

Risk Factors Comparison 2024-12-20 to 2023-12-14 Form: 10-K

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

Our business, operations and financial results are subject to various risks and uncertainties, including those described below, that could adversely affect our business, financial condition, results of operations, cash flows, and the trading price of our common stock. The following material factors, among others, could cause our actual results to differ materially from historical results and those expressed in forward- looking statements made by us or on our behalf in filings with the SEC, press releases, communications with investors and oral statements. **Additional risks, trends and uncertainties not presently known to us or that we currently believe are immaterial may also harm our business, financial condition, results of operations, cash flows, our reputation or the trading price of our common stock.** Risk Factors Summary The following is a summary of the principal **material** risks that could adversely affect our business, operations and financial results. Risks Related to Our Business

- Adverse global economic conditions could have a negative effect on us.
- Our business is subject to various governmental regulations and trade restrictions. ~~Compliance with these regulations may cause us to incur significant expense and, if we fail to maintain compliance, we may be forced to cease manufacture and distribution of certain products or subjected to administrative proceedings and civil or criminal penalties.~~
- Global political and economic conditions and other factors related to our international operations could adversely affect us.
- ~~The failure~~ **Failure** to realize the **benefits** ~~expected benefits~~ from the VMware Merger ~~may could~~ **may could** adversely affect our business and the value of our common stock.
- We **have pursued, and may in the future** pursue **mergers,** acquisitions, investments, joint ventures and dispositions, which could adversely affect our results of operations.
- We are subject to risks associated with our distributors and other channel partners ~~including product inventory levels and product sell-through.~~
- We are dependent on senior management and if we are unable to attract and retain qualified personnel, we may not be able to execute our business strategy effectively.
- ~~An~~ **Cyber security threats or other security breaches, or any other** impairment of the confidentiality, integrity ~~or~~ availability of our IT systems, or those of one or more of our corporate infrastructure vendors, could have a material adverse effect on our business.
- **A significant reduction in demand or loss of one or more of our significant customers may adversely affect our business.**
- We operate in the highly cyclical semiconductor industry.
- ~~The majority of~~ **We make investments in research and development and the slow our- or unsuccessful return** sales come from a small number of customers and a reduction in demand ~~or our investments in research and development could~~ loss of one or more of our significant customers ~~may adversely affect us~~ **our business.**
- Dependence on contract manufacturing and suppliers of critical components within our supply chain may adversely affect our ability to bring products to market.
- We purchase a significant amount of the materials used in our products from a limited number of suppliers.
- ~~Failure to adjust our manufacturing and supply chain to accurately meet customer demand could adversely affect our results of operations.~~
- Winning business in the semiconductor solutions industry is subject to a lengthy process that often requires us to incur significant expense, from which we may ultimately generate no revenue.
- **Dependence on contract manufacturing and suppliers of critical components within our supply chain may adversely affect our ability to bring products to market.**
- **We purchase a significant amount of the materials used in our products from a limited number of suppliers.**
- **Failure to adjust our manufacturing and supply chain to accurately meet customer demand could adversely affect our results of operations.**
- A prolonged disruption of our ~~or our suppliers'~~ manufacturing facilities, research and development facilities, warehouses or other significant operations ~~or those of our suppliers,~~ could have a material adverse effect on us.
- We may be unable to maintain appropriate manufacturing capacity or product yields at our own manufacturing facilities.
- We may be involved in legal proceedings ~~including IP, securities litigation, and employee-related claims~~ that could **materially** adversely affect our business.
- ~~Failure of~~ **If demand for our software data center virtualization products is less than anticipated, to manage and secure IT infrastructures and environments could have a material adverse effect on** our business ~~could be adversely affected.~~
- The growth of our software business depends on customer acceptance of our newer products and services.
- Incompatibility of our software products with operating environments, platforms, or third- party products ~~may adversely affect demand for our products and services could decrease.~~
- Failure to enter into software license agreements on a satisfactory basis could adversely affect us.
- ~~Liensed~~ **third party software used in our products may not be available to us in the future, which may delay product development and production or cause us to incur additional expense.**
- Our use of open source software in certain products and services could materially adversely affect our business, financial condition and results of operations ~~or~~ **Failure of our software products to manage and secure IT infrastructures and environments could have a material adverse effect on our business.**
- Our sales to government customers subject us to uncertainties and **additional** governmental regulations ~~which could have a material adverse effect on our business.~~
- Failure to effectively manage our products and services lifecycles could harm our business.
- Our operating results are subject to substantial quarterly and annual fluctuations.
- Competition in our industries could prevent us from growing our revenue.
- Our ability to maintain or improve gross margin.
- ~~Our ability~~ **If we are unable** to protect the significant amount of IP **we utilize** in our business **, our business could be adversely affected.**
- We are subject to warranty claims, product recalls and product liability.
- The complexity of our products could result in unforeseen delays or expense or undetected defects or bugs.
- We **are** ~~make~~ **substantial investments in research and development and unsuccessful investments could materially adversely affect our business, financial condition and results of operations.**
- We collect, use, store, or otherwise process personal information, which ~~subjects~~ **subject** us to privacy and data security laws and contractual commitments, and our actual or perceived failure to comply with such laws and commitments could harm our business.
- We are subject to environmental **must comply with a variety of technical standards**, health ~~domestic~~ and safety **international** laws ~~which could increase our costs, restrict our operations and require expenditures~~ **regulations in the**

manufacture and distribution of our semiconductors. • Environmental, social and governance matters may adversely affect our relationships with customers and investors. • ~~The average selling prices of semiconductor products in our markets have often decreased rapidly and may do so in the future.~~ • ~~Fluctuations in foreign exchange rates could result in losses.~~ Risks Relating to **Our Taxes** • ~~Changes in tax legislation or policies could materially impact our financial position and results of operations.~~ • ~~Our corporate income taxes could significantly increase if we are unable to maintain our tax concessions or if our assumptions and interpretations regarding tax laws and concessions prove to be incorrect.~~ • Our income taxes and overall cash tax costs are affected by a number of factors that could ~~have a materially~~ **material**, ~~adversely~~ **adverse affect effect on our** financial results. • **If our tax incentives or tax holiday arrangements change or cease to be in effect or applicable, our corporate income taxes could significantly increase**. • We have potential tax liabilities as a result of VMware's former controlling ownership by Dell, which could have an adverse effect on our financial condition and operating results. Risks Relating to Our Indebtedness • Our substantial indebtedness could adversely affect our financial health and our ability to execute our business strategy. • ~~The instruments governing our indebtedness impose certain restrictions on our business.~~ • ~~Servicing our debt requires a significant amount of cash, and we may not have sufficient cash flows from our business to pay our substantial debt.~~ Risks Relating to Owning Our Common Stock • ~~Our Volatility of our stock price~~ **may be volatile and** could result in substantial losses for our **your investment could lose value** investors as well as class action litigation against us and our management. • ~~The amount and frequency of our stock repurchases may fluctuate.~~ • ~~A substantial amount of our stock is held by a small number of large investors.~~ • There can be no assurance that we will continue to declare cash dividends. For a more complete discussion of the material risks facing our business, see below. Adverse global economic conditions could have a negative effect on our business, results of operations and financial condition and liquidity. A general slowdown in the global economy ; ~~including a recession,~~ or in a particular region or industry, **other unfavorable changes in economic conditions, such as inflation, higher interest rates, tightening of the credit markets, recession or slowing growth, or** an increase in trade tensions with U. S. trading partners ; ~~inflation or a tightening of the credit markets~~ could negatively impact our business, financial condition and liquidity. Adverse global economic conditions have from time to time caused or exacerbated significant slowdowns in the industries and markets in which we operate, which have adversely affected our business and results of operations. Macroeconomic weakness and uncertainty also make it more difficult for us to accurately forecast **operating results revenue, gross margin and expenses**, and may make it more difficult to raise or refinance debt. An escalation of trade tensions between the U. S. and China has resulted in trade restrictions, increased protectionism and increased tariffs that harm our ability to participate in Chinese markets or compete effectively with Chinese companies. Sustained uncertainty about, or worsening of, current global economic conditions and further escalation of trade tensions between the U. S. and its trading partners, especially China, and ~~possible the~~ decoupling of the U. S. and China economies, could result in a global economic slowdown and long-term changes to global trade. Such events may also (i) cause our customers and consumers to reduce, delay or forgo technology spending, (ii) result in customers sourcing products from other suppliers not subject to such restrictions or tariffs, (iii) lead to the insolvency or consolidation of key suppliers and customers, and (iv) intensify pricing pressures. Any or all of these factors could negatively affect demand for our products and our business, financial condition and results of operations. Our business is subject to various governmental regulations ; ~~and compliance~~ **Compliance** with these regulations may cause us to incur significant expense **and failure**. ~~If we fail to maintain compliance with applicable regulations ; we may be forced to cease the manufacture and distribution of certain products, and we could~~ **adversely affect** be subject to administrative proceedings and civil or **our business** criminal penalties. Our business is subject to various domestic and international laws and other legal requirements, including anti- competition and import / export regulations, such as the U. S. Export Administration Regulations, and applicable executive orders. These laws, regulations and orders are complex, may change frequently and with limited notice, and ~~have generally and may continue to~~ become more stringent over time. We may be required to incur significant expense to comply with, or to remedy violations of, these regulations. In addition, if our customers fail to comply with these regulations, we may be required to suspend sales to these customers, which could damage our reputation and negatively impact our results of operations. The U. S. government may ~~also continue to~~ add companies to its restricted entity list and / or technologies to its list of prohibited exports to specific countries, which have had and may ~~continue to in the future~~ have an adverse effect on our **revenue and our** ability to sell our products ~~and our revenue.~~ For example, Huawei Technologies Co., Ltd., one of our customers, is subject to certain U. S. export restrictions, which has required us to suspend sales to Huawei until we obtain licenses from the U. S. Department of Commerce. We may be unable to obtain or maintain the necessary licenses to allow us to export products to them. These restrictive governmental actions and any similar measures that may be imposed on U. S. companies by other governments, especially in light of ongoing trade tensions with China, will likely limit or prevent us from doing business with certain of our customers or suppliers and harm our ability to compete effectively or otherwise negatively affect our ability to sell our products ; ~~and adversely affect our business and results of operations.~~ Furthermore, government authorities may take retaliatory actions, impose conditions for the supply of products or require the license or other transfer of **IP intellectual property**, which could have a material adverse effect on our business. Our products and operations are also subject to regulation by U. S. and non- U. S. regulatory agencies, such as the ~~FTC U.~~ **From time to time S. Federal Trade Commission. We have previously been**, ~~we and~~ **may also in the future be** ; involved or required to participate in regulatory investigations or inquiries, such as the ongoing investigation by the Korean Fair Trade Commission into certain of our contracting and business practices, which ~~have previously and~~ **may in the future** evolve into legal or other administrative proceedings. Growing public concern over concentration of economic power in corporations is ~~likely leading~~ **likely leading** to result in increased anti- competition legislation, regulation, administrative rule making ; ~~and enforcement activity.~~ Involvement in regulatory investigations or inquiries ; ~~can be costly, lengthy, complex and time consuming, diverting the attention and energies of our management and technical personnel.~~ If any pending or future governmental investigations result in an unfavorable resolution, we could be required to cease the manufacture and sale of the subject products or technology, pay fines or disgorge

