Risk Factors Comparison 2023-05-19 to 2022-05-20 Form: 10-K

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

The following summarizes the principal factors that make an investment in the Company speculative or risky. This summary should be read in conjunction with the remainder of this " Item 1A. Risk Factors " section and should not be relied upon as an exhaustive summary of the material risks facing our business. Business & Operational Risks • Risks related to dependence on a limited number of customers and distributors and a lack of diversification in our revenue base, including risks related to the loss of, or a significant reduction in orders from, or pricing on products sold to, any key customer or distributor • Risks related to third- party manufacturing and supply chain relationships • Risks related to our long- term capacity reservation and wafer supply agreement with GlobalFoundries • Risks related to fluctuation in sales in the consumer electronics and smartphone markets • Risks related to global economic conditions, including economic downturns or recessions and the effects of inflationary pressures • Risks related to our international operations, including government trade policies and delays or disruptions to our international subcontractors, which may be impacted by political / economic factors • Risks related to system security, cyber- attacks, and data breaches • Risks related to strong competition in the semiconductor market, including competition to attract, hire, and retain highly qualified personnel • Risks related to our fabless business model • Risks related to acquiring other companies or technologies • Risks related to product concentration, difficulty in forecasting sales due to customers' ability to cancel or reschedule orders, and declining average selling prices Strategic & Industry Risks • Risks related to joint development or other custom product collaborations, including the development of products for specific system architectures • Risks related to the timely development, production, and acceptance of new and advanced technologies • Risks related to increasing complexity of our products and the potential for security vulnerabilities or other product defects and difficulties in transitioning to advanced manufacturing process technologies • Risks related to changes in the system architecture of our customers' end products • Risks related to our ability to protect our intellectual property rights Financial Risks • Risks related to exposure to tax liabilities and changes in tax laws • Risks related to fluctuations in inventory, including risks related to our customers' ability to cancel / reschedule orders on short notice • Risks related to fluctuations in operating results, stock price, and foreign currency exposures • Risks related to debt obligations, including under our Second Amended Credit Agreement Legal & General Risks • Risks related to intellectual property claims and litigation and export control regulations • Risks related to certain provisions of Delaware law and our Certificate of Incorporation and Bylaws • Risks related to corporate social responsibility initiatives and ESG matters • Risks related to owning real property Business and Operational Risks We depend on a limited number of customers and distributors for a substantial portion of our sales, and the loss of, or a significant reduction in orders from, or pricing on products sold to, any key customer or distributor could significantly reduce our sales and our profitability. While we generate sales from a broad base of customers worldwide, the loss of any of our key customers, or a significant reduction in sales or selling prices to any key customer, or reductions in selling prices made to retain key customer relationships, would significantly reduce our revenue, margins, and earnings and adversely affect our business. For the twelve- month period ending March 25, 2023, and each of the twelve- month periods ending March 26, 2022, and March 27, 2021 our ten largest end customers represented approximately 92 percent and 93 percent of our sales, respectively. For the twelve- month periods ending March 25, 2023, March 26, 2022, and March 27, 2021, we had one end customer, Apple Inc., who purchased through multiple contract manufacturers and represented approximately 83 percent, 79 percent and 83 percent of the Company' s total sales, respectively. We may not be able to maintain or increase sales to certain of our key customers for a variety of reasons, including:- most of our customers can stop incorporating our products into their own products with limited notice to us and suffer little or no penalty;- our agreements with our customers typically do not require them to purchase a minimum quantity of our products;- many of our customers have pre- existing or concurrent relationships with our current or potential competitors that may affect the customers' decisions to purchase our products;- many of our customers have sufficient resources to internally develop technology solutions and semiconductor components that could replace the products that we currently supply in our customers' end products;- our customers face intense competition from other manufacturers that do not use our products; and- our customers regularly evaluate alternative sources of supply in order to diversify their supplier base, which increases their negotiating leverage with us and their ability to either obtain or dual source components from other suppliers. In addition, our dependence on a limited number of key customers may make it easier for them to pressure us on price reductions or to not accept price increases resulting from unexpected or additional cost increases or fees associated with our suppliers. We have experienced pricing pressure from certain key customers and we expect that the average selling prices (" ASPs") for certain of our products will decline from time to time, potentially reducing our revenue, margins, and earnings. Our key customer relationships often require us to develop new products that may involve significant technological challenges. Our customers frequently place considerable pressure on us to meet tight development schedules. In addition, we have entered, and may again enter in the future, into customer agreements providing for exclusivity periods during which we may only sell specified products or technology to a specific customer. Even without exclusivity periods, the products that we develop are often specific to our customer' s system architecture and frequently cannot be sold to other customers. Accordingly, we have in the past and may in the future devote a substantial amount of resources to strategic relationships, which could detract from or delay our completion of other important development projects or the

development of next generation products and technologies, and notwithstanding our efforts, our customers may not be obligated to purchase new products that we develop for them, which could impact our operating results, financial condition, and cash flows. For example, in April 2023, we were informed that a new product that we had developed for a key customer for introduction in the fall of calendar 2023 was no longer expected to come to market as planned. Our reliance on certain customers may continue to increase, which could heighten the risks associated with having key customers, including making us more vulnerable to significant reductions in revenue, margins and earnings, pricing pressure, and other adverse effects on our business. We are dependent on third- party manufacturing and supply chain relationships for all of our products. Our reliance on third- party foundries and suppliers involves certain risks that may result in increased costs, delays in meeting our customers' demand, and loss of revenue. We do not own or operate a semiconductor fabrication facility and do not have the resources to manufacture our products internally. We use third parties to fabricate, assemble, package, and test the vast majority of our products. As a result, we are subject to risks associated with these third parties, including:- insufficient capacity available to meet our demand on time;- inability for our suppliers to obtain the equipment or replacement parts necessary to fully operate their facilities or expand available manufacturing capacity;- inadequate manufacturing yields and excessive costs;- inability of these third parties to obtain an adequate supply of raw materials;- extended lead times on supplies used in the manufacturing of our products;- difficulties selecting and integrating new subcontractors;- limited warranties on products supplied to us;- potential increases in prices (including the cost of freight); and- increased exposure to potential misappropriation of our intellectual property. Outside of our long- term supply agreement for wafer fabrication supply with GlobalFoundries, our outside foundries and assembly and test suppliers generally manufacture our products on a purchase order basis, and we have few other long- term supply arrangements with these suppliers. Therefore, our third- party manufacturers and suppliers are not obligated to supply us with products for any specific period of time, quantity, or price, except as may be provided in any particular purchase order or in relation to an existing supply agreement. A manufacturing or supply disruption experienced by one or more of our outside suppliers or a disruption of our relationship with an outside foundry could negatively impact the production of certain of our products for a substantial period of time. We have experienced the effects of industry- wide manufacturing capacity constraints. These supply challenges have impacted, and may continue to impact, our ability to fully satisfy increases in demand for some of our products. We do not typically manufacture the majority of these products at more than one foundry or more than one assembly and test subcontractor, and the costs and effort associated with the potential transfer of any portion of our supply chain to a backup supplier would likely be substantial. Therefore, if one or more of our third- party manufacturers and suppliers are not able to provide us sufficient capacity to meet our current demand, we may not be able to ship our products to customers on time and in the quantity requested, which could cause an unanticipated decline in our sales and damage our existing customer relationships and our ability to establish new customer relationships. Capacity constraints could further result in increased prices in our supply chain, which, if we are unable to increase our selling prices or if we have previously committed to pricing, could result in lower revenues and margins that could adversely affect our financial results. In addition, difficulties associated with adapting our technology and product design to the proprietary process technology and design rules of outside foundries can lead to reduced yields of our products. Since low yields may result from either design or process technology failures, yield problems may not be effectively determined or resolved until an actual product exists that can be analyzed and tested to identify process sensitivities relating to the design rules that are used. As a result, yield problems may not be identified until well into the production process, and resolution of yield problems may require cooperation between our manufacturer and us. This risk could be compounded by the