

Risk Factors Comparison 2025-02-20 to 2024-02-16 Form: 10-K

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

In addition to the other information in this Annual Report on Form 10- K, you should carefully consider the risk factors discussed in this Annual Report on Form 10- K in evaluating Cohu and our business (the “ risk factors ”). If any of the identified risks actually occur, our business, financial condition and results of operations could be materially adversely affected, the trading price of our common stock could decline, and you may lose all or part of your investment in our common stock. The risks and uncertainties described in this Annual Report on Form 10- K are not the only ones we face. Additional risks that we currently do not know about, or that we currently deem to be immaterial, may also impair our business operations or the trading price of our common stock. Risk Factors Summary

Investing in our securities involves a high degree of risk. The following is a summary of the principal factors that make an investment in our securities speculative or risky, all of which are more fully described below. This summary should be read in conjunction with the full “ Risk Factors ” described below and should not be relied upon as a complete summary of the material risks facing our business. ~~7Risks-~~ **Risks** Relating to Our Business Operations, Growth Strategy and Industry • Semiconductor equipment is subject to rapid technological change, product introductions and transitions which may result in inventory write- offs, and our new product development involves numerous risks and uncertainties. • The semiconductor industry we serve is cyclical, seasonal, volatile and unpredictable, and increased cyclicality could have an adverse impact on our sales and gross margin. • The erosion in ~~mobile mobility, and~~ **as well as consumer, computing and other** automotive & industrial market sales are collectively causing an adverse impact on our sales. • Any failure to effectively manage multiple overseas manufacturing operations could harm our sales, service levels and reputation. • We outsource select manufacturing activities to third- party service providers, which decreases our control over the performance of these functions. • If we deliver systems with defects, our reputation and demand of our systems may decrease, and the cost of quality events could be harmful to our operating results. • Failure of critical suppliers to deliver sufficient quantities of parts in a timely and cost- effective manner could adversely impact our operations. • Inflationary pressures, along with any further increase in interest rates, increase the threat of recession and may impact our financial condition or results of operations. • The semiconductor equipment industry is intensely competitive and we may not be able to win business over that of our competition. • Consolidation could adversely affect the market for our products and negatively impact our ability to compete. • The cyclical nature of the semiconductor equipment industry places enormous demands on our employees, operations and infrastructure. • A limited number of customers account for a substantial percentage of our net sales. • If we cannot continue to develop, manufacture, market and support products and services that meet customer requirements for innovation and quality, our revenue and gross margin may suffer. • If our relationships with our large customers deteriorate, our product development activities could be adversely affected. • We must attract and retain experienced personnel to help support our future growth, and competition for such personnel in our industry is high. • The use of ~~, or failure to properly implement the use of,~~ **(“ AI ”)** Artificial Intelligence within Cohu’ s product development involves risks and uncertainties that may impact our operational performance and be subject to legal and / or regulatory action. Risks Associated with Operating a Global Business • We are exposed to the risks of operating in certain foreign locations where Cohu manufactures certain products and supports our sales and services to the global semiconductor industry. • Geopolitical instability in locations critical to Cohu and its customers may adversely impact our operations, sales and profitability. • The occurrence of natural disasters, health epidemics, and geopolitical instability caused by terrorist attacks and other threats may adversely impact our operations and sales. • Our business could be adversely affected by climate change effects and related matters. • We are exposed to additional risks as a result of increased attention by our stakeholders to sustainability, including environmental, social and governance matters. ~~8Risks-~~ **Risks** Relating to Acquisitions and Other Strategic Transactions • We may choose to acquire new and complementary businesses, products or technologies instead of developing them ourselves, and we may be unable to complete these acquisitions or may not be able to successfully integrate an acquired business in a cost- effective and non- disruptive manner. Risks Relating to our Indebtedness, Financing and Future Access to Capital • Due to the nature of our business, we need continued access to capital, which if not available to us or if not available on favorable terms, could harm our ability to operate or expand our business. • Our foreign operations expose us to additional risks relating to currency fluctuations. • We have recorded restructuring, inventory write- offs and asset impairment charges in the past, and may do so again in the future, which could have a material negative impact on our ~~business-~~ **financial results**. • We are exposed to the instability of financial institutions where we maintain cash deposits or other liquid holdings, which could result in a lack of liquidity. • Cohu could be required to write off some or all of ~~this-its~~ **its** goodwill and other intangibles, which may adversely affect the combined company’ s financial condition and results of operations. Risks Relating to Owning Our Stock • Our financial and operating results may vary and fall below analysts’ estimates, or credit rating agencies may change their ratings on Cohu, any of which may cause the price of our common stock to decline or make it difficult to obtain other financing. • If we fail to maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results, and current and potential stockholders may lose confidence in our financial reporting. • We have experienced significant volatility in our stock price. • We may underperform relative to our expectations. • Provisions of our certificate of incorporation and bylaws and Delaware law may make a takeover of Cohu more difficult. • The issuance of shares of our common stock in connection with any future offerings of securities by us, will dilute our shareholders’ ownership interest in the company. • Cohu’ s stock repurchase program may not have an impact that is fully reflected in the current stock valuation. Risks Relating to Regulatory Matters • There may be changes in, and uncertainty with respect to, legislation,

regulation and governmental policy in the United States. ● Trade regulations and restrictions impact our ability to manufacture certain products and to sell to customers, specifically in China, which may materially harm and limit Cohu's business. ● Unanticipated changes in our tax provisions, enactment of new tax laws, or exposure to additional income tax liabilities could affect our profitability. ● Compliance with regulations may impact sales to foreign customers and impose costs and any failure to comply with such laws may result in severe sanctions and liabilities, which may negatively affect our business, operating results and financial condition. ● Any failure to comply with environmental laws and regulations could subject us to significant fines and liabilities, and new laws and regulations (such as involving climate change) or changes in regulatory interpretation or enforcement could make compliance more difficult and costly.

Risks – Risks Relating to Cybersecurity, Intellectual Property, Privacy and Litigation ● Our business and operations could suffer in the event of cybersecurity breaches within our operational systems or products. ● We may fail to adequately protect our intellectual property and, therefore, lose our competitive advantage. ● We may not be able to adequately protect or defend ourselves against intellectual property infringement claims, which may be time consuming and expensive, or affect the freedom to operate our business. ● Data privacy, identity protection and information security compliance may require significant resources and presents certain risks. ● We currently are, and in the future may be, subject to litigation or regulatory proceedings that could have an adverse effect on our business. For a more complete discussion of the material risks facing our business, see below. Semiconductor equipment and processes are subject to rapid technological change. We believe that our future success will depend in part on our ability to enhance existing products and develop new products with improved performance capabilities. We expect to continue to invest heavily in research and development and must manage product transitions successfully, as introductions of new products, including the products obtained in our acquisitions, may adversely impact sales and / or margins of existing products. In addition, the introduction of new products by us or by our competitors, the concentration of our revenues in a limited number of large customers, the migration to new semiconductor testing methodologies and the custom nature of our inventory parts increases the risk that our established products and related inventory may become obsolete, resulting in significant excess and obsolete inventory exposure. This exposure resulted in charges to operations during each of the years in the three- year period ended December **30-28, 2023-2024**. Future inventory write- offs and increased inventory reserve requirements could have a material adverse impact on our results of operations and financial condition. We are **currently investing** significantly ~~investing~~ in new product development programs relating to test handlers, test contactors and automated test equipment. In fiscal **2023-2024**, we incurred \$ **88-84.6-8** million in research and development expenses. We expect to continue to make investments and we may, at any time, based on product need or marketplace demand, decide to significantly increase our product development expenditures in these or other products. The cost of investments in new product offerings and product enhancements can have a negative impact on our operating results. We have in the past made material investments in new product platforms that for various reasons, such as technical challenges or lack of customer adoption, have not generated the expected sales or return. **For example, in January 2025, we acquired Tignis, Inc., a provider of AI process control and analytics- based monitoring software to expand our analytics offerings to a broader market, but** ~~There there~~ can be no assurance that **this or** other new products we develop **or acquire** will be accepted in the marketplace or generate material revenues for us. The design, development, commercial introduction and manufacture of new semiconductor equipment is an inherently complex process that involves a number of risks and uncertainties. These risks include potential problems in meeting customer acceptance and performance requirements, integration of the equipment with other suppliers' equipment and the customers' manufacturing processes, transitioning from product development to volume manufacturing and the ability of the equipment to satisfy the semiconductor industry' s constantly evolving needs and achieve commercial acceptance at prices that produce satisfactory profit margins. The design and development of new semiconductor equipment is heavily influenced by changes in integrated circuit assembly, test and final manufacturing processes and integrated circuit package design changes. We believe that the rate of change in such processes and integrated circuit packages is accelerating. As a result of these changes and other factors, assessing the market potential and commercial viability of test handling, ATE, system- level and burn- in test equipment and test contactors is extremely difficult and subject to a great deal of risk. In addition, not all integrated circuit manufacturers employ the same manufacturing processes. Differences in such processes make it difficult to design standard test products that can achieve broad market acceptance. As a result, we might not accurately assess the semiconductor industry' s future equipment requirements and fail to design and develop products that meet such requirements and achieve market acceptance. Failure to accurately assess customer requirements and market trends for new semiconductor test products may have a material adverse impact on our operations, financial condition and results of operations.