profits or other payments, and / or cease certain conduct and / or modify our contracting or business practices, which could have a material adverse effect on our business, financial condition and results of operations. ~~We may be obligated to indemnify our current or former directors or employees, or former directors or employees of companies that we have acquired, in connection with regulatory investigations. These liabilities could be substantial and may include, among other things, the cost of government, law enforcement or regulatory investigations and civil or criminal fines and penalties. In addition, the manufacture and distribution of our semiconductors must comply with various laws and adapt to changes in regulatory requirements as they occur. For example, if a country in which our products are manufactured or sold sets technical standards that are not widely shared, it may require us to stop distributing our products commercially until they comply with such new standards, lead certain of our customers to suspend imports of their products into that country, require manufacturers in that country to manufacture products with different technical standards and disrupt cross-border manufacturing relationships, any of which could have a material adverse effect on our business, financial condition and results of operations. If we fail to comply with these requirements, we could also be required to pay civil penalties or face criminal prosecution.~~ Global political and economic conditions and other factors related to our international operations could adversely affect our business, financial condition and results of operations. A majority of our products are produced, sourced and sold internationally and our international revenue represents a significant percentage of our overall revenue. ~~In addition, as of October 29, 2023, nearly 49% of our employees were located outside the U.S.~~ Multiple factors relating to our international operations and to particular countries in which we operate could have a material adverse effect on our business, financial condition and results of operations. These factors include: • changes in political, regulatory, legal or economic conditions ~~or~~, geopolitical turmoil (including China- Taiwan relations), including terrorism, war or political or military coups, state- sponsored or politically motivated cyber- attacks, or civil disturbances or political instability (foreign and domestic); • restrictive governmental actions, such as restrictions on the transfer or repatriation of funds and foreign investments, data privacy regulations, ~~imposition of~~ climate change regulations, and trade protection measures, including increasing protectionism, import / export restrictions (including with regards to advanced technologies), import / export duties and quotas, trade sanctions and customs duties and tariffs, all of which have increased **and may further increase**; • **changes** in recent years **global tax regulations**; • difficulty in obtaining product distribution and support, and transportation delays; • potential inability to localize software products; • difficulty in enforcing contracts, collecting accounts receivables and maintaining appropriate financial ~~control~~ **controls**; • difficulty in conducting due diligence with respect to business partners; • public health or safety concerns, medical epidemics or pandemics, ~~such as COVID-19~~, and other natural- or man- made disasters; **and** • nationalization of businesses and expropriation of assets; ~~and~~ • **changes in U.S. and foreign tax laws**. A significant legal risk associated with conducting business internationally is compliance with the various and differing laws and regulations of the many countries in which we do business. ~~In addition, the laws in various countries are constantly evolving and may, in some cases, conflict with each other or with agreements we have made in one or more jurisdictions.~~ Although our policies prohibit us, our employees and our agents from engaging in unethical business practices, there can be no assurance that all of our employees, distributors or other agents will refrain from acting in violation of our related anti- corruption or other policies and procedures. Any such violation could have a material adverse effect on our business. ~~Failure to realize the benefits expected from the VMware Merger could adversely affect our business and the value of our common stock.~~ As part of our integration of the VMware business, we ~~are plan to focus~~ **focusing** on VMware's core business of creating private ~~and hybrid~~ **on- premises** among large enterprises globally and divesting non- core assets. If VMware customers do not accept ~~this plan~~ **our business strategy, including our transition from a perpetual to a subscription licensing model and our simplified product portfolio**, the investments we have made or may make to implement ~~this plan~~ **our strategy** may be of no or limited value, we may lose **significant** customers, our financial results may be adversely affected and our stock price may suffer. Although we expect significant benefits to result from the VMware Merger, ~~if there can be no assurance that we will actually~~ **do not successfully manage the challenges inherent in integrating an acquired business, we may not realize these benefits, and our revenue, expenses, operating results, financial condition and stock price could be materially adversely affected**. Achieving these benefits will depend, in part, on our ability to integrate VMware's business successfully and efficiently. ~~The challenges involved in this integration, which are complex and time consuming, include the following:~~ • preserving customer and other important relationships of VMware and attracting new **customers accepting our** business and operational relationships; • integrating financial forecasting and controls, procedures and reporting cycles; • consolidating and integrating corporate, information technology, finance and administrative infrastructures; • coordinating sales and marketing efforts to effectively position our capabilities; • coordinating and integrating operations in countries in which we have not previously operated; • reorienting the VMware sales and marketing force to align with the change in strategy and effectively position the business; and • integrating the VMware workforce, including **our** managing employee transitions ~~transition from a perpetual to a subscription licensing model~~ and attrition, maintaining employee morale and retaining key employees. If we do not successfully manage these issues and the other challenges inherent in integrating an ~~and~~ **acquired business, then we may not achieve the anticipated benefits of the VMware Merger within our anticipated timeframe or our simplified product portfolio** at all and our revenue, expenses, operating results, financial condition and stock price could be materially adversely affected. The successful integration of the VMware business **has required, and will continue to require**, significant management attention ~~both before and after the completion of the VMware Merger~~, and may divert the attention of management from our ~~other~~ **business and operational issues**. **We have pursued, and may in the future pursue, mergers, acquisitions, investments, joint ventures and dispositions, which could adversely affect our results of operations**. Our growth strategy includes acquiring or investing in businesses that offer complementary products, services and technologies, or ~~enhance~~ **enhancing** our market coverage or technological capabilities. Any acquisitions we may undertake, including the VMware Merger, and their integration involve risks and uncertainties, **which could impede the execution of our business strategy**, such as: • **U.S. and non- U.S. regulatory approval may take longer than**

anticipated, not be forthcoming or contain burdensome conditions; • unexpected delays, challenges and related expenses, and disruption of our business; • diversion of management's attention from daily operations and the pursuit of other opportunities; • incurring significant restructuring charges and amortization expense, assuming liabilities (some of which may be unexpected) and ongoing or new lawsuits, potential impairment of acquired goodwill and other intangible assets, and increasing our expenses and working capital requirements; • the potential for deficiencies in internal controls at of the acquired business, as well as implementing our own management information systems, operating systems and internal controls for the acquired operations; • our due diligence process may fail to identify significant issues with the acquired business' products, financial disclosures, accounting practices, legal, tax and other contingencies, compliance with local laws and regulations (and interpretations thereof) in the U. S. and multiple international jurisdictions; • ~~additional acquisition-related debt, which could increase our leverage and potentially negatively affect our credit ratings resulting in more restrictive borrowing terms or increased borrowing costs thereby limiting our ability to borrow;~~ • dilution of stock ownership of existing stockholders; • difficulties integrating the acquired business or company and in managing and retaining acquired employees, vendors and customers; and • inaccuracies in our original estimates and assumptions used to assess a transaction, which may result in us not realizing the expected financial or strategic benefits of any such transaction. ~~In addition, current and future changes to the U. S. and foreign regulatory approval process and requirements related to acquisitions may cause approvals to take longer than anticipated, not be forthcoming or contain burdensome conditions, which may prevent the transaction or jeopardize, delay or reduce the anticipated benefits of the transaction, and impede the execution of our business strategy.~~ From time to time, we may also seek to divest or wind down portions of our business, either acquired or otherwise, or we may exit minority investments, any of which could materially affect our cash flows and results of operations. Such dispositions involve risks and uncertainties, including our ability to sell such businesses on terms acceptable to us, or at all, disruption to other parts of our business, potential loss of employees or customers, or exposure to unanticipated liabilities or ongoing obligations to us following any such dispositions. In addition, dispositions may include the transfer of technology and / or the licensing of certain IP rights to third-party purchasers ~~that~~, which could limit ~~limits~~ our ability to utilize such IP rights or assert these rights against ~~such third-party purchasers or other third parties~~. **Such events could have a material adverse impact on our business and operations. We are subject to risks associated with our distributors and other channel partners, including product inventory levels and product sell-through.** We sell our products through a direct sales force and a select network of distributors and other channel partners globally. Sales to distributors accounted for ~~57-48~~ % of our net revenue in the fiscal year ~~ended October 29, 2023~~ **2024** and are subject to a number of risks, including: • fluctuations in demand based on our distributors' product inventory levels, and **the timing of delivery to and demand of end customer customers demand;** • our distributors and other channel partners are generally not subject to minimum sales requirements or any obligation to market our products to their customers **and may market and distribute competing products;** and • our distributors' and other channel partners' agreements are generally nonexclusive and may be terminated at any time without cause; • ~~our lack of control over the timing of delivery of our products to end customers;~~ and • ~~our distributors and other channel partners may market and distribute competing products and may place greater emphasis on the sale of these products.~~ **Our** We expect our dependence on channel partners will ~~has~~ **increase increased** following the VMware Merger. Failure to maintain good relationships with our distributors and channel partners could adversely impact our business. In addition, we sell our semiconductor products through an increasingly limited number of distributors, which exposes us to additional customer concentration and related credit risks. **From time to time, we enlist our distributors and channel partners to lead go-to-market and customer relationships for certain products, such as our Accelerate Program and Catalyst Initiative for certain infrastructure software products, with certain sole distribution relationships by region. To the extent these distributors and channel partners fail to maintain good relationships with our customers or we are unable to continue enlisting our distributors and channel partners to lead go-to-market and customer relationships, our business, operating results and cash flow may be adversely impacted.** We do not always have a direct relationship with the end customers of our products. As a result, our semiconductor products may be used in applications for which they were not necessarily designed or tested, ~~including, for example, medical devices, and they~~ **the misuse or may not perform as anticipated in such applications. In such event, failure of our semiconductor products even a small number of parts could result in significant liabilities to us, damage our reputation and harm our business and, operating results of operations and cash flow.** Our business would be adversely affected by the departure of existing members of our senior management team. Our success depends, in large part, on the continued contributions of our senior management team, and in particular, the services of Hock E. Tan, our President and Chief Executive Officer. Effective succession planning is also important for our long-term success. Failure to ensure effective transfers of knowledge and smooth transitions involving senior management could hinder our strategic planning and execution. None of our senior management is bound by written employment contracts. In addition, we do not currently maintain key person life insurance covering our senior management. The loss of any of our senior management could harm our ability to implement our business strategy and respond to the rapidly changing market conditions in which we operate. If we are unable to attract and retain qualified personnel, especially our engineering and technical personnel, we may not be able to execute our business strategy effectively. Our future success depends on our ability to attract, retain and motivate qualified personnel. As the source of our technological and product innovations, our engineering and technical personnel (including cyber, such as our AI-related product engineers and security cybersecurity experts), are a significant asset. Competition for these employees is significant in many areas of the world in which we operate, particularly in Silicon Valley and Southeast Asia where qualified engineers are in high demand. In addition, current or future immigration laws may make it more difficult to hire or retain qualified engineers, further limiting the pool of available talent. We believe equity awards provide a powerful long-term retention incentive and have historically granted these awards to the substantial majority of our employees. If we are unable to continue our current equity granting philosophy **or our stock underperforms**, this could impair our efforts to attract and retain necessary personnel. Any inability

