

Risk Factors Comparison 2024-12-13 to 2023-12-15 Form: 10-K

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

The following risk factors could materially and adversely affect our business, financial condition or results of operations and cause reputational harm, and should be carefully considered in evaluating our business, in addition to other information presented elsewhere in this report. Business and Industry Risks The industries we serve can be volatile and difficult to predict. We are a supplier to the global semiconductor and display and related industries, which historically have been cyclical and are subject to volatility ~~and sudden changes~~ in customer demand. Factors that impact demand for our products and services include technology inflections and advances in fabrication processes, new and emerging technologies and market drivers, **such as demand for high- bandwidth memory and other forms of advanced packaging and technologies related to artificial intelligence and data center computing,** production capacity relative to demand for **semiconductor** chips and ~~display technologies~~ **electronic devices**, end- user demand, customers' capacity utilization, production volumes, access to affordable capital, business and consumer buying patterns and general economic and political conditions. **Artificial intelligence is evolving rapidly and is a relatively new demand driver for semiconductors and semiconductor equipment, and it is difficult to accurately forecast such demand.** Changes in demand can affect the timing and amounts of customer investments in technology and manufacturing equipment and can significantly impact our operating results. The amount and mix of our customers' capital equipment spending between different products and technologies can also significantly impact our operating results. To meet rapidly changing demand, we must accurately forecast demand and effectively manage our resources, investments, production capacity, supply chain, workforce, inventory, and other components of our business. We may incur unexpected or additional costs to align our business operations with changes in demand. If we do not effectively manage these challenges, our business performance and operating results may be adversely impacted. Even with effective allocation of resources and management of costs, our gross and operating margins, cash flows and earnings may be adversely impacted during periods of changing demand. We are exposed to risks associated with an uncertain global economy. Uncertain or adverse economic and business conditions, including uncertainties and volatility in the financial markets, national debt, fiscal or monetary concerns, ~~rising~~ inflation and **changes in** interest rates, bank failures, and economic recession, could materially and adversely impact our operating results. Markets for ~~our semiconductors~~ **semiconductor** and ~~displays~~ **display equipment and services** depend largely on business and consumer spending and demand for **semiconductor chips and** ~~electronic products~~ **devices**. Uncertain or adverse economic and business conditions could result in decreases in **business and** consumer spending and demand. Decreases in spending and demand have caused, and may in the future cause, our customers to push out, cancel or refrain from purchasing our equipment or services, which could negatively impact demand for our products and services, reduce our backlog, increase our inventory, and materially and adversely impact our operating results. ~~Sudden increases~~ **Increases** in demand for **semiconductor chips and** ~~electronic products~~ **devices** have caused, and may in the future cause, a shortage of parts and materials needed to manufacture our products. Such shortages, and shipment delays due to transportation capacity and interruptions, have adversely impacted, and may in the future adversely impact, our suppliers' ability to meet our requirements. Accelerated digital transformation may further increase demand and exacerbate shortages and strain our manufacturing capacity, which may adversely impact our ability to meet customer demand and have an adverse impact on our revenues, operating results and financial condition. Uncertain or adverse economic and market conditions, difficulties in obtaining capital, increased costs or reduced profitability may cause some customers to scale back operations, exit businesses, merge with other manufacturers, or file for bankruptcy protection and potentially cease operations, which can result in lower sales, additional inventory or bad debt expense. Economic and industry uncertainty may impair the ability of suppliers to deliver parts and negatively affect our ability to manage operations and deliver ~~our~~ products. These conditions may also lead to consolidation or strategic alliances among other equipment manufacturers, which could adversely affect our ability to compete effectively. Uncertain economic and industry conditions and supply chain challenges make it more difficult to accurately forecast operating results, make business decisions, and identify and prioritize the risks that may affect our businesses, sources and uses of cash, financial condition and results of operations. If we do not appropriately manage our business operations ~~in response to changing economic and industry conditions,~~ it could have a material and adverse impact on our business performance and financial condition. We may be required to implement additional cost reduction efforts, including restructuring activities, which may adversely impact our ability to capitalize on opportunities. Even during periods of economic uncertainty or lower demand, we must continue to invest in research and development and maintain a global business infrastructure to compete effectively and support our customers, which can have a negative impact on our operating results. We maintain an investment portfolio that is subject to general credit, liquidity, market and interest rate risks. The risks to our investment portfolio may be exacerbated if financial market conditions deteriorate due to rising inflation, rising interest rates, bank failures or economic recession and ~~, as a result,~~ the value and liquidity of the investment portfolio and returns on pension assets ~~, could be negatively impacted and lead to impairment charges.~~ We also maintain cash balances in various bank accounts globally ~~in order~~ to fund normal operations. If any of these financial institutions become insolvent, it could limit our ability to access cash in the affected accounts, which could affect our ability to manage our operations. We are exposed to the risks of operating a global business. We have product development, engineering, manufacturing, sales and other operations **in distributed throughout** many countries, and some of our business activities are concentrated in certain geographic areas. In fiscal ~~2023~~ **2024**, approximately ~~85~~ **86** % of our net ~~sales were~~ **revenue was** to customers in regions outside the United States. As a result of the global nature of our operations, our business performance and results of operations may be adversely affected by a number of factors, including: • uncertain **or adverse**