~~10Capital~~ **Capital** equipment providers in the semiconductor industry, such as Cohu, have, in the past, been negatively impacted by both sudden slowdowns in global economies and recurring cyclicality within the markets we serve. These cycles have resulted in periods of over- supply and excess capacity; a trend we believe will continue to occur. Our business and results of operations depend, in significant part, upon capital expenditures of manufacturers and designers of semiconductor devices and other industrial products, which in turn depend upon the current and anticipated market demand for those products. Disruption or deterioration in economic conditions may reduce customer purchases of our products, thereby reducing our revenues and earnings. In addition, such adverse changes in economic conditions, and resulting slowdowns in the market for our products, may, among other things, result in increased price competition for our products, increased risk of excess and obsolete inventories, increased risk in the collectability of our accounts receivable from our customers, potential reserves for doubtful accounts and write- offs of accounts receivable, increased risk of restructuring charges, and higher operating costs as a percentage of revenues, which, in each case and together, adversely affect our operating results. We are unable to predict the likely duration, frequency and severity of disruptions in financial markets, credit availability, and adverse economic conditions throughout the world will have on our customers, and we cannot ensure that the level of revenues or new orders for a fiscal year or quarter will be sustained in subsequent periods. In **fiscal 2024, 2023, and 2022 and 2021**, we recorded pre- tax inventory- related charges of approximately \$ **5.4 million, \$ 4.5 million, and \$ 7.2**

million, and \$ 7.1 million, respectively, primarily as a result of changes in customer forecasts. From quarter- to- quarter, we may see material swings in product mix among our **product offerings** test handler group (“ THG ”), interface solutions group (“ ISG ”) and semiconductor test group (“ STG ”) businesses, wherein each business has a different gross margin profile. Given the cyclical nature of our industry, we generally cannot accurately predict **swings in product** mix swings from quarter- to- quarter and such changes may have sudden adverse impacts on our gross margin . **The erosion in mobile automotive and industrial as well as consumer, computing and other market sales are collectively causing an adverse impact on our sales** . A material portion of Cohu ’ s sales have historically been derived from customers that provide semiconductor devices for use within the **mobile** mobility, and automotive & industrial markets. **The demand in** These these markets continued to weaken during **soften in fiscal 2023-2024** . For example, **mobility**, **mobile market sales declined 54 % year over year in fiscal 2023 compared with fiscal 2022** and **further declined by about 10 % year over year in fiscal 2024 as compared with fiscal 2023. Additionally,** automotive & industrial system sales **declined 24 % year over year in the last twelve months (as measured from the end of fourth quarter fiscal 2023 and further declined 65 %), compared to the prior year over year in fiscal 2024 period, have declined 54 % and 24 %, respectively.** This decline , **coupled with additional declines as of the end of fiscal 2024 of 64 % in consumer products, 64 % in computing, and 73 % in other markets,** has had, and is expected to continue to have, an adverse impact on our business and operating results. Given the inherent uncertainty and volatility within our industry, at this time, we are unable to predict when the **mobility**-**mobile**, and automotive & industrial markets, or the overall market, will recover or the extent of any such recovery. A substantial majority of our products are manufactured in Asia. Our reliance on overseas manufacturers exposes us to significant risks including complex management, foreign currency, legal, tax and economic risks, which we may not be able to address quickly and adequately. In addition, it is time -consuming and costly to qualify and manage overseas supplier relationships. If we should fail to effectively manage overseas manufacturing operations or logistics, or if one or more of them should experience delays, disruptions or quality control problems, or if we had to change or add additional manufacturing sites, our ability to ship products to our customers could be delayed. Also, the addition of overseas manufacturing locations increases the demands on our administrative and operations infrastructure and the complexity of our supply chain management and logistics. Our overseas sites are more susceptible to impacts from natural disasters, health epidemics and geopolitical instability (see risk factor entitled “ The occurrence of natural disasters, health epidemics, corruption and geopolitical instability caused by terrorist attacks and other threats may adversely impact our operations and sales ”). If our overseas manufacturing locations are unable to meet our manufacturing requirements in a timely manner, our ability to ship products and to realize the related revenues when anticipated could be materially affected. ~~Our~~ **Our** suppliers are subject to fluctuations in general economic cycles, and global economic conditions may impact their ability to operate their businesses. They may also be impacted by possible import, export, tariff and other trade barriers, increasing costs of raw materials, labor and distribution, resulting in demands for less attractive contract terms or an inability for them to meet our requirements or conduct their own businesses . **On February 1, 2025, President Trump issued executive orders directing the United States to impose new tariffs on imports from Canada, Mexico and China. Although a portion of these new tariffs have been temporarily suspended, other parts of these new tariffs are now in effect, and it is unclear for how long and to what extent such suspensions will remain in effect. The U. S. has also announced new tariffs on foreign steel and aluminum, with such tariffs taking effect in early March. The U. S. has further raised the possibility of new tariffs on imports from additional countries, including those in Europe. The new tariffs likely will increase the cost of the products the Company sources from these international jurisdictions and affect future shipments from the Company’ s foreign suppliers. The Company may not be able to pass along increases in tariffs and freight charges to its customers, and any alterations the Company may make to its business strategy or operations to adapt to the foregoing, including sourcing products from suppliers in other countries, would be time consuming and expensive. These and other changes in the U. S. trade policy, U. S. social, political, regulatory and economic conditions or in laws and policies governing foreign trade, manufacturing, development and investment in the territories and countries where we currently manufacture and sell products, and any resulting negative sentiments towards the United States as a result of such changes, could have an adverse effect on our business, financial condition and results of operation** . Additionally, consolidation in our supply chain due to mergers and acquisitions may reduce the number of suppliers or change our relationships with them. The performance and financial condition of a supplier may cause us to alter our business terms or to cease doing business with a particular supplier, or change our sourcing practices generally, which could in turn adversely affect our own business and financial condition. Failure to effectively manage our manufacturing and our relationships with our suppliers could have a material adverse effect on our business and results of operations. We outsource certain product manufacturing to third- party service providers. Outsourcing reduces our control over the performance of the outsourced functions. Dependence on outsourcing may also adversely affect our ability to bring new products to market. For example, we depend upon Jabil Manufacturing Co. (“ Jabil ”) to manufacture most of our semiconductor test systems from its facility located in Malaysia. In the event that Jabil is unable to meet Cohu ’ s current delivery schedule for semiconductor test systems, or if Jabil experienced unexpected downtime, we may not be able to sell to our customers, or have significant delays in fulfilling their orders. If we experienced significant delays or disruptions with Jabil, it would take us significant time to ramp up a new manufacturer for our semiconductor test products, either in- house or with another contract manufacturer. There can be no assurance that alternative capacity could be obtained on favorable terms, if at all. If we do not effectively manage our outsourcing strategy or if third- party service providers do not perform as anticipated, we may experience operational difficulties, increased costs, manufacturing interruptions or inefficiencies in the operation of our supply chain, any or all of which could delay our delivery of products to our customers, and materially and adversely affect our business, financial condition, and results of operations. In the course of conducting our business, we must adequately address quality issues associated with our products and services, including defects in our engineering, design and manufacturing processes, as well as defects in third- party components included in our products. Our systems are complex and have