to retain, attract or motivate such personnel and provide competitive employment benefits could have a material adverse effect on our business, financial condition and results of operations. ~~An impairment of the confidentiality, integrity, or availability of our IT systems, or those of one or more of our corporate infrastructure vendors could have a material adverse effect on our business.~~ Our business depends on a wide variety of complex IT systems and services, including cloud-based and other critical corporate services relating to, among other things, product research and development, financial reporting, product orders and fulfillment, HR, benefit plan administration, IT network management, and electronic communication and collaboration services. These systems and services are both internally managed and outsourced, and in many cases we rely upon third-party data centers. Any failure of these internal or third-party systems and services to operate effectively could disrupt our operations and could have a material adverse effect on our business, financial condition and results of operations. Our operations are dependent upon our ability to protect our IT infrastructure against damage from business continuity events that could have a significant disruptive effect. Although these systems are designed to protect and secure our customers', suppliers' and employees' confidential information, as well as our own proprietary information, we are, out of necessity, dependent on our vendors to adequately address ~~cyber security~~ **cybersecurity** threats to their own systems. In addition, software products we use and technologies produced by us have occasionally had in the past and may have in the future, vulnerabilities that, if left unmitigated, could reduce the overall level of security of the systems on which the software is installed. Cyberattacks are increasing in number and sophistication, are well-financed, in some cases supported by state actors, and are designed to not only attack, but also to evade detection. Since the techniques used to obtain unauthorized access to systems, or to otherwise sabotage them, change frequently and are often not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. **The emergence and maturation of AI capabilities may also lead to new and / or more sophisticated methods of attack, including fraud that relies upon "deep fake" impersonation technology or other forms of generative automation that may scale up the efficiency or effectiveness of cyber threat activity.** As a critical vendor in the digital supply chain for both governmental entities and critical infrastructure operators, we and our products may be targeted by those seeking to threaten the confidentiality, integrity and availability of systems supporting essential public services. Geopolitical instability may increase the likelihood that we will experience direct or collateral consequences from cyber conflicts between nation-states or other politically motivated actors targeting critical technology infrastructure. Accidental or willful security breaches or other unauthorized access to our information systems or the systems of our service providers and business partners, or the existence of computer viruses or malware (such as ransomware) in our or their data or software have in the past **exposed**, and could in the future ~~expose~~, us to a risk of information loss, business disruption, and misappropriation of proprietary and confidential information, including information relating to our products or customers and the personal information of our employees or third parties. Such an event could disrupt our business and result in, among other things, unfavorable publicity, damage to our reputation, loss of our trade secrets and other competitive information, litigation by affected parties and possible financial obligations for liabilities and damages related to the theft or misuse of such information, significant remediation costs, disruption of key business operations and significant diversion of our resources, as well as fines and other sanctions resulting from any ~~related breaches of data privacy regulations~~ **regulatory non-compliance (such as the General Data Protection Regulation)**, any of which could have a material adverse effect on our business, profitability and financial condition. While we may be entitled to damages if our vendors fail to perform under their agreements with us, any award may be insufficient to cover the actual costs incurred by us and, as a result of a vendor's failure to perform, we may be unable to collect any damages. Despite our internal controls and investment in security measures, we have, from time to time, been subject to disruptive cyberattacks and unauthorized network intrusions and malware on our own IT networks or those of our service providers or business partners. Although no such ~~cyber security~~ **cybersecurity** incidents have been material to ~~Broadcom~~ **us**, we continue to devote resources to protect our systems and data from unauthorized access or misuse, and we may be required to expend greater resources in the future. Businesses we acquire **have previously increased, and may continue to increase**, the scope and complexity of our IT networks, and this ~~may~~ **has, from time to time, increase** ~~increased~~ our risk exposure to cyberattacks when there are difficulties integrating diverse legacy systems that support operations for the acquired businesses. In addition, certain aspects of effective cybersecurity are dependent upon our employees, contractors and other trusted partners reliably safeguarding secrets (e.g., application credentials) and adhering to our security policies and access control mechanisms. We have in the past experienced, and expect in the future to experience, security incidents arising from a failure to properly handle such secrets or adhere to such policies and, although no such events have had a material adverse effect on our business, there can be no assurance that an insider threat will not result in ~~an a material cyber~~ **incident that is material to Broadcom**. Our logging, alerting and cyber incident detection mechanisms may not cover every system potentially targeted by threat actors, may not have the capability to detect certain types of unauthorized activities, and may not capture and surface information sufficient to enable us to timely detect and take responsive action to insider or external threats. U.S. and ~~foreign non-U.S.~~ **foreign non-U.S.** regulators, as well as customers and service providers, have also increased their focus on ~~cyber security~~ **cybersecurity** vulnerabilities and risks. Compliance with laws, regulations, and contractual provisions concerning privacy, ~~cyber security~~ **cybersecurity**, secure technology development, data governance, data protection, confidentiality and IP could result in significant expense, and any failure to comply could result in proceedings against us by regulatory authorities or other third parties and may also increase our overall compliance burden. ~~demand or loss of one or more of our significant customers may adversely affect our business.~~ We have historically depended on a small number of end customers, OEMs, their respective contract manufacturers ("CMs") and certain distributors for a majority of our business and revenue. For fiscal year ~~2024~~ **2023**, sales to distributors accounted for ~~48~~ **57** % of our net revenue. We believe aggregate sales, through all channels, to **Apple and** our top five end customers, accounted for approximately ~~40~~ **20** % and ~~35~~ **35** % of our net revenue for fiscal year ~~2024~~ **2023, respectively**. This customer concentration increases the risk of quarterly fluctuations in our operating results and our sensitivity to any material adverse developments experienced by ~~these~~ **our significant** customers. Our semiconductor customers

are not generally required to purchase specific quantities of products. Even when customers agree to source an agreed portion of their product needs from us, such arrangements often include pricing schedules or methodologies that apply regardless of the volume of products purchased, and those customers may not purchase the amount of product we expect. As a result, we may not generate the amount of revenue or achieve the level of profitability we expect under such arrangements. Moreover, our top customers' purchasing power has, in some cases, given them the ability to make greater demands on us with regard to pricing and contractual terms in general. **Some customers - We expect this trend to continue, which may even reduce the amount of adversely affect our gross margin on certain products and, should we fail to perform under these arrangements, we could also be liable for significant monetary damages** decline to purchase due to their internal development of the products. The loss of, or any substantial reduction in sales to, any of our top customers, including our hyper-scale customers, could have a material adverse effect on our business, financial condition. The semiconductor industry is highly cyclical and is characterized by **rapid** price erosion, wide fluctuations in product supply and demand, constant and rapid technological change, evolving technical standards, **evolving markets such as AI**, frequent new product introductions, and short product life cycles (for semiconductors and for many of the end products in which they are used). From time to time, these factors, together with changes in general economic conditions, cause significant upturns and downturns in the industry in general, and in our business in particular. The **market for AI-related products has resulted in a significant upturn in certain segments of the industry resulting in record revenue, which may not be sustainable.** ~~Previously the industry~~ experienced a significant upturn due to a supply imbalance that resulted in record profitability and increases in average selling prices. ~~The industry, however is currently experiencing~~ **which was followed by** a downturn, and historically, such down-cycles ~~cycle resulting in~~ have been characterized by diminished demand for end-user products, high inventory levels and periods of inventory adjustment, **and elimination of expedite fees. Historically, such down-cycles have also been characterized by** under-utilization of manufacturing capacity, changes in revenue mix, **and** accelerated erosion of average selling prices, **which can lead and elimination of expedite fees leading to** reduced profitability and a decline in our stock price. The Creating Helpful Incentives to Produce Semiconductors for America Act could also result in an increase in supply leading to excess inventory and a decrease in average selling prices. We expect our business to continue to be subject to cyclical downturns even when overall economic conditions are relatively stable. If we cannot offset industry or market downturns, our net revenue may decline and our financial condition and results of operations may suffer. ~~The majority of~~ **We make investments in research and development and the slow our- or unsuccessful return** sales have historically come from a small number of customers and a reduction in demand **or our investments could materially** loss of one or more of our significant customers may adversely affect our business. ~~We have historically depended on a..... a material adverse effect on our business, financial condition, and results of operations and cash flows.~~ **The industries in which we compete are characterized by rapid technological change** Dependence on contract manufacturing and suppliers of critical components within our supply chain may adversely affect our ability to bring products to market, **new technological trends** damage our reputation and adversely affect our results of operations. We operate a primarily outsourced manufacturing business model that principally utilizes CMs, such as third **AI and cloud computing, changes in customer requirements, frequent new product introductions and enhancements, short product cycles, evolving industry standards and new delivery methods. In addition, to compete successfully in the semiconductor industry, we must continue to develop and respond to technological advancements and requirements, such as low** party wafer foundries **power consumption, higher bandwidth and module assembly and test capabilities increase in the number of clusters.** Our semiconductor **Failure to successfully develop increasingly advanced technologies, including ASICs such as custom AI accelerators or XPU's and other AI-related products** require wafer manufacturers with state-of-the-art fabrication equipment and techniques, **could impair** and most of our products are designed to be manufactured in a specific process, typically at one particular fab **or our competitive position** foundry, either our own or with a particular CM. **In order** We depend on our CMs to **remain competitive** allocate sufficient manufacturing capacity to meet our needs, **we** to produce products of acceptable quality at acceptable yields, and to deliver those products to us on a timely basis. We do not generally have **made** long-term capacity commitments with our CMs and substantially all of our manufacturing services are on a purchase order basis with no minimum quantities. Further, our CMs may **and expect to continue to make, significant investments in research and development. If we** fail to timely develop new **and enhanced products and** advanced manufacturing processes, including transitions to smaller geometry process technologies **or, if we focus on technologies that do not** from time to time, will cease to, or will become unable to **widely adopted**, manufacture a component for **or** us. As lead times to identify, qualify and establish reliable production at acceptable yields with a new **competitive technologies** CM is typically lengthy, there is..... substantial disruption in the contract manufacturing services that we **utilize do not support become widely accepted, demand for our products** including TSMC's supply of wafers to us, as a result of a natural disaster, climate change, water shortages, political unrest, military conflicts, geopolitical turmoil, trade tensions, government orders, labor shortages, medical epidemics, such as **our custom AI accelerators or XPU's and the other COVID AI-19 pandemic-related products may be reduced. Increased investments in research and development, economic instability, equipment failure or other cause, could materially harm our- or business, customer relationships slow or unsuccessful research and development efforts, would have a negative impact on our financial** results of operations. Our **manufacturing processes and..... decrease our gross margin and operating income.** Our semiconductor business is dependent on us winning competitive bid selection processes, known as "design wins," - These selection processes are typically lengthy and can require us to dedicate significant development expenditures and scarce engineering resources in pursuit of a single customer opportunity. Failure to obtain a particular design win may prevent us from obtaining design wins in subsequent generations of a particular product. This can result in lost revenue and can weaken our position in future selection processes. Winning a product design does not guarantee sales to a customer. **A-Customers could delay or cancel cancellation of a customer's plans, fail to qualify our products, reduce or discontinue use of our products or fail to successfully market and sell their products,**

