Risk Factors Comparison 2024-03-29 to 2023-03-31 Form: 10-K

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Certain factors may have a material adverse effect on our business, financial condition and results of operations. You should consider carefully the risks and uncertainties described below, in addition to other information contained in this Annual Report on Form 10- K, including our consolidated financial statements and related notes. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that adversely affect our business. If any of the following risks actually occurs, our business, financial condition, results of operations, and future prospects could be materially and adversely affected. In that event, the trading price of our ordinary shares could decline, and you could lose part or all of your investment. Summary of Risk Factors Our business and our industry is subject to numerous risks and uncertainties, including those described in the following Risk Factors. These risks include, but are not limited to, the following: • ~~Risks related to~~ **If our customers do not design our solutions into** ~~the~~ **their product offerings** ~~global semiconductor supply shortage~~ , ~~high inflation and weak economic conditions could adversely affect~~ **or if our customers' product offerings are not commercially successful,** our business **would suffer** ~~, financial condition, and results of operations~~ . • If we fail to penetrate new markets, including the automotive original equipment manufacturer **(** ~~, or~~ OEM ~~,~~ **) and** advanced driver assistance systems (ADAS) market, our revenue and financial condition could be harmed. • If ~~our customers do not design our solutions into their product offerings, or if our customers' product offerings are not commercially successful, our business would suffer. • If~~ we fail to develop and introduce new or enhanced solutions that meet market requirements on a timely basis, our ability to attract and retain customers could be impaired and our competitive position could be harmed. • Shortages in, or increased costs of, wafers and materials could adversely impact our gross margins and lead to reduced revenues. • Our primary inventory warehouse is located in Hong Kong and may be affected by political, social and economic conditions in Hong Kong. • Our target markets may not grow or develop as we currently expect and are subject to market risks, any of which could harm our business, revenue and operating results. • ~~The COVID- 19 pandemic has adversely affected our business and could materially and adversely affect our business in the future. •~~ Our customers may cancel their orders, change production quantities or delay production. If we fail to accurately forecast demand for our solutions, revenue shortfalls or excess, obsolete or insufficient inventory could result. • We depend on a limited number of customers and end customers for a significant portion of our revenue. If we fail to retain or expand our customer relationships, our revenue could decline **. • Risks related to global semiconductor supply shortages and weak economic conditions could adversely affect our business, financial condition, and results of operations** . • Achieving design wins is subject to lengthy competitive selection processes that require us to incur significant costs. Even if we begin a product design, a customer may decide to cancel or change its product plans, resulting in no revenue from such expenditures. • Some of our customers may require our products and our third- party contractors to undergo a qualification process that does not assure product sales. If we are unsuccessful or delayed in qualifying these products or third- party contractors with a customer, our business and operating results could suffer. • We expect competition to increase in the future, which could have an adverse effect on our revenue and market share. • A breach of our security systems may have a material adverse effect on our business. • While we intend to continue to invest in research and development, we may be unable to make the substantial investments that are required to remain competitive in our business. • We rely on highly skilled personnel and, if we are unable to hire, retain or motivate key personnel, we may not be able to grow effectively. Similarly, the loss of any of our key personnel could seriously harm our business. • The average selling prices of semiconductor solutions in our target markets have typically decreased over time and will likely do so in the future, which could harm our revenue and gross margins. • If we are unable to manage any future growth, we may not be able to execute our business plan and our operating results could suffer. • Deterioration of the financial conditions of our customers could adversely affect our operating results. • We are subject to the cyclical nature of the semiconductor industry. We may have difficulty accurately predicting our future revenue and appropriately budgeting our expenses. • The complexity of our solutions could result in unforeseen delays or expenses from undetected defects, errors or bugs in hardware or software which could reduce the market adoption of our new solutions, damage our reputation with current or prospective customers and adversely affect our operating costs. • We may experience difficulties transitioning to new wafer fabrication process technologies or achieving higher levels of design integration, which may result in reduced manufacturing yields, delays in product deliveries and increased costs. • Rapidly changing industry standards could make our video and image processing solutions obsolete, which would cause our operating results to suffer. • Some of our operations and a significant portion of our customers and our subcontractors are located outside of the United States, which subjects us to additional risks, including increased complexity and costs of managing international operations and geopolitical instability. • ~~We face integration risks relating to our acquisition of Oculii Corp.~~ Any acquisitions we may make in the future could disrupt our business, cause dilution to our shareholders, reduce our financial resources and harm our business. • We face tax risks, including relating to the complexity of calculating our tax provision, changes in effective tax rates, or unfavorable tax law changes. • Fluctuations in our operating results on a quarterly and annual basis could cause the market price of our ordinary shares to decline. • If we do not generate revenue growth, we may not be able to execute our business plan and our operating results could suffer. • We do not have long- term supply contracts with our third- party manufacturing vendors, and they may not allocate sufficient capacity to us at reasonable prices to meet future demands for our solutions. • Our customers incorporate components supplied by multiple third parties, and a supply shortage or delay in delivery of these components could delay orders for our solutions by our customers. • We outsource our wafer fabrication, assembly and testing operations to third parties, and if these parties fail to produce and deliver our products according to requested demands in specification, quantity, cost and time, our reputation, customer relationships and operating results could suffer. • A substantial portion of our revenue is processed through a single distributor and the loss of this distributor may cause disruptions in our shipments, which may adversely affect our operations and financial condition. • We are subject to risks associated with our distributors ~~'~~ **'** product inventories. • We rely on various third **-** party vendors, service providers and contractors in the operation of our business. • ~~Our~~ **Global economic and political conditions, including high inflation and trade restrictions, recessionary concerns and trade restrictions, may impact our business and financial condition in ways that we currently cannot predict. • We are subject to governmental export and import controls that could subject us to liability or impair our ability to compete in international markets, including China. In addition, our** ability to sell our products to certain China customers has been restricted. ~~In addition, we are subject to governmental export and import controls that could subject us to liability or impair our ability to compete in international markets, including China. • Global economic and political conditions, including high inflation and trade restrictions, may impact our business and financial condition in ways that we currently cannot predict.~~ • We are subject to warranty and product liability claims and to product recalls. • We are subject to numerous regulatory compliance requirements, which are costly to comply with, and our failure to comply with these requirements could harm our business and operating results. • Third parties' assertions of infringement of their intellectual property rights could result in our having to incur significant costs and cause our operating results to suffer. Any potential dispute involving our intellectual property could affect our customers, which could trigger our indemnification obligations to them and result in substantial expense to us. Risks Related to Our Business and Our Industry Impacts of the global semiconductor supply shortage and ~~high inflation~~ **uncertain macroeconomic conditions** could adversely affect our business, financial condition, and results of operations. During the COVID- 19 global pandemic, various restrictions were put in place causing a temporary decline in demand for certain items. As restrictions began easing across the world, an increase in demand for products containing semiconductor chips exacerbated bottlenecks in the supply chain, resulting in a global semiconductor supply shortage impacting our industry, which resulted in a lengthening of the manufacturing lead time for our products and impacting the normal forecasting and ordering patterns of our customers. ~~With respect to our suppliers, we have in the past experienced supply constraints for certain chips from Samsung and we may in the future experience similar issues. With respect to our customers, to the extent customers face supply chain issues with respect to other components needed to pair with our products in order to produce their end products, such customers may delay future orders of our products or hold inventory of our products for longer periods of time.~~ While we ~~are continuing to~~ work closely with our suppliers and customers to minimize the potential adverse impacts of ~~the~~ **these considerations of** supply shortage and longer lead times, we have experienced increased volatility in our business. ~~Recently~~ **In recent periods** , some customers have indicated they are reducing their inventory levels as lead times for semiconductor chips and other components used by customers begin to shrink, which **has reduced, and** may **continue to** reduce **,** such customers' demand for our products ~~in future periods~~ and harm our financial results. ~~The~~ **Weak economic conditions or uncertain demand for their products may exacerbate such customers' inventory reduction efforts, further impacting such customers' demand for our products. To the extent customers face supply chain issues with respect to other components needed to pair with our products in order to produce their end products, such customers may delay future orders of our products or hold inventory of our products for longer periods of time. With respect to our suppliers, we have in the past experienced supply constraints for certain chips from Samsung and we may in the future experience similar issues. Impacts of the** global supply shortages and uncertainty in customer demand and the worldwide economy in general may be exacerbated by the impacts of high inflation and global banking concerns, and we may experience increased volatility in sales and revenues as a result. We sell our video and image processing system- on- a- chip, or SoC, solutions to original equipment manufacturers, or OEMs, who include our SoCs in their products, and to original design manufacturers, or ODMs, who include our SoCs in the products that they supply to OEMs. We generally refer to ODMs as our customers and OEMs as our end customers, except as otherwise indicated or as the context otherwise requires. Our SoCs are generally incorporated into our customers' products at the design stage, which is referred to as a design win. As a result, we rely on OEMs to design our solutions into the products that they design and sell. Without these design wins, our business would be significantly harmed. We often incur significant expenditures developing a new SoC solution without any assurance that any OEM will select our solution for design into its own product. Once an OEM designs a competitor' s device into its product, it becomes significantly more difficult for us to sell our SoC solutions to that OEM because changing suppliers involves significant cost, time, effort and risk for the OEM. We anticipate that it will take longer and require more resources and greater expenditures to achieve design wins, and likely take longer to generate revenue from such design wins, in the new markets we are targeting, such as the OEM automotive and robotics markets, than our legacy camera **markets. We also face certain competitive disadvantages in these markets relative to larger competitors that have significantly more resources and a longer history working with OEMs and ODMs in these** markets. In addition, trade tensions between the United States and China and potential new export restrictions may make it more difficult to secure future design wins with China customers. Even if an OEM designs one of our SoC solutions into its product, we cannot be assured that the OEM' s product will be commercially successful over time or at all. For example, in the past we have secured design wins for customer products that were never commercially released by our customer or did not sell in volumes initially forecast by the customer, as a result of factors beyond our control. If products incorporating our SoC solutions are not commercially successful or experience rapid decline, our revenue and business will suffer. Similarly, if an OEM designs one of our SoC solutions into its product, we are not assured that we will receive or continue to receive new design wins from that OEM, which could negatively impact our business. If we fail to penetrate new markets, including the automotive OEM **and** ADAS market, our revenue and financial condition could be harmed. We believe that our future revenue growth, if any, ~~will~~ significantly ~~depend~~ **depends** on our ability to expand within the ~~Intelligence~~ **Internet** of Things, or IoT, camera markets with our new artificial intelligence, or AI, computer vision SoC solutions, and the OEM automotive, robotics and industrial markets **. Our AI computer vision SoC**

solutions have functionality that may also be applicable to other developing markets, such as processing of large language models (LLMs) . Each of these markets presents distinct and substantial risks and, in many cases, requires us to develop new functionality or software to address the particular requirements of that market. If any of these markets do not develop as we currently anticipate, the technical requirements of these markets evolve in ways we do not anticipate, the development of such markets is delayed or impacted by factors outside of our control, or if we are unable to penetrate them successfully with our solutions, our revenue could decline and our financial condition would be negatively impacted. Some of these markets are primarily served by only a few large, multinational OEMs with substantial negotiating power relative to us and, in some instances, with internal solutions that are competitive to our products. Meeting the technical requirements and securing design wins with any of these companies requires a substantial investment of our time and resources and we cannot assure you that we will secure design wins from these or other companies or that we will achieve meaningful revenue from the sales of our solutions into these markets. In addition, we face competition from larger competitors with greater resources and more history in these markets **, which may put us at a competitive disadvantage to these larger competitors** . If we fail to penetrate these or other new markets we are targeting, our financial condition would likely suffer. Moreover, if we are successful in achieving design wins in these new markets, it will likely take longer to generate revenue from such design wins than in our traditional markets. We operate in a dynamic environment characterized by rapidly changing technologies. To compete successfully, we must design, develop, market and sell enhanced solutions that provide increasingly higher levels of performance and functionality and that meet the technical and cost expectations of our customers. Our existing or future solutions could be rendered obsolete by the introduction of new products by our competitors; convergence of other markets with or into the camera market; the market adoption of products based on new or alternative technologies; the emergence of new industry standards applicable to our solutions; or the requirement of additional functionality included in video processors. In addition, some of the markets for our solutions are characterized by frequent introduction of next- generation and new products, short product life cycles, increasing demand for added functionality and significant price competition. As we develop and introduce new solutions, we **also** face the risk that customers may not value or be willing to bear the cost of incorporating these newer solutions into their products, particularly if they believe their customers are satisfied with current solutions. Regardless of the improved features or superior performance of the newer solutions, customers may be unwilling to adopt our new solutions due to design or pricing constraints. If we or our customers are unable to manage product transitions in a timely and cost-effective manner, our business and results of operations would suffer. Our failure to anticipate or timely develop new or enhanced solutions in response to technological shifts could result in decreased revenue and our competitors achieving design wins that we sought. In particular, we may experience difficulties with product design, development of new software, manufacturing, marketing or qualification that could delay or prevent our development, introduction or marketing of new or enhanced solutions. In addition, for some markets, such as the automotive OEM market, we need to establish and maintain relationships with third- party suppliers or software providers in order to effectively market our solutions to end- customers. Failure to establish these relationships could harm our ability to achieve design wins. Delays in product development could impair our relationships with our customers and negatively impact sales of our solutions under development. If we fail to introduce new or enhanced solutions that meet the needs of our customers or penetrate new markets in a timely fashion, we will lose market share, and our operating results will be adversely affected. **Uncertain risks relating to the adoption, use or application of emerging technologies, including artificial intelligence, by our customers and in our business, could adversely impact our financial results and result in reputational harm and liability. Many of our products support AI functionality implemented in our customers' products, such as object detection, classification and tracking, image processing, and terrain mapping. Our latest generation of products also enable us to address computationally intense AI applications for deep fusion, deep planning, and large language models (LLMs) in edge devices. The adoption of AI solutions may not develop in the manner or in the time periods we anticipate and, as the markets for AI solutions are still developing, demand for these products may be unpredictable and vary significantly from one period to another. These factors may adversely impact demand for our AI related products. In addition, compliance with evolving government regulations worldwide related to AI may increase the costs related to the development of AI products and solutions and limit global adoption, which may also adversely impact demand for our AI related products. Concerns relating to the responsible use of AI in our and our customers' products may result in reputational and financial harm and liability. AI poses emerging ethical issues and presents risks and challenges that could affect its adoption, and therefore our business. If we or our customers enable or offer solutions that draw controversy due to their perceived or actual impact on society, such as AI solutions that have unintended consequences or are controversial, we may experience reputational harm, competitive harm or legal liability.