global economic, political and business conditions and demand; • 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 and their impact on our ability to export products and provide services to customers; • positions taken by governmental agencies regarding possible national, commercial or security issues posed by the development, sale or export of certain **products, technologies and raw materials, products including critical materials and technologies critical minerals**; • political instability, **natural disasters, regional or global health epidemics**, social unrest, terrorism, acts of war or other geopolitical turmoil, **or cybersecurity incidents such as the conflict in the Middle East**, in locations where we have operations, suppliers or sales, or that may influence the value chain of the industries we serve; • **cybersecurity incidents**; • political and social attitudes, laws, rules, regulations and policies within countries, including in China, the United States, and countries in Europe and Asia, that favor domestic companies over non- domestic companies, including efforts to promote the development and growth of local competitors and reduce dependence on foreign semiconductor equipment and manufacturing capabilities through policies and financial incentives; • efforts to influence us to conduct more or less of our operations and sourcing in a particular country; • different and changing local, regional, national or international laws and regulations, including contract, intellectual property, cybersecurity, data privacy, labor, tax, and import / export laws, and the interpretation and application of laws and regulations; • ineffective or inadequate legal protection of intellectual property rights in certain countries; • interruptions to our or our suppliers' supply chain; • the availability of, ~~and increases and volatility of,~~ raw materials, **including critical materials and critical minerals, and increases and volatility of** commodity, energy and shipping costs; • delays or restrictions on personnel travel and in shipping materials or products; • geographically diverse operations and projects, and our ability to maintain appropriate business processes, procedures and internal controls, and comply with environmental, health and safety, anti- corruption and other regulatory requirements; • challenges in hiring and integrating workers in different countries, and in effectively managing a diverse workforce with different experience levels, languages, cultures, customs, business practices and worker expectations, and differing employment practices and labor issues; • the ability to develop relationships with local customers, suppliers and governments; • fluctuations in interest rates and currency exchange rates, including the relative strength or weakness of the U. S. dollar against the Japanese yen, Israeli shekel, euro, Taiwanese dollar, Singapore dollar, Chinese yuan or Korean won; • the need to provide technical support in different locations around the world; • performance of geographically diverse third- party providers, including certain engineering, software development, manufacturing, information technology and other functions; • service interruptions from utilities, transportation, data hosting or telecommunications providers; • impacts of **natural disasters and extreme and chronic weather events on our operations and those of our customers and suppliers, which may be exacerbated by** climate change ~~on~~; • **regional or global health epidemics** ~~operations and those of our customers and suppliers~~; • the increasing need for a mobile workforce and travel to different regions; and • uncertainties with respect to economic growth rates in various countries, including for the manufacture and sale of semiconductors and displays in the developing economies of certain countries. Global trade issues and changes in and uncertainties with respect to trade policies and export regulations, including import and export license requirements, trade sanctions, tariffs and international trade disputes, have adversely impacted and could further adversely impact our business and operations, and reduce the competitiveness of our products **and services** relative to local and global competitors. ~~A~~ **We sell a significant majority of our products into and services are delivered to customers in** jurisdictions outside of the United States, including China, Taiwan, Korea and Japan. We also purchase a significant portion of equipment and supplies from suppliers outside of the United States. There is inherent risk, based on the complex relationships among the United States and the countries in which we conduct our business, that political, diplomatic, and national security factors can lead to global trade restrictions and changes in trade policies and export regulations ~~that, in particular, with respect to those affecting~~ **affect** the semiconductor industry. The United States and other countries have imposed and may continue to impose new trade restrictions and export regulations, ~~and~~ have levied tariffs and taxes on certain **goods, and could significantly increase tariffs on a broad array of** goods. Trade restrictions and export regulations, or increases in tariffs and additional taxes, including any retaliatory measures, can negatively impact end- user demand and customer investment in **manufacturing semiconductor** equipment, increase our supply chain complexity and our manufacturing costs, decrease margins, reduce the competitiveness of our products, or restrict our ability to sell products, provide services or purchase necessary equipment and supplies, any or all of which could have a material and adverse effect on our business, results of operations, or financial condition. For example, certain international sales depend on our ability to obtain export licenses, and our inability to obtain such licenses has limited and could further limit our markets and negatively impact our business. ~~In~~ **Over** the past ~~two~~ **several** years, the U. S. government announced ~~new~~ **additional** export regulations for U. S. semiconductor technology sold in China, including wafer fabrication equipment and related parts and services, **with disparate impact on companies in different jurisdictions**, which have limited the market for certain of our products **and services**, adversely impacted our revenues, and increased our exposure to foreign **and Chinese domestic** competition. The U. S. Department of Commerce has promulgated ~~rules and~~ regulations expanding export license requirements for U. S. companies that sell certain products **or provide certain services** to entities in China whose actions or functions are intended to support military end uses, eliminated certain export license exceptions that applied to exports of certain items to China, added certain Chinese companies to its “ Entity List ” ~~and “ Unverified List , ”~~ making those companies subject to additional licensing requirements, and expanded licensing requirements for exports to China of items for use in the development or production of integrated circuits and certain technologies. These ~~rules and~~ regulations require us to obtain additional export licenses to supply certain of our products or provide services to certain customers in China. Obtaining export licenses may be difficult, ~~costly~~ and time- consuming, and there is no assurance we will be issued licenses on a timely basis or at all. Our inability to obtain such licenses could limit our ~~markets~~ **sales** in China, may cause us to be displaced by foreign ~~businesses and competitors~~ **Chinese domestic companies** and adversely affect our results of operations. The implementation and interpretation of these complex rules and other regulatory actions taken by the U.