which could reduce demand for our products and cause us to hold excess inventory, materially and adversely affect affecting our business, financial condition and results of operations, as we incur significant expense in the design process and may generate little or no revenue from it. In addition, the timing of design wins is unpredictable and implementing production for a major design win, or multiple design wins at the same time, such as our design wins for our custom AI accelerators or XPU's and other AI-related products, may strain our resources and those of our CMs. In such event, we may be forced to dedicate significant additional resources such as product engineering and incur additional costs and expenses. Further, which we expect to continue for our AI-related often customers will only purchase limited numbers of evaluation units until they qualify the products and/or the manufacturing line for those products. The qualification process can take significant time and resources. Delays in qualification or failure to qualify our products may cause a customer to discontinue use of our products and result in a significant loss of revenue. Finally, customers could choose at any time to stop using our products or could fail to successfully market and sell their products, which could reduce demand for our products and cause us to hold excess inventory, materially adversely affecting our business, financial condition and results of operations. These risks are exacerbated by the fact that many of our products, and the end such as our AI-related products into which, are dependent on our continued success in the development and quality of our products and product engineering are incorporated, often have very short life cycles.

Dependence on contract A prolonged disruption of our manufacturing facilities, research and development facilities, warehouses-suppliers of critical components within or our other significant supply chain may adversely affect our ability to bring products to market, damage our reputation and adversely affect our results of operations, or those of our suppliers, could have a material adverse effect on our business, financial condition and results of operations. We Although we operate a primarily outsourced manufacturing business model order basis with CM is typically lengthy, there is often no readily available alternative source and there minimum quantities. Further, our CMs may fail to timely develop be other constraints on or our successfully implement ability to change CMs. In addition, qualifying new, advanced manufacturing processes, including transitions to smaller geometry process technologies. From time to time, our CMs is often expensive may also cease to, and they may not produce products as cost-effectively as or our current suppliers become unable to, manufacture a component for us. TSMC, one of our CMs, manufactured approximately 95-90% of the wafers manufactured by our CMs during fiscal year 2024-2023. We believe our wafer requirements represent a meaningful portion of TSMC's total production capacity. However, TSMC also fabricates wafers for other companies, including some of our competitors, and could choose or be required to prioritize capacity for other customers or reduce or eliminate deliveries to us on short notice. In addition, TSMC has, and may in the future, raise their prices to us. If any of the foregoing circumstances occur, we may be unable to meet our customer demand, or to the same extent as our competitors, fail to meet our contractual obligations or forgo revenue opportunities. This could damage our relationships with our customers, or result in litigation for alleged failure to meet our obligations, or result in payment of significant damages, and our net revenue could decline, adversely affecting our business, financial condition, results of operations and gross margin. We purchase Further, any substantial disruption in the contract manufacturing services, we also rely on our own manufacturing facilities, in particular in Fort Collins, Colorado, Singapore, and Breinigsville, Pennsylvania. We use these internal fabrication facilities for products utilizing our innovative and proprietary processes. Our Fort Collins and Breinigsville facilities are the sole sources for the FBAR components used in many of our wireless devices and for the InP-based wafers used in our fibre optics products, respectively. Many of our facilities, and those of our CMs and suppliers, are located concentrated in the same geographic regions of California and the Pacific Rim region, which have above average seismic activity and severe weather activity, and increases the risk of natural disasters impacting multiple suppliers. In addition, a significant majority of our research and development personnel are located in the Czech Republic, India, Israel, and the U. S., with the expertise of the personnel at each such location tending to be focused on one or two specific areas, and our primary warehouse is in Malaysia. A prolonged disruption at or shut-down of one or more of our manufacturing facilities or warehouses, especially our Colorado, Singapore, Malaysia and Pennsylvania facilities, or those of our CMs or suppliers, due to natural- or man-made disasters or other events outside of our control, such as climate change, water shortages, political unrest, military conflicts, geopolitical turmoil, trade tensions, government orders, labor shortages, medical epidemics, economic instability, equipment failure malfunction or widespread outbreaks of acute illness, including COVID-19, or for any other reason, would limit our capacity to meet customer demands and delay new product development until a replacement facility and equipment, if necessary, were found. To date, we such events have not experienced had a material event, adverse effect on our business. However, such an event could disrupt our operations, forgo delay production, shipments and revenue opportunities, potentially lose market share, result in us being unable to timely satisfy customer demand, expose us to claims by our customers, result in significant expense to repair or replace our affected facilities, and, in some instances, could significantly curtail our research and development efforts in a particular product area or target market. As a result, any we could forgo revenue opportunities, potentially lose market share, damage our customer relationships and be subject to litigation and additional liabilities, all of which could materially and adversely affect our business. This disruption Although we purchase insurance to mitigate certain losses, such insurance often carries a high deductible amount and any uninsured losses could also prevent negatively affect our operating results. In addition, even if we were able to promptly resume production of our affected products, if our customers from resuming cannot timely resume their own manufacturing following such an event, they may cancel or scale back their orders from us and this may in turn adversely affect our results of operations. Such events could also result in increased fixed costs relative to the revenue we generate and adversely affect our results of operations. We operations. We make significant decisions, including determining the levels of business that we will seek and accept, production schedules, levels of reliance on contract manufacturing and outsourcing, internal fabrication utilization and other resource requirements, based on customer requirements or estimates thereof, which may not be accurate. We largely build to order Many factors could impact our estimates of customers' demands, including changes in product development cycles, competing technologies and product releases have

extended customer lead times substantially, **new** which has limited and may continue to limit our **or unexpected end- user products, such as** ability to fulfill orders and satisfy all of the demand for our **AI- related** products, **and changes**. Customers may require rapid increases in production on short notice **business and economic conditions**. If we are unable to meet such increases **timely respond to changes** in **customer** demand, this could damage our customer relationships, **reduce revenue growth and margins, subject us to additional liabilities,** harm our reputation, **and** prevent us from taking advantage of opportunities **and adversely impact our business, financial condition and results of operations**. Conversely **We** may be unable to maintain appropriate manufacturing capacity or product yields at our own manufacturing facilities, which could adversely affect our relationships with our customers, and our business, financial condition and results of operations. We must maintain appropriate capacity and product yields at our own manufacturing facilities to meet anticipated customer demand. From time to time, this requires us to invest in expansion or improvements of those facilities, which **often involves substantial cost and other risks**. Such **expanded manufacturing capacity** may **still not** be **insufficient -- sufficient**, or **in time may not come online soon enough**, to meet customer demand and we may have to put customers on product allocation, forgo sales or lose customers as a result. Conversely, if we overestimate customer demand, we would experience excess capacity and fixed costs at these facilities will not be fully absorbed, **all of** which could adversely affect our results of operations. Similarly, reduced product yields, due to design or manufacturing issues or otherwise, may involve significant time and cost to remedy and cause delays in our ability to supply product to our customers, all of which could cause us to forgo sales, incur liabilities or lose customers, and harm our results of operations. We may be involved in legal proceedings, including IP, securities litigation, and employee- related claims, which could, among other things, divert efforts of management and result in significant expense and loss of our IP rights. We are often involved in legal proceedings, including cases involving our IP rights and those of others, commercial matters, acquisition- related **suits lawsuits**, securities class action **suits lawsuits**, employee- related claims and other actions. Litigation or settlement of such actions, regardless of their merit, **have been, and can continue to be**, costly, lengthy, complex and time consuming, diverting the attention and energies of our management and technical personnel. The industries in which we operate are characterized by companies holding large numbers of patents, copyrights, trademarks and trade secrets and **by the vigorous vigorously pursuit pursuing**, protection- **protecting** and **enforcing enforcement** of IP rights, including actions by patent- holding companies that do not make or sell products. From time to time, third parties assert against us and our customers and distributors their IP rights to technologies that are important to our business. **We** For example, in September 2023 we settled a patent infringement claim filed by California Institute of Technology against Broadcom and Apple. Many of our customer agreements, and in some cases our asset sale agreements, and / or the laws of certain jurisdictions may **be require required us** to indemnify our customers or purchasers for third- party IP infringement claims, including costs to defend those claims, and payment of damages in the case of adverse rulings. However, our CMs and suppliers may or may not be required to indemnify us should we or our customers be subject to such third- party claims. Claims of this sort could also harm our relationships with our customers and might deter future customers from doing business with us. If any pending or future proceedings result in an adverse outcome, we could be required to: • cease the manufacture, use or sale of the infringing products, processes or technology and / or make changes to our processes or products; • pay substantial damages for past, present and future use of the infringing technology, including up to treble damages if willful infringement is found; • expend significant resources to develop non- infringing technology; • license technology from the third -party claiming infringement, which license may not be available on commercially reasonable terms, or at all; • enter into cross- licenses with our competitors, which could weaken our overall IP portfolio and our ability to compete in particular product categories; • pay substantial damages to our direct or end customers to discontinue use or replace infringing technology with non- infringing technology; or • relinquish IP rights associated with one or more of our patent claims. Any of the foregoing results could have a material adverse effect on our business, financial condition and results of operations. Certain aspects of our software products are intended to manage and secure IT infrastructures and environments, and as a result, we expect these products to be ongoing targets of cyber- attacks. Open source code or other third- party software used in these products could also be targeted and may make our products vulnerable to additional security risks not posed by purely proprietary products. Our products are complex and, when deployed, may contain errors, defects or security vulnerabilities, some of which may not be discovered before the product has been released, installed and used by customers. The complexity and breadth of our technical and production environments, which involve globally dispersed development and engineering teams, increases the risk that errors, defects or vulnerabilities will be introduced and may delay our ability to detect, mitigate or remediate such incidents. In **addition the past**, **elements of our proprietary source code have been exposed in an unauthorized manner. It is possible that such exposure of source code could reveal unknown security vulnerabilities in our products that could be exploited by malicious actors. Our products are also subject to known and unknown security vulnerabilities resulting from integration with third- party products or services. Although we continually seek to improve our countermeasures to prevent such incidents, we may be obligated unable to indemnify** anticipate every scenario and it is possible that certain cyber threats **our- or current vulnerabilities will be undetected or unmitigated in time to prevent an attack or an accidental incident on us and or our former directors customers. Additionally, efforts by malicious cyber actors or others could cause interruptions, delays or cessation of or our employees product licensing**, or modification of **or our former directors software, which could cause us to lose existing or potential customers. A successful cyber- attack involving or our employees products could cause customers and potential customers to believe our services are ineffective or unreliable and result in, among other things, the loss of companies customers, unfavorable publicity, damage to our reputation, difficulty in marketing our products, and allegations by our customers** that we have **acquired not performed our contractual obligations**, in connection with **and give rise to significant costs, including costs related to developing solutions or indemnification obligations under our agreements. Any such event litigation. These liabilities could be substantial adversely impact our revenue and may include, among results of operations. See also “ Cyber security threats or other things security breaches**, the cost of defending