** Worldwide manufacturing capacity for silicon wafers is relatively inelastic. If the demand for silicon wafers or assembly material exceeds market supply, our supply of silicon wafers or assembly material could quickly become limited or prohibitively expensive. Silicon wafers constitute a material portion of our product cost and if we are unable to purchase wafers at favorable prices, our results of operations and financial condition will be adversely affected. The semiconductor industry has recently experienced significant shortages of manufacturing capacity, which resulted in a lengthening of the manufacturing lead time for our products and which has at times harmed our revenue. While this capacity shortage has improved, lead times for our products remain longer than normal, which could negatively impact our ability to meet our customer' s demand for our products and have an adverse impact on our revenue, results of operations and customer relationships. We have also experienced, during times of supply chain capacity shortages, customers placing orders for our products that exceed their actual demand, which may lead to us manufacturing a surplus of products and could have a negative impact on our results of operations and cash reserves and lead to our customers having excess inventory. ~~Recently~~ **In recent periods** , some customers have indicated they are reducing their inventory levels as lead times for semiconductor chips and other components used by customers ~~begin to~~ shrink, which may reduce such customers' demand for our products in future periods and harm our financial results. Our primary inventory warehouse is located in Hong Kong and may be affected by continued political, social, health and economic conditions in Hong Kong. We operate a warehouse facility in Hong Kong through which the substantial majority of our finished SoCs are shipped to customers or our logistic partners. Hong Kong has experienced, and continues to experience, political unrest and social strife in addition to the impact of ~~ongoing~~ **the** COVID- 19 pandemic ~~and measures to control spread of the virus~~ . The Bureau of Industry and Security, or BIS, has imposed restrictions on exports and reexports of U. S.- controlled items to Hong Kong by imposing **on Hong Kong the same** stringent licensing requirements ~~similar to those~~ applicable to China. It is possible that the U. S. government may take future measures to impose stricter export controls or duties on shipments made to Hong Kong, which could harm our business, increase the cost of conducting our operations in Hong Kong or result in retaliatory actions against U. S. interests. While we have not been materially impacted by these problems to date, continued deterioration in political, social or economic conditions in Hong Kong or future unforeseen problems, including health pandemics, could affect deliveries of our SoCs to our customers or logistic partners, possibly resulting in business interruptions, substantially delayed or lost sales, loss of inventory, or increased expenses that cannot be passed on to customers, any of which could ultimately have a material adverse effect on our business and financial results. In addition, we could be forced to relocate our warehouse operations, either temporarily or permanently, to another potentially costlier location (or a location resulting in higher tax costs) or find alternative potentially costlier methods of shipping our finished SoCs to customers and logistic partners. We are focusing our development resources on addressing computer vision applications, primarily in the automotive and IoT markets. The application of computer vision functionality in these markets is relatively new, and we may be unable to predict the timing or development of these markets with accuracy. For example, a slower than expected adoption rate for **AI** ~~computer vision~~ technology in automotive or IP security camera applications could slow the demand for our new solutions. **Similarly, changes in the projected growth rate for ADAS or autonomous driving technology in the automotive market due to government regulations or changes in consumer preferences could negatively impact demand for our solutions.** If our key target markets do not grow, grow slower, or do not develop in ways that we currently expect, demand for our SoCs may not materialize as expected, and our business and operating results could suffer. ~~resulting from the impacts of the COVID- 19 pandemic will be offset by increased sales in subsequent periods.~~ Our customers typically do not provide us with firm,long- term purchase commitments.A substantial majority of our sales are made on a purchase order basis,which permits our customers to cancel,change or delay their product purchase commitments with little or no notice to us and often without penalty to them.Because production lead times often exceed the amount of time required by our customers to fill their orders,we often must build SoCs in advance of receiving orders from customers,relying on an imperfect demand forecast to project volumes and product mix.As a result of a number of factors,including longer manufacturing times for our products and increased demand from customers during fiscal year 2023,we ~~have~~ increased our inventory levels ~~in the near term~~ . ~~Recently~~ **In recent periods** ,some customers have indicated they are reducing their inventory levels of our products,which may reduce such customers' demand for our products in future quarters.Our SoCs are incorporated into products manufactured by or for our end customers,and as a result,demand for our solutions is influenced by the demand for our customers' products.Our ability to accurately forecast demand can be adversely affected by a number of factors,including inaccurate forecasting by our customers,changes in market conditions including reductions in market activity due to ~~the COVID- 19 pandemic~~ **pandemics** ,adverse changes in our product order mix and fluctuating demand for our customers' products.Even after an order is received,our customers may cancel these orders,request a decrease in production quantities or request a delay in the delivery of our solutions.Any such cancellation,decrease or delay subjects us to a number of risks,most notably that our projected sales will not materialize on schedule or at all,leading to unanticipated revenue shortfalls and excess or obsolete inventory that we may be unable to sell to other customers.Alternatively,if we are unable to project customer requirements accurately,we may not build enough SoCs,which could lead to delays in product shipments and lost sales opportunities in the near term,as well as force our customers to identify alternative sources,which could affect our ongoing relationships with these customers.In addition,the rapid pace of innovation in our industry could render portions of our inventory obsolete.Excess or obsolete inventory levels could result in unexpected expenses or increases in our reserves that could adversely affect our business,operating results and financial condition.We derive a significant portion of our revenue from a limited number of ODMs who build products on behalf of a limited number of OEMs and from a limited number of OEMs to whom we ship directly.We anticipate that this customer concentration will continue for the foreseeable future.In fiscal year ~~2023~~ **2024** , ~~the~~ **two** customers ~~representing~~ **represented** 10 % or more of our revenue ~~were~~ **.** WT Microelectronics Co.,Ltd.,or WT, **which serves as** our ~~distributor~~ **non- exclusive sales representative and fulfillment partner in Asia other than Japan** ,and Chicony Electronics Co.,Ltd.,or Chicony, **one** ~~a direct~~ ODM ~~customer,~~ which **manufactures devices incorporating our solutions on behalf of multiple end- customers,** accounted for approximately ~~57~~ **53** % and ~~12~~ **14** % of total revenue,respectively.In addition,we believe that revenue from our top 10 ~~OEM~~ **end** customers,either directly or through a distributor or an ODM ~~on behalf of it~~ ,accounted for approximately ~~47~~ **51** % of our total revenue in fiscal year ~~2023~~ **2024** .We believe that our operating results ~~for~~ **in** the ~~foreseeable future~~ **near term** will continue to depend on sales to a relatively small number of customers and end customers.In the future,these customers may decide not to purchase our SoC solutions at all,may purchase fewer solutions than they did in the past or may alter their purchasing patterns.As substantially all of our sales to date have been made on a purchase order basis,these customers may cancel,change or delay product purchase commitments with little or no notice to us and often without penalty and may make our revenue volatile from period to period,which has happened in the past.The loss of a significant customer,or substantial reduction in purchases by a significant customer,could happen again at any time and without notice,and such loss would likely harm our financial condition and results of operations.Moreover,because several of our largest OEM customers have a dominant position in their markets,a loss of a significant customer may not be easily replaced.We are focused on selling our SoC solutions to ODMs and OEMs for incorporation into their products at the design stage.These efforts to achieve design wins typically are lengthy,especially in emerging markets,such as the OEM automotive market,and in any case can require us to both incur design and development costs and dedicate scarce engineering resources in pursuit of a single customer opportunity.We may not prevail in the competitive selection process,and even when we do achieve a design win,we may never generate any revenue despite incurring development expenditures.In addition,even if an OEM designs one of our SoC solutions into one of its products,we cannot be assured that we will secure new design wins from that OEM for future products.Further,even after securing a design win,we have experienced and may again experience delays in generating revenue from our solutions as a result of the lengthy product development cycle typically required,if we generate any revenue at all as a result of any such design win.Our customers generally take a considerable amount of time to evaluate our solutions.The typical time from early engagement by our sales force to actual product introduction runs from nine to 12 months for IoT markets and potentially significantly longer in the OEM automotive,robotics and industrial markets.The delays inherent in these lengthy sales cycles increase the risk that a customer will decide to cancel,curtail,reduce or delay its product plans,causing us to lose anticipated sales.In addition,any delay or cancellation of a customer’ s plans could harm our financial results,as we may have incurred significant expense and generated no revenue.If we were unable to generate revenue after incurring substantial expenses to develop any of our solutions,our business would suffer.Prior to purchasing our products,some of our customers,particularly in the automotive market,may require that our products and our third- party contractors undergo extensive qualification processes,which involve testing of our products in the customers’ systems,as well as testing for reliability of our products and our supply chain.This qualification process may take several months and qualification of a product by a customer does not assure any sales of the product to that customer.Even after successful qualification and sales of a product to a customer,a subsequent revision in our third party contractors’ manufacturing process or our selection of a new supplier may require a new qualification process,which may result in delays and in our holding excess or obsolete inventory.After our products are qualified,it can take several months or more before the customer commences volume production of components or systems that incorporate our products.Despite these uncertainties,we devote substantial resources,including design,engineering,sales,marketing and management efforts,to qualify our products with customers in anticipation of sales.If we are unsuccessful or delayed in qualifying these products with a customer,sales of the products to the customer may be precluded or delayed,which may impede our growth and **cause our business to suffer.** The global ~~**delay or cancellation of a customer’ s plans could harm our financial results,as we may have incurred significant expense and generated no revenue.If we were unable to generate revenue after incurring substantial expenses to develop any of our solutions,our business would suffer.Prior to purchasing our products,some of our customers,particularly in the automotive market,may require that our products and our third- party contractors undergo extensive qualification processes,which involve testing of our products in the customers’ systems,as well as testing for reliability of our products and our supply chain.This qualification process may take several months and qualification of a product by a customer does not assure any sales of the product to that customer.Even after successful qualification and sales of a product to a customer,a subsequent revision in our third party contractors’ manufacturing process or our selection of a new supplier may require a new qualification process,which may result in delays and in our holding excess or obsolete inventory.After our products are qualified,it can take several months or more before the customer commences volume production of components or systems that incorporate our products.Despite these uncertainties,we devote substantial resources,including design,engineering,sales,marketing and management efforts,to qualify our products with customers in anticipation of sales.If we are unsuccessful or delayed in qualifying these products with a customer,sales of the products to the customer may be precluded or delayed,which may impede our growth and cause our business to suffer.The global**~~ semiconductor market in general,and the computer vision and video / image processing markets in particular,are highly competitive.We compete in different target markets to various degrees on the basis of a number of competitive factors,including our solutions’ performance,features,energy efficiency,size,ease with which our solution may be integrated into our customers’ products,customer support,reliability and price,as well as on the basis of our reputation.We expect competition to increase and intensify as more and larger semiconductor companies enter our markets and as existing competitors improve or expand their product offerings.We also expect that the trend among large OEMs to seek to develop their own semiconductor solutions will continue and expand,particularly in camera markets experiencing consolidation,such as the IP security market.In addition,in our newer markets,such as the OEM automotive and robotics markets,we will face competition from larger competitors with **greater resources,** longer histories in these markets **and established relationships with OEMs and ODMs** .Increased competition could result in price pressure,reduced profitability and loss of market share,any of which could harm our business,revenue and operating results.Our competitors range from large,international companies with greater resources offering a wide range of semiconductor products to smaller,nimble companies specializing in narrow markets.In the IoT market,our primary competitors include AMLogic Inc.,Fuzhou Rockchip Electronics Co.,Ltd.,HiSilicon Technologies Co.,Ltd.,or HiSilicon,which is owned by Huawei Technologies Co.,Ingenic Semiconductor Co.,Ltd.,Novatek Microelectronics Corp.,or Novatek,NVIDIA Corporation,or NVIDIA,OmniVision Technologies,Inc.,Qualcomm Incorporated,or Qualcomm,SigmaStar Technology Corp.,and Socionext Inc.In the automotive camera market,we compete against Allwinner Technology Co.,Ltd.,Horizon Robotics Inc.,iCatch Technology,Inc.,Mobileye,a subsidiary of Intel Corporation,Novatek,NVIDIA,NXP Semiconductors N.V.,Qualcomm,Renesas Electronics Corporation,and Texas Instruments.Certain of our customers and suppliers also have divisions that produce products competitive with ours and other customers may seek to vertically integrate competitive solutions in the future.In addition,certain third- party developers of technology competitive to our solutions have licensed their technology,including image signal processing and computer vision IP,which potentially enables a greater number of competitors to offer competitive solutions.Our ability to compete successfully depends on elements both within and outside of our control.Many of our competitors are substantially larger,have greater financial,technical,marketing,distribution,customer support and other resources,are more established than we are and have significantly better brand recognition and broader product offerings than us,which may enable them to develop and enable new technology into product solutions better or faster than us and to better withstand adverse economic or market conditions in the future.Our ability to compete will depend on a number of factors,including:• our ability to anticipate market and technology trends and successfully develop solutions that meet market needs;• our ability to understand the price points and performance metrics of competing products in the marketplace;• our solutions' performance and cost-effectiveness relative to that of competing products;• our success in identifying and penetrating new markets,applications and customers;• our ability to gain access to leading design tools and product specifications at the same time as our competitors;• our ability to develop and maintain relationships with key OEMs and ODMs;• our products' effective implementation of video processing or radar standards;• our ability to protect our intellectual property;• our ability to expand international operations in a timely and cost- efficient manner;• our ability to deliver products in volume on a timely basis at competitive prices;• our ability to support our customers' incorporation of our solutions into their products;and • our ability to recruit design and application engineers with expertise in computer vision,video and image processing technologies and sales and marketing personnel.Our competitors may also establish cooperative relationships among themselves or with third parties or acquire companies that provide similar products to ours.As a result,new competitors or alliances may emerge that could acquire significant market share.Any of these factors,alone or in combination with others,could harm our business and result in a loss of market share and an increase in pricing pressure.Our security systems are designed to maintain the physical security of our facilities and information systems and protect our customers',suppliers' and employees' confidential information.Accidental or willful security breaches or incidents or other unauthorized access by third parties to our facilities or our information systems or the existence of computer viruses or other malicious code or security vulnerabilities in our data or software could expose us to a risk of loss,unavailability,misappropriation and other unauthorized processing of proprietary and confidential information.The costs to us to eliminate or alleviate cyber or other security problems,bugs,viruses,ransomware and other malicious software programs and security vulnerabilities could be significant,and our efforts to address these problems may not be successful and could result in interruptions and delays that may impede our sales,product distribution,financial reporting or other critical functions.In addition,we could incur significant costs in notifying affected persons and entities and otherwise complying with the multitude of foreign,federal,state and local laws and regulations relating to the unauthorized access to,or use or disclosure of,personal information.Security breaches and incidents,computer malware and computer hacking attacks have become more prevalent and sophisticated.These threats are constantly evolving,making it increasingly difficult to successfully defend against or implement adequate preventive measures,and we may face difficulties or delays in identifying and otherwise responding to any security breach or incident.Moreover,remote work by our personnel and remote access to our systems have increased significantly,which also increases our cybersecurity risk profile.We expect to incur significant costs in an effort to detect and prevent security breaches and incidents,and we may face increased costs and requirements to expend substantial resources in the event of an actual or perceived security breach or incident. **Our policies and security measures cannot guarantee security,and our IT infrastructure,including our networks and systems,may be vulnerable to security breaches and incidents,cyber-attacks,or fraud.Third parties have attempted,and will likely continue to attempt,to penetrate and / or infect our network and systems with malicious software and phishing attacks in an effort to gain access to our network and systems.