

Risk Factors Comparison 2025-02-11 to 2024-02-13 Form: 10-K

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

Described below and in “ Management’ s Discussion and Analysis of Financial Condition and Results of Operations ” and “ Quantitative and Qualitative Disclosures about Market Risk ” are certain risks that the company’ s management believes are applicable to the company’ s business and the industries in which it operates. If any one or more of the described events occur, the company’ s business, reputation, results of operations, financial condition, stock price, liquidity, or access to the capital markets could be materially adversely affected. When stated below that a risk may have a material adverse effect on the company’ s business, it means that such risk may have one or more of these effects. There may be additional risks that are not presently material or known. Business Risks ~~eyclical and may be impacted by shortages and other disruptions in the global supply chain.~~ **The semiconductor industry historically has experienced fluctuations in product supply and demand, often associated with changes in technology and manufacturing capacity and significant economic market upturns and downturns.** Sales of semiconductor products and related services represented approximately ~~53-60~~ **60** %, ~~60~~ **60** %, and ~~60-57~~ **60-57** %, of the company’ s consolidated sales in ~~2024, 2023, 2022, and 2022-2021~~ **2024, 2023, 2022, and 2022-2021**, respectively. The sale of the company’ s IP & E products closely tracks the semiconductor market. Accordingly, the company’ s revenues and profitability, particularly in its global components reportable segment, ~~may be, and have been,~~ **adversely affected by weakness in the semiconductor market, which the company has experienced during 2023. Further During 2023, economic weakness could cause a decline in spending in information technology, which could reduce demand for semiconductors and other products and related services and thereby have a negative impact on the company’ s global components reportable segment entered ECS business. A prolongation or worsening of the current weakness in semiconductor markets, or a future cyclical downturn in** characterized by declining sales due to elevated customer inventory levels, which were largely a result of the **technology industry normalization of shortages in** If the company is unable to maintain its relationships with its suppliers, if the suppliers materially change the terms of their existing agreements with the company or the company fails to abide by the terms of such agreements, if suppliers cease selling their products through distribution generally, or if supply chain shortages and other disruptions occur, the company’ s business could be materially adversely affected. A substantial portion of the company’ s inventory is purchased from suppliers with which the company has entered into non- exclusive distribution agreements. These agreements are typically cancellable at any time or on short notice (generally 30 to 90 days). Some of the company’ s businesses rely on a limited number of suppliers to provide a high percentage of their revenues. For example, sales of products from one of the company’ s suppliers accounted for approximately ~~10-8~~ **10-8** % of the company’ s consolidated sales in ~~2023-2024~~ **2023-2024**. To the extent that the company’ s significant suppliers reduce the number of products they sell through distribution or cease selling their products through distribution entirely, experience disruptions in their supply chains, cease to continue doing business with the company, or are unable to continue to meet or significantly alter their obligations, the company’ s business could be materially adversely affected. In addition, to the extent the company’ s suppliers modify the terms of their contracts to the detriment of the company, limit supplies due to capacity constraints or other factors, or cancel such contracts or exercise remedies thereunder due to the company’ s breach of contract terms, there could be a material adverse effect on the company’ s business. Further, the supplier landscape has continued to experience a consolidation, which could negatively impact the company if the surviving, consolidated suppliers decide to exclude the company from their supply chains, and which could expose the company to increased pricing and dependence on a smaller number of suppliers, among other risks. Increasing consolidation in the industries where the company’ s suppliers operate may occur as companies combine to achieve further economies of scale and other synergies, which could result in reduced supplies, as companies seek to eliminate duplicative product lines **and services**, and increased prices, which could have a material adverse effect on the company’ s business. The **competitive pressures** ~~company’ s revenues originate primarily from the sales of semiconductor, IP & E (Interconnect, Passive & Electromechanical), and IF hardware and software products, the sales of which are traditionally cyclical and may be impacted by shortages and other~~ **the company faces, such** ~~disruptions in the global supply chain. The semiconductor industry historically has~~ **as pricing** ~~experienced fluctuations in product supply and~~ **margin reductions** ~~demand, often associated with changes in..... future cyclical downturn in the technology industry~~, could have a material adverse effect on the company’ s business and **negatively impact its ability to maintain historical profitability levels.** The ~~competitive pressures the company faces, such as pricing and margin reductions, could have a material adverse effect on the company’ s business. The company operates~~ **competes for both customers and suppliers** in a highly competitive international environment **against** ~~The company competes with~~ other large multinational and national electronic components and enterprise computing solutions distributors, as well as numerous other smaller, specialized competitors who generally focus on narrower market sectors, products, or industries. **Such robust** ~~The company also competes for customers with its suppliers. The size of the company’ s competitors varies across market sectors, as do the resources the company has allocated to the sectors in which it does business. Therefore, some of the company’ s competitors may have a more extensive customer and / or supplier base than the company in one or more of its market sectors. There is also significant competition~~ **broadly, and** within each market sector and geography **that**, creates pricing and margin pressure and continuous demand for the company to improve service and product offerings **. Additionally, some of the company’ s competitors may have more extensive customer and / or supplier bases than the company in one or more of its market sectors**. Other competitive factors include rapid technological changes, product availability, credit availability, speed of delivery, ability to tailor solutions to changing customer needs, quality and depth of product lines and training, and increasing demand for customer service and support. The company also faces competition from **its own suppliers and from**