lawsuits against these individuals, as well as stockholder derivative suits; civil or any criminal fines and penalties; legal and other expenses; and expenses associated with impairment of the confidentiality, integrity or availability of our IT systems, or the those remedial measure of one or more of our corporate infrastructure vendors, could have if any, which may be imposed. We expect to generate a significant portion material adverse effect on our business.” The growth of our software revenue from business depends on demand for our data center virtualization products. However, if as well as customer acceptance of our products, services and business strategy. Many of our software products and services are based on data center virtualization and related hybrid- cloud technologies used to manage distributed computing architectures, which form the foundation for hybrid- cloud computing. Enabling businesses to modernize applications and efficiently implement their hybrid- cloud services presents new and difficult technological, operational and compliance challenges. If businesses build new or shift existing compute workloads off- premises to public cloud providers, this could limit the market for on- premises deployments of our data center virtualization products. Current Although we have developed, and will continue to develop, products to extend future customers may not perceive benefits associated with adopting our hybrid- cloud and enterprise- grade private cloud platform our- or our simplified product portfolios. If offerings to the public cloud, if demand for our server virtualization products is significantly less than anticipated or we fail to realize the expected returns on our business strategy, our business, financial condition, results of operations and cash flows may be adversely affected. Many of our software products and services are based on data center virtualization, application modernization and related hybrid- cloud technologies used to manage distributed computing architectures, which form the foundation for hybrid- cloud computing. We expect to increase product development and marketing and sales efforts toward products and services that enable businesses to modernize applications and efficiently implement their hybrid- cloud services. These cloud and SaaS initiatives present new and difficult technological, operational and compliance challenges. We expect significant investments will be required to develop or acquire solutions to address those challenges. Current and future customers may not perceive benefits and cost savings associated with adopting our hybrid- cloud and application platform solutions or we may fail to realize returns on our investments in new initiatives, which could harm our results of operations. If our software products do not remain compatible with ever- changing operating environments, platforms, or third- party products, demand for our products and services could decrease, which could materially adversely affect our business. We may be required to make substantial modification of our products to maintain compatibility with operating systems, systems software and computer hardware used by our customers or to provide our customers with desired features or capabilities. We must also continually address the challenges of dynamic and accelerating market trends and competitive developments, such as the emergence of advanced persistent threats in the security space, to compete effectively. There can be no assurance that we will be able to adapt our products in response to these developments. Further, our software solutions interact with a variety of software and hardware developed by third parties, as well as cloud providers. If we lose access to third- party code and specifications for the development of code or cloud providers fail to support our products or otherwise limit the functionality, compatibility or certification of our products, this could negatively impact our ability to develop compatible software. In addition, if software providers and hardware manufacturers, including some of our largest vendors, adopt new policies restricting the use or availability of their code or technical documentation for their operating systems, applications, or hardware, or otherwise impose unfavorable terms and conditions for such access, this could negatively impact our ability to develop compatible software. This could result in higher research and development costs for the enhancement and modification of our existing products or development of new products. Any additional restrictions could materially adversely affect our business, financial condition and operating results and cash flow. Failure to enter into software license agreements on a satisfactory basis could materially adversely affect our business. Many of our existing software customers have multi- year enterprise software license agreements, some of which involve substantial aggregate fee amounts. These customers often do not have a contractual obligation to purchase additional solutions and often have termination. Customer renewal rates may decline or for convenience fluctuate as a result of a number of factors, including the level of customer satisfaction with our solutions or customer support, customer budgets and the pricing of our solutions as compared with the solutions offered by our competitors, any of which may cause clauses without payment of a substantive penalty our revenue to grow more slowly than expected, if at all. The failure or inability to renew customer agreements of similar scope, on terms that are commercially attractive to us, could materially adversely affect our business, financial condition and operating results and cash flow. Certain, or software that we use in our products is licensed- license agreements without termination from third parties and may not be available to us in the future, which may delay product development and production or for convenience clauses could cause us to incur additional expense. Some of our solutions contain software licensed from third parties, some of which may not be available to us in the future on terms that are acceptable to us or our operating results allow our products to fluctuate remain competitive. The loss of these licenses or the inability to maintain any of them on commercially acceptable terms could delay development of future products or the enhancement of existing products. Our use of open source software in certain products and services could materially adversely affect our business, financial condition, operating results and cash flow. Many of our products and services incorporate open source software, the use of which may subject us to certain conditions, including the obligation to offer such products for no cost or to make the proprietary source code of those products publicly available. Open source licenses are generally “as- is” and do not provide warranties, support or assurance of title or controls on origin of the software, which may exposes- expose us to potential liability if the software fails to work or infringes the intellectual property has security vulnerabilities. Although we monitor our use of a open source software to avoid subjecting our products to unintended conditions and security vulnerabilities, we may receive third- party. Although we monitor our use of open source software to avoid subjecting our products to unintended conditions and exposing us to unacceptable financial risk, such use, under certain circumstances, could materially adversely affect our business, financial condition and operating results and cash flow, including if we are required to take remedial action that may divert resources away from our development efforts. In addition, we may receive inquiries or

claims from authors, distributors or recipients of open source software included in our products regarding our compliance with the conditions of such open source licenses and we may be required to take steps to avoid or remedy an alleged infringement or noncompliance, including modifying **or releasing** our product code, ~~stopping the distribution of some of our~~ **or products**, paying damages ~~or releasing the source code of our proprietary software~~. **Our sales to government customers subject us to uncertainties and governmental regulations** Further, although we believe that we have complied with our obligations under the licenses for such open source software, there is little legal precedent governing the interpretation of some terms in some of these licenses, which **increases the risk that a court could..... more of our corporate infrastructure vendors,** could have a material adverse effect on our business²². Our contracts signed with the U. S. federal, state and local government and non- U. S. government agencies are generally subject to annual fiscal funding approval and may be renegotiated or terminated at the discretion of the government. Termination, renegotiation or the lack of funding approval for a contract could adversely affect our sales, revenue and reputation. Additionally, our government contracts and our arrangements with channel partners who may sell directly to government customers are generally subject to **certain requirements that may,** some of which are generally not **be** present in commercial contracts and / or may be complex, as well as ~~to~~ audits and investigations. Failure to meet contractual requirements could result in various civil and criminal actions and penalties, and administrative sanctions, including termination of contracts, refund of a portion of fees received, forfeiture of profits, suspension of payments, fines and suspensions or debarment from doing business with the government, which could materially adversely affect our business, financial condition, operating results and cash flow. As part of the natural lifecycle of our products and services, customers are informed when products or services will be reaching their end of life or end of availability and will no longer be supported or receive updates and security patches. If these products or services remain subject to a service contract, the customer may transition to alternative products or services. Failure to effectively manage our products and services lifecycles could lead to customer dissatisfaction and contractual liabilities, which could adversely affect our business and operating results. Our operating results have fluctuated in the past and are likely to fluctuate in the future. These fluctuations may occur on a quarterly and annual basis and are due to a number of factors, many of which are beyond our control. In addition to many of the risks described elsewhere in this “ Risk Factors ” section, these factors include, among others: • the timing of launches by our customers of new **product products** in which our products are included and changes in end- user demand for our customers’ products; • fluctuations in the levels of component or product inventories held by our customers, which may lead to increased requests to delay shipment of our **semiconductor** products; • the shift to cloud- based IT solutions and services, such as hyperscale computing, which may adversely affect the timing and volume of sales of our **semiconductor** products for use in traditional enterprise data centers; • the timing **and extent of our software license and subscription revenue, and other non- product revenue;** • **the timing of new software contracts and renewals, as well as including the timing of software contracts that do not have termination for convenience clauses;** • the timing of any terminations of software contracts that require us to refund to customers any pre- paid amounts under the contract; • **the timing of contracts with distributors and channel partners to lead go- to- market and customer relationships for certain products;** • our ability to timely develop, introduce and market new products and technologies ; • ~~the timing and extent of our software license and subscription revenue, and other non- product revenue;~~ • new product announcements and introductions by us or our competitors; • seasonality or other fluctuations in demand in our markets; • timing and amount of research and development and related new product expenditures, and the timing of receipt of any research and development grant monies; and • timing of any regulatory changes, particularly with respect to trade sanctions and customs duties and tariffs, and tax reform, **or changes in the interpretation or enforcement of existing requirements**. The foregoing factors are often difficult to predict, and these, as well as other factors, could materially adversely affect our quarterly or annual operating results. In addition, a significant amount of our operating expenses are relatively fixed in nature. Any failure to adjust spending quickly enough to compensate for a revenue shortfall could magnify the adverse impact of such revenue shortfall on our results of operations. As a result, we believe that quarter- to- quarter comparisons of our revenue and operating results may not be meaningful or reliable indicators of our future performance. If our operating results in one or more future quarters fail to meet the expectations of securities analysts or investors, a significant decline in the trading price of our common stock may occur, which may happen immediately or over time. The industries in which we operate are highly competitive and characterized by rapid technological changes, evolving industry standards, changes in customer requirements, often aggressive pricing practices and, in some cases, new delivery methods. We expect competition in these industries to continue to increase as existing competitors improve or expand their product offerings or as new competitors enter our markets. **In addition, the trend toward consolidation is changing the competitive landscape. We expect this trend to continue, which may result in combined competitors having greater resources than us.** Some of our competitors have longer operating histories, greater name recognition **or presence in key markets**, a larger installed customer base, larger technical ~~staffs~~ **staff, a more comprehensive IP portfolio or better patent protection**, more established relationships with vendors or suppliers, or greater manufacturing, distribution, financial, research and development, technical and marketing resources than us. We ~~also~~ face competition from **companies that receive financial and other support from their home country government, customers who develop competing products,** public cloud providers, numerous smaller companies that specialize in specific aspects of the highly fragmented software industry, open source authors who provide software and IP for free, **and** competitors who offer their products through try- and- buy or freemium models, ~~and customers who develop competing products.~~ **In addition, the trend toward consolidation is changing the competitive landscape. We expect this trend to continue, which may result in combined competitors having greater resources than us.** Some of our competitors may also receive financial and other support from their home country government or may have a greater presence in key markets, a larger customer base, a more comprehensive IP portfolio or better patent protection than us. The actions of our competitors, in the areas of pricing and product bundling in particular, could have a substantial adverse impact on us. Further, competitors may leverage their superior market position, as well as IP or other proprietary information, including interface, interoperability or technical information, in