occasionally contained errors, defects and bugs when introduced. When this occurs, our credibility and the market acceptance and sales of our systems may be harmed. Further, if our systems contain errors, defects or bugs, computer viruses or malicious code as a result of cyber- attacks to our computer networks, we may be required to expend significant capital and resources to alleviate these problems. To proactively address quality issues, we work extensively with our customers and suppliers and engage in product testing to determine the cause of quality problems and appropriate solutions. Finding solutions to quality issues can be expensive and may result in additional warranty, replacement and other costs. In addition, if any of our products contain defects or have reliability, quality or safety issues, we may need to conduct a product recall which could result in significant repair or replacement costs and substantial delays in product shipments and may damage our reputation, which could make it more difficult to sell our products. Defects could also lead to product liability lawsuits against us or against our customers. Our product liability insurance policy currently provides both aggregate coverage as well as overall umbrella coverage. In the event of a successful product liability claim, we could be obligated to pay damages significantly in excess of our product liability insurance limits. Any of these occurrences could have a material adverse effect on our business, results of operations or financial condition. In addition, quality issues can impair our relationships with new or existing customers and adversely affect our reputation, which could lead to a material adverse effect on our operating results. We use numerous vendors to supply parts, components and subassemblies for the manufacture of our products. It is not always possible to maintain multiple qualified suppliers for all of our parts, components and subassemblies. As a result, many key parts may be available only from a single supplier (“ sole source ”) or a limited number of suppliers. In addition, suppliers may significantly raise prices or cease manufacturing certain components (with or without advance notice) that are difficult to replace without significant reengineering of our products. On occasion, we have experienced problems in obtaining adequate and reliable quantities of various parts and components from certain key or sole source suppliers. For example, at the beginning of **fiscal 2022**, we experienced supply constraints and delays in accessing certain specialty semiconductors necessary for the production of test instruments for our semiconductor ATE products, and these supply constraints adversely impacted our overall gross margin in **fiscal 2022**. Although the supply constraints subsided during **fiscal 2023**, they may reoccur at any time due to factors beyond our control. More broadly, our results of operations may be materially and adversely impacted if we do not receive sufficient parts to meet our requirements in a timely and cost- effective manner. ~~As a~~ **As** a global manufacturer, we rely on raw materials, packaging materials, direct labor, energy, a large network of suppliers, distribution resources and transportation providers. In **fiscal 2022** and **2023**, these costs, including those for transportation and other inputs necessary for the production and distribution of our products, increased in large part due to global inflationary pressures. In addition, we also continue to incur higher employee wage costs and generally higher costs for outside services. These economic events are driven by factors beyond our control, and although inflationary pressures have recently moderated, we are unable to predict the future impacts, and such cost pressures may continue to adversely impact us ~~in 2024 and beyond~~. Our efforts to offset these cost pressures, such as through product price increases, or attempting to reduce operating costs elsewhere, may not be successful. Higher product prices may result in reductions in sales volume as customers may be less willing to pay a price differential for our products and may purchase lower- priced competitive offerings or may delay some purchases altogether. To the extent that this may result in decreases in sales volume, our financial condition or operating results may be adversely affected. Further, an extended period of higher prices may lead to continued regulatory efforts to tame price inflation, resulting in an increased risk of recession. Our financial condition or operating results may also be affected by increased interest rates, which the Federal Reserve raised multiple times in **fiscal 2022** and **2023**. Increased interest rates intended to reduce price inflation may also contribute to the risk of recession, which may result in customer projections of slowed growth and an overall impact on customers’ and Cohu’ s corporate earnings. We saw slowing customer demand in **fiscal 2022** and **2023** and ~~that trend has continued into 2024. Although~~ **While some experts believe that the U. S. Federal Reserve lowered** ~~may start cutting~~ interest rates in 2024, **it is not known whether additional action will be taken to lower interest rates and if this decrease, and any other decreases, will have an impact on inflation. Additionally,** ~~there can be no assurance that such rate cuts will happen or that such rate cuts will~~ result in a reduction in expense to Cohu or its customers. Cohu is incurring interest expenses on our remaining indebtedness. In addition, our indebtedness may make us more vulnerable to changes in general economic conditions, with future inflationary pressures and efforts to rein in such an impact coupled with continued interest rate increases, thereby making it more costly for us to satisfy our obligations or causing an adverse effect on our free cashflows. The industries we serve are intensely competitive, and we face substantial competition from numerous companies throughout the world. The test handler industry, while relatively small in terms of worldwide market size compared to other segments of the semiconductor equipment industry, has several participants resulting in intense competitive pricing pressures. Future competition may include companies that do not currently supply test handlers. In addition, there are emerging companies that provide or may provide innovative technology incorporated in products that may compete successfully against our products. We expect our competitors to continue to improve the design and performance of their current products and to introduce new products with improved performance capabilities. Our failure to introduce new products in a timely manner, the introduction by our competitors of products with perceived or actual advantages, or disputes over rights to use certain intellectual property or technology could result in a loss of our competitive position and reduced sales of, or margins, ~~on~~ our existing products. Intense competition has adversely impacted our product average selling prices and gross margins on certain products. If we are unable to price our existing products competitively and successfully introduce new competitively priced products, then we expect that these competitive conditions would negatively impact our gross margin and operating results in the foreseeable future. We have increased investments in our test contactor business and targeted growth opportunities. However, the test contactor market is fragmented, with many entrenched regional players, and subject to intense price competition and high localized customer support requirements. We believe that customer support and responsiveness and an ability to consistently meet tight deadlines is critical to our success. If we are unable to continue to reduce the cost of our test contactor products, while also meeting

customer support requirements and deadlines, then we expect that these competitive conditions would negatively impact our test contactor operating results and impede us from achieving our test contactor sales goals. ~~13~~ ~~With~~ ~~---~~ ~~With~~ respect to Cohu's ATE business, our ability to increase ATE sales depends, in part, on our ability to win new customers. Semiconductor and electronics manufacturers typically select a particular vendor's product for testing new generations of a device and make substantial investments to develop related test program applications and interfaces. Once a manufacturer has selected an ATE vendor for a new generation of a device, that manufacturer is more likely to purchase systems from that vendor for that generation of the device, and, possibly, subsequent generations of that device as well. Cohu has a niche position and relatively low share in the ATE market, which is primarily driven by two larger companies with significantly more resources to invest into the ATE market. Therefore, the opportunities to obtain orders from new customers or existing customers may be limited, which may impair our ability to grow our ATE revenue. We also believe that our niche position results in greater sales cyclicality versus larger more diversified ATE vendors, and Cohu's reliance on the ~~mobility mobile~~ market for ATE sales ~~had continued to have~~ a significant adverse impact on our ~~fiscal 2023-2024~~ ATE sales. These factors may materially and adversely affect our current and future target markets and our ability to compete successfully in those markets. The transition from product development to the manufacture of new semiconductor equipment is a difficult process and delays in product introductions and problems in manufacturing such equipment are common. We have in the past and may in the future, experience difficulties in manufacturing and volume production of our new equipment. In addition, as is common with semiconductor equipment, after-sales support and warranty costs have typically been significantly higher with new products than with our established products. Future technologies, processes and product developments may render our current or future product offerings obsolete and we might not be able to develop, introduce and successfully manufacture new products or make enhancements to our existing products in a timely manner to satisfy customer requirements or achieve market acceptance. Furthermore, we might not realize acceptable profit margins on such products. Consolidation in the semiconductor industry and within the semiconductor test equipment market could adversely affect the market for our products and negatively impact our ability to compete. Consolidation in the semiconductor industry may reduce our customer base and could adversely affect the market for our products, which could cause a decline in our revenues. With consolidation, the number of actual and potential customers for our products has decreased in recent years. Consolidation may lead to relatively fewer opportunities to sell our products if we are not chosen as a supplier by any given prospective customer, and may lead to increased pricing pressures from customers that have greater volume purchasing power. There has also been consolidation within the semiconductor test equipment market. This consolidation trend could change our interactions and relationships with complementary tester, instrument, and probe card suppliers, and negatively impact our revenue and operating results. The semiconductor equipment industry is characterized by dramatic and sometimes rapid changes in demand for products. Sudden demand changes in business conditions, positive or negative, are common in our industry but the timing of such changes is very difficult to predict. Regardless of the reason, sudden changes in demand for semiconductor equipment may have a significant impact on our operations, and such changes in demand (up or down) are difficult to predict and proactively plan for. We have in the past and may in the future experience difficulties, particularly in manufacturing, and with training and recruiting large numbers of additions to our workforce. The volatility in headcount and business levels, combined with the cyclical nature of the semiconductor industry, may require that we invest substantial amounts in new operational and financial systems, procedures and quality controls. We may not be able to timely or successfully adjust our systems, facilities, production capacity and quality standards to meet our customers' changing requirements. Any inability to meet such requirements will have an adverse impact on our business, financial position and results of operations. ~~14A~~ ~~A~~ small number of customers have been responsible for a significant portion of our net sales. For fiscal year ~~2023-2024~~, net revenue from our ten largest customers represented ~~62-57~~ % of our total net revenue. During the past five years, the percentage of our sales derived from these significant customers has varied greatly. Such variations are due to changes in the customers' business, consolidation within the semiconductor industry and their purchase of products from our competitors. It is common in the semiconductor equipment industry for customers to purchase products from more than one equipment supplier, increasing the risk that our competitive position with a specific customer may deteriorate. No assurance can be given that we will continue to maintain our competitive position with these or other significant customers. We expect the percentage of our revenues derived from significant customers will vary greatly in future periods. The loss of, or a significant reduction in, orders by these or other significant customers as a result of competitive products, market conditions including end market demand for our customers' products, outsourcing final semiconductor test to test subcontractors that are not our customers or other factors, could have a material adverse impact on our business, financial condition and results of operations. The process of developing new high technology products and services and enhancing existing products and services is complex, costly and uncertain, and any failure by us to anticipate customers' changing needs and emerging technological trends accurately could significantly harm our sales and results of operations. Our customers' selection processes typically are lengthy and can require us to incur significant sales, service and engineering expenses, and to provide the customer evaluation systems for a period of time at no charge, in pursuit of a single customer opportunity. For example, we typically expend significant resources educating our prospective customers regarding the uses and benefits of our products, customizing our products in ways that are specific to the potential customer's needs or loaning out test equipment, and we might not be reimbursed for such activities. The substantial resources we devote to our sales efforts may not result in any revenues from a customer. For example, any semiconductor project may never reach production or customers ~~may~~ elect to validate a project with our products and then search for a lower cost vendor for production equipment. We may not win the competitive selection process and may never generate any revenue despite incurring such expenditures. In addition, prospective customers might decide not to use our products or use our products for a relatively small percentage of their requirements after we have expended significant effort and expense toward product design, development, and / or manufacture. The delays inherent in these lengthy sales cycles increase the risk that a customer will decide to cancel, curtail, reduce or delay its product plans, causing us to lose anticipated sales. The success of our product development efforts depends

on our ability to anticipate market trends and the price, performance and functionality requirements of semiconductor device manufacturers. In order to anticipate these trends and ensure that critical development projects proceed in a coordinated manner, we must continue to collaborate closely with our largest customers. Our relationships with these and other customers provide us with access to valuable information regarding trends in the semiconductor device industry, which enables us to better plan our product development activities. If current relationships with our large customers are impaired, or if we are unable to develop similar collaborative relationships with important customers in the future, our product development activities could be adversely affected. Our success depends, to a significant degree, upon the continued contributions of our key executive management, engineering, sales and marketing, customer support, administrative and manufacturing personnel. The loss of any of these key personnel, each of whom would be extremely difficult to replace, through resignations, retirement or other circumstances, could harm our business and operating results. Despite our incentive arrangements with key members of our senior management team, these individuals or other key employees may still leave us, which could have a material adverse effect on our business. We do not have key person life insurance on any of our executives. In addition, to support our future growth, we will need to attract and retain additional qualified employees. Competition for such personnel in our industry is intense, and we may not be successful in attracting and retaining qualified employees. The expansion of high technology companies worldwide and growth in the demand for semiconductors have increased demand and competition for qualified personnel has intensified. In addition, the cost of living in San Diego and the Bay Area, California; Boston, Massachusetts; St. Paul, Minnesota; Lincoln, Rhode Island; Kolbermoor, Germany; La Chaux-de-Fonds, Switzerland and Osaka, Japan areas, where the majority of our engineering personnel are located, is high, and increasing further due to inflationary effects, and we have had difficulty in recruiting prospective employees from other locations. There may be only a limited number of persons with the requisite skills and relevant industry experience to serve in these positions and it may become increasingly difficult for us to hire personnel over time. Competition for engineering and other technical personnel in some of the markets in which we operate is especially competitive due to continued increases in the number of technology companies worldwide. In order to attract and retain executives and other key employees, we must provide a competitive compensation package, including cash and stock-based compensation, along with other benefits and workplace policies. If the anticipated value of our stock-based incentive awards does not materialize so that they cease to be viewed as valuable, if our profits decrease, or if our total compensation package is not viewed as competitive, our ability to attract, retain and motivate executives and key employees could be weakened. Our business, financial condition and results of operations could be materially adversely affected by the loss of any of our key employees, by the failure of any key employee to perform in his or her current position, or by our inability to attract and retain skilled employees.