companies in the logistics and product fulfillment, catalog distribution, e-commerce, **design services**, and supply chain services markets. **Reduced pricing power and reduced margins, as well as a failure to adequately address evolving customer demand and otherwise respond to these competitive factors, could adversely impact the company's results of operations.** As the company continues to expand its business into new areas in order to stay competitive in the market, the company may encounter increased competition from its current and / or new competitors, making it difficult to retain or increase its market share. Further, ~~supplier the enterprise computing solutions industry has recently experienced, and continues to experience increased consolidation, may resulting~~ **result** in companies **suppliers** with greater scale, market presence, and purchasing power. As a result, ~~competition among enterprise computing distributors such has~~ **as increased the company may experience difficulty maintaining favorable pricing and margins and experience related adverse impacts on operating results.** Declines in value of the company's inventory, **or pre-paid IT Solutions**, could materially adversely affect its business. The market for the company's products and services is subject to rapid technological changes, evolving industry standards, changes in end-market demand, evolving customer expectations and demands, oversupply of product, and regulatory requirements, which can contribute to the decline in value or **the** obsolescence of **the company's** inventory. Although many of the company's suppliers provide the company with certain protections from the loss in value of inventory (such as price protection and certain rights of return), the company cannot be sure that **(i)** such protections will fully compensate it for the loss in value, ~~that~~ **(ii)** the suppliers will choose to, or be able to, honor such agreements, or ~~that~~ **(iii)** the company will be able to continue to secure such protections in the future. For example, many of the company's suppliers will not allow products to be returned after they have been held in inventory beyond a certain amount of time, and, in most instances, the return rights are limited to a certain percentage of the amount of products the company purchased in a particular time frame. Therefore, the company is not fully protected from a decline in the value of the company's inventory, and such decline **could have a material adverse effect on the company's business. The company, within its ECS reportable segment, has multi-year distribution agreements under which it has non-cancellable payment obligations through 2030, giving the company the right to sell a broad set of IT solutions. If the company is unable to sell sufficient IT solutions under these agreements to cover our purchase obligations, it** could have a material adverse effect on the company's business. The company's lack of long-term sales contracts may have a material adverse effect on its business. Most of the company's sales are made on an order-by-order basis, rather than through long-term sales contracts. The company generally works with its customers to develop non-binding forecasts for future orders. Based on such non-binding forecasts, the company makes commitments regarding the level of business that it will seek and accept, the inventory that it purchases, and the levels of utilization of personnel and other resources. A variety of conditions over which the company has little or no control, both specific to each customer or generally affecting each customer's industry or the broader market, may cause customers to cancel, reduce, or delay orders that were either previously made or anticipated, file for bankruptcy protection, or default on their payments owed to the company. Significant or numerous cancellations, ~~reductions~~ **reductions**, **or** delays in orders by customers, loss of customers, changes in pricing and sourcing, and / or customer defaults on payments could materially adversely affect the company's business. **If the company is unable to implement its Operating Expense Efficiency Plan effectively, it could materially adversely impact financial results. In 2024, the company began a multi-year restructuring plan (the "Operating Expense Efficiency Plan" or the "Plan") designed to improve operational efficiency through various measures. Refer to Note 9 of the Notes to the Consolidated Financial Statements for discussion of the "Operating Expense Efficiency Plan." The Operating Expense Efficiency Plan could adversely impact the company due to any of the following: a decrease in employee morale; difficulty hiring qualified employees in other regions; current cost-effective regions becoming more expensive; inefficiency due to geographic segmentation of employees and operations; disruptions in operations; unanticipated delays encountered in finalizing the scope of, and implementing, the restructuring; failure to achieve targeted cost savings; failure to meet operational targets and customer requirements; failure to manage supplier relationships; and failure to maintain adequate internal control over financial reporting. These risks are further complicated by the company's extensive international operations, which subject the company to different legal and regulatory requirements that govern the extent and speed of the company's ability to reduce or consolidate its operations and workforce. See also "The company's success depends upon its ability to attract, retain, motivate, and develop key executive and employee talent and the strategies they develop and implement".** The company's non-U.S. sales represent a significant portion of its revenues, and consequently, the company is exposed to risks associated with operating internationally. In **2024, 2023, and 2022, and 2021**, approximately **65%, 66%, and 65%, and 66%**, respectively, of the company's sales came from its operations outside the United States. As a result of the significant extent of the company's international ~~sales business and number of foreign locations, its operations are~~, **the company is** subject to a variety of risks ~~inherent in international operations~~, including the following: ~~•~~ import and export regulations that could erode profit margins or restrict exports; ~~•~~ the burden and cost of compliance with international laws, regulations, treaties, and technical standards, including, without limitation, with respect to tax; ~~•~~ potential restrictions on transfers of funds; ~~•~~ trade protection measures, import and export tariffs and other restrictions, duties, and value-added taxes; ~~•~~ transportation delays and interruptions; ~~•~~ uncertainties arising from local business practices and cultural considerations; ~~•~~ foreign laws that potentially discriminate against or disfavor companies headquartered outside the relevant jurisdiction; ~~•~~ stringent antitrust regulations in local jurisdictions; ~~•~~ volatility associated with sovereign debt of certain international economies; ~~•~~ various jurisdictions' environmental protection laws and regulations, including those related to climate change **and sustainability disclosures**; ~~•~~ **non-compliance with local laws**; ~~•~~ potential social unrest, military conflicts, government shutdowns and disruptions, and other geopolitical risks and uncertainties; and ~~•~~ currency fluctuations. **See also "The company is subject to U.S. and certain foreign export and import controls, sanctions, embargoes, anti-corruption laws, anti-bribery laws, and anti-money laundering laws and regulations, as well as tariffs and trade protectionism. In the event of non-compliance, the company can face serious consequences, which can harm its business."** Refer to "