new and emerging technologies and platforms that may inhibit our ability to compete effectively. If we are unable to compete successfully, we may lose market share for our products or incur significant reduction in our gross margins, either of which could have a material adverse effect on our business and results of operations. Our gross margin is dependent on a number of factors, including our product mix, price erosion, acquisitions we may make, level of capacity utilization and commodity prices. Our gross margin is highly dependent on product mix, which is susceptible to seasonal and other fluctuations in our markets. A shift in sales mix away from our higher margin products, as well as the timing and amount of our software licensing and non-product revenue, could adversely affect our future gross margin percentages. In addition, increased competition and the existence of product alternatives, more complex engineering requirements, lower demand, industry oversupply or reductions in our technological lead compared to our competitors, and other factors have in the past and may in the future lead to further price erosion, lower revenue and lower margin. Conversely, periods of robust demand that create a supply imbalance can lead to higher gross margins that may not be sustainable over the longer term. ~~In addition, semiconductor manufacturing requires significant capital investment, leading to high fixed costs, including depreciation expense. If we are unable to utilize our owned manufacturing facilities at a high level, the fixed costs associated with these facilities will not be fully absorbed, resulting in higher average unit costs and a lower gross margin. Furthermore, we do not hedge our exposure to commodity prices, some of which are very volatile, and sudden or prolonged increases in commodity prices may adversely affect our gross margin. Our gross margin may also be adversely affected if businesses or companies that we acquire have different gross margin profiles and by expenses related to such acquisitions.~~ We utilize a significant amount of IP in our business. If we are unable or fail to protect our IP, our business could be adversely affected. Our success depends in part upon protecting our IP. To accomplish this, we rely on a combination of IP rights, including patents, copyrights, trademarks and trade secrets, as well as customary contractual protections with our customers, suppliers, employees and consultants. We spend significant resources to monitor and protect our IP rights, including the unauthorized use of our products ~~;~~ **and** usage rates of the software seat licenses and subscriptions that we sell ~~;~~ **and even Even** with significant expenditures, we may not be able to protect the IP rights that are valuable to our business ~~.~~ ~~We are unable to predict or assure that: • our~~ ~~or~~ ~~IP rights will not lapse or be invalidated, circumvented, challenged, or, in the case of third-party IP rights licensed to us, be licensed to others; • our IP rights will provide competitive advantages to us; • rights previously granted by third parties to IP licensed or assigned to us, including portfolio cross-licenses, will not hamper our ability to assert our IP rights or hinder the settlement of currently pending or future disputes; • any of our pending or future patent, trademark or copyright applications will be issued or have the coverage originally sought; • our IP rights will be enforced in certain jurisdictions where competition is intense or where legal protection may be weak; or • we have sufficient IP rights to protect our products or our business.~~ ~~Further,~~ **Effective effective** IP protection may be unavailable or more limited in other jurisdictions, relative to those protections available in the U. S., and may not be applied for or may be abandoned in one or more relevant jurisdictions. In addition, when patents expire, we lose the protection and competitive advantages they provided to us. We also generate revenue from licensing royalty payments and from technology claim settlements relating to certain of our IP. Licensing of our IP rights, particularly exclusive licenses, may limit our ability to assert those IP rights against third parties, including the licensee of those rights. In addition, **from time to time,** we may acquire companies with IP that is subject to licensing obligations to other third parties. These licensing obligations **have extended, and** may **in the future** extend ~~;~~ to our own IP ~~;~~ **following any such acquisition and may limit limiting** our ability to assert our IP rights. From time to time, we pursue litigation to assert our IP rights, including, in some cases, against our customers and suppliers. Claims of this sort could also harm our relationships with our customers and might deter future customers from doing business with us. Conversely, third parties have and may in the future pursue IP litigation against us, including as a result of our IP licensing business. ~~An Any~~ **inability to adequately protect our IP** ~~adverse decision in such types of legal action could limit~~ **the value of our technology,** **result in the loss of opportunities to sell our** ~~or~~ **ability license our technology** to assert others ~~our~~ ~~or~~ ~~IP rights and limit the value of our technology, including the loss of opportunities to sell or our license our technology to others or to collect collection~~ **of** royalty payments, **any of** which could ~~otherwise negatively impact our business, financial condition and results of operations.~~ **In addition, From from** time to time, we may need to obtain additional ~~or renew~~ **IP licenses . Our inability to obtain** or renew existing license agreements. We are unable to predict whether these ~~license licenses~~ **agreements can be obtained or renewed** on acceptable terms ~~;~~ or at all ~~;~~ **could have a material adverse effect on our business and results of operations** . From time to time, we may be subject to warranty or product liability claims that may lead to significant expense. Our customer contracts typically contain warranty and indemnification provisions, and in certain cases may also contain liquidated damages provisions ~~;~~ ~~relating to product quality issues~~ . The potential liabilities associated with such provisions are significant, and in some cases, including in agreements with some of our largest customers, are potentially unlimited. Any such liabilities may greatly exceed any revenue we receive from the relevant products. Costs, payments or damages incurred or paid by us in connection with warranty and product liability claims and product recalls could materially adversely affect our financial condition and results of operations. We may also be exposed to such claims as a result of any acquisition we may undertake in the future. Product liability insurance is subject to significant deductibles and there is no guarantee that such insurance will be available or adequate to protect against all such claims, or we may elect to self-insure with respect to certain matters. ~~For example, it is possible for one of our customers to recall a product containing one of our semiconductor devices. In such an event, we may incur significant costs and expenses, including among others, replacement costs, contract damage claims from our customers and reputational harm.~~ Although we maintain reserves for reasonably estimable liabilities and purchase product liability insurance, our reserves may be inadequate to cover the uninsured portion of such claims ~~.~~ ~~Conversely, in some cases, amounts we reserve may ultimately exceed our actual liability for particular claims and may need to be reversed.~~ The complexity of our products could result in unforeseen delays or expense or undetected defects or bugs, which could adversely affect the market acceptance of new products, damage our reputation with current or prospective customers, and materially and adversely affect our operating costs. Highly complex products, such as those we offer, may contain defects and bugs when they are first introduced or as new

versions, software documentation or enhancements are released, or their release may be delayed due to unforeseen difficulties during product development. If any of our products or third- party components used in our products, contain defects or bugs, or have reliability, quality or compatibility problems, we may not be able to successfully design workarounds. Furthermore, if any of these problems are not discovered until after we have commenced commercial production or deployment of a new product, we may be required to incur additional development costs and product recall, repair or replacement costs. Significant technical challenges also arise with our software products because our customers license and deploy our products across a variety of computer platforms and integrate them with a number of third- party software applications and databases. As a result, if there is system- wide failure or an actual or perceived breach of information integrity, security or availability occurs in one of our end- user customer' s system, it can be difficult to determine which product is at fault and we could ultimately be harmed by the failure of another supplier' s product. Consequently, our reputation may be damaged and customers may be reluctant to buy our products **and we may have to invest significant capital and other resources**, which could materially and adversely affect our ability to retain existing customers and attract new customers. ~~To resolve these problems, we may have to invest significant capital and other resources and we would likely lose, or experience a delay in, market acceptance of the affected product or products. These problems may also result in claims against us by our customers or others. For example, if a delay in the manufacture and delivery of our products causes the delay of a customer' s end- product delivery, we may be required, under the terms of our agreement with that customer, to compensate the customer for the adverse effects of such delays.~~ As a result, our financial results could be materially adversely affected. The industries in **We collect, use, store, or otherwise process personal information**, which **subjects us** we compete are characterized by rapid technological change, changes in customer requirements, frequent new product introductions and enhancements, short product cycles and evolving industry standards, and new delivery methods. In addition, semiconductor products transition over time to **privacy** increasingly smaller line width geometries and **data security laws and contractual commitments, and our actual or perceived failure to comply** successfully transition to smaller geometry process technologies could impair our competitive position. In order to remain competitive, we have made, and expect to continue to make, significant investments in research and development. If we fail to timely develop new and enhanced products and technologies, if we focus on technologies that do not become widely adopted, or if new competitive technologies that we do not support become widely accepted, demand for our products may be reduced. Increased investments in research and development or unsuccessful research and development efforts could cause our cost structure to fall out of alignment with **such laws and commitments** demand for our products, which would **could harm** have a negative impact on our **business financial results**. We collect, use and store (collectively, **referred to as** " process " **in this paragraph**) a high volume, variety and velocity of certain personal information in connection with the operation of our business. This creates various levels of privacy risks across different parts of our business, depending on the type of personal information, the jurisdiction in question and the purpose of their processing. The personal information we process is subject to an increasing number of federal, state, local, and foreign laws and regulations regarding privacy and data security, as well as contractual commitments. Privacy legislation and other data protection regulations, enforcement and policy activity in this area are expanding rapidly in many jurisdictions and creating a complex regulatory compliance environment. Sectoral legislation, certification requirements and technical standards applying to certain categories of our customers, such as those **is in** the financial services or public sector, have exacerbated this trend. The cost of complying with and implementing these privacy- related and data governance measures could **increase depending on any** be significant as they may create additional burdensome security, business ~~process~~ **processes**, or business record or data localization requirements. Concerns about government interference, sovereignty, ~~and~~ expanding privacy, ~~cyber security~~ **cybersecurity** and data governance legislation could adversely affect our customers and our products and services, particularly in cloud computing, **AI artificial intelligence** and our own data management practices. The theft, loss or misuse of personal data collected, used, stored or transferred by us to run our business could result in significantly increased business and security costs or costs related to defending legal claims. Any inadvertent failure or perceived failure by us to comply with privacy, data governance or ~~cyber security~~ **cybersecurity** obligations may result in governmental enforcement actions, litigation, substantial fines and damages, and could cause our customers to lose trust in us, which could have an adverse effect on our reputation and business. ~~We are subject to environmental, health and safety laws, which could increase our costs, restrict our operations and require expenditures that could have a material adverse effect on our results of operations and financial condition. We are subject to a variety of domestic and international laws and regulations relating to the use, disposal, clean- up of and human exposure to hazardous materials. Compliance with environmental, health and safety requirements could, among other things, require us to modify our manufacturing processes, restrict our ability to expand our facilities, or require us to acquire pollution control equipment, all of which can be very costly. Any failure by us to comply with such requirements could result in the limitation or suspension of the manufacture of our products and could result in litigation against us and the payment of significant fines and damages by us in the event of a significant adverse judgment. In addition, complying with any cleanup or remediation obligations for which we are or become responsible could be costly and have a material adverse effect on our business, financial condition and results of operations. Changing requirements relating to the materials composition of our semiconductor products, including the restrictions on lead and certain other substances in electronic products sold in various countries, including the U. S., China and Japan, and in the European Union, increase the complexity and costs of our product design and procurement operations and may require us to re- engineer our products. Such re- engineering may result in excess inventory or other additional costs and could have a material adverse effect on our results of operations. We may also experience claims from employees from time to time with regard to exposure to hazardous materials or other workplace related environmental claims.~~ Environmental, social and governance (" ESG ") matters may adversely affect our relationships with customers and investors **and increase compliance costs**. There is an increasing focus from lawmakers, regulators, investors, customers, employees and other stakeholders concerning ESG matters, including environment, climate, **water**, diversity and inclusion, human rights and governance