The information technology industry has experienced rapid technological developments, changes in industry standards, changes in customer requirements and frequent new product introductions and improvements. We currently utilize, and expect in the future to continue to utilize, Artificial Intelligence (“AI”) technology within certain of our products. For example, including we recently acquired Tignis, Inc., a provider of AI process control and analytics-based monitoring software. The primary goal of these technologies is to improve the efficiency and performance of our customer deployed systems. These solutions, along with our data analytics software designed to provide predictive maintenance recommendations and vision inspection software designed to find pattern recognition within large image datasets, utilize AI models that are trained using various data sets. The primary goal of these technologies is to improve the efficiency and performance of our customer deployed systems. While our use of AI technology is intended to accelerate innovation and improve productivity, the algorithmic calculations used by AI may result in incorrect data production and flawed root cause analysis of identified issues. If our AI models are incorrectly designed or implemented or do not receive pictures or visual data, they may produce inaccurate or unreliable results, negatively impacting the performance and reliability of our solutions. If the data is incomplete, inadequate, or biased, it could lead to suboptimal model performance, impairing the functionality of our solutions. Any malfunction or unexpected behavior in our AI-driven systems could lead to increased downtime and higher maintenance costs for our customers and potential loss of revenue. Additionally, failures in the performance of our AI models could damage our reputation, erode customer trust, and result in loss of business and negative publicity. Additionally, it is likely that legal and / or regulatory actions that will be taken by impacted jurisdictions may include enhanced legislation that addresses the protection of individuals from data privacy harm resulting from AI use. Finally, an overreliance on AI technology could result in the loss of or diminished human oversight and uncaught errors that could have a negative impact on our business operations and productivity. The continued rapid evolution of AI, including potential government regulation of AI, will require resources to develop, test and maintain our products and features to help us implement AI ethically in order to minimize unintended, harmful impact. If we are unable to respond quickly and successfully to these developments in AI requirements or policies, we may lose our competitive position, and our products or technologies may become uncompetitive or obsolete resulting in a loss of sales. We are a global corporation with offices and subsidiaries in certain foreign locations to manufacture our products and support our sales and services to the global semiconductor industry. As such, we face risks in doing business globally. For example, while our corporate headquarters are located in California, additional key engineering, sales and administrative personnel are located in China, Germany, Japan, Malaysia, Philippines, Singapore, Switzerland, Taiwan and elsewhere in the U. S., and our manufacturing operations are primarily located in Japan, Singapore, Malaysia, Philippines and the U. S. Additionally, sales of our products to customers outside of the United States represent a significant part of our past and anticipated revenues. Our international sales as a percentage of our revenues were 86 %, 88 % , and 90 % and 91 % for fiscal 2024, 2023 , and 2022 and 2021, respectively. Certain of our non- U. S. based customers also purchase through their subsidiaries in the United States. In the future we expect international sales to continue to account for a significant percentage of our revenues. Certain aspects inherent in transacting business internationally could negatively impact our operating results, including: • costs and difficulties in staffing and managing international operations; • currency exchange rate fluctuations, which could affect the value of our assets denominated in local currency, as well as the price of our products relative to locally

produced products; • legislative or regulatory requirements and potential changes in, or interpretations of, requirements in the United States and in the countries in which we manufacture or sell our products; 16 • trade restrictions, including treaty changes, sanctions and the suspension of export licenses; • compliance with and changes in import / export tariffs and regulations; • complex labor laws and privacy regulations; • difficulties in adequately supervising employees widely distributed around the world, including due to implementing remote and / or hybrid work arrangements; • difficulties in enforcing contractual and intellectual property rights; • longer payment cycles and receivable collections; • fluctuations in freight rates and transportation disruptions; • seasonal fluctuations in purchasing patterns in other countries; • health epidemics or other disruptions to trade and production; • local and global political and economic instability or foreign conflicts, including trade wars, that involve or affect the countries of our customers; • natural disasters and other climate risks; • varied environmental laws and regulations at each of our principal locations; and • complex tax laws and potentially adverse tax consequences, including restrictions on repatriating earnings and the threat of “ double taxation. ” Additionally, managing geographically dispersed operations presents difficult challenges associated with organizational alignment and infrastructure, communications and information technology, inventory control, customer relationship management, terrorist threats and related security matters and cultural diversities. If we are unsuccessful in managing such operations effectively, our business and results of operations will be adversely affected. We have observed a continuing trend of increasing risks and challenges in the conduct of our international business activities, including expanded tariffs and other trade barriers affecting the United States and China. Additionally, we are required to comply with foreign import and export requirements, customs and value added tax standards that can be unclear or complex. Our failure to meet these requirements and standards could negatively impact our business operations. If one or more of these risks occurs, it could require us to dedicate significant resources to remedy, and if we are unsuccessful in finding a solution, our financial results will suffer. The majority of our export sales are made to destinations in Asia. Political or economic instability, particularly in Asia, may adversely impact the demand for capital equipment, including equipment of the type we manufacture and market. In addition, we face intense competition from a number of Asian suppliers that have certain advantages over U. S. suppliers, including us. These advantages include, among other things, proximity to customers, lower cost structures, a willingness to compete solely on price, favorable tariffs and other government preferences or subsidy programs, and affiliation with significantly larger organizations. In addition, changes in the amount or price of semiconductors produced in Asia could negatively impact the profitability or capital equipment spending programs of our foreign and domestic customers. An increase in geopolitical tensions in Asia, particularly in the Taiwan Strait, could disrupt existing semiconductor chip manufacturing and increase the prospect of an interruption to the semiconductor chip supply across the world. A setback to the current state of relative peace and stability in the region could compromise existing semiconductor chip production and have downstream implications for our ~~company~~ **Company**. The world’ s largest semiconductor chip manufacturer is located in Taiwan and is a top supplier for many U. S. companies, many of which are part of the ~~company~~ **Company**’ s customer base. ~~Recently~~ **Additionally**, the armed conflict involving Hamas and Israel, as well as further escalation of tensions between Israel and various countries in the Middle East and North Africa, may cause increased inflation in energy and logistics costs and could further cause general economic conditions in the U. S. or abroad to deteriorate. It is unknown how long any of these disruptions will continue and whether such disruptions will become more severe. 17 ~~The~~ **The** tensions related to Russia’ s actions have resulted in the U. S. and many European countries imposing significant economic sanctions on Russia and specific individuals targeted as having connections to the Russian government. The totality of these actions has continued to impact international trade relationships, and resulted in sustained increases in the cost of materials, where higher oil and other commodity prices have resulted in further increased shipping and transportation costs. Furthermore, energy shortages, particularly with respect to natural gas, should they occur in Europe, would disrupt our test handler operations and research and development activities at our Kolbermoor, Germany and La Chaux- de- Fonds, Switzerland facilities. In addition, the conflict could adversely impact the supply chain in this region, particularly with respect to critical materials and metals, such as palladium which is used in our interface products as well as in semiconductors. Any increases in the cost, or shortages, of materials or energy may continue to create supply issues for critical materials that could constrain manufacturing levels for Cohu’ s customers, leading to a decrease in demand for Cohu’ s products. The global impact of the military action and subsequent imposing of sanctions continues to evolve and cannot be sufficiently measured or predicted with certainty. The inherent uncertainty surrounding this war may negatively impact the share prices of publicly traded companies. Government entities and both public and private companies within the United States may be exposed to attempted or actual cybersecurity attacks launched in retaliation, resulting in disruptions to domestic markets and a prolonged state of global market volatility. Furthermore, there remains ongoing uncertainty with respect to China’ s willingness to support ongoing or expanded sanctions, which could distance China from its existing trade partners, potentially creating a significant impact to the semiconductor chip and equipment industries that conduct operations within China, Taiwan and the region. There is a likelihood that these sanctions, and related geopolitical tensions, will not be resolved in the short- term but will have a lengthy disruption to all global companies. Any of these conflicts or other threatened conflicts, if they cause interruption to semiconductor chip supply and related impacts to the company’ s customers, any increased costs, increased competition or constraints on resources such as freight, or other disruption in our supply chain, could result in an adverse impact to our financial results. Our corporate headquarters is located in the San Diego, California area, our Asian sales and service headquarters are located in Singapore and Taiwan, and the majority of our sales are made to destinations in Asia. In addition, we have Asia- based manufacturing plants in Malaysia, Philippines and Japan. These regions are known for being vulnerable to natural disasters and other risks, such as earthquakes, tsunamis, fires and floods, volcanic eruptions, and geopolitical risks, which at times have disrupted the local economies. For example, a significant earthquake or tsunami could materially affect operating results. Although we believe that we carry reasonable and appropriate business insurance, we may not be insured for certain losses and business interruptions of this kind, or for geopolitical or terrorism impacts, and presently have very limited redundant, multiple site capacity in the event