offshore location of certain of our manufacturers, increasing the effort and time required to identify, communicate, and resolve manufacturing yield problems. Manufacturing defects that we do not discover during the manufacturing or testing process may lead to costly product recalls. These risks may lead to increased costs or delayed product delivery, which would harm our profitability and customer relationships. In some cases, our requirements may represent a small portion of the total production of the third- party suppliers. As a result, we are subject to the risk that a producer will cease production of an older or lower- volume process that it uses to produce our parts. We cannot provide any assurance that our external foundries will continue to devote resources to the production of parts for our products or continue to advance the process design technologies on which the manufacturing of our products are based. Each of these events could increase our costs, lower our gross margin, and cause us to hold more inventories, or materially impact our ability to deliver our products on time. We have a long- term capacity reservation and wafer supply agreement with GlobalFoundries, which includes obligations to purchase wafers from GlobalFoundries through calendar year 2026. If our requirements are different from the number of wafers that we have committed to purchase from GlobalFoundries, or if GlobalFoundries is not able to satisfy our manufacturing requirements, our results of operations and financial condition could be adversely impacted. In an effort to alleviate some of our future expected supply constraints, the Company entered into a Capacity Reservation and Wafer Supply Commitment Agreement with GlobalFoundries on July 28, 2021 to reserve capacity and set wafer pricing for products purchased pursuant to the agreement through 2026. Although we believe this agreement is a good use of our financial resources and secures capacity for certain products through 2026, the agreement with GlobalFoundries involves certain risks that may result in excess inventory, place us at a competitive disadvantage, have a negative impact on our liquidity, or adversely affect our results of operations and financial condition. Pursuant to the agreement, the Company is required to purchase, and GlobalFoundries is required to supply, a certain number of wafers on a quarterly basis. Customers, on occasion, cancel, reschedule orders, or change future product plans on short notice, which can lead to our actual wafer requirements being less than the number of wafers required to meet the applicable wafer purchase requirements, potentially resulting in excess inventory or higher inventory unit costs, both of which may adversely impact our gross margin and our results of operations. Additionally, the agreement sets forth pricing for wafer purchases pursuant to the agreement through 2026. If market conditions change and wafer prices in the market decrease significantly below what is contemplated in the agreement, the agreement may put us at a competitive disadvantage relative to our competitors. Even with a long- term supply agreement, we are still subject to risks that GlobalFoundries will be unable to meet their supply commitments, achieve anticipated manufacturing yields, manufacture our products on a timely basis, or provide additional wafer capacity beyond its current contractual commitments sufficient to meet our customers' product demands. If so, we may experience delays in product launches or supply shortages for certain products, which could cause an unanticipated decline in our sales and damage our existing customer relationships and our ability to establish new customer relationships. In addition, if GlobalFoundries experiences financial difficulties or goes into bankruptcy, it could be difficult or impossible, or may require substantial time and expense, for us to recover any or all of our prepayments made as part of the agreement. Any of the foregoing could materially harm our liquidity, financial condition and results of operations and could put us at a disadvantage relative to our competitors. Our results may be affected by fluctuation in sales in the consumer electronics and smartphone markets. Because we sell products primarily in the consumer electronics and smartphone markets, we are likely to be affected by any decrease in demand or unit volumes, seasonality in the sales of our products, and the cyclical nature of these markets. We have experienced, and expect to continue to experience, slowing growth in a maturing smartphone market, due to, among other factors, market saturation in developed countries, lengthening replacement cycles, and a growing market for refurbished devices. Further, a decline in consumer confidence and consumer spending relating to economic conditions, inflationary pressures, terrorist attacks, armed conflicts, oil prices, global health conditions, natural disasters, and / or the political stability of countries in which we operate or sell products could have an adverse effect on consumer demand in these markets, which would likely impact our business, operating results, and financial condition. We may be adversely impacted by global economic conditions. As a result, our financial results and the market price of our common shares may decline. We have been and may continue to be adversely impacted by global economic conditions. Global economic conditions could make it difficult for our customers, our suppliers, and us to accurately forecast and plan future business activities and could cause global businesses to defer or reduce spending on our products, or increase the costs of manufacturing our products. During challenging economic times our customers and distributors may face issues gaining timely access to sufficient credit, which could impact their ability to make timely payments to us. If that were to occur, we may be required to increase our allowance for doubtful accounts and our days sales outstanding would increase. Additionally, if our own supply chain or others from whom our customers source are financially impacted and ultimately unable to deliver their required component (s), then our customers may delay or cancel their orders from us. We cannot predict the timing, strength, or duration of any economic slowdown or subsequent economic recovery. However, recently, inflation has been a significant issue in the U. S. and overseas, resulting in rising transportation, wages, and other costs. Inflation has and may continue to increase our cost of labor, manufacturing, and other costs. If our costs continue to be subject to significant inflationary pressures, we may not be able to fully offset such higher costs with increased prices or revenues. Our inability or failure to do so could harm our business, financial condition, and results of operations. In addition, inflationary pressures could also result in a decline in consumer confidence and spending, potentially impacting demand for our customers' end products in the consumer electronics and smartphone markets. Any such decline would likely impact our business, operating results, and financial condition. Moreover, we regularly maintain cash balances at third-party financial institutions in excess of the Federal Deposit Insurance Corporation (" FDIC") insurance limit or at financial institutions located outside the U. S. where FDIC insurance does not apply. If a depository institution fails to return our deposits or if a depository institution is subject to other adverse conditions in the financial or credit markets, there is no guarantee that we have access to such uninsured deposits, which could restrict access to our cash or cash equivalents and could adversely impact our operating liquidity, financial condition, and results of operations. The lack of diversification in our revenue and customer base increases the risk of an investment in our company, and our consolidated financial condition, results of operations, and stock price may deteriorate if we fail to diversify. Although we continue to investigate, invest in, and try to develop opportunities to diversify our revenue and customer base, our sales, marketing, and development efforts have historically been focused on a limited number of customers and opportunities. Many companies have the ability to manage their risk by product, market, and customer diversification. However, we lack diversification, in terms of both the nature and scope of our business, which increases the risk of an investment in our company. If we cannot diversify our customer and revenue opportunities, our financial condition and results of operations could deteriorate. Changes in government trade policies, including the imposition of tariffs and export restrictions, could have an adverse impact on our business operations and sales. The United States or foreign governments may enact changes in government trade policies that could adversely impact our ability to sell products in certain countries. For example, the U. S. government has imposed tariffs on certain Chinese imports and, in return, the Chinese government has imposed or proposed tariffs on certain U. S. products. Additionally, export restrictions imposed by the U. S. government, including the addition of licensing requirements by the United States Department of Commerce' s Bureau of Industry and Security (" BIS") through the addition of companies to the BIS Entity List, as well as trade restrictions imposed by the U. S. related to goods imported from regions in China with records of forced labor and other human rights issues, may require us to suspend our business with certain international customers and / or manufacturing entities if we conclude or are notified by the U. S. government that such business presents a risk of noncompliance with U. S. regulations. For example, on October 7, 2022, BIS issued export controls requiring licenses for the export of advanced computing items along with licensing requirements for U. S. persons associated with the support,