transparency. A number of our customers have adopted, or may adopt, procurement policies that include ESG provisions or requirements that their suppliers should comply with, or they may seek to include such provisions or requirements in their procurement terms and conditions. An increasing number of investors are also requiring companies to disclose ESG-related policies, practices and metrics. In addition, various jurisdictions **have adopted, or** are developing **climate, complex and lengthy ESG**-related laws or regulations that **could cause us to be difficult to incur additional comply with and will increase our direct compliance costs for compliance**, as well as indirect costs resulting from our customers, suppliers, or additional compliance costs that are passed on to us **from**. These legal and regulatory requirements, as well as investor expectations on ESG practices and disclosures, are subject to change, can be unpredictable, and may be difficult and expensive for us to comply with, given the complexity of our **customers** supply chain and **suppliers** our outsourced manufacturing. Further, there is an increasing number of state-level anti-ESG initiatives in the United States that may conflict with other regulatory requirements or our various stakeholders' expectations. If we fail to **materially** comply with or meet the evolving legal and regulatory requirements or expectations of our various stakeholders, we may be subject to enforcement actions, required to pay fines, **face decreased customers— customer demand** may stop purchasing products from us or **lose** investors may sell their shares, which could harm our reputation, revenue and results of operations. Our actual or perceived failure to achieve our **publicly disclosed** ESG-related initiatives could negatively impact our reputation, **subject us to litigation or enforcement actions, or otherwise** harm our business. In addition, **as part of their ESG programs**, an increasing number of OEMs are seeking to source products that do not contain **conflict** minerals sourced from areas where proceeds from the sale of such minerals are likely to be used to fund armed conflicts, such as in the Democratic Republic of Congo. This could adversely affect the sourcing, availability and pricing of minerals used in the manufacture of semiconductor devices, including our products. As a result, we may face difficulties in satisfying **these our** customers' demands, which may harm our sales and operating results. **We must comply with technical standards and a variety of domestic and international laws and regulations in the manufacture and distribution of our semiconductors, the costs of which could have a material adverse effect on our business, financial condition and results of operations. The average selling prices manufacture and distribution of our semiconductors must comply with technical standards and a variety of domestic and international laws and regulations, including those related to the materials composition of our semiconductor products in, and the use, disposal, clean-up of and human exposure to hazardous materials. This could increase the complexity and costs of our product design and procurement operations, require us to stop distributing our products commercially until they comply with such new standards, lead our customers to suspend imports of their products into that country, require us to re-engineer our products and disrupt cross-border manufacturing relationships. In addition, we may be required to modify our manufacturing process our- or markets equipment, or be restricted in our ability to expand our facilities. Any failure by us to comply with such requirements could result in litigation against us and the payment of significant fines and damages by us in the event of a significant adverse judgment. Any such event could have a material adverse effect on our business often decreased rapidly and may do so in the future, financial condition and results of operations. Complying with any cleanup or remediation obligations for** which could harm our revenue and gross profit. The semiconductor products we develop and sell are used for **or become responsible could also be costly and** high volume applications. As a result, the prices of those products have **a material adverse effect often decreased rapidly. Gross profit on our products may business, financial condition and results of operations. Risks Related to Our Taxes Our income taxes are subject to volatility and could be negatively adversely affected by numerous factors, including reorganization among other things, pricing pressures from our- or restructuring of our business customers. In the past, tax structure, business combinations, jurisdictional mix of our income and assets, and changes in tax legislation or accounting policies or related interpretations. As a result of U. S. tax reforms, our global income is subject to tax in the U. S. and we expect have reduced the average selling prices of our products in anticipation of future competitive pricing pressures, new product introductions by us or our competitors and- an other factors increase in our effective tax rate and our cash tax costs**. In addition, **many countries** some of our customer agreements provide for volume-based pricing and product pricing roadmaps, which can also reduce the average selling prices of our products over time. Our margins and financial results will suffer if we are **implementing** unable to offset any reductions in our average selling prices by increasing our sales volumes, reducing manufacturing costs, or developing new and higher value-added products on a timely basis. We operate global businesses and our consolidated financial results are reported in U. S. dollars. However, some of the revenue and expenses of our foreign subsidiaries are denominated in local currencies. Fluctuations in foreign exchange rates against the U. S. dollar could result in substantial changes in reported revenues and operating results due to the foreign exchange impact of remeasuring these transactions into U. S. dollars. In the normal course of business, we employ various hedging strategies to partially mitigate these risks, including the use of derivative instruments. These strategies may not be effective in protecting us against the effects of fluctuations in foreign exchange rates. As a result, fluctuations in foreign exchange rates could result in financial losses. Risks Related to Our Taxes Corporate tax reform, anti-base-erosion rules and tax transparency continue to be high priorities in many jurisdictions. As a result, policies regarding corporate income and other taxes in numerous jurisdictions are under heightened scrutiny and tax reform legislation has been, and **guidance aimed** will likely continue to be, proposed or enacted in a number of jurisdictions in which we operate. After the enactment of the U. S. Tax Cuts and Jobs Act (the "2017 Tax Reform Act"), most of our income is taxable in the U. S. with a significant portion taxable under the Global Intangible Low-Taxed Income ("GILTI") regime. Beginning in fiscal year 2027, the deduction allowable under the GILTI regime will decrease from 50% to 37.5%, which will increase the effective tax rate imposed on our income. The 2017 Tax Reform Act also limits our ability to deduct research and development expenses beginning in fiscal year 2023. These expenses are now capitalized and amortized over 5 years (15 years for foreign expenses), which have and may continue to materially increase our cash tax costs. The U. S. also enacted the Inflation Reduction Act of 2022 ("IRA") in August 2022, which created a new book minimum tax of at least 15% of consolidated GAAP pre-tax income