Foreign Currency Exchange Risk” in Item 7. A Quantitative and Qualitative Disclosures About Market Risk for a further discussion of the company’s description of the impacts of foreign currency exchange rates on the company’s results and projections. Further, the impact of lower gross margins in certain regions could have a material adverse effect on the company’s business. For example, the company’s gross margins in the components business in the Asia/Pacific region tend to be lower than those in other markets in which the company sells products and services. If sales in this market increase as a percentage of overall sales, consolidated gross margins will be lower. Changes in the company’s global mix of earnings, and changes in tax law and policy, and regulations could cause fluctuations in the company’s effective tax rate, and could materially adversely impact financial results. The company’s effective tax rate may be adversely impacted affected by fluctuations, among other things, changes in the geographic mix distribution of earnings that are, which may subject earnings to different or multiple income taxes both in the U. S. and various foreign jurisdictions. Tax regulations governing each jurisdiction impact statutory tax rates. Shifts in the business environment or changes in tax laws and regulations in each jurisdiction in which the company operates may also adversely affect the company’s effective tax rate. For further details on the company’s deferred tax assets and liabilities and uncertain valuation allowances on deferred tax assets positions, and ultimately income taxes payable. Refer refer to Note 1 of the Notes to the Consolidated Financial Statements. In recent years, numerous domestic and international for a further discussion of the company’s determination of the value of its deferred tax proposals assets and liabilities and uncertain tax positions. The estimated effects of applicable tax laws, including current interpretation of the U. S. Tax Cuts and Jobs Act of 2017 and the Inflation Reduction Act of 2022, have been incorporated into the company’s financial results. However, the U. S. Department of Treasury, Internal Revenue Service (“IRS”), and other standard-setting bodies could issue issued and enacted which have increased future legislation or guidance that might negatively impact the company’s tax planning burden on large multinational companies. or For example differ from the company’s interpretations. In 2021, the Organization for Economic Co-operation and Development (OECD has advanced new tax proposals affecting international taxation) announced the OECD /G20 Inclusive Framework on Base Erosion and Profit Shifting, which provides for including the establishment of a two-pillar solution to address tax challenges arising from the digitalization of the economy. Pillar one expands a country’s authority to tax profits from companies that make sales into their country but do not have a physical location in the country. Pillar two includes an agreement on international tax reform, including rules to ensure that large corporations pay a minimum rate of corporate income tax. In December of 2021, the OECD released pillar two model rules defining the global minimum tax, which calls for the taxation of large corporations at a minimum rate of 15%. The OECD continues to release additional guidance on the two-pillar framework, which with widespread implementation, in many countries are either considering implementing or have already implemented in which the company operates, beginning in 2024. The company is continuing to evaluate the potential impact on future periods of the two-pillar framework, pending legislative adoption by individual countries. Any new tax legislation could impact the company’s tax obligations in the countries where it operates, leading to does business and result in increased taxation of our its international earnings, but should not have an adverse impact on its business. Moreover, Changes changes to U. S. or foreign tax laws could have broader implications, including impacts to indirect effects on the economy, currency markets, inflation, or competitive dynamics, which are difficult to predict, and may negatively impact the company. Such tax developments developments could further increase uncertainty and have a material adverse impact on the company’s cash flows, effective tax rate, and financial results. The Additionally, the company is regularly’s tax returns are subject to periodic audits audited by U. S. and foreign tax authorities. Although the company provisions for income taxes and tax estimates, the final resolution of These these audits may result in global reallocation of income and expense that is different differ, in some cases materially, from the what has been estimated estimates reflected in the company’s financial results. Such Additionally, economic and political pressures to increase tax revenue by various jurisdictions may make resolving audits could result in an adverse effect on the company’s tax liability disputes more challenging than in the past. Acquisitions, divestitures increase effective tax rates, or joint ventures may cause the company to experience operating difficulties, and increase the other consequences that may negatively complexity and cost of tax compliance, all of which could adversely impact the company’s business, financial condition, and operating results, cash flows, and financial condition. When the company makes acquisitions, it may take on additional liabilities or may not be able to successfully consummate favorable transactions or integrate such acquired businesses. From time to time, the company has, and may continue to evaluate potential acquisitions, divestitures, joint ventures, or other strategic transactions that could further the company’s strategic objectives. As part of the company’s history and growth strategy, it has acquired other businesses and continues to evaluate strategic opportunities to acquire additional businesses from time to time. The company has also in the past, and may in the future, divest or reduce its investment in certain businesses and product lines. Acquisitions and divestitures involve numerous risks, including the following: • effectively combining the acquired operations, technologies, or products; • unanticipated costs or assumed or retained liabilities, including, but not limited to, those associated with combining and integrating operations, technologies, and facilities; • costs associated with regulatory actions or investigations; • difficulty identifying potential acquirers or other divestiture options on favorable terms; • the inability to retain and obtain required regulatory approvals, licenses, and permits; • delayed completion due to local consultation laws; • not realizing the anticipated financial benefit from the acquired companies; • in the event the acquisition is funded with proceeds of indebtedness, increased interest costs; • diversion of management’s attention; • negative effects on existing customer and supplier relationships; • disruption due to the integration and rationalization of operations, products, technologies, and personnel; and • liability for activities potential loss of key employees of the acquired companies company. The company has in before the acquisition, including patent and trademark infringement claims, data privacy and security issues, violations of laws, commercial disputes, tax liabilities, environmental issues and remediation expenditures, and the other known past, and may unknown liabilities; • change in the company’s effective tax rate; • future, divest or reduce its investment in certain

