and financial results : ~~Governments, customers, investors, and employees are enhancing their focus on ESG practices and disclosures, and expectations in this area are rapidly evolving and increasing~~. Failure to adequately maintain appropriate ESG practices that meet diverse stakeholder expectations may result in an inability to attract customers, the loss of business, diluted market valuation, and an inability to attract and retain top talent. Maintaining possibly unlawful ESG programs could expose us to litigation threat. In addition, standards and processes for measuring and reporting carbon emissions and other sustainability metrics may change over time, resulting in inconsistent data, or could result in significant revisions to our sustainability commitments or our ability to achieve them. Any scrutiny of our carbon emissions or other sustainability disclosures or our failure to achieve related goals could adversely impact our reputation or performance. As governments impose greenhouse gas emission reporting **and climate risk assessment** requirements ~~and~~, **along with** other ESG- related laws, we are subject to at least some of these rules and concomitant regulatory risk exposure. **Also, certain customers request ESG related performance data in relation to our products**. ESG compliance and reporting ~~could be~~ costly, and we could be at a disadvantage compared to companies that do not have similar reporting requirements **or that have more resources to devote to ESG efforts**. ~~Commercial~~ **Commercial** and Financial Related Risks Our debt obligations and the restrictive covenants in certain of the agreements governing our debt could limit our ability to operate our business or pursue our business strategies, could adversely affect our business, financial condition, results of operations, and cash flows, and could significantly reduce stockholder benefits from a change of control event. Our debt obligations could make us more vulnerable to general adverse economic and industry conditions and could limit our flexibility in planning for, or reacting to, changes in our business and the industries in which we operate, thereby placing us at a disadvantage to our competitors that have less debt. We may enter into additional debt obligations at any time. Our **Credit Agreement, including the associated revolving line of credit agreement, dated as of September 10, 2019, as amended**, imposes financial covenants on us and our subsidiaries that require us to maintain a certain leverage ratio. The financial covenants place certain restrictions on our business that may affect our ability to execute our business strategy successfully or take other actions that we believe would be in the best interests of our Company. These include limitations or restrictions, among other things, on our ability and the ability of our subsidiaries to: ● incur additional indebtedness; ~~22~~ ● pay dividends or make distributions on our capital stock or certain other restricted payments or investments; ● conduct stock buybacks; ● make domestic and foreign investments and extend credit; ● engage in transactions with affiliates; ● transfer and sell assets; ● effect a consolidation or merger or sell, transfer, lease, or otherwise dispose of all or substantially all our assets; and ● create liens on our assets to secure debt. Any breach of the covenants or other event of default could cause a default on our ~~credit~~ **Credit agreement Agreement**, which could result in the entire outstanding balance **at that time** being immediately due and payable. Such breach or default may also constitute a default of our ~~2.50% convertible senior notes~~ (“ Convertible Notes ”), which could also result in the entire outstanding balance being immediately due and payable. Our assets and cash flow may not be sufficient to fully repay borrowings under our outstanding debt instruments if accelerated upon an event of default. If we are unable to repay, refinance, or restructure our indebtedness as required, or amend the covenants contained in these agreements, the lenders can exercise all rights and remedies available under our debt obligations or applicable laws or equity. There can be no assurance that we will have sufficient financial resources or be able to arrange financing to repay any borrowings at such time. Return on investments or interest rate declines on plan investments could result in additional unfunded pension obligations for our pension plan. We currently have unfunded obligations to our pension plans. The extent of future contributions to the pension plan depends heavily on market factors such as the discount rate used to calculate our future