of a disaster. In the event of such disaster, our business would materially suffer. Our business could also be adversely affected by the effects of a widespread outbreak of contagious diseases, such as we were adversely affected by the COVID- 19 global pandemic. Our business has previously, and may in the future be, adversely impacted by evolving and extended public health requirements around the world; government- mandated facility shutdowns; import / export, shipping and logistics disruptions and delays; other supply chain and distribution constraints or delays; rapid changes to business, political or regulatory conditions affecting the semiconductor equipment industry and the overall global economy; availability of employees, increased sick time and lost employee productivity; risks associated with, at times, temporarily housing employees in our Malaysia and Philippines factories; remote working and increased cybersecurity risks; increased internal control risks over financial reporting as key finance staff work remotely; delayed product development programs; customers' canceling, pushing out orders or refusal to accept product deliveries; delayed collection of receivables; other actions of our customers, suppliers and competitors which may be sudden and inconsistent with our expectations; higher shipping, trucking and logistics costs; higher component costs; manufacturing capacity limitations; additional credit rating agency downgrades could occur which would increase our cost of raising capital; and potential additional impairment of goodwill or other intangible assets or inventory write- downs due to lower product demand may become necessary. Any of the foregoing, if they reoccur, may have a material adverse effect on our financial condition and results of operations, and may also have the effect of increasing the likelihood and / or magnitude of other risks described in these risk factors. With any reemerging COVID- 19 surge or new health epidemic, we believe the risks of material adverse business disruption increase. We continuously monitor and react to the pandemic but cannot predict its future course or impacts.

~~180 Our --~~ **Our** business could be materially and adversely affected by transition and physical climate change effects and related matters. We analyze climate change risks in two separate categories: transition risks and physical risks. Transition risks are those risks relating to the transition of the global economy to a focus on more climate- friendly technologies. This transition could have adverse financial impacts on us in several ways. For instance, more stringent environmental policies or regulations could lead to increased expenses relating to greenhouse gas emissions or other emissions that could increase our operating costs. Enhanced emissions- reporting or shifting technology could require us to write off or impair assets or retire existing assets early. Increased environmental mandates could also increase our exposure to litigation. We could be required to incur increased costs and significant capital investment to transition to lower emissions technologies. In addition, overall market shifts could increase costs of our raw materials and cause unexpected shifts in energy costs. Focus on sustainability has increased, and the company or its industry could be stigmatized as not friendly to the environment, which could adversely affect our reputation and our business, including due to difficulties in employee hiring and retention and our ability to access capital. Any of these matters could materially and adversely affect our business, financial condition or results of operations. Physical risks from climate change that could affect our business include acute weather events such as floods, tornadoes or other severe weather and ongoing changes such as rising temperatures or extreme variability in weather patterns. These events could lead to increased capital costs from damage to our facilities, increased insurance premiums or reduced revenue from decreased production capacity based on supply chain interruptions. Any of these events could have a material adverse effect on our business, financial condition or results of operations (see risk factor entitled " The occurrence of natural disasters, health epidemics, and geopolitical instability caused by terrorist attacks and other threats may adversely impact our operations and sales "). Our stakeholders, including customers, investors, advisory firms, employees, and suppliers –among others, are increasing their attention to, and establishing expectations for, sustainability and related matters. These expectations can extend to our corporate practices, initiatives, and disclosures, as well as stakeholder standards or preferences for investments or doing business. Third- party agencies have also established or added standards for rating companies on a range of sustainability- related factors that may be inconsistent and subject to change.

As Conversely, " anti- ESG " sentiment has gained momentum across the U. S., with a growing number of states, federal agencies, the executive branch and Congress having enacted, proposed or indicated an intent to pursue " anti- ESG " policies, legislation or issued related legal opinions and engaged in related investigations and litigation. If investors subject to " anti- ESG " legislation view our ESG practices as being in contradiction of such " anti- ESG " policies, legislation or legal opinions, such investors may not invest in us and it could negatively impact the price of our common stock. In addition, corporate diversity, equity and inclusion (" DEI ") practices have recently come under increasing scrutiny. For example, some advocacy groups and federal and state officials have asserted that the U. S. Supreme Court' s decision striking down race- based affirmative action in higher education in June 2023 should be analogized to private employment matters and private contract matters and several media campaigns and cases alleging discrimination based on such arguments have been initiated since the decision. Additionally, in January 2025, President Trump signed a number of Executive Orders focused on DEI, which indicate continued scrutiny of DEI initiatives and potential related investigations of certain private entities with respect to DEI initiatives, including publicly traded companies. If we do not successfully manage expectations across varied stakeholder interests, it could erode stakeholder trust and impact our reputation, the costs of doing business, and the willingness of these stakeholders to engage with, invest in, or retain us. In March 2024, the SEC adopted rules aimed at enhancing and standardizing climate- related disclosures; however, these rules are stayed pending the outcome of consolidated legal challenges in the Eighth Circuit Court of Appeals. Compliance with any new laws or regulations, including new or upcoming California or European requirements, increases our regulatory burden and could result in increased legal, accounting and compliance costs these expectations may impact the attractiveness of our business, make some activities more difficult, time- consuming and costly, affect the manner in which we do- conduct our business, our reputation, the costs of doing business, and adversely affect the willingness of these stakeholders to engage with, invest in, or our profitability retain us. We may be further impacted by the adoption and evolution of sustainability- related regulation and legislation in the jurisdictions in which we do business, such as the SEC and California state disclosure requirements, which could result in increased compliance, operational, and other costs. In addition, the Company has provided

voluntary disclosures on sustainability matters, including regarding energy usage, greenhouse gas emissions, health and safety, **diversity and inclusion**, and labor and human rights. Such disclosures are aspirational and based on frameworks and standards for such initiatives and progress that are still developing, assumptions that may change, and disclosure control and procedures **that may** continue to evolve. We may fail, or be perceived to fail, in attaining or maintaining our sustainability- related initiatives. The topics on which we focus may not be popular with our stakeholders. These events or perceptions may expose us to additional reputational and operational risks. Our success depends on our ability to continually enhance and broaden our product offerings in response to changing technologies, customer demands and competitive pressures. As part of our business strategy, we will continue to regularly evaluate investments in, or acquisitions of, complementary businesses, joint ventures, services and technologies, and we expect that periodically we will continue to make such investments and acquisitions in the future. We may, however, face competition for acquisition targets from larger and more established companies with greater financial resources, making it more difficult for us to complete acquisitions. We cannot provide any assurance that we will be successful in consummating future acquisitions on favorable terms or that we will realize the benefits that we anticipate from one or more acquisitions that we consummate. Integrating any business, product, technology or service into our current operations could be expensive and time- consuming and / or disrupt our ongoing business. Acquisitions and investments involve numerous risks, including, but not limited to: • acquisitions may underperform and we may not achieve any forecasted growth, benefits or synergies; • difficulties entering potentially new markets or manufacturing in new geographies where Cohu has no or limited direct prior experience; ~~19~~• difficulties and increased costs in connection with integration of the personnel, operations, technologies and products of acquired businesses; • unexpected reduction of sales of existing products as a result of the introduction of new products; • increasing the scope, geographic diversity and complexity of our business; • the cost and risk of having to potentially develop new and unfamiliar sales channels for acquired businesses; • diversion of management' s attention from other operational matters and current products and customers; • product manufacturing disruptions and delays as we potentially consolidate certain manufacturing sites; • difficulties and significant costs in integrating the systems and processes of two companies with complex operations including multiple manufacturing sites; • integration of acquired businesses and their operations, including enterprise resource planning systems, may be costly and time- consuming and divert resources away from other projects; • the potential loss of key employees, customers or suppliers of Cohu or acquired businesses; • lack of synergy, or the inability to realize expected synergies, resulting from the acquisition; • potential unknown liabilities associated with the acquired businesses; • failure to commercialize or meet the expected performance of the purchased technology or business; • failure to retain key employees and customer or supplier relationships; • the impairment of acquired intangible assets and goodwill that could result in significant charges to operating results in future periods; and • challenges caused by distance, language and cultural differences. We may decide to finance future acquisitions and investments through a combination of borrowings, proceeds from equity or debt offerings and the use of cash, cash equivalents and short- term investments. If we finance acquisitions or investments by issuing equity- linked (such as convertible debt) or equity securities, our existing stockholders may be diluted which would likely affect the market price of our stock. Mergers, acquisitions and investments are inherently risky and the inability to effectively manage these risks could materially and adversely affect our business, financial condition and results of operations. In addition, any impairment of goodwill or other intangible assets, amortization of intangible assets, write- down of other assets or charges resulting from the costs of acquisitions and purchase accounting could harm our business and operating results. Our business requires capital to finance accounts receivable and product inventory that is not financed by trade creditors when our business is expanding. If cash from available sources is insufficient or cash is used for unanticipated needs, we may require additional capital sooner than anticipated. ~~20~~**We** believe that our existing sources of liquidity, including cash resources and cash provided by operating activities will provide sufficient resources to meet our working capital and cash requirements for at least the next twelve months; however, a material adverse impact on our business from unforeseen events or a desire to reduce our outstanding indebtedness could result in a need to raise additional capital. Alternatively, we could decide to raise capital or incur additional indebtedness to fund strategic initiatives or operating activities, particularly if we pursue additional acquisitions. In the event we are required, or elect, to raise additional funds, we may be unable to do so on favorable terms, or at all, and may incur expenses in raising the additional funds and increase our interest rate exposure, and any future indebtedness could adversely affect our operating results and severely limit our ability to plan for, or react to, changes in our business or industry. For example, under our Credit Agreement which was repaid in full on February 9, 2024, we were limited by financial and other negative covenants in our credit arrangements, including limitations on our borrowing of additional funds and issuing dividends. If we cannot raise funds on acceptable terms, we may not be able to take advantage of future opportunities or respond to competitive pressures or unanticipated requirements. Any inability to raise additional capital when required could have an adverse effect on our business and operating results. Our international operations are significant to our revenues and net income, and we plan to continue to grow internationally. We report our financial results in U. S. dollars, but we incur certain costs in other currencies ~~7~~ and have certain foreign currency denominated assets and liabilities. For example, we have significant business operations located in Germany and Switzerland, each of which engage in transactions with end customers, while costs related to manufacturing products are incurred in our manufacturing facilities in Asia and raw material supply chain costs are incurred in yet other currencies. We, therefore, face exposure to fluctuations in currency exchange rates. Significant fluctuations in exchange rates between the U. S. dollar and foreign currencies may adversely affect our revenues and earnings, despite our hedging of a portion of our international currency exposures. Additionally, hedging programs are inherently risky, may be ineffective, and could expose us to additional costs and risks that could adversely affect our financial condition and results of operations. We plan to record restructuring charges in the first quarter of **fiscal 2024-2025**, have previously recorded restructuring charges in prior years and we may implement restructuring plans in the future, which would require us to take additional, potentially material, restructuring charges related to employee terminations, asset disposal or exit costs. We may also be required to write ~~off~~ additional inventory if our product