development, and production of certain semiconductor items in China. We cannot predict what actions may be taken with respect to tariffs or trade relations, what products may be subject to such actions, or what actions may be taken by other countries in response. It also may not be possible to anticipate the timing or duration of such tariffs, export restrictions, or other regulatory actions. These government trade policies may materially adversely affect our sales and operations with current customers as well as impede our ability to develop relationships with new customers. While we have received licenses from the U. S. government to export certain items to companies on the BIS Entity List, there can be no assurances that we will be able to continue to obtain or maintain licenses for the manufacture or sale of future products or for other entities if the U. S government adds other companies to the BIS Entity List and / or subjects them to additional trade restrictions. Despite our receipt of licenses, BIS Entity List restrictions may also encourage foreign customers to seek a greater supply of similar or substitute products from competitors or other third parties who are not subject to these restrictions or to develop their own solutions, especially as the Chinese government develops its domestic semiconductor industry. If export restrictions and tariffs are sustained for a long period of time, or increased, or if other export restrictions are imposed in the future, our long- term competitiveness as a supplier, particularly in China, will likely be impacted. There is a risk of further escalation and retaliatory actions between the U. S. and other foreign governments. If significant tariffs or other restrictions are placed on goods exported from China or any related counter-measures are taken, our revenue and results of operations may be materially harmed. These tariffs may also make our customers' products more expensive for consumers, which may reduce consumer demand. The U. S. government also may seek to implement more protective trade measures, not just with respect to China but with respect to other countries as well. This could include new or higher tariffs and even more restrictive trade barriers, such as prohibiting certain types of, or all, sales of certain products or products sold by certain parties into the U. S. Any increased trade barriers or restrictions on global trade could have a materially adverse impact on our business and financial results. System security and data breaches, cyber- attacks and other related cyber security incidents could disrupt our internal operations and / or supply chain, result in the loss of our, our customers', and our suppliers' proprietary and confidential information, adversely impact our reputation and business, and result in potentially significant expenses, costs, liabilities and other negative consequences, any or all of which could adversely affect results of operations and our stock price. Despite implementing security measures, we are subject to risk, both at Cirrus Logic and through our supply chain, of attack from malicious threat actors, which could include agents of organized crime or nation- state or nation- state supported actors. We manage and store various proprietary information and sensitive or confidential data relating to our business and our employees. In addition, we manage and store a significant amount of proprietary and sensitive or confidential information from third parties, such as our customers and suppliers. Unauthorized insiders and / or third- party threat actors may be able to penetrate our security measures, evade our controls, or exploit vulnerabilities in our systems or our third- party providers' systems and misappropriate or compromise our, our customers' or our suppliers' proprietary and confidential information, including intellectual property and personal information of our current and former employees, create system disruptions, or cause shutdowns. Threat actors also may be able to develop and deploy viruses, worms, phishing attempts, ransomware, and other malicious software that attack our websites, computer systems, access to critical information, products, or otherwise exploit security vulnerabilities. The sophistication, scale and frequency of cyber- attacks has continued to increase and evolve at a rapid pace, and the risk of attack may be heightened when our employees are working remotely or as a result of geopolitical events, including Russia' s invasion of Ukraine. Our prioritization of security measures and remediation of known vulnerabilities may prove inadequate and we may be unable to anticipate or protect against attacks. If an incident occurs, we may be unable to detect it for an extended period of time. Any breach of our security measures or the loss, inadvertent disclosure, or unapproved dissemination of proprietary information or sensitive or confidential data about us, our customers, our suppliers or our employees, including the potential loss or disclosure of such information or data, could result in numerous risks and adverse consequences. Such consequences include remediation costs, litigation and potential liability for us, including as a result of U. S. or foreign governmental investigations or enforcement actions, penalties for violation of applicable laws or regulations, including laws and regulations in the United States and other jurisdictions relating to the collection, use and security of user and other personally identifiable information and data, damage to our brand and reputation, the loss of sales and customer or supplier relationships, negative impacts to our employee recruiting and retention, loss of intellectual property protection, risk of inadequate insurance coverage and increased insurance premiums, and numerous other financial, legal and business risks, any or all of which could harm our business, financial condition and results of operations and result in significant stock price volatility. In addition to our own systems, our business also is reliant upon the security of various third parties in our supply chain, and any breach of their systems and securities could result in our being subjected to the numerous risks and adverse consequences noted above. We ~~face~~ **have significant international sales, and** risks ~~related~~ **associated with these sales could harm our operating results. International sales represented 97 percent of our net sales in fiscal year 2023 and 98 percent in each of fiscal years 2022 and 2021. We expect international sales** to **continue to represent a significant portion of product sales. This reliance on international sales subjects us to certain risks, including risks associated with political and economic instability,** global health ~~epidemics that~~ **conditions, currency controls, exchange rate fluctuations, changes in import / export regulations, and tariff and freight rates. For example, the political or economic instability in a given region may have an adverse impact on the financial position of end users in the region, which** could ~~impact~~ **affect future orders and harm** our **results of operations. Our international** sales ~~, supply chain and~~ operations **involve** ~~, resulting in significantly reduced revenue and operating results. On March 11, 2020, the World Health Organization declared~~ a **number** ~~pandemic related to a novel coronavirus (" COVID- 19"). With the pandemic on- going, we are unable to predict the full extent and nature~~ of ~~the impact that COVID- 19 may have on our business, financial condition, and results of operations. The COVID- 19 pandemic will likely~~

~~heighten or exacerbate many of the~~ other risks ~~described~~ **including, but not limited to:- unexpected changes** in **government regulatory requirements;- sales, VAT, or** ~~the~~ **other** ~~risk~~ **future orders and harm our results of operations.Our international sales operations involve a number of other risks including,but not limited to:▪ unexpected changes in government regulatory requirements;▪ sales,VAT,or other** indirect tax regulations and treaties and potential changes in regulations and treaties in the United States and in and between countries in which we manufacture or sell our products; ~~-~~▪ changes to countries' banking and credit requirements; ~~-~~▪ changes in diplomatic and trade relationships,including as a result of geopolitical conflict; ~~-~~▪ delays resulting from difficulties in obtaining export licenses for technology,particularly in China; ~~-~~▪ any changes in U.S.trade policy,including potential adoption and expansion of trade restrictions,higher tariffs,or cross border taxation by the U.S.government involving other countries,particularly China,that might impact overall customer demand for our products or affect our ability to manufacture and / or sell our products overseas; ~~-~~▪ tariffs and other barriers and restrictions,particularly in China; ~~-~~▪ competition with non- U.S.companies or other domestic companies entering non-U.S.markets in which we operate; ~~-~~▪ longer sales and payment cycles; ~~-~~▪ problems in collecting accounts receivable; ~~-~~▪ the burdens of complying with a variety of non- U.S.laws;and ~~-~~▪ changes to economic,social,or political conditions in countries such as China,where we have significant operations ~~.In addition,our competitive position may be affected by the exchange rate of the U.S.dollar against other currencies.While our sales are predominately denominated in U.S.dollars,increases in the~~ factors **will not adversely affect** ~~listed in our filings with the Securities and Exchange Commission. Any increase in the severity of the outbreak or~~ **our** ~~additional government measures restricting movement~~ **operations in the future or require us to modify** ~~or~~ **our current** business **practices** ~~operations due to COVID- 19, could cause a disruption to our supply of products to our customers – particularly with respect to the manufacture of semiconductor wafers that would have to go through extensive qualification to relocate manufacturing to a different fabrication facility~~ . **In general** ~~Although the U. S. and U. K. governments have eased restrictions and adopted plans for " living with COVID "~~ , ~~the Chinese government' s zero- COVID strategy has continued to result in business disruptions. Even if our suppliers and service providers are operational, other third- party suppliers may be closed or~~ **our** ~~not fully operational, resulting in a shortage of some components needed for our products or our customers' end products. Any disruption of our suppliers or customers and their contract manufacturers would likely impact our inventory, backlog, sales, and operating results, as~~ customers may cancel or reschedule orders on short notice **without incurring** ~~. In addition, we have seen some reductions in commercial airline and cargo flights, and disruption to ports and other shipping infrastructure that resulted in increased transport times and costs, which, if those disruptions were to intensify, could affect our ability to timely deliver our products. Although we did not experience a~~ significant **penalties; therefore** ~~reduction in our overall productivity due to COVID- 19 in fiscal year 2022~~ , ~~we have experienced, and expect to continue to experience, disruptions to our business operations, including those resulting from remote work arrangements, the implementation of certain measures at our facilities worldwide to protect our employees' health and safety, government stay- at- home directives, quarantines, self-isolations, travel restrictions, or~~ **our sales** ~~other restrictions on the ability of our employees to perform their jobs that may impact our ability to develop and design our products in a timely manner, meet required milestones, or win new business. Any increased or additional disruptions to our business operations would likely impact our ability to continue to maintain current levels of productivity. In the longer term, the COVID- 19 pandemic may continue to adversely affect the economies and financial markets of many countries, which could lead to a global economic downturn or recession. If this were to occur, it may adversely affect demand for our and our customers' products, which may negatively affect our revenue~~ and operating results **in any quarter are** difficult to forecast.In general,we rely on customers issuing purchase orders to buy our products rather than long-term supply contracts.Customers ~~may~~ **on occasion** cancel **,reschedule,** or ~~reschedule orders~~ **change future product plans** on short notice without incurring significant penalties. **Additionally,** ~~This risk is potentially heightened for those customers with whom we have less experience regarding the reliability of their forecasts.While~~ **while** the industry is experiencing manufacturing capacity constraints,it is ~~also~~ possible that some customers may place orders for our products that exceed their actual demand and may cancel all or portions of their order if circumstances change.Cancellations,reductions,or delays of orders from any significant customer could have an adverse effect on our business,financial condition,and results of operations **and may require us to recognize excess inventory write- off charges** .Because our expense levels ~~are based in part on our expectations as to future revenue and~~ to a large extent are fixed in the short term,we likely will be unable to adjust spending on a timely basis to compensate for any unexpected shortfall in sales and **our operating results could be harmed in any particular quarter** . Our sales could be materially impacted by the failure of other component suppliers to deliver required parts needed in the final assembly of our customers' end products. The products we supply our customers are typically a portion of the many components provided from multiple suppliers to complete the final assembly of an end product. If other component suppliers are unable to deliver their required component (s) for the final end product to be assembled, our customers may delay, or ultimately cancel, their orders from us. If we fail to attract, hire ~~,~~and retain qualified personnel, we may not be able to develop, market, or sell our products or successfully manage our business. Competition for highly qualified personnel in our industry, particularly for employees with technical backgrounds, is intense. The number of technology companies in the geographic areas in which we operate is greater than it has been historically. In addition, some companies in our industry have announced plans to adopt flexible remote work arrangements that further increase competition for talent. Accordingly, we expect competition for qualified personnel to intensify because there are only a limited number of individuals in the job market with the skills that we require. There also is a risk that changes in immigration laws and regulations, or their administration or enforcement, can impair our ability to attract and retain qualified engineering personnel. In the U. S., where a significant portion of our research and development teams are located, tightening of immigration controls may adversely affect the employment status of non- U. S. engineers and other key technical employees or further impact our ability to hire new non- U. S. employees. Moreover, certain immigration policies in the U. S. may make it more difficult for us to recruit and retain highly skilled foreign national graduates of universities in the U. S., additionally limiting the pool of available talent. ~~In the U. K., where we maintain several design~~

~~centers, changes to the immigration system brought about by Brexit will likely make it more difficult to employ E. U. nationals to work in the U. K., also limiting our ability to attract and retain qualified technical personnel.~~ There are significant costs to the Company associated with attracting and retaining qualified personnel in key technology positions. Recruiting and employee costs, such as cash and stock- based compensation, have increased relative to historic levels and may continue to increase, which could adversely affect our results of operations. Further, the loss of the services of key personnel or our inability to hire new personnel with the requisite skills or to assimilate talent could restrict our ability to develop new products or timely enhance existing products, sell products to our customers, or manage our business effectively. Strong competition in the semiconductor market may harm our business. Our industry is intensely competitive and is frequently characterized by rapid technological change, price erosion, technological obsolescence, and a push towards **integrated circuit ("** IC **")** component integration. Because of shortened product life cycles and even shorter design- in cycles in a number of the markets that we serve, our competitors have increasingly frequent opportunities to achieve design wins in next- generation systems. As markets mature and components become commoditized, competitors that can tolerate lower margins / operating income pose a risk to our profitability and growth. In the event that competitors succeed in supplanting our products, our market share may not be sustainable and our net sales, gross margin and operating results would be adversely affected. We compete in a number of markets. Our principal competitors in these markets include AKM Semiconductor Inc., Analog Devices Inc., Goodix Technology, ~~Qualcomm Incorporated~~ **Infineon Technologies, Monolithic Power Systems, Inc.** , Realtek Semiconductor Corporation, Renesas Electronics Corporation ~~, Richtek Technology~~ , Shanghai Awinic Technology Co., Ltd., Skyworks Solutions Inc., Southchip Semiconductor Technology (China), ST Microelectronics N. V., Synaptics Incorporated and Texas Instruments, Inc. Many of these competitors have greater financial, engineering, manufacturing, marketing, technical, distribution, and other resources; broader product lines; and broader intellectual property portfolios. We also expect intensified competition from emerging companies and from customers who develop their own IC products or other technologies. In addition, some of our current and future competitors maintain their own fabrication facilities, which could benefit them in connection with cost, capacity, and technical issues. We cannot provide assurances that we will be able to compete successfully in the future or that competitive pressures will not adversely affect our financial condition and results of operations. Competitive pressures could reduce market acceptance of our products, reduce selling prices, and increase expenses, which could adversely affect our business and financial condition **. Because we operate a fabless business model, we may not be eligible for certain U. S. government incentives and tax credits offered to promote domestic semiconductor production. From time to time, governments may provide subsidies or make other investments that could give competitive advantages to certain semiconductor companies. For example, in 2022, the U. S. government passed the Creating Helpful Incentives to Produce Semiconductors & Sciences Act to provide $ 52. 7 billion of funding to U. S.- based semiconductor companies to promote domestic production. Because we operate a fabless business model, we may not be eligible for such incentives from the U. S. government at this time. However, many of our current and future competitors maintain their own fabrication facilities and may secure such funding, which could benefit them in connection with cost, capacity, and technical issues. Additionally, to remain competitive with top talent, we may need to incur additional costs to provide certain additional benefits even though we are not receiving subsidies or other government funding. These competitive pressures could adversely affect our business, financial condition, and results of operations. We may acquire other companies or technologies, which may create additional risks, including risks associated with our ability to successfully integrate these acquisitions into our business. We continue to consider future acquisitions of other companies, or their technologies or products, to improve our market position, broaden our technological capabilities, and expand our product offerings. Acquiring companies or technologies involves a number of risks, including, but not limited to:- the potential disruption of our ongoing business;- unexpected costs or incurring unknown liabilities;- the diversion of management resources from other strategic and operational issues;- the inability to retain the employees of the acquired businesses;- difficulties relating to integrating the operations and personnel of the acquired businesses;- adverse effects on our existing customer relationships or the existing customer relationships of acquired businesses;- the potential incompatibility of the acquired business or their business customers;- adverse effects associated with entering into markets and acquiring technologies in areas in which we have little experience; and- acquired intangible assets, including goodwill, becoming impaired as a result of technological advancements or worse- than- expected performance of the acquired business. For example, during the fourth quarter of fiscal year 2023, we revalued the acquired intangible assets from the acquisition of Lion Semiconductor and recorded an impairment charge of $ 85. 8 million related to the acquired intangible assets. For further detail, see Note 7," Intangibles, net and Goodwill." If we are unable to successfully address any of these risks, our business could be harmed** . Because we depend on subcontractors internationally to perform key manufacturing functions for us, we are subject to political, economic, climate and natural disaster risks that could disrupt the fabrication, assembly, packaging, or testing of our products. We depend on third- party subcontractors, primarily in Asia, for the fabrication, assembly, packaging, and testing of most of our products. International operations may be subject to a variety of risks, including political instability, global health conditions, currency controls, exchange rate fluctuations, changes in import / export regulations, tariff and freight rates, as well as the risks of natural disasters such as earthquakes, tsunamis, and floods. The potential physical impacts of climate change, including high heat events, power or water shortages, fires, rising sea levels, changes in storm patterns or intensities, or other extreme weather conditions, are uncertain and could impact operations at our subcontractors. Any disruption to our manufacturing cycle could adversely affect our operations and financial results. Although we seek to reduce our dependence on any one subcontractor, the substantial majority of our semiconductor wafers are manufactured by TSMC at fabs in Taiwan, and GlobalFoundries in Singapore and Germany. This concentration of subcontractors and manufacturing operations, subjects us to the risks of conducting business internationally, including associated political and economic conditions. If we experience manufacturing problems at a particular location, or a supplier is unable to continue operating due to financial difficulties, natural disasters, political or economic turmoil or conflict, or other reasons, we would be required to transfer manufacturing to a backup supplier. Transferring from a primary supplier to another facility would likely result in increased production costs and a delay in production. Further, such a transition may not be possible, particularly in a supply constrained environment. There are only a few foundries that are currently available for certain advanced processing technologies that we utilize or may utilize. As a result, delays in our production or shipping by the parties to whom we outsource these functions could reduce our sales, damage our customer relationships, and damage our reputation in the marketplace, any of which could harm our business, results of operations, and financial condition. For example, we rely on several third- party suppliers located in Taiwan. Any deterioration in the social, political, or economic conditions in Taiwan **, particularly as it relates to China- Taiwan relations,** may disrupt our