businesses or product lines from time to time. Such divestitures involve risks, such as difficulty separating **assets or businesses (or portions thereof)** from the company's other businesses; **• decrease in margins**, distracting employees, incurring potential loss of revenue, **operating income** negatively impacting margins, **or** and potentially disrupting **disruption to** customer relationships. **The as a result of a divestiture; 13 • litigation or other claims in connection with an acquired** company may also incur **or a divestiture, including claims from terminated employees, customers, current or former equity holders, or other third parties; •** significant costs associated with exit or disposal activities **–or** related impairment charges; **–or** both. Further, the company has made, and **• potential loss** may continue to make acquisitions of **key employees**, **–or** investments in new services or technologies to expand its current service offerings and product lines. Some of these **– the** may involve risks that may differ from those traditionally associated with the company's core distribution business. In addition, the company's effective tax rate for **– or acquired companies** future periods could be impacted by mergers and acquisitions. If the company is not able to successfully manage any of these risks in relation to future acquisitions or divestitures, it could have a material adverse effect on the company's business. If the company **is not able to or** fails to adequately invest successfully in and introduce digital, **artificial intelligence ("AI")**, and other technological developments, or its suppliers are not able to continue to offer competitive components and electronic computing solutions, it could materially adversely impact results. The company's industry is subject to rapid and significant technological changes, and the company's ability to meet its customers' needs and expectations is key to the company's ability to grow sales and earnings. The company's customers and suppliers increasingly expect the company's platforms to include digital technologies to facilitate distribution of components and electronic computing solutions over time. For example, the ability of customers to access their accounts, place orders, and otherwise interface with the company using digital technology is an important aspect of the distribution industry, and distribution companies are rapidly introducing new digital and other technology-driven products and services that aim to offer a better customer experience and reduce costs. If the company is unable to maintain and enhance its digital platforms, **cloud platforms, and artificial intelligence related tools** to keep pace with competitors and align with evolving customer and supplier expectations and demands, it could adversely impact the company's sales revenues and ability to retain existing, and attract new, customers. **Additionally, the company has made, and may continue to make, acquisitions of, or investments in new services or technologies to expand its current service offerings and product lines, which may involve risks that may differ from those traditionally associated with the company's core distribution business. See also "Acquisitions, divestitures, or joint ventures may cause the company to experience operating difficulties and other consequences that may negatively impact the company's business, financial condition, and operating results, and the company may not be able to successfully consummate favorable transactions or integrate acquired businesses".** **12The** **– The** company's sales are also partially dependent on continued innovations in components and electronic computing solutions by its suppliers, the competitiveness of its suppliers' offerings, and the company's ability to partner with new and emerging technology providers. **The company may have difficulty offering customers components, services, and solutions that anticipate and respond to rapid and continuing changes in technology and which meet their evolving demands.** See also "The competitive pressures the company faces, such as pricing and margin reductions, could have a material adverse effect on the company's business".

Operational RisksThe company's success depends upon its ability to attract, retain, motivate, and develop key executive and employee talent and the strategies they develop and implement. Any failure to attract, retain, motivate, and develop key executive and employee talent may materially and adversely affect the company's business. The company's success depends, to a significant extent, on the capability, expertise, and continued **services– service** of its key executives **and employees**. The company relies on the expertise and experience of certain key executives **and employees** in developing business strategies, managing business operations, and cultivating new and maintaining existing relationships with customers and suppliers. If the company were to lose any of its key executives **or employees**, it may not be able to find a suitable replacement with comparable knowledge and experience in a timely manner, or if at all, at a similar level of remuneration and other benefits.

Restrictions **The company relies on its employee workforce** immigration or changes in immigration laws could limit the company's access to qualified **execute the business strategy, service customers and suppliers, and perform daily operations. The company's Operating Expense Efficiency Plan involves the reduction of the company's employee workforce and may adversely affect the company's internal programs and initiatives as well as the company's ability to attract, recruit and retain skilled professionals, increase and motivated personnel. The Operating Expense Efficiency Plan may also be** **14distracting to employees and may negatively impact the cost of doing company's business, –or otherwise disrupt operations, reputation, or ability to serve customers. Relatedly, the company also faces risks of mismanaging employee relations and terminations and becoming subject to legal claims as a result**. Additionally, management transitions, such as the company's **transition transitions in 2024** to a new president of the global components business in **2023–ECS and new chief strategy officer**, may create uncertainty, divert resources and management attention, or impact public or market perception, any of which could negatively impact the company's ability to operate effectively or execute its strategies and result in an adverse impact on its business. Further, new executives may have different backgrounds, experiences, and perspectives from those individuals who previously served in these roles and thus may have different views on the issues that will determine the company's future, potentially resulting in employee, customer, and supplier uncertainty. **Restrictions on immigration or changes in immigration laws could have adverse impacts on macroeconomic conditions, limit the company's access to qualified and skilled professionals, increase the cost of doing business, delay international business travel, or otherwise disrupt operations.** The company relies heavily on its internal information systems, which, if not properly functioning, could materially adversely affect the company's business. **The company relies on its information systems to support daily operations and generate timely, accurate, and reliable financial and operational data**. The company's current global operations reside on multiple technology platforms, **some of which are currently undergoing projects intended to streamline or optimize these platforms**. The size and complexity of the company's **computer information**