build plans or usage of inventory experience declines, and such additional write-offs could constitute material charges. In addition, significant adverse changes in market conditions could require us to take additional material impairment charges related to our long-lived assets if the changes impact the critical assumptions or estimates that we use in our assessment of the recoverability of our long-lived assets. Any such additional charges, whether related to restructuring, asset impairment or factory underutilization, may have a material negative impact on our operating results and related financial statements. To ensure financial flexibility, we maintain a substantial amount of cash deposit holdings in financial banks that exceed the limits insured by the Federal Deposit Insurance Corporation (“FDIC”). A bank failure, default, or other adverse events that restrict the ability of financial institutions to perform, including elevated concerns of such potential events that are rapidly communicated across media platforms, may lead to liquidity constraints for those institutions. For example, on March 10, 2023, Silicon Valley Bank (“SVB”), ~~now a division of First Citizens Bank and formerly the country’s 16th largest bank by total assets,~~ experienced a significant and rapid withdrawal of funds that led to its collapse. The FDIC determined that it would guarantee all deposit amounts held at SVB, including amounts above FDIC insurance limits. However, there is no guarantee that the FDIC will similarly protect deposit amounts held above insurance limits if other banks were to fail or other adverse conditions were to impact financial institutions. ~~We held cash deposits at SVB in excess of FDIC insurance limits at the time of its failure totaling approximately \$ 12.3 million which, based on the FDIC’s specific determination with respect to SVB, was fully protected and guaranteed by the FDIC and therefore we did not experience any losses on our cash deposits. Since that time, we have maintained a limited commercial relationship with SVB, but have minimal deposit risk when viewed as part of our overall financial strategy and diversification of assets across multiple financial institutions.~~ While SVB’s collapse was partly driven by recent interest rate increases, which resulted in steep realized losses to cover the run on withdrawals, the potential for similar events occurring pose ongoing risk to us. Such events could cause the loss of cash deposits, limit our access to debt facilities and restrict our ability to obtain needed liquidity from financial institutions, hampering our ability to make strategic acquisitions or investments. ~~21~~ ~~Because~~ **Because** a significant portion of Cohu’s total assets ~~are is~~ represented by goodwill, which is subject to mandatory impairment evaluation, and other intangibles, Cohu could be required to write off some or all of ~~this its~~ goodwill and other intangibles, which may adversely affect the combined company’s financial condition and results of operations. Goodwill and other intangibles comprise ~~34-35~~ % of Cohu’s total assets, of which approximately \$ ~~241-234~~ **76** million of our total assets are allocated to goodwill. In accordance with Accounting Standards Codification (“ASC”) Topic 350, Intangibles- Goodwill and Other, goodwill and certain other intangible assets with indefinite useful lives are not amortized but are reviewed at least annually for impairment, or more frequently if there are indications of impairment. Significant declines in the price of Cohu’s common stock could increase the risk of an impairment. All other intangible assets are subject to periodic amortization. Cohu evaluates the remaining useful lives of other intangible assets each quarter to determine whether events and circumstances warrant a revision to the remaining period of amortization. When Cohu performs future impairment tests, it is possible that the carrying value of goodwill or other intangible assets could exceed their implied fair value and therefore would require adjustment. Such adjustment would result in a charge to operating income in that period. There can be no assurance that there will not be further adjustments for impairment in future periods. Our financial and operating results may vary and fall below analysts’ estimates, or credit rating agencies may change their ratings on Cohu, any of which may cause the price of our common stock to decline or make it difficult to obtain other financing. Our operating results may fluctuate from quarter to quarter due to a variety of factors including, but not limited to: ● seasonal, volatile and unpredictable nature of the semiconductor equipment industry; ● timing and amount of orders from customers and shipments to customers; ● customer decisions to cancel orders or push out deliveries; ● inability to recognize revenue due to accounting requirements; ● inventory write-downs; ● unexpected expenses or cost overruns in the introduction and support of products; ● inability to deliver solutions as expected by our customers; ● geopolitical changes impacting our business, including with respect to China and Taiwan; ● intangible and deferred tax asset write-downs; and ● general economic and market conditions, including impacts from sanctions against Russia and the military conflict in Ukraine, increased inflationary pressures, interest rate changes, and any resurgence of the COVID-19 pandemic. Due to these factors or other unanticipated events, quarter-to-quarter comparisons of our operating results may not be reliable indicators of our future performance. In addition, from time ~~to~~ ~~time~~ our quarterly financial results may fall below the expectations of the securities and industry analysts who publish reports on our company or of investors in general. This could cause the market price of our stock to decline, perhaps significantly. In addition, as a result of the Term Loan Credit Facility, which was ~~recently~~ paid in February 2024, we maintain credit ratings with Moody’s Investors Service, Inc. (“Moody’s”) and S & P Global Ratings (“S & P”). Any downgrades of Cohu’s credit ratings or rating outlooks, if and when they were to occur, may materially and adversely affect the market price of our equity and the availability, cost or interest rate of other credit or financing. Cohu’s current credit ratings are considered non-investment grade and make it more costly (as compared to investment grade borrowers) for Cohu or its subsidiaries to borrow money or enter into new credit facilities and to raise certain other types of capital and / or complete additional financings. ~~22~~ ~~We~~ **We** are required by the SEC to establish and maintain adequate internal control over financial reporting that provides reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles. We are likewise required, on a quarterly basis, to evaluate the effectiveness of our internal controls and to disclose any changes and material weaknesses in those internal controls. Although we believe that we have adequate internal controls in place at this time, we cannot be certain that, with significantly greater global complexity, we will be able to maintain adequate internal control over our financial reporting in future periods. Any failure to maintain such internal controls could adversely impact our ability to report our financial results on a timely and accurate basis. If our financial statements are not accurate, investors may not have a complete understanding of our operations. Inferior internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our stock. Likewise, if our financial statements are not filed on a timely basis as required by the SEC and Nasdaq Global Select Market, we could