business operations and materially and adversely affect our results of operations. Similarly, our operations also could be harmed, and our costs could increase, if Russia' s invasion of Ukraine results in a shortage of materials that our suppliers require to manufacture our products . In general, our customers may...... and our operating results could be harmed . We are subject to risks relating to product concentration. We derive a substantial portion of our revenues from a limited number of products, and we expect these products to represent a large percentage of our revenues in the near term. Customer acceptance of these products is critical to our future success. Our business, operating results, financial condition and cash flows could therefore be adversely affected by: ~~▪~~ **-** a decline in demand for any of our more significant products; ~~▪~~ **-** a decline in the average selling prices of our more significant products; ~~▪~~ **-** failure of our products to achieve continued market acceptance; ~~▪~~ **-** competitive products; ~~▪~~ **-** new technological standards or changes to existing standards that we are unable to address with our products; ~~▪~~ **-** manufacturing or supply issues that prevent us from meeting our customers' demand for these products; ~~▪~~ **-** a failure to release new products or enhanced versions of our existing products on a timely basis; **-** ~~and ▪~~ the failure of our new products to achieve market acceptance **; and- any changes to a customer' s future product plans** . ~~We~~ **Our products may be subject to average selling prices that decline over time. If we are unable to maintain or increase average selling prices for existing products, increase our volumes, introduce new or enhanced products with higher selling prices, or reduce our costs, our business and operating results could be harmed. Historically in the semiconductor industry, average selling prices of products** have ~~significant international sales~~ **decreased over time. Moreover** , **our dependence on a limited number of key customers may make it easier for key customers to pressure us to reduce prices. Further, we have made commitments not to exceed certain pricing with some key customers on some of our products,** and ~~risks~~ **as a result, we may not be able to pass on any unexpected or additional costs increases or fees** associated with **our suppliers. If** ~~these~~ -- **the** ~~sales could harm~~ **average selling price of any of our products declines or we are unable to pass on increased supply costs to our customers, and we are unable to increase our unit volumes, introduce new or enhanced products with higher margins, and / or reduce manufacturing costs to offset anticipated decreases in the prices of our existing products,** our operating results ~~. International sales represented 98 percent of our net sales in each of fiscal years 2022 and 2021, and 99 percent of our net sales in fiscal year 2020. We expect international sales to continue to represent a significant portion of product sales. This reliance on international sales subjects us to certain risks, including risks associated with political and economic instability, global health conditions, currency controls, exchange rate fluctuations, changes in import / export regulations, and tariff and freight rates. For example, the political or economic instability in a given region~~ may **be** ~~have an adverse~~ **adversely** ~~impact on the financial position of end users in the region, which could affect~~ **affected** future orders and harm our results of...... China, where we have significant operations . In addition, **because of procurement lead times, we are limited in our ability to reduce total costs quickly in response to any reductions in prices** ~~our~~ - **or** ~~competitive position may be affected by the exchange rate of the U. S. dollar against other currencies. While our~~ sales **shortfalls** ~~are predominately denominated in U~~ . **Because of** ~~S. dollars, increases in the~~ **these** ~~value of the dollar would increase the price in local currencies of our products in non- U. S. markets and make our products relatively more expensive. We cannot provide assurances that regulatory, political, and other~~ factors ~~will not~~ **, we may experience** ~~adversely~~ -- **adverse fluctuations** ~~affect our operations~~ in ~~the~~ **our** future ~~or require us to modify~~ **operating results on a quarterly** ~~our~~ - **or annual basis** ~~current business practices~~ . Our international operations subject our business to additional political and economic risks that could have an adverse impact on our business. In addition to international sales constituting a large portion of our net sales, we maintain international operations, sales, and technical support personnel. International expansion has required, and will continue to require, significant management attention and resources. There are risks inherent in expanding our presence into non- U. S. regions, including, but not limited to: ~~▪~~ **-** difficulties in staffing and managing non- U. S. operations, including compliance with local employment regulations; ~~▪~~ **-** failure in non- U. S. regions to adequately protect our intellectual property, patent, trademarks, copyrights, know- how, and other proprietary rights and the risk of potential theft or compromise of our intellectual property; ~~▪~~ **-** global health conditions and potential natural disasters, including those resulting from climate change; ~~▪~~ **-** power or water shortages or other operational disruptions, including those resulting from extreme weather conditions; ~~▪~~ **-** political, social and economic instability in international regions, including wars; ~~▪~~ **-** international currency controls and exchange rate fluctuations; ~~▪~~ **-** financial accounting and reporting burdens and complexities; ~~▪~~ **-** vulnerability to terrorist groups targeting U. S. interests abroad; ~~▪~~ **-** legal uncertainty regarding liability and compliance with non- U. S. laws and regulatory requirements; and ~~▪~~ **-** changing U. S. regulation of foreign operations, including potential sanctions. If we are unable to successfully manage the demands of our international operations, it may have an adverse effect on our business, financial condition, or results of operations ~~. We may acquire other companies or technologies, which may create additional risks associated with our ability to successfully integrate them into our business. We recently acquired Lion Semiconductor and continue to consider future acquisitions of other companies, or their technologies or products, to improve our market position, broaden our technological capabilities, and expand our product offerings. If we are able to acquire companies, products or technologies that would enhance our business, we could experience difficulties in integrating them. Integrating acquired businesses involves a number of risks, including, but not limited to: ▪ the potential disruption of our ongoing business; ▪ unexpected costs or incurring unknown~~

~~liabilities; ▪ the diversion of management resources from other strategic and operational issues; ▪ the inability to retain the employees of the acquired businesses; ▪ difficulties relating to integrating the operations and personnel of the acquired businesses; ▪ adverse effects on our existing customer relationships or the existing customer relationships of acquired businesses; ▪ the potential incompatibility of the acquired business or their business customers; ▪ adverse effects associated with entering into markets and acquiring technologies in areas in which we have little experience; and ▪ acquired intangible assets, including goodwill, becoming impaired as a result of technological advancements or worse- than- expected performance of the acquired business. If we are unable to successfully address any of these risks, our business could be harmed. Our products may be subject to average selling prices that decline over time. If we are unable to maintain average selling prices for existing products, increase our volumes, introduce new or enhanced products with higher selling prices, or reduce our costs, our business and operating results could be harmed. Historically in the semiconductor industry, average selling prices of products have decreased over time. Moreover, our dependence on a limited number of key customers may make it easier for key customers to pressure us to reduce prices. If the average selling price of any of our products declines and we are unable to increase our unit volumes, introduce new or enhanced products with higher margins, and / or reduce manufacturing costs to offset anticipated decreases in the prices of our existing products, our operating results may be adversely affected. In addition, because of procurement lead times, we are limited in our ability to reduce total costs quickly in response to any reductions in prices or sales shortfalls. Because of these factors, we may experience material adverse fluctuations in our future operating results on a quarterly or annual basis~~ . Strategic and Industry Risks We have entered into **, and may enter into in the future,** joint development agreements, custom product arrangements, and strategic relationships with some of our largest customers. These arrangements subject us to a number of risks, and any failure to execute on any of these arrangements could have a material adverse effect on our business, results of operations, and financial condition. We have entered into **, and may enter into in the future,** joint development, product collaboration and technology licensing arrangements with some of our largest customers, and we expect to enter into new strategic arrangements of these kinds from time to time in the future. Such arrangements can magnify several risks for us, including loss of control over the development and development timeline of jointly developed products, risks associated with the ownership of the intellectual property developed pursuant to such arrangements, and increased risk that our joint development activities may result in products that are not commercially successful or that are not available in a timely fashion. In addition, any third party with whom we enter into a joint development, product collaboration, or technology licensing arrangement may fail to commit sufficient resources to the project, change its policies or priorities, or abandon or fail to perform its obligations related to such arrangement. We have previously and may in the future enter into customer product arrangements that provide for exclusivity periods during which we may only sell specified products or technologies to that particular customer. Any failure to timely develop commercially successful products through our joint development activities as a result of any of these and other challenges could have a material adverse effect on our business, results of operations, and financial condition. Our failure to develop and ramp new products into production in a timely manner could harm our operating results. Our success depends upon our ability to develop new products for new and existing customers, and to introduce these products in a timely and cost- effective manner. The development of new products involves significant investment and is highly complex. From time- to- time, we have experienced delays in developing and introducing these new products. Successful product