S. government is **are** uncertain and evolving, and may make it more challenging for us to manage our operations and forecast our operating results. The U. S. and other **government governments agencies** may promulgate new or additional export licensing or other requirements that have the effect of further limiting our ability to provide certain products and services to customers outside the U. S., including China. The U. S. government may also revise or expand existing requirements or issue guidance clarifying the scope and application of these requirements, which could change the impact of these rules on our business and manufacturing operations. The U. S. government may also continue to add customers to its “ Entity List ” and “ **Unverified List or promulgate additional restrictions** , ” or take measures that could disrupt our product shipments **or the provision of services** to certain customers. These and other potential future regulatory changes could materially and adversely affect our business, results of operations or financial condition. As a global business with customers, suppliers and operations in many countries around the world, from time to time we may receive inquiries from government authorities about transactions between us and certain foreign entities. **In August For example, since 2022, we have received a multiple subpoena-subpoenas from government authorities the U. S. Attorney’s Office for the District of Massachusetts requesting information relating to certain China customer shipments . In November 2023 and export controls compliance , including we received a subpoena from the U. S. Department of Justice, the U. S. Commerce Department’s Bureau of Industry and Security requesting , and the same information U. S. Securities and Exchange Commission . We are cooperating fully with the U. S. government in these matters. These We have continued to receive related subpoenas, as well as requests for information, and may in the future receive additional related subpoenas and requests for information from such or other government authorities. Any such** inquiries are subject to uncertainties, and we cannot predict the outcome of these inquiries, or any other governmental inquiries or proceedings that may occur. Any violation or alleged violation of law or regulations could result in significant legal costs or in legal proceedings in which we or our employees could be subjected to fines and penalties and could result in restrictions on our business and damage to our global brand and reputation, and could have a material and adverse impact on our business operations, financial condition and results of operations. Furthermore, government authorities may take retaliatory actions, impose conditions that require the use of local suppliers or partnerships with local companies, require the license or other transfer of sensitive data or intellectual property, or engage in other efforts to promote local businesses and local competitors, which could have a material and adverse impact on our business. Many of these challenges are present in China and Korea, markets that represent a significant portion of our business. We are exposed to risks associated with a highly concentrated customer base. A relatively limited number of customers account for a substantial portion of our business. Our customer base is geographically concentrated, particularly in China, Taiwan, Korea and Japan. As a result, the actions of even a single customer or export regulations that apply to customers in certain countries, such as those in China, have exposed and can further expose our business and operating results to greater volatility. The geographic concentration of our customer base could shift over time as a result of **changes in technology and competitive landscape, as well as** government policy and incentives to develop regional semiconductor industries. The mix and type of customers, and sales to any single customer, including as a result of changes in government policy, have varied and may vary significantly from quarter to quarter and from year to year, and have had, and may continue to have, a significant impact on our operating results. Our products are configured to customer specifications, and changing, rescheduling or canceling orders may result in significant, non- recoverable costs. If customers do not place orders, or they substantially reduce, delay or cancel orders (including as a result of uncertain or adverse economic conditions, our inability to fulfill orders due to export regulations, shortage of parts, transportation capacity / interruptions or any other reason), we may not be able to replace the business, which may have a material and adverse impact on our results of operations and financial condition. The concentration of our customer base increases our risks related to the financial condition of our customers, and the deterioration in financial condition of a single customer or the failure of a single customer to perform its obligations could have a material and adverse effect on our results of operations and cash flow. To the extent our customers experience liquidity constraints, we may incur bad debt expense, which may have a significant impact on our results of operations. Major customers may seek pricing, payment, intellectual property- related, or other commercial terms that are less favorable to us, which may have a negative impact on our business, cash flow, revenue and gross margins. Supply chain disruptions, manufacturing interruptions or delays, or the failure to accurately forecast customer demand, could affect our ability to meet customer demand, lead to higher costs, or result in excess or obsolete inventory. Our business depends on our timely supply of **equipment, products and services and related products** to meet the changing requirements of our customers, which depends in part on the timely delivery of parts, materials and services from suppliers and contract manufacturers. Increases in demand for our products and worldwide demand for **semiconductor chips and electronic products devices** can impact our suppliers’ ability to meet our demand requirements, and have **in the past** resulted in, and may **continue from time to time** result in, a shortage of parts, materials and services needed to manufacture our products. Such shortages, as well as delays in and unpredictability of shipments due to transportation interruptions, have adversely impacted, and may continue to adversely impact, our manufacturing operations and our ability to meet customer demand. Volatility of demand for **manufacturing equipment** can also increase our and our suppliers’ capital, technical, operational and other risks, and may cause some suppliers to exit businesses, or scale back or cease operations, which could impact our ability to meet customer demand. **Ongoing supply Supply** chain constraints may **continue to** increase costs of logistics and parts for our products and may cause us to pass on increased costs to our customers, which may lead to reduced demand for our products and materially and adversely impact our operating results. Supply chain disruptions have **in the past** caused , and may **continue from time to time** cause , delays in our equipment production and delivery schedules, which can lead to our business performance becoming significantly dependent on quarter- end production and delivery schedules, and could have an adverse impact on our operating and financial results. Cybersecurity incidents affecting our suppliers could impact our supply chain . **Such incidents have caused,** and may **also from time to time** cause , difficulties and delays in our ability to obtain parts, materials and services needed to manufacture our products and provide services, and **have adversely impacted, and may from time to time** adversely impact , our

manufacturing operations, our ability to meet customer demand, and our operating results. Failure to timely recover from such delays could materially and adversely affect our business, financial condition and results of operations, and may also cause our business and financial outlook to be inaccurate. We may **further** experience supply chain disruptions, significant interruptions of our manufacturing operations, delays in our ability to deliver or install products or services, increased costs, customer order cancellations or reduced demand for our products as a result of: • global trade issues and changes in and uncertainties with respect to trade and export regulations, trade policies and sanctions, tariffs, international trade disputes, **particularly those relating to and new and changing regulations for** exports of certain technologies to China, where a significant portion of our supply chain is located, and any retaliatory measures, that adversely impact us or our direct or sub- tier suppliers ; • **political instability, social unrest, terrorism, acts of war or other geopolitical turmoil, such as the conflict in the Middle East, in locations where we or our customers or suppliers have manufacturing, research, engineering or other operations** ; • the failure or inability to accurately forecast demand and obtain quality parts on a cost- effective basis; • volatility in the availability and cost of parts, commodities, energy and shipping related to our products, including increased costs due to rising inflation or interest rates or other market conditions; • difficulties or delays in obtaining required import or export licenses and approvals; • shipment delays due to transportation interruptions or capacity constraints; • a worldwide shortage of semiconductor components as a result of sharp increases in demand for semiconductor products in general; • limited availability of feasible alternatives to **materials subject to existing or proposed regulations to limit their use (such as hydrofluorocarbons and per- and polyfluoroalkyl substances)**, which are found in parts, components, process chemicals and other materials supplied to us or used in the **manufacturing or** operations of our products; • ~~cybersecurity incidents or~~ information technology or infrastructure failures ~~, including within our operations or~~ those of a third- party supplier or service provider ~~, including failures caused by cybersecurity incidents~~ ; and • ~~impacts of~~ natural disasters, ~~the impacts of~~ **extreme and chronic weather events (which may be exacerbated by** climate change **)**, or other events beyond our control (such as earthquakes, utility interruptions, tsunamis, hurricanes, typhoons, floods, storms or **extreme weather conditions, fires**); and • ~~regional economic downturns, regional or global health epidemics , geopolitical turmoil, increased trade restrictions between the U. S. and China and other countries, social unrest, political instability, terrorism, or acts of war~~ in locations where we or our customers or suppliers have manufacturing, research, engineering or other operations . If a supplier fails to meet our requirements concerning quality, cost, intellectual property protection, socially- responsible **and sustainable** business practices, or other performance factors **, or does not meet regulatory requirements applicable to our supply chain** , we may transfer our business to alternative sources. Transferring business to alternative suppliers could result in manufacturing delays, additional costs or other difficulties, and may impair our ability to protect, enforce and extract the full value of our intellectual property rights, and the intellectual property rights of our customers and other third parties. These outcomes could have a material and adverse impact on our business and competitive position and subject us to legal proceedings and claims. If we are unable to meet our customers' demand for a prolonged period due to our inability to obtain certain parts or components from suppliers on a timely basis or at all, our business, results of operations and customer relationships could be adversely impacted. If we need to rapidly increase our business and manufacturing capacity to meet increases in demand or expedited shipment schedules, this may strain our manufacturing and supply chain operations, and negatively impact our working capital. If we are unable to accurately forecast demand for our products, we may purchase more or fewer parts than necessary or incur costs for canceling, postponing or expediting delivery of parts. If we purchase or commit to purchase inventory in anticipation of customer demand that does not materialize, or such inventory is rendered obsolete by the rapid pace of technological change, or if customers reduce, delay or cancel orders, we may incur excess or obsolete inventory charges. We are exposed to ~~ongoing changes in the~~ various **factors that impact the** industries in which we operate. The global semiconductor, display and related industries are characterized by ~~factors ongoing changes~~ that impact demand for and the profitability of our products and services and our operating results, including: • the nature, timing and degree of visibility of changes in ~~end-user~~ demand for **semiconductor chips and** electronic products **devices** , including those related to fluctuations in consumer buying patterns tied to general economic **or geopolitical** conditions, seasonality or the introduction of new products, and the effects of these changes on customers' businesses and on demand for our products; • increasing capital requirements for building and operating new fabrication plants and customers' ability to raise the necessary capital; • trade, regulatory, tax or government incentives impacting the timing of customers' investment in new or expanded fabrication plants; • differences in growth rates among the semiconductor, display and other industries in which we operate; • the importance of establishing, improving and maintaining strong relationships with customers; • the cost and complexity for customers to move from product design to volume manufacturing, which may slow the adoption rate of new manufacturing technology; • the importance of reducing the total cost of manufacturing system ownership; • the importance to customers of system reliability and productivity and the effect on demand for fabrication systems as a result of their increasing productivity, device yield and reliability; • manufacturers' ability to reconfigure and re- use fabrication systems which can reduce demand for new equipment; • the importance of developing products with sufficient differentiation to influence customers' purchasing decisions; • requirements for shorter cycle times for the development, manufacture and installation of ~~manufacturing our~~ equipment; • price and performance trends for semiconductor devices and displays, and the impact on demand for such products; • the importance of the availability of spare parts to maximize the time that customers' systems are available for production; • government incentives for local suppliers and domestic semiconductor research ~~, and~~ development **, and increased investment in** manufacturing capabilities; • the increasing role for and complexity of software in our products ; • ~~the increasing role of machine learning and artificial intelligence with respect to semiconductor equipment and related services~~ ; and • the focus on reducing energy usage and improving the environmental impact and sustainability associated with manufacturing operations **, and the availability of adequate and reliable sources of energy. If we do not effectively address these factors, our business and results of operations may be materially and adversely impacted** . We are exposed to ~~factors ongoing changes~~ specific to the semiconductor industry. The largest proportion of our consolidated net