** Experienced computer programmers and hackers may be able to penetrate our security controls and misappropriate or compromise our confidential information or that of third parties or create system disruptions.Computer programmers and hackers also may be able to deploy viruses,worms and other malicious software programs that attack our information systems and cause disruptions of our business.For portions of our IT infrastructure,we rely on products and services provided by third parties.These third- party **products and services relate to,among other things,human resources,electronic communication services and some finance functions,and we are,of necessity,dependent on the security systems of these third- party providers.These third- party service providers are subject to similar,and in certain cases greater,security threats than we face.These third- party** providers may also experience breaches,incidents,and attacks compromising or otherwise impacting their products,and their products may contain security vulnerabilities,each of which could impact our systems **,and unauthorized access to the systems of our cloud- based service providers,any other security breaches or incidents impacting such systems,or the existence of computer viruses,ransomware or other malicious code in their data or software could expose us to a risk of loss,misappropriation,unavailability and other unauthorized processing of information** .Data security breaches and incidents may also result from non- technical means,including,for example,intentional malfeasance or negligence by an employee or contractor.Any data security breach or incident or theft,misuse,loss,unavailability or other unauthorized processing of this information,or the perception that any of these matters has occurred,could result in,among other things,damage to our reputation,allegations by our customers that we have not performed our contractual obligations,regulatory investigations and other proceedings,litigation by affected parties and possible penalties,damages,and other liabilities,any of which could have a material adverse effect on our business,financial condition,our reputation,and our relationships with our customers and partners.We may also encounter **or be subject to bugs,** errors **,or hacking or other events** resulting in **system interruptions or other disruptions,** corruption or loss of data,an inability to accurately process or record transactions,and security or technical reliability issues.All of these could harm our ability to conduct core operating functions such as **product development,customer support,** processing purchase orders and invoices,product distribution,recording and reporting financial and management information on a timely and accurate basis,and could impact our internal control compliance efforts.Due to **conflicts and** ~~political~~ **geopolitical events such as** ~~uncertainty and military actions associated with~~ the ongoing hostility between Russia and Ukraine,we and our vendors,contractors,and other third parties we work with are vulnerable to a heightened risk of cybersecurity attacks,phishing attacks,viruses,malware,ransomware,hacking or similar breaches and incidents from nation- state and affiliated actors,including attacks that could materially disrupt our supply chain and our systems and operations. ~~We also rely on a number of third- party " cloud- based " service providers of corporate infrastructure services relating to,among other things,human resources,electronic communication services and some finance functions,and we are,of necessity,dependent on the security systems of these providers.These third- party service providers also~~

~~are subject to similar,and in certain cases greater,security threats.Any unauthorized access by third parties to the systems of our cloud- based service providers,any other security breaches or incidents impacting such systems,or the existence of computer viruses,ransomware or other malicious code in their data or software could expose us to a risk of loss,misappropriation,unavailability and other unauthorized processing of information.~~ Additionally,we cannot be certain that our insurance coverage will be adequate or otherwise protect us with respect to claims,expenses,fines,penalties,business loss,data loss,litigation,regulatory actions,or other impacts arising from security breaches or incidents,or that such coverage will continue to be available on acceptable terms or at all.Any of these results could adversely affect our business,financial condition,and operating results.The semiconductor industry requires substantial investment in research and development in order to bring to market new and enhanced solutions.Our research and development expense was $ **215.1 million,$** 204.9 million ~~,~~ **and** $ 167.3 million ~~and $ 140.8 million~~ in fiscal years **2024,** 2023 ~~,~~ **and** 2022 ~~and 2021~~ ,respectively. ~~We~~ **In general,we** expect to increase our research and development expenditures **in future periods** as compared to prior periods as part of our strategy of focusing on the development of innovative computer vision,video and image processing solutions with increased functionality,and as we target ~~new~~ **key** markets,such as the automotive OEM and robotics markets.We are unable to predict whether we will have sufficient resources to achieve the level of investment in research and development required to remain competitive.For example,development in the latest process nodes,such as 5 nanometer,or nm,or smaller,costs significantly more than required to develop in larger process nodes,such as 14 or 10nm.This added cost could prevent us from being able to maintain a technology advantage over larger competitors that have significantly more resources to invest in research and development.In addition,we cannot assure you that the technologies which are the focus of our research and development expenditures will become commercially successful or generate any revenue.The loss of any of our key personnel could seriously harm our business.We believe our future success depends in large part upon the continuing services of the members of our senior management team and various engineering and other technical personnel.If one or more of our senior executives or other key personnel are unable or unwilling to continue in their present positions,we may not be able to replace them easily or at all,our business may be disrupted,and our financial condition and results of operations may be materially and adversely affected.In addition,if any member of our senior management team or any of our other key personnel joins a competitor or forms a competing company,we may experience material disruption of our operations and development plans and lose customers,know-how and key professionals and staff members,and we may incur increased operating expenses as the attention of other senior executives is diverted to recruit replacements for key personnel.Our performance largely depends on the talents and efforts of highly skilled individuals.Our future success depends on our continuing ability to identify,hire,develop,motivate,and retain highly skilled personnel for all areas of our organization.Our industry is characterized by high demand and intense competition for talent,particularly for engineering personnel.The pool of qualified candidates is limited,particularly in Silicon Valley and parts of Asia for very- large- scale integration,or VLSI,and artificial intelligence and computer vision engineers,and certain of our competitors and potential competitors with greater resources have directly targeted our employees.In addition,we also face competition in hiring artificial intelligence engineers,including from companies with which we do not directly compete.Our compensation arrangements,such as our equity award programs,may not always be successful in attracting new employees and retaining and motivating our existing employees.Our continued ability to compete effectively,and to grow our business,depends on our ability to attract new employees and to retain and motivate our existing employees.Average selling prices of semiconductor products in the markets we serve have historically decreased over time,and we expect such declines to occur for our solutions over time.Our gross margins and financial results will suffer if we are unable to offset reductions in our average selling prices by reducing our costs,developing new or enhanced SoC solutions,such as our new AI computer vision- based solutions,on a timely basis with higher selling prices or gross margins,or increasing our sales volumes.Additionally,because we do not operate our own manufacturing,assembly or testing facilities,we may not be able to reduce our costs as rapidly as companies that operate their own facilities,and our costs may even increase,which could also reduce our gross margins.In the past,we have reduced the prices of our SoC solutions in anticipation of future competitive pricing pressures,new product introductions by us or our competitors and other factors.We expect that we will have to address pricing pressures again in the future,particularly in markets experiencing consolidation,which could require us to reduce the prices of our SoC solutions and harm our operating results.Our business has grown rapidly in the past.Our future operating results depend to a large extent on our ability to successfully manage any expansion and growth,including the challenges of managing a company with an executive management team in the United States and the majority of its employees in Asia.We are increasing our investment in research and development and other functions to grow our business and address new markets,such as the OEM automotive and robotics markets.To manage growth successfully,we believe we must effectively,among other things:• recruit,hire,train and manage additional qualified engineers for our research and development activities,particularly for the positions of semiconductor design and systems,AI computer vision development and applications engineering;• add additional sales and business development personnel;• maintain and improve our administrative,financial and operational systems,procedures and controls;• enhance our information technology support for enterprise resource planning and design engineering by adapting and expanding our systems and tool capabilities,and properly training new hires as to their use;and • be able to secure sufficient manufacturing capacity.We are likely to incur the costs associated with ~~these~~ **any** increased investments earlier than some of the anticipated benefits,and the return on these investments,if any,may be lower,may develop more slowly than we expect or may not materialize.If we are unable to manage growth effectively,we may not be able to take advantage of market opportunities or develop new solutions,and we may fail to satisfy customer product or support requirements,maintain product quality,execute our business plan or respond to competitive pressures.Deterioration of the financial condition of our distributors or customers could adversely impact our collection of accounts receivable.For the fiscal year ended January 31, ~~2023~~ **2024** ,the customers representing 10 % or more of revenue were WT and Chicony,which accounted for approximately ~~57~~ **53** % and ~~12~~ **14** % of total revenue,respectively.As of January 31, ~~2023~~ **2024** ,accounts receivable with WT and Chicony were approximately $ ~~21~~ **10.3 million and $ 7** .0 ~~million and~~

~~$ 9.4~~ million,respectively.We regularly review the collectability and creditworthiness of our distributors and customers to determine an appropriate allowance for credit losses.Based on our review of our distributors and customers,we currently have only immaterial reserves for uncollectible accounts.If our uncollectible accounts,however,were to exceed our current or future allowance for credit losses,our operating results would be negatively impacted.The semiconductor industry is highly cyclical and is characterized by constant and rapid technological change,rapid product obsolescence,price erosion,evolving standards,short product life cycles and wide fluctuations in product supply and demand.Cyclical downturns have been characterized by diminished product demand,production overcapacity,high inventory levels and accelerated erosion of average selling prices,which could harm our business and operating results.We are dependent on the availability of third- party foundry and assembly capacity to manufacture and assemble our SoC solutions.None of our third- party foundry or assembly contractors has provided assurances that adequate capacity will be available to us in the future.The semiconductor industry recently experienced significant shortages of capacity,which resulted in a lengthening of the manufacturing lead time for our products.Such capacity shortages could negatively impact our ability to meet our customers' demand for our products and have an adverse impact on our revenue,results of operations and customer relationships.We have also experienced,during times of supply chain capacity shortage,customers placing orders for our products that exceed their actual demand,which may lead to us manufacturing a surplus of products and could have a negative impact on our results of operations and cash reserves.Most recently,some customers have indicated their intent to reduce their inventory levels as capacity shortages improve,which **has and** may ~~decrease~~ **continue to negatively impact** such customers' demand for our solutions in future periods and,in turn,harm our financial results.Highly complex SoC solutions such as ours frequently contain defects,errors and bugs when they are first introduced or as new versions are released.We have in the past and may in the future experience these defects,errors and bugs.If any of our solutions have reliability,quality or compatibility problems,we may not be able to successfully correct these problems in a timely manner or at all.In addition,if any of our proprietary features contain defects,errors or bugs when first introduced or as new versions of our solutions are released,we may be unable to timely correct these problems.Consequently,our reputation may be damaged and customers may be reluctant to buy our solutions,which could harm our ability to retain existing customers and attract new customers,and could adversely affect our financial results.In addition,these defects,errors or bugs could interrupt or delay sales to our customers.If any of these problems are not found until after we have commenced commercial production of a new product,we may incur significant additional development costs and product recall,repair or replacement costs.These problems may also result in claims against us by our customers or others.We may experience difficulties in transitioning to new wafer fabrication process technologies or in achieving higher levels of design integration,which may result in reduced manufacturing yields,delays in product deliveries and increased costs.We aim to use the most advanced manufacturing process technology appropriate for our products that is available from our third- party foundries.As a result,we periodically evaluate the benefits of migrating our solutions to smaller geometry process technologies in order to improve performance and reduce costs.We believe this strategy will help us remain competitive.We may face difficulties,delays and increased expense as we transition our products to new processes,such as the 4nm or 3nm process nodes,and potentially to new foundries.We currently depend on Samsung,as the principal foundry for our products,to transition to new processes successfully.We cannot assure you that Samsung will be able to effectively manage such transitions or that we will be able to maintain our relationship with Samsung or develop relationships with new foundries.Moreover,as we utilize more advanced process nodes beyond 5nm,we are increasingly dependent upon a very small number of foundries currently available for certain advanced process technologies.If we or our foundry vendors experience significant delays in transitioning to smaller geometries or fail to efficiently implement transitions,we could experience reduced manufacturing yields,delays in product deliveries and increased costs,all of which could harm our relationships with our customers and our operating results.We design our video and image processing solutions to conform to video compression standards,including MPEG- 2,H.264 Advanced Video Coding (AVC) and H.265 High Efficiency Video Coding (HEVC),set by industry standards setting bodies such as ITU- T Video Coding Experts Group and the ISO / IEC Moving Picture Experts Group.Generally,our solutions comprise only a part of a camera device.All components of these devices must uniformly comply with industry standards in order to operate efficiently together.We depend on companies that provide other components of the devices to support prevailing industry standards.Many of these companies are significantly larger and more influential in driving industry standards than we are.Some industry standards may not be widely adopted or implemented uniformly,and competing standards may emerge that may be preferred by our customers or by consumers.If our customers or the suppliers that provide other device components adopt new or competing industry standards with which our solutions are not compatible,or if the industry groups fail to adopt standards with which our solutions are compatible,our existing solutions would become less desirable to our customers.If our solutions are not in compliance with prevailing industry standards for a significant period of time,we could miss opportunities to achieve crucial design wins,which could harm our business.As a result,our sales would suffer,and we could be required to make significant expenditures to develop new SoC solutions **to ensure compliance with relevant standards.Pandemics,epidemics,or other widespread public health crises have had,and may in the future have,an adverse impact upon our business,results of operations,and financial condition.A future pandemic,epidemic,health crisis,or other outbreak of disease,including the emergence of new COVID- 19 variants,may negatively and materially impact our business,results of operations,and financial condition,due to:• a global economic recession or depression that could significantly reduce demand and / or prices for our products;• reduced productivity in our product development,operations,marketing,sales,and other activities;• government mandates,guidance,or recommendations regarding shutdown,closures,or other restrictions;• disruptions to our supply chain;• disruption of normal ordering patterns of our customers;• higher rate of losses on our accounts receivable due to credit defaults;or • volatility in our stock price.The** COVID- 19 pandemic ~~has~~ **created worldwide uncertainty and** significantly ~~affected the populations~~ and **negatively** ~~businesses of many countries. Our business has been, and is expected to continue to be, adversely~~ impacted ~~by~~ **the global economy which caused significant uncertainty and volatility in global financial markets and the**