development and introduction depend on a number of factors including, but not limited to: ~~▪~~ **-** proper new product definition; ~~▪~~ **-** timely completion of design and testing of new products; ~~▪~~ **-** assisting our customers with integration of our components into their new products, including providing support from the concept stage through design, launch and production ramp; ~~▪~~ **-** successfully developing and implementing software necessary to integrate our products into our customers' products; ~~▪~~ **-** achievement of acceptable manufacturing yields; ~~▪~~ **-** availability of wafer fabrication, assembly, and test capacity; and ~~▪~~ **-** market acceptance of our products and the products of our customers. Both sales and / or margins may be materially affected if new product introductions are delayed, or if our products are not designed into successive generations of new or existing customers' products. Our failure to develop and introduce new products successfully could harm our business and operating results. In addition, difficulties associated with adapting our technology and product design to the proprietary process technology and design rules of ~~outside~~ **new** foundries can lead to **complications resulting in delays and / or** reduced yields of our products. Since low yields may result from either design or process technology failures, yield problems may not be effectively determined or resolved until an actual product exists that can be analyzed and tested to identify process sensitivities relating to the design rules that are used. As a result, yield problems may not be identified until well into the production process, and resolution of yield problems may require cooperation between our manufacturer and us. This risk could be compounded by the offshore location of certain of our manufacturers, increasing the effort and time required to identify, communicate, and resolve manufacturing yield problems. Manufacturing defects that we do not discover during the manufacturing or testing process may lead to costly product recalls. These risks may lead to increased costs or delayed product delivery, which would harm our profitability and customer relationships. We continue to invest in research and development efforts for several new markets. If we are unable to commercialize these technologies, our future results and profits could be negatively affected. Our investments into new markets ~~subjects~~ **subject** us to additional risks. We may have limited or no experience in these markets, and our customers may not adopt our new offerings. These new offerings may present new and difficult challenges, including risks related to technology, customers, competitors, product cycles, customer demand, terms and conditions and other industry specific issues which could negatively affect our operating results. These developing products and market segments may not grow as significantly **or as quickly** as projected, or at all, and we may not realize an adequate return on our investments or may be required to write- down the value of certain tangible and intangible assets. Our products are increasingly complex and could contain defects, which could result in material costs to us. Product development in the markets we serve is becoming more focused on the integration of multiple functions on individual devices. There is a general trend towards increasingly complex products, including software or firmware developed by us and / or third parties. The greater integration of functions and complexity of operations of our products increases the risk that we or our customers or end users could discover latent defects or subtle faults after volumes of product have been shipped. Quality and reliability issues could result in material costs and other adverse consequences to us, including, but not limited to: ~~•~~ - reduced margins; ~~•~~ - damage to our reputation; ~~•~~ - replacement costs for product warranty and support; ~~•~~ - payments to our customers related to recall claims, or the delivery of product replacements as part of a recall claim, as a result of various industry or business practices, contractual requirements, or in order to maintain good customer relationships; ~~•~~ - an adverse impact to our customer relationships by the occurrence of significant defects; ~~•~~ - a delay in recognition or loss of revenues, loss of market share, or failure to achieve market acceptance; ~~•~~ - writing off or reserving the value of inventory of such products; and ~~•~~ - a diversion of the attention of our engineering personnel from our product development efforts. In addition, any defects or other problems with our products could result in financial losses or other damages to our customers who could seek damages from us for their losses. A product liability or warranty claim brought against us, even if unsuccessful, would likely be time consuming and costly to defend. In particular, the sale of systems and components that are incorporated into certain applications for the automotive industry involves a high degree of risk that such claims may be made. While we believe that we are reasonably insured against some of these risks and that we have attempted to contractually limit our financial exposure with many of our customers, a warranty or product liability claim against us in excess of our available insurance coverage and established reserves, or a requirement that we participate in a customer product recall, could have material adverse effects on our business, results of operations, and financial condition. We may experience difficulties developing and transitioning to advanced manufacturing process technologies, which could materially adversely affect our results. Our future success depends in part on our ability to expand our manufacturing capacity and transition our current development and production efforts to advanced manufacturing process technologies. We are currently making a significant investment to transition our products and intellectual property to next- generation circuit geometries, for example ~~,~~ 22 nanometers. If we are unable to reliably model behaviors required for circuit design and product requirements, then our product development may be adversely impacted. To the extent that we do not timely develop ~~additional capacity~~ or transition to smaller geometries, experience difficulties in shifting to smaller geometries, or have significant quality or reliability issues **at these smaller geometries** , our results could be materially adversely affected. Further, if there are delays from such development or transition, we may have insufficient capacity to meet customer demand, which may impact our future operating results. Security vulnerabilities may exist in our products, which could expose us to significant costs and damage our business. Our hardware and software products, including software tools deployed by our customers, may be vulnerable to cyber- attacks. An attack could disrupt the proper functioning of our products, disrupt or cause errors in our customers' products, allow unauthorized access to our or our customers' proprietary information, or cause other destructive outcomes. A failure to prevent or mitigate such an attack could harm our business reputation, diminish our competitive position in the market, and expose us to significant expense and liability. The costs to eliminate or alleviate cyber or other security problems, bugs, viruses, worms, phishing attempts, ransomware, malicious software programs and security vulnerabilities could be significant, and our efforts to address these problems may not succeed and could result in interruptions, delays, an inability to access information, cessation of service and loss of existing or potential customers that may impede our sales, manufacturing, distribution or other critical functions. We frequently develop our products for the specific system architecture of our customers' end products. If our customers were to change system architectures, develop competing technologies and integrated circuits, incorporate some of the functionality of our products into other parts of the system, or eliminate certain functionality that our products provide in their future end products, we risk the potential loss of revenue and reduced average selling prices. Our customers, particularly in the portable market, could potentially transition to different audio and system architectures, develop their own competing technologies and **ICs** ~~integrated circuits~~ , integrate the functionality that our **ICs** ~~integrated circuits~~ and software have historically provided into other components in their systems, or eliminate certain functionality that our products provide in their future end products. For example, some of the audio and voice functionality that we have historically provided in smartphones could be performed outside of our customers' end product. If our customers were to transition to these different system architectures or to eliminate certain functionality in their future end products, our results of operations could be adversely affected, resulting in reduced average selling prices for our components and loss of revenue. We may be unable to protect our intellectual property rights. Our success depends in part on our ability to obtain patents and to preserve our other intellectual property rights covering our products. We seek patent protection for those inventions and technologies for which we believe such protection is suitable and is likely to provide a competitive advantage to us. We also rely on trade secrets, proprietary technology, non- disclosure and other contractual terms, and technical measures to protect our technology and manufacturing knowledge. We actively work to foster continuing technological innovation to maintain and protect our competitive position. We cannot provide assurances that steps taken by us to protect our intellectual property will be adequate, that our competitors will not independently develop or design around our patents, or that our intellectual property will not be misappropriated. In addition, the laws of some non- U. S. countries may not protect our intellectual property as well as the laws of the United States. Any of these events could materially and adversely affect our business, operating results, or financial condition. Policing infringement of our technology is difficult, and litigation may be necessary in the future to enforce our intellectual property rights. Any such litigation could be expensive, take significant time, and divert management' s attention. ~~Financial Risks~~ We could be subject to changes in tax laws, the adoption of new U. S. or international tax legislation or exposure to additional tax liabilities. We are subject to taxes in the U. S. and numerous foreign jurisdictions, including the United Kingdom, where a number of our subsidiaries are organized. Due to economic and political conditions, tax laws in various jurisdictions may be subject to significant change. Changes in tax laws and regulations may impact both our international and domestic tax liabilities and result in increased complexity and costs. Our future effective tax rates could be affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, or changes in tax laws or their interpretation, including in the U. S. and the United Kingdom. Significant judgment is required in the calculation of our tax provision and the resulting tax liabilities.