systems make them potentially vulnerable to breakdown, malicious intrusion, defective software updates from the company's information- technology vendors, failure to keep software updated and current, and ransom- ransomware attack-attacks. Failure to properly or adequately address such any unaccounted for or unforeseen issues could impact the company's ability to perform necessary business operations, which could materially adversely affect the company's business. Technologies used in or integrated into the company's operations, such as cloud- based services, artificial intelligence, and automation, may cause an adverse shift in the way the company's existing business operations are conducted. In addition, AI algorithms may be flawed. Datasets used to train the models which support the company's AI offerings or internal use may be insufficient or contain biased information or lead to unexpected or unintended outcomes, which could erode trust in the company's AI systems and subject the company to competitive harm, regulatory action, and legal liability. Cybersecurity and Privacy RiskCybersecurity incidents as well as ransomware may hurt the company's business, damage its reputation, increase its costs, and cause losses. The company's information technology systems could be subject to significant cyber security and privacy incidents, including, but not limited to, invasion, malicious intrusion, inducement (fraudulent or otherwise) by third parties to obtain information from employees, customers, or suppliers; cyber- attacks; ransom demands; or cybersecurity breaches caused by third parties as well as employees and others with authorized access; social engineering; nation- state attacks; exploitation of unpatched or unmanaged vulnerabilities; destruction or other misuse of data that could harm the company, operations, or the company's competitive position. The company and its service providers have been, and continue to be, the subject of cyber- attacks. While cybersecurity incidents have not caused any material interruption to the company's business, strategy, results of operations, or financial condition, there can be no assurance that such incidents will not have a material adverse impact on the company in the future. Any such incident, whether successful or unsuccessful, could result in, without limitation, disruption to the company's operations; loss or compromise of, or damage to, the company's or any of its customers' or suppliers' data, confidential information; significant legal, regulatory, and financial exposure; damage to the company's reputation; significant costs related to rebuilding internal systems, managing company brand and reputation, litigation, fines, damages, responding to regulatory inquiries, and taking other remedial steps; loss of competitive advantage; and a loss of confidence in the security of the company's information technology systems. In each case, that any of which could potentially have an adverse impact on the company's business, including by impairing the company's ability to sell its products and services. Because the techniques used to cause these incidents and gain unauthorized access to, disable, or sabotage the company's information technology systems and data stored-15stored on those systems change frequently and often are not recognized until launched, the company may 13be be unable to anticipate them these techniques or to implement adequate preventive or protective measures to guard against them. Further, third parties, such as hosted solution providers, are a source of risk because they could be subject to the same or other similar types of incidents, for example in the event of a failure of their own systems and infrastructure or if they experience their own privacy or security event, which could create risks similar to those described above. These third parties could include organizations in the company's supply chain, which if subject to an incident, could adversely impact the company's ability to deliver service its goods customers and services suppliers. Failure to maintain satisfactory compliance with certain privacy and data protections laws and regulations may subject us the company to substantial negative financial consequences and civil or criminal penalties. Global privacy legislation, enforcement, and policy activity are also rapidly expanding and creating a complex compliance environment. The company's actual or perceived failure to comply with federal, state, or international privacy related or data protection laws and regulations could result in damage to the company's reputation as well as proceedings against the company by governmental entities or others, which could have a material adverse effect on its business. Regulatory and Legal RisksProducts sold or designed by the company may be found to be defective and, as a result, warranty and / or product liability claims may be asserted against the company, which may have a material adverse effect on the company. The As a distributor, the company sells its components or services at prices that are significantly lower than the cost of the equipment or other goods in which they are incorporated. As a result, the company may face claims for damages (such as consequential damages) that are disproportionate to the revenues and profits it receives from the components involved in the such claims. Further, the company's ability to avoid such liabilities pursuant to defective product provisions in its supplier agreements may be limited as a result of differing factors, such as the inability to exclude such damages due to third party contractual provisions or the laws of some of the countries where the company does business. The company's business could be materially adversely affected as a result of a significant quality or performance issue in the products sold by the company, if it is required to pay for the associated damages. The company's product liability insurance is limited in coverage and amount and may not be sufficient to cover all possible claims. Further, when relying on contractual liability exclusions, the company could lose customers if their claims are not addressed to their satisfaction. In the company's rendering of integration services, the company may be exposed to increased risks associated with product defects. Defects arising from integration services could lead to product liability claims, recalls, fines, and penalties. These risks are particularly pronounced in applications for aerospace, automotive, and medical products, where product failures could result in serious harm to end users. Any such adverse events could affect our financial condition, operating results, and reputation. The company is subject to laws and regulations that could have a negative impact on our business, including, without limitation, U. S. and certain foreign export and import controls, sanctions, embargoes, anti- corruption laws, anti- bribery laws, and anti- money laundering laws and regulations, as well as tariffs and trade protectionism. In the event of non- compliance, the company can face serious consequences, which can harm its business. The company is subject to complex export control and import evolving laws and regulations worldwide that differ among jurisdictions and affect our operations, including the U. S. Export Administration Regulations ("EAR"), U. S. Customs regulations, and various economic and trade sanctions regulations administered by the U. S. Treasury Department's Office of Foreign Assets Controls ("OFAC"). Products the company sells which are either manufactured in the United States or based on U. S. technology ("U. S. Products") are subject to the EAR