sales revenue and profitability is derived from our sales of manufacturing equipment in the Semiconductor Systems segment's sale of a wide range of equipment used to fabricate semiconductor chips to the global semiconductor industry, and a majority of the revenues of Applied Global Services is from sales to semiconductor manufacturers. The semiconductor industry is characterized by factors ongoing changes-particular to this industry that impact demand for and the profitability of our semiconductor manufacturing equipment and service products, including:

- the frequency and complexity of technology transitions and inflections, and our ability to timely and effectively anticipate and adapt to these changes;
- the cost of research and development due to many factors, including shrinking geometries, the use of new materials, new and more complex device structures, more applications and process steps, increasing chip design costs, and the cost and complexity of integrated manufacturing processes;
- the need to reduce product development time and meet technical challenges;
- the number of types and varieties of semiconductors and number of applications;
- the cost and complexity for semiconductor manufacturers to move more technically advanced capability and smaller geometries to volume manufacturing, and the impact on investment in capital equipment;
- semiconductor manufacturers' levels of capital expenditures and the allocation of capital investment to market segments that we do not serve, such as lithography, or segments where our products have lower relative market presence;
- delays in installation of manufacturing our equipment delivered to customers;
- the importance of increasing market positions in segments with growing demand;
- semiconductor manufacturers' ability to reconfigure and re-use equipment, resulting in diminished need to purchase new equipment and services from us, and challenges in providing parts for reused equipment;
- shorter cycle times between order placements by customers and product shipment require greater reliance on forecasting of customer investment, which may lead to inventory write-offs and manufacturing inefficiencies that decrease gross margin;
- competitive factors that make it difficult to enhance position, including challenges in securing development- tool- of- record (DTOR) and production- tool- of- record (PTOR) positions with customers;
- consolidation in the semiconductor industry, including among semiconductor manufacturers and among manufacturing semiconductor equipment suppliers;
- shifts in sourcing strategies by computer and electronics companies, and manufacturing processes for advanced circuit technologies, that impact the equipment requirements of our foundry customers;
- the concentration of new wafer starts in Korea and Taiwan, where our service penetration and service- revenue- per- wafer- start have been lower than in other regions;
- the increasing fragmentation of semiconductor markets, leading certain markets to become too small to support the cost of a new fabrication plant, while others require less technologically advanced products; and
- the growing continuing importance of specialty markets (such as Internet internet of Things things, communications, automotive, power and sensors) that use mature-process technologies and that have a low barrier to entry; and
- the importance of advanced packaging to artificial intelligence computing.

If we do not accurately forecast and allocate appropriate resources and investment towards addressing key technology changes and inflections, successfully develop and commercialize products to meet demand for new technologies, and effectively address industry trends, our business and results of operations may be materially and adversely impacted. We are exposed to factors ongoing changes-specific to the display industry. The global display industry has experienced considerable volatility in capital equipment investment levels, due in part to the limited number of display manufacturers, the concentrated nature of end- use applications, production capacity relative to end- use demand, the speed of adopting new technologies into production, and panel manufacturer profitability. Industry growth depends primarily on consumer demand for increasingly larger and more advanced TVs, and on demand for advanced smartphones and mobile device displays, which demand is highly sensitive to cost and improvements in technologies and features. The display industry is characterized by factors ongoing changes-particular to this industry that impact demand for and the profitability of our display products and services, including:

- the importance of new types of display technologies, such as organic light- emitting diode (OLED), low temperature polysilicon (LTPS) and metal oxide transistor backplanes, flexible displays, and new touch panel films;
- the increasing cost of research and development, and complexity of technology transitions and inflections, and our ability to timely and effectively anticipate and adapt to these changes;
- the timing and extent of an expansion of manufacturing facilities in China, which may be affected by changes in economic conditions and governmental regulations, including trade policies and export regulations;
- the importance of increasing market positions in products and technologies with growing demand;
- the rate of transition to new display technologies for TVs, information technology products and mobile applications, and augmented and virtual reality applications, and the resulting effect on capital intensity in the industry and on our product differentiation, gross margin and return on investment;
- the concentration of display manufacturer customers, and fluctuations in customer spending quarter over quarter and year over year for display manufacturing fabrication equipment; and
- the dependence on a limited number of display manufacturer customers' selection of new technologies, and their ability to successfully commercialize new products and technologies, and uncertainty with respect to future display technology end- use applications and growth drivers. The display industry has experienced decreased levels of investment in manufacturing display fabrication equipment. If we do not successfully develop and commercialize products to meet demand for new and emerging display technologies, or if industry demand for display manufacturing fabrication equipment and technologies does not grow, our business and our operating results may continue to be adversely impacted. The industries in which we operate are highly competitive and subject to rapid technological and market changes. We operate in a highly competitive environment in which innovation is critical, and our future success depends on many factors, including the development of new technologies and effective commercialization and customer acceptance of our equipment, services and related products, and our ability to increase our position in our current markets, expand into adjacent and new markets, and optimize operational performance. The development, introduction and support of products in a geographically diverse and competitive environment requires collaboration with customers and other industry participants, which has grown more complex and expensive over time. New or improved products may entail higher costs, longer development cycles, lower profits and may have unforeseen product design or manufacturing defects. To compete successfully, we must:

 - identify and address technology inflections, market changes, competitor innovations, new applications, customer requirements and end- use demand in a timely and effective manner;
 - develop new products and disruptive

technologies, improve and develop new applications for existing products, and adapt products for use by customers in different applications and markets with varying technical requirements; • complete major infrastructure projects on schedule and on budget, and realize the anticipated benefits of those projects; • differentiate our products from those of competitors, meet customers' performance specifications (including those related to energy consumption and environmental impact more broadly), appropriately price products, and achieve market acceptance; • ~~effectively and timely implement artificial intelligence strategies for our product and service offerings, which may be costly or ineffective, introduce errors, cause loss of intellectual property, and raise complex regulatory compliance, intellectual property and other issues;~~ • maintain operating flexibility to enable responses to changing markets, applications and customer requirements; • enhance our worldwide operations across our businesses to reduce cycle time, enable continuous quality improvement, reduce costs, and enhance design for manufacturability and serviceability; • focus on product development and sales and marketing strategies that address customers' high value problems and strengthen customer relationships; • effectively allocate resources between our existing products and markets, the development of new products, and expanding into new and adjacent markets; • improve the productivity of capital invested in R & D activities; • accurately forecast demand, work with suppliers and meet production schedules for our products; • improve our manufacturing processes and achieve cost efficiencies across product offerings; • adapt to changes in value offered by companies in different parts of the supply chain; • qualify products for evaluation and volume manufacturing with our customers; and • implement changes in our design engineering methodology to reduce material costs and cycle time, increase commonality of platforms and types of parts used in different systems, and improve product life cycle management. If we do not successfully anticipate technology inflections, develop and commercialize new products and technologies, and respond to changes in customer requirements and market trends, our business performance and operating results may be materially and adversely impacted. We are exposed to risks **related to government incentives and other agreements that may involve government entities. From time to time we enter into agreements with government entities for grants, tax benefits and other incentives, or other funding related to our investment, research and development and production activities, or for sale of our products to government entities or government-funded programs. These agreements typically include terms that are not common in similar agreements with non-governmental entities, including representations and warranties, covenants and certifications, and record-keeping, accounting, audit, intellectual property rights-sharing, information handling, supply chain management, headcount, security, disclosure and other requirements. These agreements may also require us to achieve or maintain certain levels of investment, capital spending and performance milestones. Compliance with these requirements may add complexity to our operations and increase our costs, and a failure to comply could result in cancellation of agreements or transactions, investigations, civil and criminal penalties, forfeiture of profits, reduction, termination or clawback of any funding, suspension or debarment from doing business with the government, or other penalties, any of which could have a material and adverse effect on our business, financial condition and results of operations. We are exposed to risks** associated with expanding into new and related markets and industries. As part of our growth strategy, we seek to continue to expand into related or new markets and industries, either with our existing products or with new products developed internally, or those developed in collaboration with third parties, or obtained through acquisitions. Our ability to successfully expand our business into new and related markets and industries may be adversely affected by a number of factors, including: • the need to devote additional resources to develop new products for, and operate in, new markets; • the need to develop new sales and technical marketing strategies, and to develop relationships with new customers; • differing rates of profitability and growth among multiple businesses; • our ability to anticipate demand, capitalize on opportunities, and avoid or minimize risks; • the complexity of managing multiple businesses with variations in production planning, execution, supply chain management and logistics; • the adoption of new business models, business processes and systems; • the complexity of entering into and effectively managing strategic alliances or partnering opportunities; • new materials, processes and technologies; • the need to attract, motivate and retain employees with skills and expertise in these new areas; • new and more diverse customers and suppliers, including some with limited operating histories, uncertain or limited funding, evolving business models or locations in regions where we do not have, or have limited, operations; • new or different competitors with potentially more financial or other resources, industry experience and established customer relationships; • entry into new industries and countries, with differing levels of government involvement, laws and regulations, and business, employment and safety practices and requirements; • third parties' intellectual property rights; and • the need to comply with, or work to establish, industry standards and practices. ~~From time to time we receive funding from~~ **We are exposed to risks related to the use of artificial intelligence by us and our competitors. We are increasingly incorporating artificial intelligence capabilities into the development of technologies and our business operations, and into our products and services. Artificial intelligence technology is complex and rapidly evolving, and may subject us to significant competitive, legal, regulatory, operational and other risks. The implementation of artificial intelligence can be costly, and there is no guarantee that our use of artificial intelligence will enhance our technologies, benefit our business operations, or produce products and services that are preferred by our customers. Our competitors may be more successful in their artificial intelligence strategy and develop superior products and services with the aid of artificial intelligence technology. Additionally, artificial intelligence algorithms or training methodologies may be flawed, and datasets may contain irrelevant, insufficient or biased information, which can cause errors in outputs. This may give rise to legal liability, damage our reputation, and materially harm our business. The use of artificial intelligence in the development of our products and services could also cause loss of intellectual property, as well as subject us to risks related to intellectual property infringement or misappropriation, data privacy and cybersecurity. Additionally, artificial intelligence technology may also create ethical issues, which could impair market adoption of such technology and impair demand for our products and services. Furthermore, the United States and other government agencies for certain strategic countries may adopt laws and regulations related to artificial intelligence. Such laws and regulations could cause us to incur**