Our estimates of future taxable income and the regional mix of this income can change as new information becomes available. Any such changes in our estimates or assumptions can significantly impact our tax provision in a given period. **For discussion of our income taxes, see Note 19," Income Taxes."** We are also subject to the examination of our tax returns and other tax matters by the U. S Internal Revenue Service (“ IRS ”) and other tax authorities and governmental bodies. We regularly assess the likelihood of an adverse outcome resulting from these examinations to determine the adequacy of our provision for taxes. There can be no assurance as to the outcome of these examinations. If our effective tax rates were to increase, particularly in the U. S. or the United Kingdom, or if the ultimate determination of taxes owed is for an amount in excess of amounts previously accrued, our operating results, cash flows, and financial condition could be adversely affected. The Company’ s fiscal year 2017, 2018, and 2019 federal income tax returns are under examination by the IRS. The IRS has proposed adjustments that would increase U. S. taxable income related to transfer pricing matters with respect to our U. S. and U. K. affiliated companies and on May 17, 2022, the IRS issued a Revenue Agent’ s Report asserting additional tax of approximately $ 170. 5 million, plus interest and imposing penalties of approximately $ 63. 7 million. We do not agree with the IRS’ s positions and we intend to vigorously dispute the proposed adjustments. We intend to pursue resolution through the administrative process with the IRS Independent Office of Appeals and, if necessary, through judicial remedies. We expect it could take a number of years to reach resolution on these matters. Although the final resolution of these matters is uncertain, the Company believes adequate amounts have been reserved for any adjustments to the provision for income taxes that may ultimately result. However, if the IRS prevails in these matters, the assessed tax, interest, and penalties, if any, could have an adverse impact on our financial position, results of operations, and cash flows in future periods. **If certain tax credits or incentives we receive change or cease to be in effect or applicable for any reason, or if our assumptions and interpretations regarding tax laws and incentives prove to be incorrect, our financial results could be adversely impacted. Our operations are currently structured to benefit from various incentives available to us in various jurisdictions to encourage research and development investment. For example, we receive a research and development expenditure credit in the United Kingdom (" RDEC"), which is recorded for accounting purposes as an offset to research and development expenses in the Company’ s consolidated income statement and resulted in a benefit of $ 26. 2 million in fiscal year 2023. The Company makes estimates of the RDEC receivable as of each balance sheet date, based upon facts known at the time. Although the Company does not expect its estimates to be materially different from the amounts ultimately recognized, its estimates could differ from actual results. To date, there have not been any material adjustments to the Company' s prior estimates of RDEC receivables. Changes to the RDEC regime were recently enacted that increase the incentive rate for qualifying expenditures beginning in our fiscal year 2024. If such credit is modified or rescinded, or we are no longer eligible for such credit, our financial results could be adversely impacted, including increasing our R & D expenses, decreasing our profitability, and adversely affecting our cash flows. See further discussion of the research and development expenditure credit in the U. K. in Note 2," Government Assistance."** Shifts in industry- wide capacity and our practice of ordering and purchasing our products based on sales forecasts may result in significant fluctuations in inventory and our quarterly and annual operating results. Shifts in industry- wide capacity from shortages to oversupply, or from oversupply to shortages, may result in significant fluctuations in our quarterly and annual operating results. In addition, we may order wafers and build inventory in advance of receiving purchase orders from our customers. Because our industry is highly cyclical and is subject to significant downturns resulting from excess capacity, overproduction, reduced demand, order cancellations, or technological obsolescence, there is a risk that we will forecast inaccurately and produce excess inventories of particular products **. Customers may on occasion cancel, reschedule orders, or change future product plans on short notice, leaving us with the potential for excess inventory** . In addition, if we experience supply constraints or manufacturing problems at a particular supplier, we may seek to switch suppliers or qualify additional suppliers. Other suppliers may not be available at the time we seek to switch or qualify additional suppliers. Even if additional capacity is available elsewhere, the switching and / or qualifying of additional suppliers could be an expensive process and could take as long as six to twelve months to complete, which could result in material adverse fluctuations to our operating results. Due to the product manufacturing cycle characteristic of IC manufacturing and the inherent imprecision in the accuracy of our customers’ forecasts, product inventories may not always correspond to product demand, leading to shortages or surpluses of certain products. As a result of such inventory imbalances, future inventory write- downs and charges to gross margin may occur due to lower of cost or market accounting, excess inventory, and inventory obsolescence. We have historically experienced fluctuations in our operating results and expect these fluctuations to continue. Our quarterly and annual operating results are affected by a wide variety of factors that could materially and adversely affect our net sales, gross margin, and operating results. If our operating results fall below expectations of market analysts or investors, the market price of our common stock could decrease significantly. We are subject to business cycles and it is difficult to predict the timing, length, or volatility of these cycles. These business cycles may create pressure on our sales, gross margin, and / or operating results and make it difficult for us to predict operating results as between subsequent fiscal quarters. Factors that could cause fluctuations and materially and adversely affect our net sales, gross margin and / or operating results include, but are not limited to: •- the volume and timing of orders received; •- changes in the mix of our products sold; •- market acceptance of our products and the products of our customers; •- excess or obsolete inventory; •- pricing pressures from competitors and key customers; •- our ability to introduce new products on a timely basis; •- the timing and extent of our research and development expenses; •- the failure to anticipate changing customer product requirements; •- disruption in the supply of wafers, assembly, or test services; •- reduction of manufacturing yields; •- certain production and other risks associated with using independent manufacturers, assembly houses, and testers; and •- product obsolescence, price erosion, competitive developments, and other competitive factors. Our stock price has been and is likely to continue to be volatile. The market price of our common stock fluctuates significantly. This fluctuation has been or may be the result of numerous factors, including, but not limited to: •- actual or anticipated fluctuations in our operating results; •- announcements concerning our business or those of our competitors, customers, or suppliers; ~~•~~ - loss of a significant customer, or customers; ~~•~~ - changes in financial estimates by securities analysts or our failure to perform as anticipated by the analysts; ~~•~~ - news, commentary, and rumors emanating from the media relating to our customers, the industry, or us. These reports may be unrelated to the actual operating performance of the Company, and in some cases, may be potentially misleading or incorrect; ~~•~~ - announcements regarding technological innovations or new products by us or our competitors; ~~•~~ - announcements by us of significant acquisitions, strategic partnerships, joint ventures, or capital commitments; ~~•~~ - announcements by us of significant divestitures or sale of certain assets or intellectual property; ~~•~~ - litigation arising out of a wide variety of matters, including, employment matters and intellectual property matters; ~~•~~ - departure of key personnel; ~~•~~ - a significant stockholder selling for any reason; ~~•~~ - general conditions in the IC industry; and ~~•~~ - general market conditions and interest rates. Our foreign currency exposures may change over time as the level of activity in foreign markets grows and could have an adverse impact upon financial results. As a global enterprise, we face exposure to adverse movements in foreign currency exchange rates. Certain of our assets, including certain bank accounts, exist in non- U. S. dollar- denominated currencies, which are sensitive to foreign currency exchange rate fluctuations. The non- U. S. dollar- denominated currencies are principally the British Pound Sterling. We also have a significant number of employees that are paid in foreign currency, the largest group being United Kingdom- based employees who are paid in British Pounds Sterling. If the value of the U. S. dollar weakens relative to these specific currencies, the cost of doing business in terms of U. S. dollars rises. With the growth of our international business, our foreign currency exposures may grow and under certain circumstances, could harm our business. If we do not hedge against these risks, or our attempts to hedge against these risks are not successful, our financial condition and results of operations could be adversely affected. Our debt obligations may be a burden on our future cash flows and cash resources. On July 8, 2021, the Company entered into a second amended and restated credit agreement (the “ Second Amended Credit Agreement ”) which provides for a $ 300 million senior secured revolving credit facility (the “ Revolving Credit Facility ”). The Revolving Credit Facility matures on July 8, 2026 (the “ Maturity Date ”). As of March ~~26~~ **25** , ~~2022~~ **2023** , the Company did not have an outstanding balance under the Revolving Credit Facility. To the extent the Company has an outstanding balance, our ability to repay the principal of, to pay interest on **,** or to refinance our indebtedness, depends on our future performance, which is subject to economic, financial, competitive, regulatory, and other factors, some of which are beyond our control. Our business may not generate cash flow from operations in the future sufficient to satisfy our obligations or to make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as reducing or delaying investments or capital expenditures, selling assets, or refinancing or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance any indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on the Second Amended Credit Agreement. Our Second Amended Credit Agreement contains restrictions that could limit our flexibility in operating our business. Our Second Amended Credit Agreement contains various covenants that could limit our ability to engage in specified types of transactions under certain conditions. These covenants could limit our ability to, among other things: ~~•~~ - pay dividends on, repurchase, or make distributions in respect of our capital stock or make other restricted payments; ~~•~~ - incur additional indebtedness or issue certain preferred shares; ~~•~~ - make certain investments; ~~•~~ - sell certain assets; ~~•~~ - create liens; ~~•~~ - consolidate, merge, sell **,** or otherwise dispose of all or substantially all of our assets; and ~~•~~ - enter into certain transactions with our affiliates. A breach of any of these covenants