when exported and re-exported to and from all international jurisdictions, in addition to the local jurisdiction's export regulations applicable to individual shipments. Licenses or proper license exemptions may be required by local jurisdictions' export regulations, including EAR, for the shipment of certain U. S. Products to certain countries, including China, India, and other countries in which the company operates. The company may not be able to effectively monitor the activities of all of its employees involved in regulated export or shipment activities, which may lead to the company's failure to prevent violations of such regulations. ~~Non-16Non-~~ compliance with the EAR, OFAC regulations, or other applicable export regulations can result in a wide range of penalties including the denial or restriction of export privileges, significant fines, criminal penalties, and the seizure of inventories, any of which could have a material adverse effect on the company's business. The company's distribution process also includes the use of third parties that operate outside of the company's direct control. Noncompliance with applicable import, export, and other laws and regulations by these third parties may result in substantial liability to the company and harm the company's reputation. ~~14Further--~~ **Further**, the company is also subject to the U. S. Foreign Corrupt Practices Act of 1977, as amended, the U. S. domestic bribery statute contained in 18 U. S. C. § 201, and other national and sub-national anti-bribery and anti-money laundering laws in the countries in which it conducts business. Anti-corruption laws have been enforced aggressively in recent years and are interpreted broadly. The company can be held liable under these laws for the corrupt or other illegal activities of its employees, agents, contractors, counterparties, and third parties it engages to provide services, even if it does not explicitly authorize or have actual knowledge of such activities. Any violations of the laws and regulations described above may result in substantial civil and criminal fines and penalties, imprisonment, the loss of export or import privileges, debarment, tax reassessments, breach of contract and fraud litigation, reputational harm, and other consequences. The company's **global business also could be negatively affected by trade barriers, such as tariffs, and other governmental protectionist measures, which may decrease demand for the company's products. Such measures can be imposed suddenly and unpredictably and may increase the prices of many of the products that the company purchases from its suppliers. Tariffs and other protectionist measures, and the additional operational costs incurred in minimizing the number of products subject to them, could adversely affect the operating profits for certain of the company's businesses and customer demand for certain products, which could have an adverse effect on its business and results of operations. In the event that the company pays tariffs for products it imports from China, which are then re-exported to other locations outside of the United States, the company may be eligible for refunds of certain tariffs. In order to qualify for these tariff drawbacks, the company must provide data and documentation to the U. S. government that it must obtain from third-party sources, such as its suppliers. There is no guarantee the company will be able to obtain this additional data and documentation from those other sources, which could result in the U. S. government rejecting the drawback requests. There have been, and there could be, additional administrative costs in furtherance of these efforts.** The company is subject to environmental laws and regulations ~~and sustainability initiatives~~, and may be impacted by climate change, in ways that could materially adversely affect its business. A number of jurisdictions in which the company's products are sold have enacted laws addressing environmental and other impacts from product disposal, use of hazardous materials in products, use of chemicals in manufacturing, recycling of products at the end of their useful life, and other related matters. These laws prohibit the use of certain substances in the manufacture of products sold by the company and impose a variety of requirements for modification of manufacturing processes, registration, chemical testing, labeling, and other matters. Failure to comply with these laws or any other applicable environmental regulations could result in fines or suspension of sales. Additionally, these directives and regulations may result in the company having non-compliant inventory that **(i)** may be less readily salable or ~~have~~ **(ii) the company may need** to be ~~written--~~ **written** off. Certain environmental laws impose liability, sometimes without fault, for investigating or cleaning up contamination on or emanating from the company's currently or formerly owned, leased, or operated property, as well as for damages to property or natural resources and for personal injury arising out of such contamination. Under these laws and regulations, the company may be responsible for investigating, removing, or otherwise remediating hazardous substances released at properties or facilities it owns or operates, regardless of when such substances were released. For example, the company ~~assumed responsibility for~~ **is currently obligated to perform** environmental remediation on two sites that it ~~acquired~~ **obtained** as part of the Wyle Electronics **an acquisition transaction** ("~~Wyle~~" **refer to Note 15 of the Notes to the Consolidated Financial Statements**) ~~acquisition in August 2000, which such remediation and related assessment remains ongoing.~~ The presence of environmental contamination at any of the company's locations could also interfere with ongoing operations or adversely affect the company's ability to sell or lease its properties. The discovery of contamination for which the company is responsible, the enactment of new laws and regulations, or changes in how existing regulations are enforced, could require the company to incur costs for compliance or subject it to unexpected liabilities. ~~Additionally~~ **17Additionally**, long-term climate change impacts, including the frequency and magnitude of severe weather events, and natural disasters, may significantly impact the company's operations and business, either directly or indirectly, by adversely affecting the price and availability of energy, and the supply of other services or materials throughout the company's supply chain, any of which could have a material adverse effect on the company's business. Proposed and existing efforts to address concerns over climate change by reducing greenhouse gas emissions could also directly or indirectly affect the company's costs of energy and other operating costs. The company ~~is may be~~ **subject to a variety of claims, investigations and litigation that could adversely affect the company's results of operations and harm the company's reputation, including** intellectual property rights claims. **The company has in the past and may in the future be subject to claims, investigations, regulatory proceedings, and lawsuits in and outside the ordinary course of business, including related to product liability and warranties, investigations by governmental agencies, litigation alleging the infringement of intellectual property rights, securities and shareholder litigation, and litigation related to employee matters and commercial disputes. Such matters are unpredictable. Managing, defending, and responding to claims, investigations, and lawsuits may divert management's attention, damage the company's reputation, and cause the company to incur**

significant expenses, even if there is no evidence that the company is at fault. In addition, the company may be required to pay damage awards, penalties, fines, or settlements, or become subject to injunctions or other equitable remedies, which are costly to defend, could have a material adverse effect on require payment of damages or licensing fees and could limit the company's ability to use certain technologies in business, financial condition, results of operations and cash flows. Moreover, any insurance or indemnification rights that the future company has may be insufficient or unavailable to protect the company against potential loss exposures. Certain of the company's products and services include intellectual property owned primarily by the company's third-party suppliers and, to a lesser extent, the company itself. Substantial litigation and threats risk of litigation regarding these intellectual property rights exist exists in the semiconductor / integrated circuit, software and some service industries. From time to time, third-Third parties (including certain companies which in the business of acquiring-acquire patents for the purpose of seeking artificial licensing revenue and not actually for the purpose of developing technology but with the intention of aggressively seeking licensing revenue from purported infringers-) may assert patent, copyright and / or other intellectual property rights to technologies that are important to the company's business, and-for which the company may not be able to seek-obtain indemnification from its suppliers for itself and its customers against such claims. In addition, the company is exposed to potential liability either for technology that it develops itself or when it combines multiple technologies of its suppliers for which it-the company may have limited or no indemnification protections-protection. In any dispute involving products or services that incorporate-The company may also be required to indemnify and defend a customer in the event it becomes a target of intellectual property from multiple sources or that is developed, licensed by the company, or obtained through acquisition, the company's customers could also become the targets of litigation. The company may be obligated to indemnify and defend its customers if the products or services the company sells are alleged to infringe any third-party's intellectual property rights. Any infringement or indemnification claim brought against the company, regardless of the duration, outcome, or size of damage award, could result in substantial cost to the company, including potential for damage awards; divert management's attention and resources; be time consuming and costly to defend; result in substantial damage awards; or cause product shipment delays. Additionally-Moreover, if in the event of an adverse determination infringement claim against the company or its customers is successful, the company may be required to pay damages or seek royalty or license arrangements, which may not be available on commercially reasonable terms or may be unavailable entirely. In The payment of any such circumstance damages or royalties may significantly increase the company's operating expenses and materially harm the company's operating results and financial condition. Further, the company would royalty or license arrangements may not be available at all, which would then require required the company to stop selling certain products or using certain technologies, which could negatively affect the company's ability to compete effectively. The payment of any such damages or royalties may significantly increase the company's operating expenses and materially harm the company's operating results and financial condition. The company may not be able to adequately anticipate, prevent, or mitigate damage resulting from criminal and other illegal or fraudulent activities committed against it or as a result of misconduct or other improper activities by its employees or contractors. Global businesses are facing increasing operational risks of, including potential criminal, illegal, and other fraudulent acts. Due to the evolving nature of such threats, considering new and sophisticated methods used by criminals, including phishing, misrepresentation, social engineering, and forgery, it is increasingly difficult for the company to anticipate and adequately mitigate these risks. In addition, designing and implementing measures to defend against, prevent, and detect these types of activities are increasingly costly and invasive to the operations of the business. Misconduct or failure of its employees or contractors to adhere to company policy may further heighten such risks. As a result, the company could experience a material loss if its to the extent that controls and other measures implemented to address these threats fail to prevent or detect such acts. In addition, misconduct by its employees or contractors may include intentional or negligent failures to comply with the applicable laws and regulations in the United States and abroad, safeguard personally identifiable information, report financial information or data accurately-18accurately, or disclose unauthorized activities to the company. Such misconduct could result in legal or regulatory sanctions and threatened or filed lawsuits on behalf of impacted third- parties, including customers and suppliers, against the company, and, as a result, cause serious harm to the company, including to its reputation. It is not always possible to identify and deter employee misconduct, and any other precautions the company takes to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses, or in protecting the company from governmental investigations or other actions, including lawsuits on behalf of third- parties, including customers or suppliers, stemming from a failure to comply with these laws or regulations. If any such actions are instituted against the company, and it is not successful in defending itself or asserting its rights, those actions could result in the imposition of significant civil, criminal, and administrative penalties, which could have a significant impact on the company's business. Whether or not the company is successful in defending against such actions, it could incur substantial costs, including legal fees, and divert the attention of management in defending itself against them. Expectations and regulations relating to environmental, social, and governance (" ESG ") and corporate responsibility matters, and related disclosures, expose the company to potential liabilities, increased costs, reputational harm, and other adverse effects on the Company's business. Investors, customers, regulators, governments, and other stakeholders continue to place emphasis on ESG and other corporate stewardship considerations, and the company may fail to meet third- party expectations in this regard. The company has made statements about various ESG- related standards, policies, and targets, and a number of the company's customers and suppliers require adherence to environmental and human rights policies. Failing to meet such standards adopted by or imposed on the company may result in reputational damage, loss of business, or potential liability. Whether the company discloses, or chooses not to disclose, ESG or corporate stewardship- related initiatives, it could face scrutiny regarding the adequacy of its actions, including from investors and proxy advisory firms. In addition, distinct stakeholders may consider different criteria and apply different methodologies in evaluating the company's ESG or corporate stewardship performance. This lack of