trading prices for the common stock of technology companies, including ours. As a result of the pandemic, from time to time government authorities imposed lockdowns and ~~the~~ **other** ~~effects~~ **restrictions. The pandemic impacted our workforce and the operations** of **our customers and suppliers. In response to the pandemic and related government measures, we implemented safety measures to protect our employees and contractors at our locations around the world. The potential impact that a future pandemic, epidemic, health crisis, or** ~~the~~ **other outbreak of disease, including the emergence of new** COVID- 19 **variants** ~~crucial design wins~~ , ~~which~~ could ~~harm~~ **have on** our business **,** ~~.As a result~~ **results of operations** , ~~our sales would suffer,~~ and ~~we could be required~~ **financial condition,and on the other risk factors described in this " Risk Factors " section,remain unclear and difficult** to **predict** ~~make significant expenditures to develop new SoC solutions to ensure compliance with relevant standards~~ .We have research and development design centers and business development offices in China,Germany,Italy,Japan,South Korea and Taiwan,and we expect to continue to conduct business with companies that are located outside the United States,particularly in Asia.We purchase wafers from foreign foundries,have our solutions assembled and tested by subcontractors located in Asia,and supply our solutions to customers located outside of the United States.Even customers of ours that are based in the United States often use contract manufacturers based in Asia to manufacture their products,and these contract manufacturers typically purchase products directly from us.As a result of our international focus,we face numerous challenges and risks,including:• increased complexity and costs of managing international operations;• longer and more difficult collection of receivables from customers;• difficulties in enforcing contracts generally;• regional economic instability;• geopolitical instability and military conflicts,including the ongoing ~~conflict~~ **conflicts** in Ukraine **and the Middle East** ;• limited protection of our intellectual property and other assets;• compliance with local laws and regulations and unanticipated changes in local laws and regulations,including tax laws and regulations;• trade and foreign exchange restrictions and higher tariffs;• travel restrictions;• timing and availability of import and export licenses and other governmental approvals,permits and licenses,including export classification requirements;• foreign currency exchange fluctuations relating to our international operating activities;• restrictions imposed by the U.S.government on our ability to do business with certain companies or in certain countries as a result of international political conflicts;• transportation delays and other consequences of limited local infrastructure,and disruptions,such as large- scale outages or interruptions of service from utilities or telecommunications providers;• heightened risk of terrorist acts;• local business and cultural factors that differ from standards and practices in the U.S.;• differing employment practices and labor relations;• regional health issues, ~~pandemics, pandemic~~ **pandemics , and natural disasters; and • work stoppages. Prior to our acquisition of Oculii in 2021, we had not made any acquisitions since our acquisition of VisLab S. r. l. in 2015. Our ability to make and successfully integrate acquisitions is largely unproven. Any future acquisitions may not strengthen our competitive position and may be viewed negatively by our customers, financial markets or investors, and we may not achieve our goals in a timely manner, or at all** . In addition **, any acquisitions we make could lead** to ~~make could lead to~~ difficulties in integrating personnel,technologies and operations from the acquired businesses and in retaining and motivating key personnel from these businesses.Acquisitions may disrupt our ongoing operations,divert management from their primary responsibilities,subject us to additional liabilities,increase our expenses and adversely impact our business,operating results,financial condition and cash flows.Acquisitions may also reduce our cash available for operations and other uses,and could also result in an increase in amortization expense related to identifiable assets acquired,potentially dilutive issuances of equity securities or the incurrence of debt,any of which could harm our business.The complexity of calculating our tax provision may result in errors that could result in restatements of our financial statements.We are incorporated in the Cayman Islands and our operations are subject to income and transaction taxes in the United States,China,Hong Kong,Germany,Italy,Japan,South Korea,Taiwan and other jurisdictions in which we do business.Due to the complexity associated with the calculation of our tax provision,we have hired independent tax advisors to assist us.If we or our independent tax advisors fail to resolve or fully understand certain issues,there may be errors that could result in us having to restate our financial statements.The risk of errors may be exacerbated by the significant number of tax law changes recently enacted in the United States and other jurisdictions.Restatements are generally costly and could adversely impact our results of operations or have a negative impact on the trading price of our ordinary shares. ~~Risks~~ **Climate change and climate change-** ~~Related~~ **related policies** ~~to Our Financial Performance or Results Our revenue~~ and ~~operating results~~ **regulations may** have ~~fluctuated significantly from~~ **a long- term impact on our business.** ~~global~~ **Global climate change is causing, and is projected to continue to cause, an increase in the frequency and intensity of certain natural disasters and adverse weather, such as drought, wildfires, severe storms, sea- level rise, flooding, heat waves and cold waves, occurring more frequently or with greater intensity. Such extreme events are driving changes in market dynamics, and local, national and international policies and regulations, which could result in disruptions to us, our suppliers, customers, and employees. These disruptions could make it more difficult and costly for us to deliver our products, obtain components or other supplies through our supply chain, maintain, or resume operations or perform other critical corporate functions, and could reduce customer demand for our products. The increasing concern over climate change could also result in shifting customer preferences. If we fail to manage changes in customer expectations in an effective manner, demand for our products could diminish, and our financial performance could suffer. Additionally, new laws or regulations enacted to address climate change that are more stringent than current legal or regulatory requirements may increase our compliance burdens and costs, including indirect costs that are passed on to us from our customers or suppliers. Climate change also may reduce the availability or increase the cost of insurance for negative impacts of natural disasters by contributing to an increase in the frequency and severity of such natural disasters. Ultimately, the impacts of climate change, whether involving physical risks (such as disruptions resulting from climate- related events) or transition risks (such as regulatory changes, changes in market dynamics or increased operating costs, including the cost of insurance) are expected to be widespread and unpredictable and may materially adversely affect our business and financial results. Risks Related to Our Financial Performance or Results Our revenue**

and operating results have fluctuated significantly from period to period in the past and are likely to do so in the future. As a result, you should not rely on period- to- period comparisons of our operating results as an indication of our future performance. It is also possible that our normal seasonal patterns will be impacted by ongoing macroeconomic **uncertainty, lingering** effects **of pandemics** , **supply chain disruptions and semiconductor capacity shortages, including** the ~~COVID pandemic,recent supply chain disruptions and semiconductor capacity~~ **buildup of inventory by customers in response to such** shortages,and **continued** high inflation.In future periods,our forecasted or actual revenue and results of operations may be below the expectations of analysts and investors,which could cause the market price of our ordinary shares to decline.Factors that may affect our operating results include:• fluctuations in demand,sales cycles,product mix,and prices for our products;• the forecasting,scheduling,rescheduling or cancellation of orders by our customers;• shifts in consumer or manufacturer preferences and any resultant change in demand for our customers' products;• changes in the competitive dynamics of our markets,including new entrants or pricing pressures;• delays in our customers' ability to manufacture and ship products that incorporate our solutions caused by internal and external factors beyond our control;• our ability to successfully define,design and release new solutions in a timely manner that meet our customers' needs;• timely availability of adequate manufacturing capacity from our manufacturing subcontractors;• changes in manufacturing costs,including wafer,test and assembly costs,mask costs,manufacturing yields and product quality and reliability;• the timing of product announcements by our competitors or by us;• incurrence of research and development and related new products expenditures;• write ~~-~~ - ~~19~~ **downs of inventory for excess quantities and technological obsolescence; • impairment of investment or other asset values; • future accounting pronouncements and changes in accounting policies; • volatility in our share price, which may lead to higher stock- based compensation expense; • volatility in our effective tax rate; • general socioeconomic and political conditions in the countries where we operate or where our products are sold or used, including recent macroeconomic volatility,** ~~pandemic~~ **pandemics or widespread** ~~and related adverse~~ public health **problems** ~~developments have caused~~ , **U** ~~and are expected to continue to cause, disruption to our operations~~ . **S.- China relations and the** ~~We have had to impose remote or work from home~~ conditions ~~at different times for varying periods of time~~ in **Hong Kong;** ~~most of our offices. Approximately 360 of our employees are located in Taiwan~~ and **• costs associated with litigation** ~~approximately 220 employees are located in China~~ , ~~and lengthy closures of~~ **especially related to intellectual property. Moreover,** ~~these~~ -- **the semiconductor industry has historically** ~~offices could significantly disrupt our software engineering and customer support operations. In addition, we and our suppliers, third- party distributors and customers have~~ been **cyclical** ~~, and may~~ in **nature** ~~the future again be~~ , ~~disrupted by quarantines~~ **reflecting overall economic conditions as well as budgeting** and **buying patterns of consumers.** ~~restrictions on certain employees' ability to perform their jobs, office closures or~~ **For** ~~restrictions~~ **example** , ~~disruptions to shipping infrastructure, or other~~ -- **the semiconductor industry recently experienced** ~~travel or health- related restrictions. Moreover, if there is a~~ significant **shortages** ~~COVID- 19 outbreak that impacts Samsung' s ability to manufacture our SoCs or our third- party contractors' ability to assemble, test and ship our products, we could experience delays or reductions in our ability to ship products to our customers. During fiscal year 2023, we experienced, and we expect to continue to experience, a significant disruption~~ of **capacity** ~~orders by customers~~ , ~~due~~ **which resulted** in ~~part to impacts of the COVID- 19 pandemic. During the first half of fiscal year 2023, we experienced~~ a **lengthening of** ~~significant increase in~~ the manufacturing lead time for our products **and could be impacting** ~~, including supply constraints for certain chips from Samsung Electronics Corporation (Samsung), which disrupted~~ the normal **forecasting and** ordering patterns of our customers ~~and harmed our revenue, but which may have in turn led to increased customer demand for our products in order to increase their inventory levels~~ . ~~Recently~~ **In recent periods** , **some** customers have indicated they are reducing their inventory levels as lead times for semiconductor chips and other components used by customers shrink, which has reduced, and may continue to reduce, such customers' demand for our products in future periods. High inflation may exacerbate these risks....... which could harm our financial results. We expect these cyclical conditions to continue. As a result, our quarterly operating results are difficult to predict, even in the near term. Our expense levels are relatively fixed in the short term and are based, in part, on our expectations of future revenue. If revenue levels are below our expectations, we may experience material adverse impacts on our business, including declines in margins ~~and~~ **,** profitability **and cash flows** , or incur losses. We believe that our future revenue growth, if any, will significantly depend on our ability to expand within our existing IoT camera markets, such as the existing professional and home security and monitoring camera markets, and successfully penetrate new markets, such as the OEM automotive, robotics and industrial markets, with our new AI computer vision- based SoC solutions. We believe that executing upon our business plan requires us to continue to develop new SoCs and new software to address the particular requirements of these markets. Accordingly, we continue to invest in the development of new technology and solutions and expect our research and development expenditures to increase compared to prior periods. If we are unable to generate or maintain adequate revenue growth, our financial results could suffer and we may not be able to continue to invest in the development of new technology and solutions required to be successful. The rapidly evolving nature of the markets in which we sell our solutions, combined with substantial uncertainty concerning how these markets may develop, the considerable amount of time our customers generally take to evaluate our solutions, and other factors beyond our control, limits our ability to accurately forecast quarterly or annual revenue. In the recent years, we expanded our staffing and increased our expenditures in anticipation of future revenue growth. If our revenue does not increase as anticipated, we could incur significant losses **and declines in our cash reserves** due to our higher expense levels if we are not able to decrease our expenses in a timely manner to offset any shortfall in future revenue. Continued or persistent losses may require us to obtain additional capital that may not be available on reasonable terms or at all. Changes to financial accounting standards may affect our results of operations and could cause us to change our business practices. We prepare our consolidated financial statements to conform to generally accepted accounting principles, or GAAP, in the United States. These accounting principles are subject to interpretation by the American Institute of Certified Public Accountants, the SEC and various bodies formed to interpret and create accounting rules and regulations. Changes in those accounting rules could have a significant effect on our financial results, require significant resources, pose challenges in forecasting revenue and may affect our reporting of transactions completed before a change is announced. Changes to those rules or the questioning of current practices may adversely affect our reported financial results or the way we conduct our business. Fluctuations in exchange rates between and among the currencies of the countries in which we do business may adversely affect our operating results. Our sales have been historically denominated in U. S. dollars. An increase in the value of the U. S. dollar relative to the currencies of the countries in which our end customers operate could impair the ability of our end customers to cost- effectively integrate our SoCs into their devices which may materially affect the demand for our solutions and cause these end customers to reduce their orders, which would adversely affect our revenue and business. We may experience foreign exchange gains or losses due to the volatility of other currencies compared to the U. S. dollar. A significant portion of our solutions are sold to customers located outside the United States, primarily in Asia. Sales to customers in Asia accounted for approximately ~~82~~ **79** %, ~~88~~ **79** % and ~~88~~ **86** % of our total revenue in fiscal years **2024,** 2023 ~~,~~ **and** 2022 ~~and 2021~~, respectively **. Certain prior year amounts of revenue by geographic region have been adjusted to reflect the appropriate bill- to location for the related revenue. These adjustments did not impact the total revenues in any of the years presented** . Because most of our end customers or their ODM manufacturers are located in Asia, we anticipate that a majority of our future revenue will continue to come from sales to that region. Although a large percentage of our sales are made to customers in Asia, we believe that a significant number of the products designed by these customers and incorporating our SoCs are then sold to consumers globally. In addition, if in the future we sell products or purchase inventory in currencies other than the U. S. dollar, our exposure to foreign currency risk could become more significant. A significant number of our employees are located in Asia, principally Taiwan and China, and Europe. Therefore, a portion of our payroll as well as certain other operating expenses are paid in currencies other than the U. S. dollar, such as the New Taiwan Dollar, the Chinese Yuan Renminbi and the Eurozone Euro. Our operating results are denominated in U. S. dollars and the difference in exchange rates in one period compared to another may directly impact period- to- period comparisons of our operating results. Furthermore, currency exchange rates, particularly the exchange rates between the Chinese Yuan Renminbi and the U. S. dollar, between the New Taiwan Dollar and the U. S. dollar, and between the Eurozone Euro and the U. S. dollar, have been volatile in the recent past and these currency fluctuations may make it difficult for us to predict our operating results. We have not implemented any hedging strategies to mitigate risks related to the impact of fluctuations in currency exchange rates. Even if we were to implement hedging strategies, not every exposure can be hedged and, where hedges are put in place based on expected foreign exchange exposure, they are based on forecasts which may vary or which may later prove to have been inaccurate. Failure to hedge successfully or anticipate currency risks accurately could adversely affect our operating results. We cannot predict our future capital needs, and we may not be able to obtain additional financing to fund our operations. We may need to raise additional funds in the future. Any required additional financing may not be available on terms acceptable to us, or at all. If we raise additional funds by issuing equity securities or convertible debt, investors may experience significant dilution of their ownership interest, and the newly- issued securities may have rights senior to those of the holders of our ordinary shares. If we raise additional funds by obtaining loans from third parties, the terms of those financing arrangements may include negative covenants or other restrictions on our business that could impair our operational flexibility and would also require us to incur interest expense. If additional financing is not available when required or is not available on acceptable terms, we may have to scale back our operations or limit our production activities, and we may not be able to expand our business, develop or enhance our products, take advantage of business opportunities or respond to competitive pressures which could result in lower revenue and reduce the competitiveness of our products. Our marketable securities portfolio could experience a decline in market value or otherwise become illiquid, which could materially and adversely affect our financial results. As of January 31, ~~2023~~ **2024** , we had approximately $ ~~101~~ **106** . ~~2~~ **1** million in money market funds and debt security investments **and $ 7. 