for corporations with average book income in excess of \$ 1 billion. This book minimum tax will first apply to our fiscal year 2024 and any increase in our effective tax rate or cash tax will depend on a number of factors, including any offsets for foreign tax credits or general business credits, or changes in book income following business combinations. The IRA also created an excise tax of 1% of the value of our stock repurchased after December 31, 2022. While the impact of this excise tax has not been material, it could increase materially depending on various factors, including the amount and frequency of our stock repurchases, applicability to business combination transactions, and any permitted reductions or exceptions to the amount subject to the tax. If (i) the U. S. tax rate increases, (ii) the deduction allowable under the GILTI regime is further reduced or eliminated, or (iii) additional limitations are put on our ability to deduct interest expense, our provision for income taxes, net income, and cash flows would be adversely impacted. In addition, many countries are implementing legislation and other guidance to align their international tax rules with the Organisation for Economic Co-operation and Development's ("OECD") Base Erosion and Profit Shifting recommendations and action plan that aim to standardize **standardizing** and modernize **modernizing** global corporate tax policy, including changes to cross-border tax, transfer pricing documentation rules, and nexus-based tax incentive practices. **Many countries have implemented or are** The OECD is also continuing discussions surrounding fundamental changes in allocation of profits among tax jurisdictions in which companies do business, as well as the **process of implementation** --- **implementing** of a global minimum tax (namely the "Pillar One" and "Pillar Two" proposals). Many countries have enacted or begun the process of enacting laws based on Pillar Two proposals, which may **materially increase our effective tax rate and cash tax costs. For example, Singapore recently adopted the global minimum tax, which will be effective for our fiscal year 2026. Substantial changes in domestic or international corporate tax policies, regulations or guidance, enforcement activities or legislative investigations and inquiries may materially adversely affect our business and** impact our provision for income taxes, net income and, cash flows **flow**. As a result of this heightened scrutiny, prior decisions by tax authorities regarding treatments and positions of corporate income taxes could be subject to enforcement activities, and legislative investigation and inquiry, which could also result in changes in tax policies or **our** prior tax rulings. Any substantial changes in domestic or international corporate tax policies, regulations or guidance, enforcement activities or legislative initiatives may materially adversely affect our business, the amount of taxes we are required to pay and **our financial condition and** results of operations generally. **If the tax incentives or tax..... profitability and adversely affect our cash flows**. Significant judgment is required in determining our worldwide income taxes. **In the ordinary course of our business, and** there are many transactions where the ultimate tax determination is uncertain. Additionally, our calculations of income taxes payable currently and on a deferred basis are based on our interpretations of applicable tax laws in the jurisdictions in which we are required to file tax returns. Although we believe our tax estimates are reasonable, there is no assurance that the final determination of our income tax liability will not be materially different than what is reflected in our income tax provisions and accruals. **In addition** Our income taxes are subject to volatility and could be adversely affected by numerous factors including: • reorganization or restructuring of our businesses, tangible and intangible assets, outstanding indebtedness and corporate structure, including business combinations; • jurisdictional mix of our income and assets; • changes in the allocation of income and expenses, including adjustments related to changes in our corporate structure, acquisitions or tax law; • changes in U. S and foreign tax laws and regulations, changes to the taxation of earnings of foreign subsidiaries, taxation of U. S. income generated from foreign sources, the deductibility of expenses attributable to income and foreign tax credit rules; • tax effects of increases in non-deductible employee compensation; and • changes in tax accounting rules or principles and in the valuation of deferred tax assets and liabilities. We have adopted transfer pricing policies that call for the provision of services, the sale of products, the arrangement of financing and the grant of licenses from one affiliate to another at prices that we believe are negotiated on an arm's length basis. Our taxable income is dependent upon acceptance by local authorities that our operational practices and intercompany transfer pricing are on an arm's length basis. Due to inconsistencies in application of the arm's length standard among taxing authorities, as well as lack of comprehensive treaty-based protection, transfer pricing challenges by tax authorities could, if successful, result in adjustments for prior or future years. The effects of any such changes could subject us to higher taxes and our earnings, results of operations and cash flow would be adversely affected. Further, we are subject to, and are under, tax **audit audits** in various jurisdictions, **and such jurisdictions may assess additional income tax against us**. Although we believe our tax positions are reasonable, the final determination of tax audits could be materially different from our income tax provisions and accruals, **which**. **The ultimate result of an audit** could have a material adverse effect on our results of operations and cash flows in the period or periods for which that determination is made. As a result of the VMware Merger, we are subject to tax audits in various jurisdictions for the Dell **Technologies, Inc. ("Dell")** consolidated group, of which VMware was a member beginning in Dell's fiscal year 2017 until November 2021. While VMware is no longer a member of the Dell consolidated group, it is still subject to audit for the periods in which it was member of the Dell consolidated group. While we believe VMware's positions are reasonable, the final determination of tax audits could be materially different from our income tax provisions and accruals. Further, pursuant to a tax agreement **between** VMware and Dell, in the event VMware becomes subject to audits as a member of Dell's consolidated group, Dell has authority to control the audit and represent Dell and our interests, **which** could limit our ability to affect the outcome of such audits. **Our operations benefit from the various tax incentives extended to us in various jurisdictions to encourage investment** **our or employment** Singapore taxable income would be 17%. We also have a tax holiday on our qualifying income in Malaysia, which is scheduled to expire in fiscal year 2028. Each tax incentive and tax holiday is subject to our compliance with various operating and other conditions and may, in some instances, be amended or terminated prior to their scheduled termination date by the relevant governmental authority. If we cannot, or elect not to, comply with the operating conditions **related to** included in any particular tax incentive or **our** tax **incentive or tax** holiday, we could, in some instances, be required to refund previously realized material tax benefits. **If, or if such tax incentive or tax holiday is modified or** terminated prior to its expiration absent a new incentive applying, we will lose **could suffer material adverse tax and the other** related tax benefits earlier than

scheduled financial consequences, which would increase our expenses, reduce our profitability and adversely affect our cash flows. In addition, we may be required, or elect, to modify our operational structure and tax strategy in order to keep an incentive, which could result in a decrease in the benefits of the incentive. **Adoption of** Our tax incentives could also be adversely impacted if the global minimum tax provisions (Pillar Two) are adopted in a country in which we have an existing tax incentive **could have a material adverse impact on our tax incentives**. Our tax incentives and tax holiday, before taking into consideration U.S. foreign tax credits, decreased the provision for income taxes by approximately \$ 2, 104-261 million in the aggregate and increased diluted net income per share by \$ 4-0. 93-47 for fiscal year 2023-2024. Our interpretations and conclusions regarding the tax incentives are not binding on any taxing authority, and if our assumptions about tax and **interpretations** other laws are incorrect, **the benefits of the tax incentives may be adversely affected**. If the VMware spin-off from Dell in November 2021 is determined to not be tax-free for any reason, we could be liable for all or a portion of the tax liability, which could have a material adverse effect on our financial condition and operating results. Further, if the VMware Merger results in the spin-off failing to qualify as a tax-free transaction under Section 355 of the Internal Revenue Code, Dell, its affiliates and, potentially, its stockholders would incur significant tax liabilities and we may be required to indemnify Dell and its affiliates for any such tax liabilities, which could be material. Risks Related to Our Indebtedness As of **October 29 November 3, 2023-2024**, the aggregate indebtedness under our senior notes was \$ 40-69. 815-847 million. Subsequent to the end of fiscal year 2023, we borrowed \$ 30, 390 million in term loans to finance the VMware Merger (the “2023 Term Loans”), and we assumed \$ 8, 250 million of VMware’s outstanding senior unsecured notes. Our substantial **indebtedness and the instruments governing our** indebtedness could have important consequences including: • increasing our vulnerability to adverse general economic and industry conditions; • exposing us to interest rate risk as our 2023 Term Loans bear floating interest rates, **which we do not typically hedge against**; • limiting our flexibility in planning for, or reacting to, changes in the economy and the semiconductor industry **industries in which we operate**; • placing us at a competitive disadvantage compared to our competitors with less indebtedness; • making it more difficult to borrow additional funds in the future to fund growth, acquisitions, working capital, capital expenditures and other purposes; and • potentially requiring us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund our other business needs. We receive debt ratings from the major credit rating agencies in the U. S. **Factors that may impact our credit ratings include debt levels, planned asset purchases or sales and any near-term and long-term production growth opportunities**. Liquidity, asset quality, cost structure, reserve mix and commodity pricing levels could also be considered by the rating agencies. While we are focused on maintaining investment grade ratings from these agencies, we may be unable to do so. Any downgrade in our credit rating or the ratings of our indebtedness, or adverse conditions in the debt capital markets, could: • **adversely affect the trading price of, or market for, our debt securities**; • **increase interest expense under our term facilities**; • **increase the cost of, and adversely affect our ability to refinance, our existing debt**; and • **adversely affect our ability to raise additional debt**. The instruments governing our indebtedness contain certain covenants imposing restrictions on our business. These restrictions may affect our ability to operate our business, to plan for, or react to, changes in the market conditions or our capital needs and may limit our ability to take advantage of potential business opportunities as they arise. The restrictions placed on us include maintenance of an interest coverage ratio and limitations on our ability to incur certain secured debt, enter into certain sale and lease-back transactions and consolidate, merge, sell or otherwise dispose of all or substantially all of our assets. In addition, the instruments contain customary events of default upon the occurrence of which, after any applicable grace period, the indebtedness could be declared immediately due and payable. In such event, we may not have sufficient available cash to repay such debt at the time it becomes due, or be able to refinance such debt on acceptable terms or at all. Any of the foregoing could materially adversely affect our business, financial condition and results of operations. Servicing our debt requires a significant amount of cash, and we may not have sufficient cash flow from our business to pay our substantial debt. Our ability to make scheduled payments of the principal of, to pay interest on, and to refinance our debt, depends on our future performance, which is subject to economic, financial, competitive and other factors. Our business may not continue to generate cash flow from operations in the future sufficient to satisfy our obligations under our current indebtedness and any future indebtedness we may incur and to make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as reducing or delaying investments or capital expenditures, selling assets, refinancing or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance our outstanding indebtedness or future indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms when needed, which could result in a default on our indebtedness. Risks Related to Owning Our Common Stock **Our** At times, our stock price has been **, and may in the future be,** volatile and it may fluctuate substantially in the future, which could result in substantial losses for our **your investment** investors as well as class action litigation against us and our management which could **lose value** cause us to incur substantial costs and divert our management’s attention and resources. The trading price of our common stock has, at times, fluctuated significantly and could be subject to wide fluctuations in response to any of the risk factors listed in this “Risk Factors” section, and others, including: • issuance of new or updated research or other reports by securities analysts; • **anticipated or actual demand for AI-related products, including ASICs such as custom AI accelerators or XPU’s**; • **broad market, industry and competitor-related fluctuations**; • **unsubstantiated news reports or other inaccurate publicity regarding us or our business**; • fluctuations in the valuation and results of operations of our significant customers as well as companies perceived by investors to be comparable to us; • announcements of proposed acquisitions by us or our competitors; • announcements of, or expectations of, additional debt or equity financing transactions; • **stock price and volume fluctuations attributable to inconsistent trading volume levels of our common stock**; • **hedging or arbitrage trading activity involving our common stock**; and • **unsubstantiated news reports significant sales of or our common stock by one** other inaccurate publicity regarding us or our **or business more of our largest investors**. These fluctuations are

often unrelated or disproportionate to our operating performance. Broad market and industry fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or currency fluctuations, may negatively impact the market price of our common stock. You may not realize any return on your investment in us and may lose some or all of your investment. In the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. In addition, we have been, and in the future we may be, subject to lawsuits stemming from our acquisitions, including the VMware Merger. Securities litigation against us, including the lawsuits related to such acquisitions, could result in substantial costs and divert our management's attention from other business concerns, which could seriously harm our business. ~~The amount, timing and execution of our stock repurchase program may fluctuate based on our priorities for the use of cash for other purposes. These purposes include operational spending, capital spending, acquisitions, repayment of debt and returning cash to our stockholders as dividend payments. Changes in cash flows, tax laws and our stock price could also impact our stock repurchase program. We are not obligated to repurchase any specific amount of shares of common stock, and the stock repurchase program may be suspended or terminated at any time. A substantial amount of our stock is held by a small number of large investors and significant sales of our common stock by one or more of these holders could cause our stock price to fall. As of September 29, 2023, we believe 10 of our 20 largest holders of common stock were active institutional investors who held 23% of our outstanding shares of common stock in the aggregate. These investors may sell their shares at any time for a variety of reasons and such sales could depress the market price of our common stock. In addition, any such sales of our common stock by these entities could also impair our ability to raise capital through the sale of additional equity securities.~~ Our Board of Directors has adopted a dividend policy pursuant to which we currently pay a cash dividend on our common stock on a quarterly basis. The declaration and payment of any dividend is subject to the approval of our Board of Directors and our dividend may be discontinued or reduced at any time. Because we are a holding company, our ability to pay cash dividends is also limited by restrictions or limitations on our ability to obtain sufficient funds through dividends from subsidiaries. There can be no assurance that we will declare cash dividends in the future in any particular amounts, or at all. **A reduction in our cash dividend payments could have a negative effect on our stock price.**