face severe consequences from those authorities. In either case, there could be a material adverse effect on our business and / or our stock price. A variety of factors may cause the price of our stock to be volatile. The stock market in general, and the market for shares of high- technology companies in particular, including ours, have experienced extreme price fluctuations, which have often been unrelated to the operating performance of affected companies. During the three- year period ended December 30-28, 2023-2024, the price of our common stock has ranged from \$ 51-43, 86-99 to \$ 24-22, 06-80. The price of our stock may be more volatile than the stock of other companies due to, among other factors, the unpredictable, volatile and seasonal nature of the semiconductor industry, our significant customer concentration, intense competition in the test contactor, test handler, automated test equipment industry, our limited backlog, our debt levels, and our relatively low daily stock trading volume. The market price of our common stock is likely to continue to fluctuate significantly in the future, including fluctuations related and unrelated to our performance. Our business and financial performance are subject to certain risks and uncertainties, as described in these risk factors. We may not achieve our forecasted growth rates, levels of revenue, earnings, or operating efficiency that we expect and may incur losses in the business at any time. Any underperformance from our expectations or forecasts could have a material adverse effect on our financial condition, results of operations, and cause abrupt, significant stock price declines. We may become subject to campaigns by shareholders advocating corporate actions such as financial restructuring, increased borrowing, special dividends, stock repurchases or divestitures. Such activities could interfere with our ability to execute our business plans, be costly and time- consuming, disrupt our operations, divert the attention of management or result in other short- term focused corporate actions, any of which could have an adverse effect on our business or stock price. There are provisions in our basic corporate documents and under Delaware law that could discourage, delay or prevent a change in control, even if a change in control may be regarded as beneficial to some or all of our stockholders. The issuance of shares of our common stock in connection with any future offerings of securities by us, will dilute our shareholders' ownership interest in the company. We may seek additional financing in the future to meet our capital needs or to meet our strategic initiatives or operating activities. We have in the past issued common stock as acquisition consideration and for general corporate purposes. For example, in March 2021, we issued 5, 692, 500 additional shares of our common stock in an underwritten follow- on public offering, which represented an increase of 13. 4 % of outstanding shares of common stock at the time. We may determine to utilize common stock as acquisition consideration, issue convertible debt, or pursue another follow- on equity offering to raise capital for debt reduction or for other general corporate purposes, at any time in the future. Any issuances of additional shares of our common stock would dilute shareholders' ownership interest in our company, and shareholders would have a proportionately reduced ownership and voting interest in our company as a result of equity issuance. If we raise additional funds by issuing debt, we may be subject to limitations on our operations due to restrictive covenants. Additionally, our ability to make scheduled payments or refinance our obligations will depend on our operating and financial performance, which in turn is subject to prevailing economic conditions and financial, business and other factors beyond our control. ~~23Effective --~~ **Effective** November 2, 2021, a \$ 70 million share repurchase program was authorized by our Board of Directors. On October 25, 2022, our Board of Directors authorized an additional \$ 70 million under the share repurchase program. The stock repurchase program was authorized to potentially offset dilution from equity issuances under Cohu' s equity incentive plans and because the Board believes that, for reasons unrelated to the company' s performance, the trading price of Cohu' s common stock from time to time may not be reflective of the true value of the Company. Any repurchases have been and may be made in the future using our existing cash resources. The Company gives no assurances as to when, how much and for what duration stock repurchases may be made. However, stock repurchases may adversely affect the Company if the economy turns downward, as it could leave the Company limited in its ability to obtain cash necessary for ongoing operations or strategic initiatives. In addition, any repurchase of stock may have no positive impact on our stock price. Further, as stock may be repurchased, given the volatility of our stock price, we may repurchase stock at prices which, in hindsight, are materially higher than the subsequent price of our stock. Specific legislative and regulatory proposals that could have a material impact on us include, but are not limited to, infrastructure renewal programs, modifications to international trade policy, increased duties, tariffs or other export restrictions, public company reporting requirements, climate change and environmental regulation, corporate tax legislation, new employment and privacy laws, and antitrust enforcement. Trade regulations and restrictions impact our ability to manufacture certain products and to sell to certain customers, specifically in China, which may materially harm and limit Cohu' s business. We are subject to U. S. laws and regulations that limit and restrict the export of some of our products and services and may restrict our transactions with certain customers, business partners and other persons. In certain circumstances, export control and economic sanctions regulations prohibit the export of certain products, services and technologies, and in other circumstances are required to obtain an export license before exporting the controlled item. We must also comply with export restrictions and laws imposed by other countries affecting trade and investments. We maintain an export compliance program but there are risks that the compliance controls could be circumvented, exposing us to legal liabilities. There have been several significant changes in U. S. export regulations relating to China since 2019. More recently, in **fiscal 2022 and again in fiscal 2024**, export controls were issued relating to the Chinese semiconductor manufacturing, advanced computing, and supercomputer industries, where these additional controls may impact our ability, and / or that of our customers, to sell and ship products to semiconductor fabrication facilities located in China. These export controls include restrictions on certain semiconductor integrated circuits, commodities containing such integrated circuits, and semiconductor manufacturing equipment. Furthermore, the export controls restrict the ability of U. S. persons to support the development or production of integrated circuits at certain semiconductor fabrication facilities in China. In addition to the specific restrictions impacting our business, the regulations may have an adverse impact on certain actual or potential customers and on the global semiconductor industry. To the extent the regulations impact actual and potential customers or disrupt the global semiconductor industry, our business and revenues will be adversely impacted. Additionally, these collective export restrictions and the ongoing unpredictability of U. S.- China trade relations have encouraged China- based companies to actively seek to obtain a greater supply of similar or substitute products from our foreign

competitors that are not subject to these restrictions, thereby decreasing our long- term competitiveness as a supplier to China-based companies. These ongoing actions indicate that the U. S. government may impose other new export restrictions. If implemented with no prior notice, even controls that ultimately have minimal long- term impact to Cohu, may create short- term limitations on Cohu’ s business as it evaluates the full impact of such new and any subsequent controls. The prospect of future export controls that are implemented in a similar manner may continue to have an ongoing impact on Cohu’ s business, results of operations, or financial conditions. ²⁴We-We are subject to income and other taxes in the U. S. and numerous foreign jurisdictions. Our tax liabilities are affected by, among other things, the amounts our affiliated entities charge each other for intercompany transactions. Our **United States, German, Singaporean, and Philippines, and Thailand** subsidiaries have income tax returns currently under routine examination by tax authorities for different periods between **fiscal 2017 and 2021-2023**. We may be subject to ongoing tax examinations in various jurisdictions. Tax authorities may disagree with our intercompany charges or other matters and assess additional taxes. While we regularly assess the likely outcomes of these examinations to determine the appropriateness of our tax provision, tax audits are inherently uncertain, and an unfavorable outcome could occur. An unanticipated, unfavorable outcome in any specific period could harm our operating results for that period or future periods. The financial cost and management attention and time devoted to defending income tax positions may divert resources from our business operations, which could harm our business and profitability. Tax examinations may also adversely impact the timing and / or amount of our refund claims. Our effective tax rate in the future could be adversely affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of our deferred tax assets and liabilities, changes in tax laws and the discovery of new information during our tax return preparation process. In particular, the carrying value of our deferred tax assets and the utilization of our net operating loss and credit carryforwards are dependent on our ability to generate future taxable income in the U. S. and other countries. Furthermore, these carryforwards may be subject to annual limitations as a result of changes in Cohu’ s ownership. For example, beginning in **fiscal 2022**, the Tax Cuts and Jobs Act, or the Tax Act, eliminated the option to deduct research and development expenditures currently and requires taxpayers to capitalize and amortize them over five or fifteen years pursuant to Internal Revenue Code Section 174. This increased our effective tax rate and our cash tax payable in **fiscal 2022 and through 2023-2024**. If the requirement to capitalize Section 174 expenditures is not modified, it may also continue to adversely impact our effective tax rate and our cash tax liability in future years. The OECD / G20 Inclusive Framework on Base Erosion & Profit Shifting (“ BEPS ”) reached agreement on the Pillar Two global minimum tax rules in October 2021 to address the challenges arising from the digitalization of the economy. These new Global Anti- Base Erosion (“ GloBE ”) rules are now being implemented by jurisdictions around the world and will apply to many companies from **fiscal 2024**. Pillar Two introduces a global minimum Effective Tax Rate (“ ETR ”) where multinational groups with consolidated revenue over ~~€ 750m-~~ **750 million** are subject to a minimum ETR of 15 % on income arising in low- tax jurisdictions . **On January 20, 2025, President Trump signed an executive order effectively cancelling the United States’ commitments to the global minimum tax rules, stating that those commitments cannot have any effect in the United States without an act of approval of the U. S. Congress. Any new tax legislation or initiatives could not only significantly increase our tax provision, cash tax liabilities, and effective tax rate, but could also significantly increase tax uncertainty due to differing interpretations and increased audit scrutiny** . These specific actions did not impact our consolidated financial statements in **fiscal 2023-2024** . However, it is likely that these new rules will have an impact in some form on our operations and financial results and may adversely impact our operational decisions and / or our profitability. We have tax incentives or tax holiday arrangements in the Philippines and Malaysia which may change or cease to be in effect or applicable, in part or in whole, for reasons within or beyond our control. In addition, if our assumptions and interpretations regarding tax laws, incentives or holiday arrangements prove to be incorrect or are otherwise modified, our corporate income tax burden may significantly increase. Also, some of our various tax incentives in Malaysia are expiring and if we are unable to secure renewal of the expiring tax incentives, our effective tax rate may be adversely impacted. Certain products and services that we offer require compliance with U. S. and other foreign country export and other regulations. Compliance with complex **and dynamic** U. S. and other foreign country laws and regulations that apply to our international sales activities increases our cost of doing business in international jurisdictions and could expose us or our employees to fines and penalties. These laws and regulations include import and export requirements, the U. S. State Department International Traffic in Arms Regulations (“ ITAR ”) and U. S. and other foreign country laws such as the Foreign Corrupt Practices Act (“ FCPA ”), and local laws prohibiting corrupt payments to governmental officials. Violations of these laws and regulations could result in fines, criminal sanctions against us, our officers or our employees, prohibitions on the conduct of our business and damage to our reputation. Some of our distribution partners are located in parts of the world that have experienced governmental corruption to some degree and, in certain circumstances, strict compliance with anti- bribery laws may conflict with local customs and practices. The policies and procedures we have implemented to discourage these practices by our employees, our existing safeguards and any future improvements may prove to be ineffective, and our employees, consultants, sales agents or distributors may engage in conduct for which we might be held responsible. Although we have implemented policies and procedures designed to ensure compliance with these laws, there can be no assurances that our employees, contractors or agents will not violate our policies, or that our policies will be effective in preventing all potential violations. In addition, the U. S. government may seek to hold us liable for successor liability FCPA violations committed by companies in which we invest or that we acquire. Any such violations could include prohibitions on our ability to offer our products and services to one or more countries, and could also materially damage our reputation, our brand, our international expansion efforts, our ability to attract and retain employees, our business and our operating results. Further, defending against claims of violations of these laws and regulations, even if we are successful, could be time- consuming, result in costly litigation, divert management’ s attention and resources and cause us to incur significant expenses. ²⁵**In On February 10, 2025, President Trump signed an executive order directing the Attorney General, or a period of 180 days (1) effectively halt the initiation of new Foreign Corrupt Practices Act (FCPA) investigations and**

enforcement actions and (2) undertake a detailed review of any such existing matters with an eye toward restoring proper bounds on enforcement. However, there can be no assurance that potential violations during this pause of enforcement minimizes or eliminates the potential damages identified above. In