0 million in fixed deposit accounts** . The debt security investments consisted of commercial paper, ~~debt securities of corporations or~~ corporate bonds, asset- backed securities and U. S. government securities. We currently do not use derivative financial instruments to adjust our investment portfolio risk or income profile. These investments, as well as any cash deposited in bank accounts, are subject to general credit, liquidity, market and interest rate risks, which may be exacerbated by unusual events, such as the ~~COVID- 19 pandemic~~ **pandemics or widespread public health problems** , the Eurozone crisis and the U. S. debt ceiling crisis, which affected various sectors of the financial markets and led to global credit and liquidity issues. For example, in March 2023, Silicon Valley Bank (SVB) was closed and the Federal Deposit Insurance Corporation (FDIC) was appointed as receiver. At the time of closing on March 10, 2023, we had cash deposits with SVB of approximately $ 17. 0 million. We also had cash equivalents and marketable debt security investments residing in custodial accounts held by U. S. Bank for which SVB Asset Management was the investment advisor until March 15, 2023. While we were able to recover all deposited amounts from SVB, there can be no assurance that our current or future banks will not face similar risks as SVB or that we will be able to recover in full our deposits in the event of similar closures. We regularly maintain cash balances that are not insured or are in excess of the FDIC' s insurance limit. If the global financial markets continue to experience volatility or deteriorate, our investment portfolio may be impacted and some or all of our investments may become illiquid or otherwise experience loss which could adversely impact our financial results and position. To the extent that we increase the amount of our security investments in the future, these risks would be exacerbated. Risks Related to Our Dependence on Third Parties The semiconductor industry is subject to intense competitive pricing pressure from customers and competitors. Accordingly, any increase in the cost of our solutions, whether by adverse purchase price variances or adverse manufacturing cost variances, will reduce our gross margins and operating profit. We currently do not have long- term supply contracts with most of our primary third- party vendors, and we negotiate pricing with our main vendors on a purchase order- by- purchase order basis. Therefore, they are not obligated to perform services or supply product to us for any specific period, in any specific quantities, or at any specific price, except as may be provided in a particular purchase order. The ability of our foundry vendors to provide us with a product, which is solely sourced at each foundry, is limited by their available capacity, existing obligations and technological capabilities. Foundry capacity may not be available when we need it or at reasonable prices. None of our third- party foundry or assembly and test vendors have provided contractual assurances to us that adequate capacity will be available to us to meet our anticipated future demand for our solutions. Moreover, availability of foundry capacity at our primary foundry vendor has tightened recently, which could limit the volume of products we can produce and / or delay production of new products, both of which would negatively impact our business and operations. Similarly, our assembly vendors have recently experienced shortages of certain substrates necessary for the production of our solutions ~~due in part to COVID- 19~~ , which has negatively impacted the production time of our devices. If these conditions continue for a substantial period or worsen, our ability to meet our anticipated demand for our solutions could be impacted which, in turn, could negatively impact our operations and financial results. Our foundry and assembly and test vendors may allocate capacity to the production of other companies' products while reducing deliveries to us on short notice. In particular, other companies that are larger and better financed than we are or that have long- term agreements with our foundry or assembly and test vendors may cause our foundry or assembly and test vendors to reallocate capacity to them, decreasing the capacity available to us. Converting or transferring manufacturing from a primary location or supplier to a backup provider could be expensive and would likely take at least two or more quarters. There are only a few foundries, including Samsung and Taiwan Semiconductor Manufacturing Co., Ltd., or TSMC, that are currently available for certain advanced process technologies that we utilize or may utilize, such as 10nm or 5nm. Accordingly, as we continue to develop solutions in advanced process nodes, we will be increasingly dependent upon such foundries. The unavailability of one or both of these foundries could significantly impact our ability to produce our new products or delay production, which would negatively impact our business. Our customers purchase components used in the manufacture of their products from various sources of supply, often involving several specialized components, including lenses, sensors, microcontrollers, power management integrated circuits (PMICs), Wi- Fi chips, and memory chips. Any supply shortage or delay in delivery by third- party component suppliers, or a third- party supplier' s cessation or shut down of its business, may prevent or delay production of our customers' products. As a result of delays in delivery or supply shortages of third- party components, orders for our solutions may be delayed or canceled and our business may be harmed. For example, the semiconductor industry recently experienced shortages of certain devices, including microcontrollers, PMICs, Wi- Fi chips, which impacted our customers' ability to build their products and negatively impact our customers' demand for our solutions ~~. We believe these shortages were exacerbated by the COVID- 19 pandemic~~ . Similarly, our ability to generate design wins in some markets, such as the automotive OEM market, requires us to collaborate with third- party software suppliers in order to offer a complete solution to customers. Our inability to successfully collaborate with such third- party suppliers, or such suppliers' inability to develop and deliver software, could harm our ability to achieve design wins and harm our business. We rely on third parties for substantially all of our manufacturing operations, including wafer fabrication, assembly and testing. Currently, the majority of our SoCs are supplied by Samsung in facilities located in Austin, Texas and South Korea, from whom we have the option to purchase both fully assembled and tested products as well as tested die in wafer form for assembly. Samsung subcontracts the assembly and initial testing of the assembled chips it supplies to us to Signetics Corporation and STATS ChipPAC Ltd. In the case of purchases of tested die from Samsung, we contract the assembly to Advanced Semiconductor Engineering, Inc., or ASE. Final testing of all of our products is handled by Sigurd Corporation or King Yuan Electronics Co., Ltd. under the supervision of our engineers. We depend on these third parties to supply us with material of a requested quantity in a timely manner that meets our standards for yield, cost and manufacturing quality. Availability of capacity within our supply chain tightened during fiscal year 2023, which at times limited the volume of products we can produce, negatively impacting our business and operations, and similar capacity constraints may adversely affect our business in the future. Moreover, because each SoC is fabricated in only one manufacturing facility, or single sourced, any disruption to a facility could cause significant delays in the production or shipment of the products produced in that facility that could not be easily offset by having such product (s) produced in another facility. We do not have any long- term supply agreements with any of our manufacturing suppliers. If one or more of these vendors terminates its relationship with us, or if we encounter any problems with our manufacturing supply chain, including available capacity constraints, our ability to ship our solutions to our customers on time and in the quantity required would be adversely affected, which in turn could cause an unanticipated decline in our sales and damage our customer relationships. If, in the future, we enter into arrangements with suppliers that include additional fees to expedite delivery, nonrefundable deposits or loans in exchange for capacity commitments or commitments to purchase specified quantities over extended periods, such arrangements may be costly, reduce our financial flexibility and be on terms unfavorable to us, if we are able to secure such arrangements at all. To date, we have not entered into any such arrangements with our suppliers. If we need additional foundry or assembly and test subcontractors because of increased demand or the inability to obtain timely and adequate deliveries from our current vendors, we may not be able to do so cost- effectively, if at all. We sell a significant percentage of our solutions through a single distributor, WT, which serves as our non- exclusive sales representative **and fulfillment partner** in Asia ~~,~~ other than Japan. Approximately **53 %,** 57 % ~~,~~ **and** 62 ~~% and 63~~ % of our revenue was derived from sales through WT for the fiscal years ended January 31, **2024,** 2023 ~~,~~ **and** 2022 ~~and 2021~~ , respectively. We anticipate that a significant portion of our revenue will continue to be derived from sales through WT in the foreseeable future. Our current agreement with WT is effective until January 2026, unless it is terminated earlier by either party for any or no reason with 60 days written notice or by failure of the breaching party to cure a material breach within 30 days following written notice of such material breach by the non- breaching party. Our agreement with WT will automatically renew for additional successive 12- month terms unless at least 60 days before the end of the then- current term either party provides written notice to the other party that it elects not to renew the agreement. Termination of the relationship with WT, either by us or by WT, could result in a temporary or permanent loss of revenue. We may not be successful in finding suitable alternative distributors on satisfactory terms, or at all, and this could adversely affect our ability to effectively sell our solutions in certain geographical locations or to certain end customers. Furthermore, WT, or any successor or other distributors we do business with, may face issues obtaining credit, which could impair their ability to make timely payments to us. We **are subject to risks associated with our distributors' product inventories. We** sell many of our products to customers through distributors who maintain their own inventory of our products for sale to ODMs and end customers. We allow limited price adjustments on sales to distributors. Price adjustments may be effected by way of credits for future product or by cash payments to the distributor, either in arrears or in advance, using estimates based on historical transactions. In accordance with ASC 606, we recognize revenue on sales to distributors upon shipment and transfer of control (known as " sell-in " revenue recognition) based on the amount of consideration expected to be received. To the extent that the actual consideration received is materially different from estimated variable consideration recognized, we may be required to adjust revenue in subsequent periods. If our distributors are unable to sell an adequate amount of their inventory of our products in a given quarter to ODMs and end customers, or if they decide to decrease their inventories for any reason, such as adverse global economic conditions or a downturn in technology spending, our sales to these distributors and our revenues may decline. We also face the risk that our distributors may purchase, or for other reasons accumulate, inventory levels of our products in any particular quarter in excess of future anticipated sales to end customers. If such sales do not occur in the time frame anticipated by these distributors for any reason, these distributors may substantially decrease the amount of product they order from us in subsequent periods until their inventory levels realign with end- customer demand, which would harm our business and could adversely affect our revenues in such subsequent periods. ~~Recently~~ **In recent periods** , some end customers have indicated they are seeking to reduce their inventory levels, which may reduce such customers' demand for our products, including products purchased through our distributors, in future periods and harm our financial results. If our foundry vendors do not achieve satisfactory yields or quality, our reputation and customer relationships could be harmed. The fabrication of our video and image processing SoC solutions is a complex and technically demanding process. Minor deviations in the manufacturing process can cause substantial decreases in yields, and in some cases, cause production to be suspended. Our foundry vendors, from time to time, experience manufacturing defects and reduced manufacturing yields, including in the fabrication of our SoCs. Changes in manufacturing processes or the inadvertent use of defective or contaminated materials by our foundry vendors could result in lower than anticipated manufacturing yields or unacceptable performance of our SoCs. Many of these problems are difficult to detect at an early stage of the manufacturing process and may be time consuming and expensive to correct. Poor yields from our foundry vendors, or defects, integration issues or other performance problems in our solutions, could cause us significant customer relations and business reputation problems, harm our financial results and give rise to financial or other damages to our customers. Our customers might consequently seek damages from us for their losses. A product liability claim brought against us, even if unsuccessful, would likely be time consuming and costly to defend. Each of our SoC solutions is manufactured at a single location. If we experience manufacturing problems at a particular location, we would be required to transfer manufacturing to a new location or supplier. Converting or transferring manufacturing from a primary location or supplier to a backup fabrication facility could be expensive and could take two or more quarters. During such a transition, we would be required to meet customer demand from our then- existing inventory, as well as any partially finished goods that could be modified to the required product specifications. We do not seek to maintain sufficient inventory to address a lengthy transition period because we believe it is uneconomical. As a result, we may not be able to meet customer needs during such a transition, which could delay shipments, cause production delays, result in a decline in our sales and damage our customer relationships. We rely on third- party vendors to supply software development tools to us for the development of our new products, and we may be unable to obtain the tools necessary to develop or enhance new or existing products. We rely on third-party software development tools to assist us in the design, simulation and verification of new products or product enhancements. To bring new products or product enhancements to market in a timely manner, or at all, we need software development tools that are sophisticated enough or technologically advanced enough to complete our design, simulations and verifications. In the future, the design requirements necessary to meet consumer demands for more features and greater functionality from our solutions may exceed the capabilities of available software development tools. Unavailability of software development tools may result in our missing design cycles or losing design wins, either of which could result in a loss of market share or negatively impact our operating results. Because of the importance of software development tools to the development and enhancement of our solutions, our relationships with leaders in the computer- aided design industry, including Cadence Design Systems, Inc., Mentor Graphics Corporation and Synopsys, Inc., are critical to us. If these relationships are not successful, we may be unable to develop new products or product enhancements in a timely manner, which could result in a loss of market share, a decrease in revenue or negatively impact our operating results. We rely on third parties to provide services and technology necessary for the operation of our business. Any failure of one or more of our vendors, suppliers or licensors to provide such services or technology could harm our business. We rely on third- party vendors to provide critical services, including, among other things, services related to accounting, human resources, information technology and network monitoring that we cannot or do not create or provide ourselves. We depend on these vendors to ensure that our corporate infrastructure will consistently meet our business requirements. The ability of these third- party vendors to successfully provide reliable and high-quality services is subject to technical and operational uncertainties that are beyond our control. While we may be entitled to damages if