obligations and the actual return on plan assets which enable future payments. We estimate future contributions to the plan using assumptions with respect to these and other items. Changes to those assumptions could have a significant effect on future contributions. Additionally, a material deterioration in the funded status of the plan could increase pension expenses and reduce our profitability. See Note 15. Employee Retirement Plans and Postretirement Benefits in Part II, Item 8 “ Financial Statements and Supplementary Data ” contained herein. ~~Our~~ **23Our** intangible assets **and goodwill** may become impaired. We periodically review the carrying value of our ~~goodwill and the estimated useful lives of our~~ intangible assets ~~, taking into~~ **and goodwill. We** ~~consideration~~ **consider** any events or circumstances that might result in either a diminished fair value, ~~or~~ **and** for intangible assets, a revised useful life. The events and circumstances include significant changes in the business climate, legal factors, operating performance indicators, and competition. Any impairment or revised useful life could have a material and adverse effect on our financial position and results of operations and could harm the trading price of our common stock. The conditional conversion features of the Convertible Notes, if triggered, may adversely affect our financial condition and operating results. In the event any of the conditional conversion features of the Convertible Notes are triggered, holders will be entitled to convert at any time during specified periods at their option. If one or more holders elect to convert, we would be required to settle any converted principal amount of such Convertible Notes through payment of cash, which could adversely affect our liquidity. In addition, even if holders do not elect to convert, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the Convertible Notes as current rather than long- term liability, which would result in a material reduction of our net working capital. ~~23Conversion~~ **Conversion** of the Convertible Notes may dilute the ownership interest of our stockholders and the existence of the Convertible Notes may depress the price of our common stock. The conversion of some or all of the Convertible Notes may dilute the ownership interests of our stockholders. Upon conversion, we have the option to pay or deliver, as the case may be, cash, shares of our common stock, or a combination of cash and shares of our common stock with respect to the remainder, if any, of our conversion obligation in excess of the aggregate principal amount of the Convertible Notes being converted. If we elect to settle the remainder, if any, of our conversion obligation in excess of the aggregate principal amount of the Convertible Notes being converted in shares of our common stock or a combination of cash and shares of our common stock, that action will dilute the ownership interest of our stockholders. Additionally, any sales in the public market of our common stock issuable upon such conversion could adversely affect prevailing market prices of our common stock. In addition, the existence of the Convertible Notes may encourage short selling by market participants because the conversion could be used to satisfy short positions, and the anticipated conversion into shares of our common stock could depress the price of our common stock. The hedges and warrants in our own common stock may adversely affect the common stock’ s trading price. In September 2023, we entered into hedge and warrant transactions on our own common stock. These contracts are expected to reduce the potential dilution to our common stock upon any conversion of the Convertible Notes and / or offset any cash payments we are required to make in excess of the principal amount. The warrants could separately have a dilutive effect on our common stock to the extent that the market price per share of our common stock exceeds the exercise price. In addition, the counterparties or their affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to our common stock and sell our common stock prior to the maturity of the Convertible Notes (and are likely to do **so** in connection with any conversion or redemption). This activity could cause fluctuations in the market price of our common stock. ~~We are subject to counterparty default risk with respect to the Note Hedges. The counterparties are financial institutions, and we are subject to the risk that any or all of them might default. Our exposure is not secured by any collateral. If a counterparty becomes subject to insolvency proceedings, we will become an unsecured creditor. Our exposure will depend on many factors but, generally, an increase in our exposure will correlate to an increase in the market price and in the volatility of our common stock. In addition, upon a default by a counterparty, we may suffer adverse tax consequences and more dilution than we currently anticipate with respect to our common stock. We can provide no assurances as to the financial stability or viability of the counterparties. Risks Relating to Ownership of Our Common Stock~~The market price of our common stock has fluctuated and may continue to fluctuate for reasons over which we have no control. The stock market has from time to time experienced, and is likely to continue to experience, extreme price and volume fluctuations. Prices of securities of technology companies are especially volatile and have often fluctuated for reasons that are unrelated to their operating performance. In the past, companies that have experienced volatility in the market price of their stock have been the subject of securities class action litigation. If we were the subject of securities class action litigation, it could result in substantial costs and a diversion of management’ s attention and resources. We may not pay dividends on our common stock. Holders of our common stock are only entitled to receive dividends when and if they are declared by our Board of Directors. Our Credit Agreement (as defined in Note 18. Long- Term Debt in Part II, Item 8 “ Financial Statements and Supplementary Data ”) restricts our ability to pay dividends on our capital stock under certain circumstances. Although