standardization creates potential for wide disparity in assessments, including misrepresentations or unfavorable assessments of the company's corporate stewardship program and initiatives. Failure to adequately meet the expectations of investors, proxy advisors, customers, suppliers, and other stakeholders in this area may also result in diluted market valuation, an inability to attract or retain customers and suppliers, and an inability to attract and retain top talent. Additionally, the company is or may be obligated to comply with new ESG and corporate stewardship-related disclosure requirements under United States federal and state laws, the European Green Deal, and other laws in various jurisdictions concerning human rights, governance, and environmental practices. As regulations in these areas increase in number and scope, the company may be required to develop additional governance and compliance frameworks, implement new processes, establish controls, monitor performance metrics, undergo independent assessments, and prepare detailed public reports on an ongoing basis regarding the financial and non-financial risks and impacts associated with the company's operations and value chains. These laws and regulations may result in significant legal, compliance, accounting, operational, and administrative costs to the company, and may strain the company's personnel, systems, and other resources. If the company fails to satisfy these new regulatory and other requirements, the company could be exposed to fines, penalties, and other sanctions, and sustain harm to its reputation. Additionally, certain of the company's business units contract or subcontract with U. S. government agencies, and on January 21, 2025, the President of the United States of America issued certain executive orders imposing new requirements on federal contractors and subcontractors prohibiting so-called "diversity, equity, and inclusion" practices in their employment, procurement, and contracting activities and requiring them to contractually certify that they do not operate diversity, equity, and inclusion programs violating the federal anti-discrimination laws. If the company is deemed to have violated these executive orders and any related laws or regulations, it may jeopardize the ability of the company's business units to continue to do business as federal contractors or subcontractors, resulting in decreases in the company's overall revenue.

Financial Risks The company may not have adequate or cost-effective liquidity or capital resources, which could have a material adverse impact on its ability to maintain cash necessary to operate its business or return capital to shareholders. The company requires cash or committed liquidity facilities for general corporate purposes, such as funding its ongoing working capital, acquisitions, capital expenditure needs, refinancing indebtedness, and returning capital to shareholders and funding costs and expenses in implementing the Operating Expense Efficiency Plan. The company's committed and undrawn liquidity stands at over \$ 2.2 billion in addition to \$ 218.1 million of cash on hand at December 31, 2023-2024. The company's ability to satisfy its cash needs depends on its ability to generate cash from operations and to access the financial markets, both of which are subject to general economic, financial, competitive, legislative, regulatory, and other factors that are may be beyond its control. The company's ability to obtain external financing is affected by various factors, including general financial market conditions and, the company's debt ratings, and the company's financial performance. For example, economic uncertainty or adverse economic conditions resulting from the impacts of and responses to pandemics and other public health issues, natural disasters, changes in global, national, or regional economies, inflation, governmental policies, political unrest, military action and armed conflicts, terrorist activities, political and social turmoil, civil unrest, and other crises could result in significant or sustained disruption of global financial markets, thereby reducing the company's access to capital. Further, any increase in the company's leverage ratios or the other measures tracked by credit rating agencies exceed thresholds generally permitted by such agencies for an investment grade credit rating for an extended period of time it may cause a reduction in its the company's current debt ratings to a level below investment grade. Any downgrade in the company's current debt rating or tightening of credit availability could impair the company's ability to obtain additional financing on favorable terms, redeem existing indebtedness or renew existing credit facilities on acceptable favorable terms, if at all; negatively impact the price of the company's common stock; increase its interest payments under existing debt agreements; and have other negative implications on its business, many of which are beyond the company's control. Under the terms of any additional external financing, the company may incur higher financing expenses and become subject to additional onerous restrictions and covenants. For example, that may adversely impact the company's existing debt agreements contain restrictive covenants, including covenants requiring compliance with specified financial ratios, and a failure to comply company's operations with these or any other covenants may result in an and event of default ability to pursue strategic initiatives. An increase in the company's financing costs or loss of access to cost-effective capital resources could also have a material adverse effect on the company's business. The agreements governing some of the company's financing arrangements contain various covenants and restrictions that limit some of management's discretion in operating the business and could prevent the company from engaging in some activities that may be beneficial to its business. The agreements governing some of the company's financings contain various covenants and restrictions that, in certain circumstances, could limit its ability to:

- grant liens on assets;
- make investments or certain acquisitions;
- merge, consolidate, or transfer all or substantially all of its assets;
- incur additional debt; or
- engage in certain transactions with affiliates.