our vendors fail to perform under their agreements with us, our agreements with these vendors limit the amount of damages we may receive. In addition, we do not know whether we will be able to collect on any award of damages or that these damages would be sufficient to cover the actual costs we would incur as a result of any vendor' s failure to perform under its agreement with us. Upon expiration or termination of any of our agreements with third- party vendors, we may not be able to replace the services provided to us in a timely manner or on terms and conditions, including service levels and cost, that are favorable to us, and a transition from one vendor to another vendor could subject us to operational delays and inefficiencies until the transition is complete. Any disruption to the operations of our third- party contractors and their suppliers could cause significant delays in the production or shipment of our products. Our operations could be harmed if manufacturing, logistics or other operations of our third- party contractors or their suppliers are disrupted for any reason, including natural disasters, high heat events or water shortages, severe storms, other negative impacts from climate change, information technology system failures, military actions or environmental, public health or regulatory issues. The majority of our products are manufactured by or receive components from third- party contractors located in South Korea, Taiwan and Japan. The risk of an earthquake or tsunami in South Korea, Taiwan, Japan and elsewhere in the Pacific Rim region is significant due to the proximity of major earthquake fault lines. A disruption in the availability of image sensors from Sony Corporation as a result of the 2016 Kumamoto, Japan earthquake impacted our customers' ability to build or launch cameras and, as a result, negatively impacted the timing and scope of demand for our SoCs in fiscal year 2017. Similarly, a severe cold storm in Texas in February 2021 disrupted the manufacturing of some of our products at Samsung' s Texas facility for several weeks. Any disruption resulting from such events could cause significant delays in the production or shipment of our products until we are able to shift our manufacturing, assembling or testing from the affected contractor to another third- party vendor. We may not be able to obtain alternate capacity on favorable terms, or at all. Risks Related to Our Legal and Regulatory Environment Global economic and political conditions, including high inflation, recessionary concerns and trade restrictions, may have an impact on our business and financial condition in ways that we currently cannot predict. Our operations and performance depend significantly on global, regional and U. S. economic and geopolitical conditions. Customer demand for our solutions may be negatively impacted by weak economic conditions, high inflation or recessionary environments in the US and other nations. Inflation or other deteriorations in global economic conditions may impact our operating expenses and third parties may demand pricing accommodations, which could harm our ability to meet customer demands or collect revenue or otherwise harm our business and financial results. General trade tensions between the United States and China have been escalating, which has, in our view, created and will perpetuate an uncertain business environment. Additionally, the U. S. government announced new controls restricting the ability to send certain products and technology related to semiconductors, semiconductor manufacturing, advanced computing, ~~and~~ supercomputing **, and artificial intelligence** to China **, including Hong Kong,** without an export license. In many cases, these licenses are subject to a policy of denial and will not be issued. While our current products are not restricted by these controls, such controls could impact our ability to export products to China in the future. It also is possible that the Chinese government will retaliate in ways that could impact our business. If additional tariffs or trade restrictions are imposed on our SoC solutions or the products of our customers, or trade restrictions are imposed on our ability to conduct business with certain customers, there could be a negative impact on our operations and financial performance. Even in the absence of new restrictions, tariffs or changes in export classifications, it is possible that foreign customers could take actions to reduce dependence on the supply of components, including our solutions, that could be subject to new export classifications or trade restrictions. There are also risks that the Chinese government may, among other things, require the use of local suppliers, compel companies that do business in China to partner with local companies to conduct business and provide incentives to government- backed local customers to buy from local suppliers. A large portion of our employee base is in China and impacts to our China offices could significantly harm our operations, make it difficult to support customers and negatively impact product development. The materialization of these risks could have a material adverse effect on our business and financial condition. Further, our business and performance are subject to economic conditions, and our suppliers, distributors, and customers may suffer their own financial and economic challenges. Russia' s ongoing conflict with Ukraine has triggered significant sanctions from U. S. and European leaders. ~~Resulting changes~~ **Changes** in U. S. trade policy could trigger retaliatory actions by Russia, its allies and other affected countries, including China, resulting in a trade war. For example, in addition to controls imposed on China discussed above, following Russia' s invasion of Ukraine, the United States and other countries imposed certain economic sanctions and severe export control restrictions against Russia and Belarus, as well as certain Russian nationals, which caused us to terminate certain business relationships in those countries. These sanctions and restrictions have continued to increase as the conflict has further escalated, and the United States and other countries could impose wider sanctions and export restrictions and take other actions in the future that could impact our business. Furthermore, if the conflict between Russia and Ukraine continues for a long period of time, or if other countries, including the U. S., become further involved in the conflict, we could face significant adverse effects to our business and financial condition. In addition, some of our customers and third- party partners have engineering teams located in Russian and / or Ukraine, whose operations have been and may continue to be disrupted by the ongoing conflict between the countries. If such disruption were to continue for an extended period, our customers could face delays in the launch of new products containing our solutions, resulting in delayed or decreased demand for our solutions. We have significant business operations in Taiwan, including **343** ~~approximately 360~~ employees **as of January 31, 2024** , and many of our third- party manufacturing suppliers are located in Taiwan. Accordingly, our business, financial condition and results of operations may be affected by changes in governmental and economic policies in Taiwan, social instability and diplomatic and social developments in or affecting Taiwan due to its international political status. Although significant economic and cultural relations have been established between Taiwan and China, we cannot assure that relations between Taiwan and China will not face political or economic uncertainties in the future. Any deterioration in the relations between Taiwan and China, and other factors affecting military, political or economic conditions in Taiwan, could disrupt our business operations and materially and adversely affect our results of operations. Our ability to sell our products to several China customers has been restricted. Several of our customers, including Hangzhou Hikvision Digital Technology Co., Ltd, or Hikvision, Zhejiang Dahua Technology Co., Ltd., or Dahua, and affiliates of Shenzhen Dajiang Baiwang Technology Co., Ltd., have been added to the Entity List of the Bureau of Industry and Security, or BIS, of the U. S. Department of Commerce, or Commerce, which imposes limitations on the supply of ~~certain~~ U. S. **controlled** items to the listed entities. In October 2022, BIS imposed additional restrictions on transactions with Dahua involving items subject to BIS export regulations ~~. These export regulations negatively impact our ability to ship items subject to BIS regulations to these listed entities~~ . Notwithstanding our ability to continue to supply some SoC products to some affiliates of the listed entities, these customers may seek to obtain similar or substitute products from our competitors that are not subject to these limitations, or to develop similar or substitute products themselves. We also cannot be certain what additional actions the U. S. government may take with respect to any of our China customers, including changes to the Entity List restrictions, export regulations, tariffs or other trade restrictions, or whether the Chinese government may take any actions in response to U. S. government action that may adversely affect our ability to do business with our China customers. Even in the absence of new restrictions, tariffs or trade actions imposed by the U. S. or Chinese government, our China customers may take actions to reduce dependence on the supply of components subject to U. S. trade regulations, including our SoC solutions, which could have a material adverse effect on our operating results. We are unable to predict the duration of the restrictions imposed by the U. S. government or of any additional governmental actions, any of which could have a long- term adverse effect on our business, operating results and financial condition. We are subject to governmental export and import controls that could subject us to liability or impair our ability to compete in international markets. The U. S. and various foreign governments have imposed controls, export license requirements and restrictions on the import or export of certain products, technologies and software. We must export our products in compliance with U. S. export controls, including the Commerce' s Export Administration Regulations. We may not always be successful in obtaining necessary export licenses, and our failure to obtain required import or export approval for our products or limitations on our ability to export or sell our products imposed by these laws may harm both our international and domestic sales and adversely affect our revenue. Noncompliance with these laws could have negative consequences, including government investigations, penalties and reputational harm. Changes in our products or changes in export, import and economic sanctions laws and regulations may delay our introduction of new products in international markets, prevent our customers from deploying our products internationally or, in some cases, prevent the export or import of our products to or from certain countries altogether. Any change in export or import regulations or legislation, shift or change in enforcement, or change in the countries, persons or technologies targeted by these regulations, could result in decreased use of our products by, or in our decreased ability to export or sell our products to, existing or potential customers with international operations. In such event, our business and results of operations could be adversely affected. From time to time, we are subject to warranty claims that may require us to make significant expenditures to defend these claims or pay damage awards. In the future, we may also be subject to product liability claims resulting from failure of our solutions or if products we design, manufacture, or sell, cause personal injury or property damage, even where the cause is unrelated to product defects. These risks will likely increase as our products are introduced into new devices, markets, or applications, including autonomous and semi- autonomous automotive, drone and robotic applications. In the event of a warranty claim, we may also incur costs if we compensate the affected customer. We maintain product liability insurance, but this insurance is limited in amount and subject to significant deductibles. There is no guarantee that our insurance will be available or adequate to protect against all claims. We also may incur costs and expenses relating to a recall of one of our customers' products containing one of our devices. The process of identifying a recalled product in consumer devices that have been widely distributed may be lengthy and require significant resources, and we may incur significant replacement costs, contract damage claims from our customers and reputational harm. Costs or payments made in connection with warranty and product liability claims and product recalls could harm our financial condition and results of operations, as well as harm our reputation and cause the market value of our ordinary shares to decline. We are subject to governmental laws, regulations and other legal obligations related to privacy, data protection and cybersecurity. The legislative and regulatory framework for privacy, data protection and cybersecurity issues worldwide is rapidly evolving and is likely to remain uncertain for the foreseeable future. We collect and otherwise process personal information and other data as part of our business processes and activities. This data is subject to a variety of U. S. and international laws and regulations, including oversight by various regulatory or other governmental bodies. Many foreign countries and governmental bodies, including China, the European Union and other relevant jurisdictions where we conduct business, have laws and regulations concerning the collection, use and other processing of personal information and other data obtained from their residents or by businesses operating within their jurisdictions that are more restrictive than those in the U. S. For example, the European Union has adopted the General Data Protection Regulation, or GDPR, which imposed stringent data protection requirements and provided for substantial penalties for noncompliance, including the potential for fines of up to € 20 million or 4 % of the annual global revenues of the noncompliant entity, whichever is greater. The United Kingdom has adopted legislation that substantially implements the GDPR and provides for a similar penalty structure. Similarly, California has adopted the California Consumer Privacy Act of 2018, or CCPA, which took effect in 2020. California has adopted a new law, the California Privacy Rights Act of 2020, or CPRA, that substantially expanded the CCPA as of January 1, 2023. The CCPA, as amended and modified by the CPRA, gives California residents the right to access, delete and opt out of certain sharing of their information, and imposes penalties for failure to comply. **Numerous** ~~Other~~ **other** U. S. states have proposed, and in certain cases enacted, similar general privacy legislation. In 2021, the National People' s Congress passed the Data Security Law of the People' s Republic of China (Data Security Law) and China' s Personal Information Protection Law (PIPL). The Data Security Law is the first comprehensive data security legislation in China and aims to regulate a wide range of issues in relation to the collection, storage, processing, use, provision, transaction and publication of any kind of data. The PIPL is the first national- level law comprehensively regulating issues in relation to personal information protection in China. Significant uncertainty remains regarding how regulators will interpret and enforce these laws, but the Data Security Law contains provisions that allow substantial government oversight and include fines for failure to obtain required approval from China' s cyber and data protection regulators for cross- border personal information- related data transfers. PIPL authorizes enforcement by cybersecurity authorities and other regulators, and provides for fines and other remedies for noncompliance. Aspects of these laws remain unclear, resulting in further uncertainty and potentially requiring us to modify our data practices and policies and to incur substantial additional costs and expenses in an effort to comply. Because the interpretation and application of many laws and regulations relating to privacy, data protection, and data security, along with industry standards, are uncertain, it is possible that these laws and regulations may be interpreted and applied in a manner that is inconsistent with our data management practices or the features of our products or solutions, and we could face fines, lawsuits, regulatory investigations, and other claims and penalties, and we could be required to fundamentally change our products or our business practices, which could have an adverse effect on our business. Any inability, or perceived inability, to adequately address privacy and data protection concerns, or to comply with applicable laws, regulations, policies, industry standards, contractual obligations or other legal obligations, even if unfounded, could result in additional cost and liability to us, inhibit sales, damage our reputation and adversely affect our business. Failure to comply with the U. S. Foreign Corrupt Practices Act, or FCPA, and similar laws associated with our activities outside of the United States could subject us to penalties and other adverse consequences. We face significant risks if we fail to comply with the FCPA and other anti- corruption laws that prohibit improper payments or offers of payment to foreign governments and political parties by us for the purpose of obtaining or retaining business. In many foreign countries, particularly in countries with developing economies, it may be a local custom that businesses operating in such countries engage in business practices that are prohibited by the FCPA or other applicable laws and regulations. Although we implemented an FCPA compliance program, we cannot assure you that all of our employees and agents, as well as those companies to which we outsource certain of our business operations, will not take actions in violation of our policies and applicable law, for which we may be ultimately held responsible. Any violation of the FCPA or other applicable anti- corruption laws could result in severe criminal or civil sanctions and, in the case of the FCPA, suspension or debarment from U. S. government contracting, which could have a material and adverse effect on our reputation, business, financial condition, operating results and cash flows. We, our customers and third- party contractors are subject to increasingly complex environmental regulations and compliance with these regulations may delay or interrupt our operations and adversely affect our business. We face increasing complexity in our procurement, design, and research and development operations as a result of requirements relating to the materials composition of our products, including the European Union' s, or EU' s, Restriction on the Use of Certain Hazardous Substances in Electrical and Electronic Equipment, or RoHS, directive, which restricts the content of lead and certain other hazardous substances in specified electronic products put on the market in the EU and similar Chinese legislation relating to marking of electronic products which became effective in March 2007. Failure to comply with these and similar laws and regulations could subject us to fines, penalties, civil or criminal sanctions, contract damage claims, and take- back of non- compliant products, which could harm our business, reputation and operating results. The passage of similar requirements in additional jurisdictions or the tightening of these