greater compliance costs and limit the use of artificial intelligence in the development programs to increase of our products and services. Any failure our- or research and development resources and address new market opportunities. As perceived failure by us to comply with such regulatory requirements could subject us to legal liabilities, damage our reputation, or otherwise have a material condition to this government funding, we are often subject to certain record-keeping, audit, intellectual property rights-sharing, and /-adverse impact on or our business other obligations. Operational and Financial Risks We are exposed to risks related to protection and enforcement of intellectual property rights. Our success depends on the protection of our technology using patents, trade secrets, copyrights and other intellectual property rights. Infringement or misappropriation of our intellectual property rights, such as the manufacture or sale of equipment or spare parts that use our technology without authorization, could result in uncompensated lost market and revenue opportunities. Monitoring and detecting any unauthorized access, use or disclosure of our intellectual property is difficult and costly and we cannot be certain that the protective measures we have implemented will completely prevent misuse. Our ability to enforce our intellectual property rights is subject to litigation risks and uncertainty as to the protection and enforceability of those rights in some countries. If we seek to enforce our intellectual property rights, we may be subject to claims that those rights are invalid or unenforceable, and others may seek counterclaims against us, which could have a negative impact on our business. If we are unable to enforce and protect intellectual property rights, or if they are circumvented, rendered obsolete, invalidated by the rapid pace of technological change, or stolen or misappropriated by employees or third parties, it could have an adverse impact on our competitive position and business. Changes in intellectual property laws or their interpretation may impact our ability to protect and assert our intellectual property rights, increase costs and uncertainties in the prosecution of patent applications or related enforcement actions, and diminish the value and competitive advantage conferred by our intellectual property assets. From time to time third parties have asserted, and may continue to assert, intellectual property 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 have an adverse impact on our business. 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. We are exposed to cybersecurity threats and incidents. In the conduct of our business, we collect, use, transmit, store, and otherwise process data using information technology systems, including systems owned and maintained by us or our third- party providers. These data include confidential information and intellectual property belonging to us or our customers or other business partners, and personal information of individuals. All information technology systems are subject to disruptions, outages, failures, and security breaches or incidents **, which may be caused by a variety of internal and external factors**. We and our third- party providers have experienced, and expect to continue to experience, cybersecurity incidents. Cybersecurity incidents may range from **physical attacks on our computer system or network infrastructure, to** employee or contractor error or misuse or unauthorized use of information technology systems or confidential information, to individual attempts to gain unauthorized access to these information systems, to sophisticated cybersecurity attacks, **or known as** advanced persistent threats, any of which may target **or impact** us directly or indirectly through our third- party providers and global supply chain. **Threat actors may also attempt to influence employees, suppliers and other third- party providers, or customers to disclose sensitive information in order to gain access to our, our customers' or business partners' data.** Cybersecurity attacks are increasing in number and the attackers are increasingly organized and well- financed, or at times supported by state actors. Geopolitical tensions or conflicts, such as Russia's invasion of Ukraine **or and** increasing tension with China, may create a heightened risk of cybersecurity attacks. To the extent artificial intelligence capabilities improve and are increasingly adopted **by threat actors**, they may be used to identify vulnerabilities and craft increasingly sophisticated cybersecurity attacks. **Artificial intelligence and deepfake technologies could be used to attack information systems by creating more effective phishing emails or social engineering and by exploiting vulnerabilities in electronic security programs utilizing false image or voice recognition.** Vulnerabilities, **technical errors and other risks** may be introduced **from through** the use of artificial intelligence by us, our customers, suppliers and other business partners and third- party providers, **or through the use of third- party hardware and software**. Although we are not aware of any cybersecurity incidents impacting us directly **our information systems** that have been **determined to have a** material **to impact on** us to date, we continue to devote significant resources to network security, data encryption, and other measures to protect our systems and data from unauthorized access or misuse, and we may be required to expend greater resources in the future, especially in the face of evolving and increasingly sophisticated cybersecurity threats and laws, regulations, and other actual and asserted obligations to which we are or may become subject relating to privacy, data protection, and cybersecurity. We may be unable to anticipate, prevent, or remediate future attacks, vulnerabilities, breaches, or incidents, and in some instances we may be unaware of vulnerabilities or cybersecurity breaches or incidents or their magnitude and effects, particularly as attackers are **becoming** increasingly able to circumvent controls and remove forensic evidence. Cybersecurity incidents, **including cybersecurity incidents on third- party provider networks,** may result in business disruption; delay in the development and delivery of our products; disruption of our manufacturing processes, internal communications, interactions with customers and suppliers and processing and reporting financial results; the theft or misappropriation of intellectual property; corruption, loss of, or inability to access (e. g., through ransomware or denial of service) confidential information and critical data (i. e., that of our company and our third- party providers and customers); reputational damage; private claims, demands, and litigation or regulatory investigations, enforcement actions, or other proceedings related to contractual or regulatory privacy, cybersecurity, data protection, or other confidentiality obligations; diminution in the value of our investment in research, development and engineering; and increased costs associated with the implementation of cybersecurity measures to detect, deter, protect against,

and recover from such incidents. Our efforts to comply with, and changes to, laws, regulations, and contractual and other actual and asserted obligations concerning privacy, cybersecurity, and data protection, including developing restrictions on cross-border data transfer and data localization, could result in significant expense, and any actual or alleged failure to comply could result in inquiries, investigations, and other proceedings against us by regulatory authorities or other third parties. Customers and third-party providers increasingly demand rigorous contractual provisions regarding privacy, cybersecurity, data protection, confidentiality, and intellectual property, which may increase our overall compliance burden. We are exposed to risks associated with business combinations, acquisitions, strategic investments and divestitures. We may engage in acquisitions of or investments in companies, technologies or products in existing, related or new markets. Business combinations, acquisitions and investments involve numerous risks to our business, financial condition and operating results, including:

- inability to complete proposed transactions timely or at all due to the failure to obtain regulatory or other approvals, **including through expanding global national security regimes that impose prohibitions on foreign investments in or acquisitions of local businesses;**
- litigation or other disputes, and any ensuing obligation to pay a termination fee;
- diversion of management's attention and disruption of ongoing businesses;
- the failure to realize expected revenues, gross and operating margins, net income and other returns from acquired businesses;
- requirements imposed by government regulators in connection with their review of a transaction, which may include, among other things, divestitures and restrictions on the conduct of our existing business or the acquired business;
- following completion of acquisitions, ineffective integration of businesses, operations, systems, digital and physical security, technologies, products, employees, compliance programs, changes in laws or regulations, including tax laws, or other factors, may impact the ability to realize anticipated synergies or other benefits;
- failure to commercialize technologies from acquired businesses or developed through strategic investments;
- dependence on unfamiliar supply chains or relatively small supply partners;
- inability to capitalize on characteristics of new markets that may be significantly different from our existing markets and where competitors may have stronger market positions and customer relationships;
- failure to retain and motivate key employees of acquired businesses;
- the impact of the announcement or consummation of a proposed transaction on relationships with third parties;
- changes in our credit rating, which could adversely impact our access to and cost of capital;
- increases in debt obligations to finance activities associated with a transaction, which increase interest expense, and reductions in cash balances, which reduce the availability of cash flow for general corporate or other purposes, including share repurchases and dividends;
- exposure to new operational risks, rules, regulations, worker expectations, customs and practices to the extent acquired businesses are located in regions where we have not historically conducted business;
- challenges associated with managing new, more diverse and more widespread operations, projects and people;
- inability to obtain and protect intellectual property rights in key technologies;
- inadequacy or ineffectiveness of an acquired company's internal financial controls, disclosure controls and procedures, cybersecurity, privacy policies and compliance programs, or environmental, health and safety, anti-corruption, human resource, or other policies or practices;
- impairment of acquired intangible assets and goodwill as a result of changing business conditions, technological advancements or worse-than-expected performance of the segment;
- the risk of litigation or claims associated with a proposed or completed transaction;
- unknown, underestimated, undisclosed or undetected commitments or liabilities, including potential intellectual property infringement claims, or non-compliance with laws, regulations or policies; and
- the inappropriate scale of acquired entities' critical resources or facilities for business needs.