As a result of these covenants and restrictions, the company may be limited in how it conducts its business and may be unable to raise additional debt, compete effectively, or make investments. Further, if an event of default under any of the company's existing debt agreements occurred or became imminent, the lenders under any such facility may have the right to declare all outstanding indebtedness immediately due and payable, and lenders under the company's other debt facilities may likewise be able to declare a cross-default. If the company does not have access to capital under its existing credit facilities due to such an event, alternative sources of capital may be more expensive than the costs incurred under the company's existing credit facilities. Further, the company may be unable to borrow additional amounts under the relevant credit facility or under its other credit facilities (in the event of a cross-default), and as a result may be unable to make acquisitions, fund share repurchases, or meet other financial obligations, and the lenders thereunder may be able to accelerate the company's obligations under the credit facility. This

circumstance would have a material adverse effect on the company's financial position and results of operations. ~~17~~ **The** company's goodwill and identifiable intangible assets could become impaired, which could reduce the value of its assets and reduce its net income in the year in which the write-off occurs. The company may incur impairment charges on goodwill or identifiable intangible assets if it determines that the fair values of the goodwill or identifiable intangible assets are less than their current carrying values. If events or circumstances occur that indicate all, or a portion, of the carrying amount of goodwill or identifiable intangible assets is or may no longer be recoverable, an impairment charge to earnings may become necessary. A decline in general economic conditions, a substantial increase in market interest rates or persistence of a high market-interest rate environment, ~~and an~~ increase in income tax rates, or the company's inability to meet long-term working capital or operating income projections, **in each case,** could impact future valuations of the company's reporting units, and the company could be required to record an impairment charge in the future, which could impact the company's consolidated balance sheets, as well as the company's consolidated statements of operations. If the company were required to recognize an impairment charge in the future, the charge would not impact the company's consolidated cash flows, current liquidity, capital resources, and covenants under its existing revolving credit facility, North American asset securitization program, and other outstanding borrowings. ~~General business conditions are vulnerable to the effects of~~ **RisksGlobal, regional, and local economic weakness and uncertainty, including because** of epidemics and pandemics ~~which could materially disrupt the company's business and have a negative impact on the company's financial results and financial condition. The company is vulnerable to the general economic effects of epidemics, pandemics, and other public health crises. In addition, a U. S. or global recession or a banking crisis triggered by an epidemic, pandemic, or other public health crises could have a material adverse effect on the company's~~ **financial performance. The company's business, and financial results and financial performance depend on worldwide economic conditions and** ~~including by reducing the demand for its technology products and services in the markets in which the company competes. Ongoing economic weakness, reducing uncertainty in markets throughout the world, and the other adverse economic conditions access to its supplies, increasing such as the recent downturn in the semiconductor market, have and may continue to result in decreased net revenue, gross margin, earnings, growth rates or cash flows, and increased expenses and difficulty managing inventory levels, collecting customer defaults-receivables, reducing its access to capital, and reducing accurately forecasting revenue, gross margin, cash flows and expenses. Political developments impacting international trade, trade disputes and increased tariffs, particularly between the United States and China; political instability, such as armed conflicts (including the conflicts in Russia, Belarus, and Ukraine, in Israel and the Gaza Strip, and in Syria); and the effects of epidemics, pandemics, and the other value public health crises each, or collectively may negatively impact markets and cause weaker macroeconomic conditions, weakening demand for the company's products and services, particularly due to the company's extensive international operations and business. Economic downturns also may lead to future restructuring actions and associated expenses, any~~ **of its common stock which could have a material adverse effect on the company's business**. If the company fails to maintain an effective system of internal controls or discovers material weaknesses in its internal control over financial reporting, it may not be able to report its financial results accurately or timely or detect fraud, which could have a material adverse effect on its business. An effective internal control environment is necessary for the company to produce reliable financial reports, safeguard assets, and is an important part of its effort to prevent financial fraud. There are inherent limitations on the effectiveness of internal controls, including collusion, management override, and failure in human judgment. In addition, control procedures are designed to reduce rather than eliminate financial statement risk. If the company fails to maintain an effective system of internal controls, or if management or the company's independent registered public accounting firm discovers material weaknesses in the company's internal controls, it may be unable to produce reliable financial reports or prevent fraud, which could have a material adverse effect on the company's business. In addition, the company may be subject to sanctions or investigation by regulatory authorities, such as the SEC or the NYSE. Any such actions could result in an adverse reaction in the financial markets due to a loss of confidence in the reliability of the company's consolidated **21** financial statements, which could cause the market price of its common stock to decline or limit the company's access to capital. ~~Global, regional, and local economic weakness and uncertainty could have a material adverse effect on the company's financial performance. The company's business and financial performance depend on worldwide economic conditions and the demand for technology products and services in the markets in which the company competes. Ongoing economic weakness, uncertainty in markets throughout the world, and other adverse economic conditions may result in decreased net revenue, gross margin, earnings, growth rates or cash flows, and increased expenses and difficulty managing inventory levels, collecting customer receivables, and accurately forecasting revenue, gross margin, cash flows and expenses. Political developments impacting international trade, trade disputes and increased tariffs, particularly between the United States and China; and political instability, such as armed conflicts (including the conflicts in Russia, Belarus, and Ukraine, and~~ 18