standards in jurisdictions where our products are already subject to such requirements could cause us to incur significant expenditures to make our products compliant with new requirements, or could limit the markets into which we may sell our products. Our failure to comply with present and future environmental, health and safety laws could cause us to incur substantial costs, result in civil or criminal fines and penalties and decreased revenue, which could adversely affect our operating results. Failure by our foundry vendors or other suppliers to comply with applicable environmental laws and requirements could cause disruptions and delays in our product shipments, which could adversely affect our relations with our ODMs and OEMs and adversely affect our business and results of operations. Regulations related to " conflict minerals " may force us to incur additional expenses, may make our supply chain more complex and may result in damage to our reputation with customers. Pursuant to the Dodd- Frank Wall Street Reform and Consumer Protection Act of 2010, or the Dodd- Frank Act, the Securities and Exchange Commission, or the SEC, has adopted requirements for companies that use certain minerals and metals, known as conflict minerals, in their products, whether or not these products are manufactured by third parties. These requirements require companies to perform due diligence, disclose and report whether or not such minerals originate from the Democratic Republic of the Congo and adjoining countries. These requirements could adversely affect the sourcing, availability and pricing of minerals used in the manufacture of semiconductor devices, including our products. While these requirements continue to be subject to administrative uncertainty, we have incurred, and may continue to incur, costs to comply with the disclosure requirements, including costs related to determining the source of any of the relevant minerals and metals used in our products. Since our supply chain is complex, we may not be able to sufficiently verify the origins for these minerals and metals used in our products through the due diligence procedures that we implement, which may harm our reputation. In such event, we may also face difficulties in satisfying customers who require that all of the components of our products are certified as conflict mineral free. We are subject to regulatory compliance requirements, including Section 404 of the Sarbanes- Oxley Act of 2002, which are costly to comply with, and our failure to comply with these requirements could harm our business and operating results. We are subject to disclosure and compliance requirements associated with being a public company, including but not limited to compliance with Section 404 of the Sarbanes- Oxley Act of 2002. For example, Section 404 of the Sarbanes- Oxley Act requires that our management report on, and our independent auditors attest to, the effectiveness of our internal control structure and procedures for financial reporting. Compliance with Section 404 requires a significant amount of time, expenses and diversion of internal resources. If we or our auditors discover a material weakness in our internal controls, the disclosure of that fact, even if quickly remedied, could reduce the market' s confidence in our financial statements and harm our stock price. In addition, if we fail to maintain effective controls over financial reporting, we could be subject to sanctions or investigations by The ~~NASDAQ Stock~~ **Nasdaq Global Select** Market, the SEC, or other regulatory authorities. Irrespective of compliance with Section 404, any **failure of our internal controls could have a material adverse effect on our stated results of operations and harm our reputation. Furthermore, investor perceptions of our company may suffer, and this could cause a decline in the market price of our ordinary shares. We have identified a material weakness in our internal control over financial reporting. Failure to achieve and maintain effective internal control over financial reporting in accordance with Section 404 of the Sarbanes- Oxley Act of 2002 could materially and adversely affect our business, results of operations, financial condition, and stock price. In connection with the preparation of our consolidated financial statements, a material weakness was identified in our internal control over financial reporting as of January 31, 2024. We did not design and maintain effective controls over**

the accounting for income taxes. Specifically, we did not have tax personnel with the appropriate skills and level of experience to assess complicated tax matters, and we did not properly identify, risk assess, design and maintain effective controls related to the income tax provision, including controls related to the evaluation of tax deductions and recognition and measurement of deferred tax assets. This material weakness resulted in immaterial errors to the provision for income taxes, deferred tax assets, income taxes payable, and income tax disclosures which were adjusted in our consolidated financial statements for the fiscal year ended January 31, 2024. Additionally, this material weakness could result in a misstatement of the aforementioned account balances or disclosures that would result in a material misstatement in our annual or interim consolidated financial statements that would not be prevented or detected. The material weakness did not result in a material misstatement to the current fiscal year' s consolidated financial statements. As a result of this material weakness, our management concluded that our internal control over financial reporting was not effective based on the framework in Internal Control- Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission. We are actively engaged in implementing a remediation plan designed to address this material weakness. If our remedial measures are insufficient to address the material weakness, or if additional material weaknesses or significant deficiencies in our internal control are discovered or occur in the future, our consolidated financial statements may contain material misstatements and we could be required to restate our financial results. Even if this material weakness is quickly remedied, or if we or our auditors discover an additional material weakness in our internal controls, the market' s confidence in our financial statements could decline and our stock price may be harmed. In addition, our failure to maintain effective controls over financial reporting could subject us to sanctions or investigations by The Nasdaq Global Select Market, the SEC, or other regulatory authorities. Irrespective of compliance with Section 404, this and any other failure of our internal controls could have a material adverse effect on our stated results of operations and harm our reputation. Furthermore, investor perceptions of our company may suffer, and this could cause a decline in the market price of our ordinary shares. Changes in effective tax rates or adverse outcomes resulting from examination of our income tax returns could adversely affect our results. Our future effective tax rates could be adversely affected if our earnings are lower than anticipated in countries where we have lower statutory rates and higher than anticipated in countries where we have higher statutory rates, by changes in the valuation of our deferred tax assets and liabilities, transfer pricing adjustments, re- organization or restructuring of our businesses, changes in our corporate structure, including the effect of acquisitions on our legal structure, by tax costs related to intercompany realignments, tax effects of share- based compensation, expiration of or lapses in tax incentives, or by changes in tax laws, regulations, accounting principles or interpretations thereof. For example, changes in tax laws, including the U. S. federal tax legislation commonly referred to as the Tax Cuts and Jobs Act of 2017, or Tax Act, as well as other factors, could cause us to experience fluctuations in our tax obligations and effective tax rates and otherwise adversely affect our tax positions and / or our tax liabilities. The Tax Act requires complex computations not previously provided in U. S. tax law. The U. S. Department of Treasury has broad authority to issue regulations and interpretative guidance that may significantly impact how we will apply the law and impact our results of operations in the period issued. In August 2022, the U. S. enacted the Inflation Reduction Act of 2022 ~~(~~**, or** IRA ~~)~~**,** which includes a new 15 % corporate minimum tax as well as a 1 % excise tax on the fair value of corporate stock repurchases made by U. S. corporations and certain foreign corporations after December 31, 2022. We do not expect the IRA to have a material impact on our financial statements. In addition, our income tax returns are subject to continuous examination by the Internal Revenue Service, or IRS, and other tax authorities. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes. We cannot assure you that the outcomes from these continuous examinations will not have an adverse effect on our operating results and financial condition. Unfavorable tax law changes, an unfavorable governmental review of our tax returns, changes in our geographical earnings mix or imposition of withholding taxes on repatriated earnings could adversely affect our effective tax rate and our operating results. Our operations are subject to certain taxes, such as income and transaction taxes, in the Cayman Islands, the United States, China, Hong Kong, Japan, Italy, Germany, South Korea, Taiwan and other jurisdictions in which we do business. A change in the tax laws in the jurisdictions in which we do business, including an increase in tax rates or an adverse change in the treatment of an item of income or expense, possibly with retroactive effect, could result in a material increase in the amount of taxes we incur. In particular, past proposals have been made to change certain U. S. tax laws relating to foreign entities with U. S. connections, which may include us. For example, previously proposed legislation has considered treating certain foreign corporations as U. S. domestic corporations (and therefore taxable on all of their worldwide income) if the management and control of the foreign corporation occurs, directly or indirectly, primarily within the United States. If such legislation were enacted, we could, depending on the precise form, be subject to U. S. taxation notwithstanding our domicile outside the United States. In addition, over the last several years, the Organization for Economic Co- operation and Development (OECD) has been working on a Base Erosion and Profit Shifting Project and has been issuing guidelines and proposals covering a number of issues, including country- by- country reporting, permanent establishment rules, transfer pricing rules and tax treaties. Many of these changes have been or are in the process of being adopted by numerous countries and could materially and adversely affect our provision for income taxes. In 2021, more than 140 countries tentatively signed on to a framework that imposes a global minimum tax of 15 %. The Council of the European Union has adopted this initiative ~~for enactment by European Union member states by December 31~~ , ~~2023, with implementation~~ **which has been implemented** into the domestic laws of **some jurisdictions** ~~those states by the end of 2023, with the rules to be applicable~~ for fiscal years starting on or after December 31, 2023 for multinationals that meet the annual threshold of at least EUR 750 million of consolidated revenues. Additional changes to global tax laws are likely to occur, and such changes may adversely affect our effective tax rate, operating results, and cash flow. In December 2018, the Cayman Islands passed the International Tax Co- Operation (Economic Substance) Law, 2018, which requires Cayman Islands companies carrying on one or more relevant activities to maintain a substantial economic presence in the Cayman Islands. Effective from December 31, 2019, we have structured our activities to comply with the new law. However, the legislation remains subject to further clarification and interpretation and accordingly, there is no guarantee that we will be deemed to be compliant. Furthermore, this legislation may require us to make additional changes to the activities we carry on in the Cayman Islands, which could increase our cost of operations, and we could be subject to penalties for lack of compliance. As a result, we are not able to determine the impact on our operations and net income as of the current period. We are subject to periodic audits or other reviews by tax authorities in the jurisdictions in which we conduct our activities. Any such audit, examination or review requires management' s time, diverts internal resources and, in the event of an unfavorable outcome, may result in additional tax liabilities or other adjustments to our historical results. Because we conduct operations in multiple jurisdictions, our effective tax rate is influenced by the amounts of income and expense attributed to each such jurisdiction. If such amounts were to change so as to increase the amounts of our net income subject to taxation in higher- tax jurisdictions, or if we were to commence operations in jurisdictions assessing relatively higher tax rates, our effective tax rate could be adversely affected. In addition, we may determine that it is advisable from time to time to repatriate earnings from subsidiaries under circumstances that could give rise to imposition of potentially significant withholding taxes by the jurisdictions in which such amounts were earned, without our receiving the benefit of any offsetting tax credits, which could also adversely impact our effective tax rate. We may be classified as a passive foreign investment company which could result in adverse U. S. federal income tax consequences for U. S. holders of our ordinary shares. Based on the current and anticipated valuation of our assets and the composition of our income and assets, we do not expect to be considered a passive foreign investment company, or PFIC, for U. S. federal income tax purposes for our ~~2023~~ **2024** fiscal year or the foreseeable future. However, a separate determination must be made at the close of each taxable year as to whether we are a PFIC for that taxable year, and we cannot assure you that we will not be a PFIC for our ~~2024~~ **2025** fiscal year or any future taxable year. Under current law, a non- U. S. corporation will be considered a PFIC for any taxable year if either (a) at least 75 % of its gross income is passive income or (b) at least 50 % of the value of its assets, generally based on an average of the quarterly values of the assets during a taxable year, is attributable to assets that produce or are held for the production of passive income. PFIC status depends on the composition of our assets and income and the value of our assets (which may be based in part on the value of our ordinary shares **,** which may fluctuate), including, among others, a pro rata portion of the income and assets of each subsidiary in which we own, directly or indirectly, at least 25 % by value of the subsidiary' s equity interests, from time to time. Because we currently hold, and expect to continue to hold, a substantial amount of cash or cash equivalents, and because the calculation of the value of our assets may be based in part on the value of our ordinary shares **,** which may fluctuate and may fluctuate considerably given that market prices of technology companies historically often have been volatile, we may be a PFIC for any taxable year. If we were treated as a PFIC for any taxable year during which a U. S. holder held ordinary shares, certain adverse U. S. federal income tax consequences could apply for such U. S. holder. Changes in our United States federal income tax classification, or that of our subsidiaries, could result in adverse tax consequences to our 10 % or greater U. S. shareholders. The Tax Act may have changed the consequences to U. S. shareholders that own, or are considered to own, as a result of ~~the~~ **certain** attribution rules, 10 % or more of the voting power or value of the stock of a non- U. S. corporation (a 10 % U. S. shareholder) under the U. S. federal income tax law applicable to owners of U. S. controlled foreign corporations, or CFCs. Prior to the Tax Act, we did not believe that we, or any of our non- U. S. subsidiaries, were considered a CFC, which is a determination made daily based on whether the 10 % U. S. shareholders together own, or are considered to own under the attribution rules, more than 50 % of the voting power or value of a non- U. S. corporation. Under the Tax Act, however, because our group includes one or more U. S. subsidiaries, certain of our non- U. S. subsidiaries may be classified as CFCs with respect to any single 10 % U. S. shareholder, even without regard to whether 10 % U. S. shareholders together own, directly or indirectly, more than 50 % of the voting power or value of the Company. Our 10 % or greater U. S. shareholders should consult their individual tax advisors for advice regarding the ~~2017~~ **Tax** Act **' s** revision to the U. S. federal income tax law applicable to owners of CFCs. Risks Related to Our Intellectual Property Our failure to adequately protect our intellectual property rights could impair our ability to compete effectively or defend ourselves from litigation, which could harm our business, financial condition and results of operations. Our success depends, in part, on our ability to protect our intellectual property. We rely primarily on patent, copyright, trademark and trade secret laws, as well as confidentiality and non- disclosure agreements and other contractual protections, to protect our proprietary technologies and know- how, all of which offer only limited protection. The steps we have taken to protect our intellectual property rights may not be adequate to prevent misappropriation of our proprietary information or infringement of our intellectual property rights, and our ability to prevent such misappropriation or infringement is uncertain, particularly in countries outside of the United States. The failure of our patents to adequately protect our technology might make it easier for our competitors to offer similar products or technologies, which would harm our business. For example, our patents and patent applications could be opposed, contested, circumvented, designed around by our competitors or be declared invalid or unenforceable in judicial or administrative proceedings. Our foreign patent protection is generally not as comprehensive as our U. S. patent protection and may not protect our intellectual property in some countries where our products are sold or may be sold in the future. Many U. S.