We make investments in other companies, including companies formed as joint ventures, which may decline in value or not meet desired objectives. The success of these investments depends on various factors over which we may have limited or no control and, particularly with respect to joint ventures, requires ongoing and effective cooperation with partners. In addition, new legislation, additional regulations or global economic or political conditions may affect or impair our ability to invest in certain countries or require us to obtain regulatory approvals to do so. We may not receive the necessary regulatory approvals, or the approvals may come with significant conditions or obligations. The risks to our investment portfolio may be exacerbated by unfavorable financial market and macroeconomic conditions and, as a result, the value of the investment portfolio could be negatively impacted and lead to impairment charges. We may seek to divest portions of our business that are not deemed to fit with our strategic plan. Divestitures involve additional risks and uncertainties, such as ability to sell such businesses on satisfactory price and terms and in a timely manner, or at all, disruption to other parts of the businesses and distraction of management, allocation of internal resources that would otherwise be devoted to completing strategic acquisitions **or other strategic projects or initiatives**, loss of key employees or customers, **loss of access by retained business units to critical intellectual property or other assets transferred with the divested business**, exposure to unanticipated liabilities or ongoing obligations to support the businesses following such divestitures, and other adverse financial impacts. The ability to attract, retain and motivate key employees is vital to our success. Our success depends in large part on our ability to attract, retain and motivate qualified employees and leaders with the necessary expertise and capabilities, representing diverse backgrounds and experiences. Achieving this objective may be difficult due to many factors, including fluctuations in global economic and industry conditions, management or organizational changes, ongoing competition for talent, the availability of qualified employees, the ability to obtain necessary authorizations for workers to provide services outside their home countries, the attractiveness of our compensation and benefit programs, our career growth and development opportunities, and our employment policies. 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. The loss of knowledgeable and experienced employees may result in unexpected costs, reduced productivity, or difficulties with respect to internal processes and controls. We operate in jurisdictions with complex and changing tax laws. We are subject to income taxes in the United States and foreign jurisdictions. Significant judgment is required to determine and estimate worldwide tax liabilities. Our provision for income taxes and effective tax rates could be affected by numerous factors, including changes in applicable tax laws, interpretations of applicable tax laws, amount and composition of pre-tax income in jurisdictions with differing tax rates, and valuation of deferred tax assets. There have been a number of proposed changes in the tax laws that **if**

enacted, would increase our tax liability. While it is too early to predict the outcome of these proposals, if enacted, they could have a material impact on our provision for income taxes and effective tax rate. An increase in our provision for income taxes and effective tax rate could, in turn, have a material and adverse impact on our results of operations and financial condition. For example, several countries where we do business have enacted announced plans to implement global minimum tax regimes based on the Organization for Economic Cooperation and Development (“OECD”) Base Erosion and Profit Shifting Project. **This will** If implemented, these global minimum tax regimes would change various aspects of the existing framework under which our global tax obligations are determined, which would and will unfavorably impact our existing tax incentives and effective tax rate, beginning in fiscal 2025. As The OECD continues to release additional guidance on this new global minimum tax framework. We will continue to monitor these developments, as each jurisdiction incorporates changes into its tax laws. Our conditional reduced tax rates in Singapore will expire in fiscal 2025, excluding potential renewal and subject to certain conditions with which we expect to comply. There is risk subject to further negotiation and implementation by each member country, the timing and ultimate impact of any such changes on our conditional reduced tax obligations are uncertain rates may not be renewed. Consistent with the international nature of our business, we conduct certain manufacturing, supply chain, and other operations in Asia, bringing these activities closer to customers and reducing operating costs. In some foreign jurisdictions, we must meet certain requirements to continue to qualify for tax incentives. There is no assurance we will be able to meet such requirements in the future to fully realize benefits from these incentives. Furthermore, the proposed plans to implement global minimum tax regimes could reduce or eliminate the benefits of our tax incentives. We are subject to examination by the U. S. Internal Revenue Service and other tax authorities, and from time to time amend previously filed tax returns. We regularly assess the likelihood of favorable or unfavorable outcomes resulting from these examinations and amendments to determine the adequacy of our provision for income taxes, which requires estimates and judgments. Although we believe our tax estimates are reasonable, there can be no assurance the tax authorities will agree with such estimates. We may have to engage in litigation to achieve the results reflected in the estimates, which may be time-consuming and expensive. There can be no assurance that we will be successful or that any final determination will not be materially different from the treatment reflected in our historical income tax provisions and effective tax rates. Our indebtedness and debt covenants could adversely affect our financial condition and business. As of October 29-27, 2023-2024, we had \$ 5-6. 5-2 billion in aggregate principal amount of senior unsecured notes outstanding. Under the indenture governing the senior unsecured notes, we may be required to offer to repurchase the notes at a price equal to 101 % of the principal amount, plus accrued and unpaid interest, if we experience a change of control and a contemporaneous downgrade of the notes below investment grade. We also have in place a \$ 1. 5 billion revolving credit facility. While no amounts were outstanding under this credit facility as of October 29-27, 2023-2024, we may borrow amounts in the future under this credit facility or enter into new financing arrangements. Our ability to satisfy our debt obligations is dependent upon the results of our business operations and subject to other risks discussed in this section. If we fail to satisfy our debt obligations, or comply with financial and other debt covenants, we may be in default and any borrowings may become immediately due and payable, and such default may constitute a default under our other obligations. There can be no assurance that we would have sufficient financial resources or be able to arrange financing to repay any borrowings at such time. Significant changes in our credit rating, disruptions in the global financial markets, or incurrence of new or refinancing of existing indebtedness at higher interest rates could have a material and adverse impact on our access to and cost of capital for future financings, and financial condition. The failure to **Our business depends on the** successfully -- successful implement implementation and proper functioning of information systems we use. Our business depends on certain information systems, including, enterprise resource planning, product research and other development, financial reporting, information technology network management, and telecommunications. These systems may be maintained by us or by our third- party vendors. Failures of information systems changes we use could disrupt our operations, impede our ability to timely and accurately process and report financial results, and adversely impact our business, financial condition and operating results of operations. We periodically implement new or enhanced enterprise resource planning and related information systems in order to better manage our business operations, align our global organizations and enable future growth. Implementation of new business processes and information systems requires the commitment of significant personnel, training and financial resources, and entails risks to our business operations. If the implementation or we do not successfully implement improvement of enterprise resource planning and related information systems is improvements, or if there are delays delayed or unsuccessful, difficulties in implementing these systems, we may not realize anticipated productivity improvements or cost efficiencies, and may experience interruptions in service and operational difficulties, which could result in quality issues, reputational harm, lost market and revenue opportunities, and otherwise adversely affect our business, financial condition and results of operations. We may incur impairment charges related to goodwill or long- lived assets. We have a significant amount of goodwill and other acquired intangible assets related to acquisitions. Goodwill and purchased intangible assets with indefinite useful lives are not amortized ; but are reviewed for impairment annually during the fourth quarter of each fiscal year, and more frequently when events or changes in circumstances indicate the carrying value of an asset may not be recoverable. The review compares the fair value for each of our reporting units to its associated carrying value, including goodwill. Factors that could lead to impairment of goodwill and intangible assets include adverse industry or economic trends, reduced estimates of future cash flows, declines in the market price of our common stock, changes in our strategies or product portfolio, and restructuring activities. Our valuation methodology for assessing impairment requires management to make judgments and assumptions based on historical experience and projections of future operating performance. We may be required to record future charges to earnings during the period in which an impairment of goodwill or intangible assets is determined to exist. We may not continue to declare cash dividends or repurchase our shares. Our ability to continue to pay quarterly dividends and to repurchase our shares is subject to capital availability and periodic determinations by our Board of Directors that cash dividends and share repurchases are in the best