could result in a default under the Second Amended Credit Agreement. In the event of a default under the Second Amended Credit Agreement, the lenders could elect to declare all amounts outstanding to be immediately due and payable. If our lenders accelerate the repayment of borrowings, we may not be able to repay our debt obligations. If we were unable to repay amounts due to the lenders under our credit facility, those lenders could proceed against the collateral granted to them to secure that indebtedness. Legal and Regulatory Risks We are subject to the export control regulations of the U. S. Department of State and the Department of Commerce. A violation of these export control regulations could have a material adverse effect on our business or our results of operations, cash flows, or financial position. The nature of our international business subjects us to the export control regulations of the U. S. Department of State and the Department of Commerce. Any changes regarding such regulations or U. S. trade policy more generally, including potential adoption and expansion of trade restrictions or export controls, particularly with respect to China, may impact overall customer demand for our products or affect our ability to manufacture and / or sell our products overseas. Additionally, in response to Russia’ s invasion of Ukraine, the U. S. government has imposed numerous export controls and sanctions related to Russia. Although we currently have licenses to export certain products and technologies, particularly to China, and we have historically had limited sales to companies in Russia, any alleged violation could expose us to significant cost, with any final determination of a violation of these export control regulations potentially resulting in monetary penalties and denial of export privileges. Although we are not aware of any violation of any export control regulations, a failure to comply with any of these regulations could have an adverse effect on our business. Potential intellectual property claims and litigation could subject us to significant liability for damages and could invalidate our proprietary rights. The IC industry is characterized by frequent litigation regarding patent and other intellectual property rights. We may find it necessary to initiate lawsuits to assert our patent or other intellectual property rights. These legal proceedings could be expensive, take significant time, and divert management’ s attention. We cannot provide assurances that we will ultimately be successful in any lawsuit, nor can we provide assurances that any patent owned by us will not be invalidated, circumvented, or challenged. We cannot provide assurances that rights granted under our patents will provide competitive advantages to us, or that any of our pending or future patent applications will be issued with the scope of the claims sought by us, if at all. As is typical in the IC industry, our customers and we have, from time to time, received and may in the future receive, communications from third parties asserting patents, mask work rights, or copyrights. In the event third parties were to make a valid intellectual property claim and a license was not available on commercially reasonable terms, our operating results could be harmed. Litigation, which could result in substantial cost to us and diversion of our management, technical and financial resources, may also be necessary to defend us against claimed infringement of the rights of others. An unfavorable outcome in any such litigation could have an adverse effect on our future operations and / or liquidity. We have provisions in our Certificate of Incorporation and Bylaws, and are subject to certain provisions of Delaware law, which could prevent, delay, or impede a change of control of our company. These provisions could affect the market price of our stock. Certain provisions of Delaware law and of our Certificate of Incorporation and Bylaws could make it more difficult for a third party to acquire us, even if our stockholders support the acquisition. These provisions include, but are not limited to: ~~•~~ - the inability of stockholders to call a special meeting of stockholders; ~~•~~ - a prohibition on stockholder action by written consent; and ~~•~~ - a requirement that stockholders provide advance notice of any stockholder nominations of directors or any proposal of new business to be considered at any meeting of stockholders. We are also subject to the anti- takeover laws of Delaware that may prevent, delay, or impede a third party from acquiring or merging with us, which may adversely affect the market price of our common stock. Our Bylaws include a forum selection provision that could increase costs to bring a claim, discourage claims, or limit the ability of the Company' s stockholders to bring a claim in a judicial forum viewed by the stockholders as more favorable for disputes with the Company or the Company' s directors, officers, or other employees. Our Bylaws provide, to the fullest extent permitted by law, that, unless the Company consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware or, if the Court of Chancery does not have jurisdiction, a state court located within the State of Delaware or, if no state court located within the State of Delaware has jurisdiction, the federal district court for the District of Delaware, will, to the fullest extent permitted by applicable law, be the sole and exclusive forum for certain legal actions between the Company and its stockholders. **In addition, our Bylaws provide that the federal district courts of the United States of America shall, to the fullest extent permitted by law, be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act of 1933, as amended.** The **exclusive forum clauses described above do not apply to suits brought to enforce a duty or liability created by the Exchange Act, or any other claim for which the federal courts have exclusive jurisdiction. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock will be deemed to have notice of, and consented to, the provisions of our Bylaws described in the preceding sentences. The enforceability of similar choice of forum provisions in other companies' certificates of incorporation or bylaws has been challenged in legal proceedings and there is uncertainty as to whether a court would enforce such provisions. In addition, investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder. This** forum selection provision may increase costs to bring a claim, discourage claims, or limit a stockholder' s ability to bring a claim in a judicial forum that such stockholder finds favorable for disputes with the Company or the Company' s directors, officers, or other employees, which may discourage such lawsuits against the Company or the Company' s directors, officers, and other employees. Alternatively, if a court were to find the forum selection provision contained in the Company' s Bylaws to be inapplicable or unenforceable in an action, the Company could incur additional costs associated with resolving such action in other jurisdictions. ~~General Risks~~ Corporate social responsibility initiatives, specifically related to environmental, social and governance (" ESG") matters, may impose additional costs and expose us to emerging areas of risk. Providing public disclosures regarding ESG matters, for example sustainability reporting, is becoming more broadly expected by investors, shareholders, existing and potential employees, customers, and other third parties. Certain organizations currently, and other organizations may in the future, use such disclosures to evaluate companies regarding ESG activities and publish scores or ratings based upon ESG or " sustainability " metrics. Potential and current investors may use the Company' s ESG ratings to guide their investment strategies and may decrease or withdraw investment, or alternatively increase investment in our competitors, if our ESG performance is perceived to be lagging. The qualitative and quantitative criteria regarding ESG may continue to evolve and we may need to modify our practices and / or incur additional or unexpected costs to satisfy these expectations. We may communicate certain goals or initiatives regarding our ESG activities from time to time, including goals relating to our carbon footprint, and if we are unable to meet those goals or they are perceived to be inadequate, we could be exposed to reputational damage and other emerging areas of risk. In addition, one or more of our customers have also requested, and other customers may in the future request, that we achieve certain carbon emission reductions **and / or commit to the use of renewable energy in the manufacture of our goods** . Such requests may require us to modify our supply chain practices, make capital investments to modify certain aspects of our operations **,** or increase our operating costs. There can be no assurance of the extent to which any of our climate goals or the goals of our customers will be achieved or that any future investments that we make in furtherance of achieving our climate goals or the goals of our customers will produce the expected results or meet increasing stakeholder environmental, social and governance expectations. If we do not meet these goals, we could incur adverse publicity and reaction or the loss of business from certain of our customers, which could adversely impact our reputation, and in turn adversely impact our results of operations. Further, we are subject to increased government laws, regulations, and other standards that impose operational and reporting requirements related to ESG matters, and we will likely be subject to further evolving ESG reporting standards in the future. **For example, the SEC has proposed rule changes that would require registrants to include certain climate- related disclosures in their registration statements and periodic reports, including information about climate- related risks that are reasonably likely to have a material impact on their business, results of operations, or financial condition, and certain climate- related financial statement metrics in a note to their audited financial statements.** Collecting, measuring, and reporting ESG information and metrics in response to these increased requirements can be costly, difficult, and time consuming. With these additional regulations and disclosures, we may see our legal compliance, financial reporting **,** and auditing costs increase along with the emergence of risks associated with the collection, data assurance, and disclosure related to such ESG information. As we carry only limited insurance coverage, uninsured or under- insured losses could adversely affect our financial condition and results of operations. Our insurance policies may not be adequate to fully offset losses from covered incidents, and we do not have coverage for certain losses. For example, there is limited coverage available with respect to the services provided by our third- party foundries and assembly and test subcontractors. Although we believe that our existing insurance coverage is consistent with common practices of companies in our industry, our insurance coverage may be inadequate to protect us against product recalls, natural disasters, cybersecurity and / or information security breaches, and other unforeseen catastrophes that could adversely affect our financial condition and results of operations. We are subject to the risks of owning real property. We currently own our U. S. headquarters and research facility in Austin, Texas. The ownership of our U. S. properties subjects us to the risks of owning real property, which may include: - the possibility of environmental contamination and the costs associated with correcting any environmental problems; - adverse changes in the value of these properties, due to interest rate changes, changes in the neighborhood in which the property is located, or other factors; and - the risk of financial loss in excess of amounts covered by insurance, or uninsured risks, such as the loss caused by damage to the buildings as a result of fire, floods, or other natural disasters.