- based companies have encountered substantial intellectual property infringement in foreign countries, including countries where we sell products. Even if foreign patents are granted, effective enforcement in foreign countries may not be available. For example, the legal environment relating to intellectual property protection in certain emerging market countries where we operate is relatively weaker, often making it difficult to create and enforce such rights. We may not be able to effectively protect our intellectual property rights in these emerging markets or elsewhere. If such an impermissible use of our intellectual property or trade secrets were to occur, our ability to sell our solutions at competitive prices may be adversely affected and our business, financial condition, operating results and cash flows could be materially and adversely affected. We may in the future need to initiate infringement claims or litigation in order to try to protect our intellectual property rights. Litigation, whether we are a plaintiff or a defendant, can be expensive, time- consuming and may divert the efforts of our technical staff and management, which could harm our business, whether or not such litigation results in a determination favorable to us. Litigation also puts our patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of not being issued. Additionally, any enforcement of our patents or other intellectual property may provoke third parties to assert counterclaims against us. If we are unable to protect our proprietary rights or if third parties independently develop or gain access to our or similar technologies, our business, revenue, reputation and competitive position could be harmed. The semiconductor industry is characterized by vigorous protection and pursuit of intellectual property rights and positions, which has resulted in protracted and expensive litigation for many companies. We and certain of our customers have received, and in the future may receive, communications from others alleging our infringement of their patents, trade secrets or other intellectual property rights. In addition, we and certain of our end customers have been the subject of lawsuits alleging infringement of intellectual property rights by our solutions or products incorporating our solutions, including the assertion that the alleged infringement may be attributable, at least in part, to our technology. Such lawsuits could subject us to significant liability for damages and invalidate our proprietary rights, though this has not occurred to date. Any potential intellectual property litigation also could force us to do one or more of the following: • stop selling products or using technology that contain the allegedly infringing intellectual property; • incur significant legal expenses; • pay substantial damages to the party whose intellectual property rights we may be found to be infringing; • redesign those products that contain the allegedly infringing intellectual property; • attempt to obtain a license to the relevant intellectual property from third parties, which may not be available on reasonable terms or at all; or • lose the opportunity to license our technology to others or to collect royalty payments based upon successful protection and assertion of our intellectual property against others. Any significant impairment of our intellectual property rights from any litigation we face could harm our business and our ability to compete. Any potential dispute involving our patents or other intellectual property could affect our customers, which could trigger our indemnification obligations to them and result in substantial expense to us. In any potential dispute involving our patents or other intellectual property, our customers could also become the target of litigation. Certain of our customers have received notices from third parties claiming to have patent rights in certain technology and inviting our customers to license this technology, and certain of our end customers have been the subject of lawsuits alleging infringement of patents by products incorporating our solutions, including the assertion that the alleged infringement may be attributable, at least in part, to our technology. Because we generally indemnify our customers for intellectual property claims made against them for products incorporating our technology, any litigation could trigger technical support and indemnification obligations under some of our license agreements, which could result in substantial expense to us. Because some of our ODMs and OEMs are larger than we are and have greater resources than we do, they may be more likely to be the target of an infringement claim by third parties than we would be, which could increase our chances of becoming involved in a future lawsuit. If any such claims were to succeed, we might be forced to pay damages on behalf of our ODMs or OEMs that could increase our expenses, disrupt our ability to sell our solutions and reduce our revenue. In addition to the time and expense required for us to supply support or indemnification to our customers, any such litigation could severely disrupt or shut down the business of our customers, which in turn could hurt our relations with our customers and cause the sale of our products to decrease. The use of open source software in our products, processes and technology may expose us to additional risks and compromise our proprietary intellectual property. Our products, processes and technology sometimes utilize and incorporate software that is subject to an open source license. Open source software is typically freely accessible, usable and modifiable. Certain open source software licenses, such as the GNU General Public License, require a user who intends to distribute the open source software as a component of the user' s software to disclose publicly part or all of the source code to the user' s software. In addition, certain open source software licenses require the user of such software to make any derivative works of the open source code available to others on terms unfavorable to us or at no cost. This can subject previously proprietary software to open source license terms. While we monitor the use of open source software in our products, processes and technology and try to ensure that no open source software is used in such a way as to require us to disclose the source code to the related product, processes or technology when we do not wish to do so, such use could inadvertently occur. Additionally, if a third- party software provider has incorporated certain types of open source software into software we license from such third- party for our products, processes or technology, we could, under certain circumstances, be required to disclose the source code to our products, processes or technology. This could harm our intellectual property position and our business, results of operations and financial condition. Risks Related to Ownership of Our Ordinary Shares The market price of our ordinary shares may be volatile, which could cause the value of your investment to decline. The market price of our ordinary shares has historically been highly volatile, and has been particularly volatile in recent years. For example, since February 1, 2020, the trading price of our common stock ranged from a low of $ 36. 02 to a high of $ 227. 59 and was $ ~~89~~ **52** . ~~84~~ **56** at the close of trading on January 31, ~~2023~~ **2024** . The trading price of our ordinary shares is likely to remain volatile and could be subject to wide fluctuations in price in response to various factors, some of which are beyond our control. These factors include: • changes in financial estimates, including our ability to meet our future revenue and operating profit or loss projections; • fluctuations in our operating results or those of other semiconductor or comparable companies; • fluctuations in the economic performance or market valuations of companies perceived by investors to be comparable to us; • economic developments in the semiconductor industry as a whole; • general economic conditions, including conditions related to the banking industry or caused by pandemics and high inflation, and slow or negative market growth; • trade and other geopolitical activities affecting markets we address; • announcements by us or our competitors of acquisitions, new products, significant contracts or orders, commercial relationships or capital commitments; • our ability to develop and market new and enhanced solutions on a timely basis; • changes in the demand for our customers' products; • commencement of or our involvement in litigation; • disruption to our operations; • any major change in our board of directors or management; • political or social conditions in the markets where we sell our products; • changes in governmental regulations; and • changes in earnings estimates or recommendations by securities analysts. In addition, the stock market in general, and the market for semiconductor and other technology companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of those companies. These broad market and industry factors may cause the market price of our ordinary shares to decrease, regardless of our actual operating performance. These trading price fluctuations may also make it more difficult for us to use our ordinary shares as a means to make acquisitions or to use options to purchase our ordinary shares to attract and retain employees. If the market price of our ordinary shares declines, you may not realize any return on your investment in us and may lose some or all of your investment. In addition, in the past, following periods of volatility in the overall market and the market price of a company' s securities, securities class action litigation has often been instituted against these companies. This litigation, if instituted against us, could result in substantial costs and a diversion of our management' s attention and resources. Our actual operating results may not meet or exceed our guidance and investor expectations, which would likely cause our stock price to decline. From time to time, we may release guidance in our earnings releases, earnings conference calls or otherwise, regarding our future performance that represent our management' s estimates as of the date of release. If given, this guidance, which will include forward- looking statements, will be based on projections prepared by our management. Projections are based upon a number of assumptions and estimates that, while presented with numerical specificity, are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control. The principal reason that we expect to release guidance is to provide a basis for our management to discuss our business outlook with analysts and investors. With or without our guidance, analysts and other investors may publish expectations regarding our business, financial performance and results of operations. We do not accept any responsibility for any projections or reports published by any such third persons. Guidance is necessarily speculative in nature, and it can be expected that some or all of the assumptions of the guidance furnished by us will not materialize or will vary significantly from actual results. If our actual performance does not meet or exceed our guidance or investor expectations, the trading price of our ordinary shares is likely to decline. Similarly, if our guidance does not meet or exceed expectations of investors or securities analysts, the trading price of our ordinary shares is likely to decline. The price of our ordinary shares could decrease as a result of shares being sold in the market. Sales of a substantial number of our ordinary shares in the public market, or the perception that these sales might occur, could cause the market price of our ordinary shares to decline. In the past, we have issued stock options to employees and we regularly issue restricted stock units (RSUs) to employees, which settle as ordinary shares upon vesting. These shares can be freely sold in the public market upon issuance and vesting, subject to restrictions provided under the terms of the applicable plan and / or the option agreements entered into with option holders. We may also issue ordinary shares or securities convertible into ordinary shares from time to time in connection with a financing, acquisition or otherwise. Any such issuance could result in substantial dilution to our existing shareholders and cause the trading price of our stock to decline. We do not intend to pay dividends on our ordinary shares and, consequently, a shareholder' s ability to achieve a return on its investment will depend on appreciation in the price of our ordinary shares. We have never declared or paid any cash dividends on our ordinary shares and do not currently intend to do so for the foreseeable future. We currently intend to invest our future earnings, if any, to fund our growth. Therefore, shareholders are not likely to receive any dividends on their ordinary shares for the foreseeable future and the success of an investment in our ordinary shares will depend upon any future appreciation in their value. There is no guarantee that our ordinary shares will appreciate in value or even maintain the price at which our shareholders have purchased their shares. Investors seeking cash dividends should not purchase our ordinary shares. Provisions of our memorandum and articles of association and Cayman Islands corporate law may discourage or prevent an acquisition of us which could adversely affect the value of our ordinary shares. Provisions of our memorandum and articles of association and Cayman Islands law may have the effect of delaying or preventing a change of control or changes in our management. These provisions include the following: • the division of our board of directors into three classes; • the right of our board of directors to elect a director to fill a vacancy created by the expansion of our board of directors or due to the resignation or departure of an existing board member; • prohibition of cumulative voting in the election of directors which would otherwise allow less than a majority of shareholders to elect director candidates; • the requirement for the advance notice of nominations for election to our board of directors or for proposing matters that can be acted upon at a shareholders' meeting; • the ability of our board of directors to issue, without shareholder approval, such amounts of preference shares as the board of directors deems necessary and appropriate with terms set by our board of directors, which rights could be senior to those of our ordinary shares; • the elimination of the rights of shareholders to call a special meeting of shareholders and to take action by written consent in lieu of a meeting; and • the required approval of a special resolution of the shareholders, being a two- thirds vote of shares held by shareholders present and voting at a shareholder meeting, to alter or amend the provisions of our post- offering memorandum and articles of association. Holders of our ordinary shares may face difficulties in protecting their interests because we are incorporated under Cayman Islands law. Our corporate affairs are governed by our amended and restated memorandum and articles of association, by the Companies Law (as the same may be supplemented or amended from time to time) of the Cayman Islands and by the common law of the Cayman Islands. The rights of our shareholders and the fiduciary responsibilities of our directors under Cayman Islands law are not as clearly established as under statutes or judicial precedent in existence in jurisdictions in the United States. In particular, the Cayman Islands has a less developed body of securities laws than the United States and provides significantly less protection to investors. There is no legislation specifically dedicated to the rights of investors in securities and thus no statutorily defined private cause of action specific to investors such as those provided under the Securities Act or the Securities Exchange Act of 1934, as amended. In addition, shareholders of Cayman Islands companies may not have standing to initiate shareholder derivative actions in U. S. federal courts. Therefore, you may have more difficulty in protecting your interests in the face of actions by our management, directors or controlling shareholders than would shareholders of a corporation incorporated in a jurisdiction in the United States due to the comparatively less developed nature of Cayman Islands law in this area. Shareholders of Cayman Islands exempted companies, such as our company, have no general rights under Cayman Islands law to inspect corporate records and accounts or to obtain copies of lists of shareholders of the company. Our directors have discretion under our articles of association to determine whether or not, and under what conditions, our corporate records may be inspected by our shareholders, but are not obliged to make them available to our shareholders. This may make it more difficult for you to obtain the information needed to establish any facts necessary for a shareholder motion or to solicit proxies from other shareholders in connection with a proxy contest. Subject to limited exceptions, under Cayman Islands law, a minority shareholder may not bring a derivative action against the board of directors. Holders of our ordinary shares may have difficulty obtaining or enforcing a judgment against us because we are incorporated under the laws of the Cayman Islands. It may be difficult or impossible for you to bring an action against us in the Cayman Islands if you believe your rights have been infringed under U. S. securities laws. There is no statutory recognition in the Cayman Islands of judgments obtained in the United States, although the courts of the Cayman Islands will in certain circumstances recognize and enforce a non- penal judgment of a foreign court of competent jurisdiction without retrial on the merits. While there is no binding authority on this point, this is likely to include, in certain circumstances, a non- penal judgment of a United States court imposing a monetary award based on the civil liability provisions of the U. S. federal securities laws. The Grand Court of the Cayman Islands may stay proceedings if concurrent proceedings are being brought elsewhere. There is uncertainty as to whether the Grand Court of the Cayman Islands would recognize or enforce judgments of United States courts obtained against us predicated upon the civil liability provisions of the securities laws of the United States or any state thereof and whether the Grand Court of the Cayman Islands would hear original actions brought in the Cayman Islands against us predicated upon the securities laws of the United States or any state thereof. General Risk Factors If our operations are interrupted, our business and reputation could suffer. Our operations and those of our manufacturers are vulnerable to interruption caused by technical breakdowns, computer hardware and software malfunctions, software viruses, infrastructure failures, pandemics, ~~including the COVID- 19 pandemic~~ and regional health issues, earthquakes, fires, severe storms, floods and other negative impacts from climate change, power losses, telecommunications failures, terrorist attacks, wars, Internet failures and other events beyond our control. Our operations could also be disrupted by geopolitical conditions, particularly in Taiwan or China, where the majority of our employees are located. Any disruption in our services or operations could result in a reduction in revenue, delay product development and R & D, or result in a claim for substantial damages against us, regardless of whether we are responsible for that failure. If remote or work from home conditions were to continue for an extended period of time, we may experience delays in product development, a decreased ability to support our customers, reduced design win activity, and overall lack of productivity. We rely on our computer equipment, database storage facilities and other office equipment, which are located primarily in the seismically active San Francisco Bay Area and Taiwan. If we suffer a significant database or network facility outage, our business could experience disruption until we fully implement our back- up systems. If securities analysts or industry analysts downgrade our ordinary shares, publish negative research or reports or fail to publish reports about our business, our stock price and trading volume could decline. The trading market for our ordinary shares will be influenced by the research and reports that industry or securities analysts publish about us, our business and our market. If one or more analysts adversely changes their recommendation regarding our stock or our competitors' stock, our stock price would likely decline. If one or more analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets which in turn could cause our stock price or trading volume to decline.