interest of our stockholders and are in compliance with applicable laws and agreements. Future dividends and share repurchases may be affected by, among other factors, our cash flow; potential future capital requirements for investments, acquisitions, infrastructure projects, and research and development; changes in applicable tax, corporate, or other laws; contractual restrictions, such as financial or operating covenants in our debt arrangements; and changes to our business model. Our dividend payments and share repurchases may change from time to time, and we cannot provide assurance that we will continue to declare dividends or repurchase shares in any particular amounts or at all. A reduction or suspension in our dividend payments or share repurchases could have a negative effect on the price of our common stock. Legal, Compliance, and Other Risks We are exposed to risks related to legal proceedings, claims and investigations. From time to time we are, and in the future may be, involved in legal proceedings or claims regarding patent infringement, trade secret misappropriation, other intellectual property rights, trade compliance, including import, export and customs, antitrust, environmental regulations, **cybersecurity**, privacy, data protection, securities, contracts, product performance, product liability, unfair competition, employment, workplace safety, and other matters. We may receive, and have received, inquiries, warrants, subpoenas, and other requests for information in connection with government investigations of potential or suspected violations of law or regulations by our company and / or our employees . **For example, we have received subpoenas from government authorities requesting information relating to China customer shipments, export controls compliance, certain federal award applications and information submitted to the federal government** . We also on occasion receive notifications from customers who believe we owe them indemnification, product warranty or have other obligations related to claims made against such customers by third parties. Legal proceedings, claims, and government investigations, whether with or without merit, and internal investigations, may be time- consuming and expensive to prosecute, defend or conduct; divert management’ s attention and our other resources; constrain our ability to sell our products and services; result in adverse judgments for damages, injunctive relief, penalties and fines; and negatively affect our business. We cannot predict the outcome of current or future legal proceedings, claims or investigations. We are exposed to risks related to the global regulatory environment. We are subject to the laws of the United States and multiple foreign jurisdictions and the rules and regulations of various governing bodies, which may differ among jurisdictions, including those related to financial and other disclosures, accounting standards, **securities**, corporate governance , **public procurement and public funding**, intellectual property, tax, trade (including import, export and customs), antitrust, **cybersecurity**, environment ; **health and safety** (including those relating to **sustainability and climate change**), **health and safety**, employment, immigration and travel regulations, human rights, privacy, data protection and localization, and anti- corruption. Changing, inconsistent or conflicting laws, rules and regulations, and ambiguities in their interpretation and application create uncertainty and challenges, and compliance with laws, rules and regulations may be onerous and expensive, divert management time and attention from revenue- generating activities, and otherwise adversely impact our business operations. Violations of law, rules and regulations, including, among others, those related to financial and other disclosures, trade , **(including import and export regulations)**, antitrust , **environment, health and safety**, privacy, data protection, and anti- corruption, could result in fines, criminal penalties, restrictions on our business, and damage to our reputation, and could have an adverse impact on our business operations, financial condition and results of operations. **Implementation** ~~Our environmental, social and governance reporting on our sustainability~~ strategies and targets could result in additional costs, and our inability to achieve them could have an adverse impact on our reputation and performance. We periodically communicate our strategies and targets related to sustainability ~~matters, carbon~~ **including greenhouse gas** emissions, **the sustainability of our products**, diversity and inclusion, ~~and human rights , and other environmental, social and governance matters~~ . These strategies and targets, and their underlying assumptions ~~and projections~~ , reflect our current plans and aspirations, and we may be unable to achieve them. Changing customer and shareholder sustainability expectations , **including increasing customer demand for sustainable products**, and regulatory requirements, as well as **actions taken to achieve** our sustainability targets, could cause us to incur substantial expense and alter our manufacturing, operations or equipment designs and processes. Any failure or perceived failure to timely meet these sustainability requirements, expectations or targets, or a failure to realize the anticipated benefits of planned investments and technology innovations related to sustainability, could adversely impact the demand for our products and subject us to significant costs and liabilities and reputational risks that could in turn adversely affect our business, financial condition and results of operations. In addition, standards and processes for measuring and reporting ~~carbon-greenhouse gas~~ emissions and other sustainability metrics may change over time, and may result in inconsistent data, **increase of our costs, result in significant revisions to our strategies and targets, or impact our ability to achieve them. We also are or may become subject to new climate and sustainability laws and regulations, such as the State of California’ s new climate change disclosure rules, the European Union’ s Corporate Sustainability Reporting Directive and the United States Securities and Exchange Commission’ s rules on climate- related risks. Compliance with such laws and regulations, as well as increased scrutiny from regulators, customers and other stakeholders on our sustainability practices**, could result in **additional costs** ~~significant revisions to our strategies and~~ **expose us** ~~targets, or our ability to achieve them~~ **new risks** . Any scrutiny of our ~~carbon-greenhouse gas~~ emissions or other sustainability disclosures, our failure to achieve related strategies and targets, or our failure to disclose our sustainability measures consistent with applicable laws and regulations or to the satisfaction of **regulators or** our stakeholders could negatively impact our reputation or performance. 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, including but not limited to: regulations related to the design, manufacture, sale, shipping , **import, export** and use of our products; use, handling, discharge, recycling, transportation and disposal of hazardous materials used in our products or in producing our products; the operation of our facilities; and the use of our real property, including in connection with construction of our infrastructure projects. The failure or inability to comply with existing or future environmental, health and safety regulations 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 be required to alter our product design, manufacturing, and operations, and incur substantial expense in order to comply with environmental, health and safety regulations, **including reporting requirements**. Any failure to comply with these regulations could subject us to significant costs and liabilities that could materially and adversely affect our business, financial condition and results of operations. ~~28~~**26**