In addition to government regulations regarding sale and export, we are subject to other regulations regarding our products. For example, the U. S. SEC has adopted disclosure rules for companies that use conflict minerals in their products, with substantial supply chain verification requirements if the materials come from, or could have come from, the Democratic Republic of the Congo or adjoining countries. These rules and verification requirements impose additional costs on us and on our suppliers and may limit the sources or increase the cost of materials used in our products. Further, if we are unable to certify that our products are conflict free, we may face challenges with our customers that could place us at a competitive disadvantage, and our reputation may be harmed. We are subject to various U. S. federal, state and local, and foreign governmental laws and regulations relating to the protection of the environment, including those governing the discharge of pollutants into the air and water, the management and disposal of hazardous substances and wastes, the cleanup of contaminated sites and the maintenance of a safe workplace. We could incur substantial costs, including cleanup costs, civil or criminal fines or sanctions and third- party claims for property damage or personal injury, as a result of violations of or liabilities under environmental laws and regulations or non- compliance with the environmental permits required at our facilities. In addition, new regulations or shareholder or other public expectations for reductions in greenhouse gas emissions could result in increased energy, transportation and raw material costs, and may require us to make additional investments in facilities and equipment. As a result, the effects of climate change could have a long- term adverse impact on our business and results of operations. Attempts by others to gain unauthorized access to information technology systems are becoming more sophisticated and are sometimes successful. These attempts, which might be related to industrial or other espionage, include covertly introducing malware to our computers and networks and impersonating authorized users, among others. We seek to detect and investigate all cybersecurity incidents and to prevent their recurrence, but in some cases, we might be unaware of an incident or its magnitude and effects. We have been impacted by immaterial “ phishing ” schemes and we are continuing our efforts to train employees on such risks but may still incur damages from such schemes in the future. We believe that the implementation of extensive employee telework practices has increased our cybersecurity risks. The theft, unauthorized use or publication of our intellectual property and / or confidential business information could harm our competitive position, reduce the value of our investment in research and development and other strategic initiatives or otherwise adversely affect our business. See Item 1C entitled “ Cybersecurity ” for additional information about our cybersecurity processes, oversight, risk mitigation and governance. To the extent that any security breach results in inappropriate disclosure of our customers’ or licensees’ confidential information, we may incur liability as a result. In response to these risks, we expect to continue to devote additional resources to the security of our information technology systems. Any future attacks which may disrupt our IT systems, or those of our suppliers, could impact our sales, financial results and stock price. ~~26Our~~ **Our** future success and competitive position depend in part upon our ability to obtain and maintain proprietary technology for our principal product families. If we fail to adequately protect our intellectual property, it will give our competitors a significant advantage. We own or have licensed a number of patents relating to our products, and have filed applications for additional patents. Any of our pending patent applications may be rejected, however, and we may be unable to develop additional proprietary technology that is patentable in the future. In addition, the patents that we do own or that have been issued or licensed to us may not provide us with competitive advantages and / or may be challenged by third parties. Third parties may also design around our patents or copy our patented inventions without our knowledge. In addition to patent protection, we rely upon copyrights for protection of our proprietary software and documentation, trademarks for protection of our brand and source of goods, and trade secret law and confidentiality and exclusivity agreements for protection of our confidential and proprietary information and technology. These measures do not guarantee protection of our intellectual property, however. We can give no assurance that our copyrights will be upheld or will successfully deter infringement by third parties. Even though we routinely enter into confidentiality agreements with our employees and other third parties there can be no assurances that trade secrets and proprietary information will not be disclosed, that others will not independently develop substantially equivalent proprietary information and techniques or otherwise gain access to our trade secrets, or that we can fully protect our trade secrets and proprietary information. Violations by others of our confidentiality agreements and the loss of employees who have specialized knowledge and expertise could harm our competitive position and cause our sales and operating results to decline as a result of increased competition. It is also possible that third parties will misappropriate our trade secrets or other confidential information. We may be subject to cybersecurity breaches in which a third party obtains our confidential information. Third parties may also reverse engineer our products to copy our technology. Any of these circumstances could result in harm to our competitive position in the market. Failure to protect our trademarks can lead to other companies selling products using confusing similar names, thereby damaging our brand. In some countries, it can be difficult to register trademarks because of the strict examination process or blocking trademarks for other goods. Costly and time- consuming litigation might be necessary to enforce and determine the scope of our intellectual property rights, and failure to obtain or maintain trade secret protection might adversely affect our ability to continue our research or bring products to market. From time to time, we may find it necessary to initiate litigation against other persons or entities to protect and / or enforce our intellectual property or contractual rights. However, litigation is costly and time consuming and there is no assurance that any lawsuit we bring will yield the result that we seek, as (i) the lawsuit may be dismissed or there could be an adverse finding, (ii) we may not be able to pursue the lawsuit due to the laws of the applicable country or (iii) there may be a subsequent unfavorable change in law that limits our ability to pursue the lawsuit. For example, litigation discovery practice in China, Japan, South Korea, continental Europe and Taiwan is not as robust as the United States, so it can be more difficult to determine if a company is infringing on our patents and more challenging to bring a lawsuit. Monitoring and preventing unauthorized use are also difficult and the measures we take to protect our intellectual property rights may not be adequate. Accordingly, infringement of

our intellectual property rights poses a serious risk of doing business. There is a risk that we may be unable to adequately protect our intellectual property rights in certain foreign countries. For example, our competitors may independently develop similar technology or duplicate our products. If this occurs, it would be easier for our competitors to develop and sell competing products in these countries resulting in a loss of sales. We may not be able to adequately protect or defend ourselves against intellectual property infringement claims, which may be time- consuming and expensive, or affect the freedom to operate our business. Our competitors or other third parties may hold or obtain patents, copyrights, trademarks or other proprietary rights that could prevent, limit or interfere with our ability to make, use, develop, sell or market our products and services, which could make it more difficult for us to operate our business. From time to time, the holders of such intellectual property rights may assert their rights and urge us to take licenses and / or may bring suits alleging infringement or misappropriation of such rights, which could result in substantial costs, negative publicity and management attention, regardless of merit. ~~27While--~~ **While** we endeavor to obtain and protect the intellectual property rights that we expect will allow us to retain or advance our strategic initiatives in these circumstances, there can be no assurance that we will be able to adequately identify and protect the portions of intellectual property that are strategic to our business or mitigate the risk of potential suits or other legal demands by third parties. Accordingly, we may consider the entering into licensing agreements with respect to such rights, although no assurance can be given that such licenses can be obtained on acceptable terms or that litigation will not occur, and such licenses and associated litigation could significantly increase our operating expenses. Further, if we are determined to have or believe there is a high likelihood that we have infringed upon a third party' s intellectual property rights, we may be required to cease making, selling or incorporating certain components or intellectual property into the goods and services we offer, to pay substantial damages and / or license royalties, to redesign our products and services and / or to establish and maintain alternative branding for our products and services. In the event that we are required to take one or more such actions, our brand, business, financial condition and operating results may be harmed. We collect, store, have access to and otherwise process certain confidential or sensitive data, including proprietary business information, customer data, personal data or other information that is subject to privacy and security laws, regulations and / or customer- imposed controls. We continue to monitor global privacy laws and legislation to determine its impact on our business. We do not process individual credit card information, but we do maintain certain personally identifiable information on our employees. Such employee information may be subject to the EU General Data Protection Regulation and / or the California Consumer Protection Act. We believe that we have implemented reasonable procedures and internal controls in compliance with these laws, but should such actions be insufficient, we may be subject to regulatory investigations, fines and legal costs. In addition, we operate in an environment in which there are different and potentially conflicting data privacy laws in effect in the various U. S. states and foreign jurisdictions in which we operate and we must understand and comply with each law and standard in each of these jurisdictions while ensuring the data is secure. Government enforcement actions can be costly and interrupt the regular operation of our business, and violations of data privacy laws can result in fines, reputational damage and civil lawsuits, any of which may adversely affect our business, reputation and financial statements. We could face negative consequences in the future if we, our suppliers, channel partners, customers or other third parties experience the actual or perceived risk of theft, loss, fraudulent use or misuse of data. Such an event could lead customers to select the products and services of our competitors. An incident could harm our reputation, cause unfavorable publicity or otherwise adversely affect certain potential customers' perception of the security and reliability of our services as well as our credibility and reputation, which could result in the loss of sales or curtailed growth. While we maintain general liability and cybersecurity insurance coverage, such coverage might not be adequate or otherwise protect us from liabilities or damages with respect to claims alleging compromises of customer data, that such coverage will continue to be available to us on acceptable terms or at all, or that such coverage will pay future claims. The successful assertion of one or more large claims against us that exceeds our available insurance coverage, or results in changes to our insurance policies (including premium increases or the imposition of large deductible or co- insurance requirements), could have an adverse effect on our business. From time to time, we may be subject to litigation or other administrative, regulatory or governmental proceedings, including tax audits and resulting claims that could require significant management time and resources and cause us to incur expenses and, in the event of an adverse decision, pay damages or incur costs in an amount that could have a material adverse effect on our financial position or results of operations. **Item 1B. Unresolved Staff Comments.**