Risk Factors Comparison 2024-02-21 to 2023-02-09 Form: 10-K

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This Annual Report on Form 10- K contains certain statements regarding business strategies, market potential, future financial performance, future action, results, and any other statements that do not directly relate to any historical or current fact which are " forward- looking " statements within the meaning of the Securities Act of 1933, as amended (the" Securities Act"), the Exchange Act, and the Private Securities Litigation Reform Act of 1995. The words " believe, " " expect, " " anticipate, " " project, " " estimate, " " budget, " " continue, " " could, " " intend, " " may, " " plan, " " potential, " " predict, " " seek, " " should, " " will, " " would, " " expect, " " objective, " " forecast, " " goal, " " guidance, " " outlook, " " effort, " " target, " and similar expressions, among others, generally identify forward- looking statements, which speak only as of the date the statements were made. In particular, information included under the sections entitled " Business, " " Risk Factors, " and " Management' s Discussion and Analysis of Financial Condition and Results of Operations " contain forward- looking statements. Readers are cautioned that the matters discussed in these forward- looking statements are subject to risks, uncertainties, assumptions, and other factors that are difficult to predict and which could cause actual results to differ materially from those projected, anticipated, or implied in the forward- looking statements. Where, in any forward- looking statement, an expectation or belief as to future results or events is expressed, such expectation or belief is based on the current plans and expectations of management and expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will be achieved or accomplished. Many factors that could cause actual results or events to differ materially from those anticipated include those risks and uncertainties described below and elsewhere in this Annual Report on Form 10- K, including under the section entitled " Management' s Discussion and Analysis of Financial Condition and Results of Operations. " We caution you not to place undue reliance on these forward- looking statements, which speak only as of the date of this Annual Report on Form 10- K and Knowles does not assume any obligation to update any forward- looking statement as a result of new information, future events, or otherwise, except as required by applicable law. All forward- looking statements, expressed or implied, included in this Annual Report on Form 10- K are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward- looking statements that we may make or persons acting on our behalf may issue. You should consider each of the following factors as well as the other information in this Annual Report on Form 10- K, including our financial statements and the related notes, in evaluating our business and our prospects. The risks and uncertainties described below are not the only ones we face. In general, we are subject to the same general risks and uncertainties that impact many other companies such as general economic, industry, and / or market conditions and growth rates; possible future terrorist threats or armed conflicts and their effect on the worldwide economy; and changes in laws or accounting rules. Additional risks and uncertainties not presently known to us or that we currently consider immaterial may also impair our business operations. If any of these risks occur, our business and financial results could be harmed. In that case, the trading price of our common stock could decline. Risks Related To Our Business Deterioration of global economic conditions, an economic recession, periods of inflation, or economic uncertainty in key end- user markets may adversely affect customer orders as well as demand for our products. Global economic conditions can be uncertain and volatile. Our business and results of operations have in the past been, and may continue to be, adversely affected by changes in global economic conditions including inflation, consumer spending rates, rising interest rates, the negative impacts caused by pandemics and public health crises, such as the COVID- 19 pandemic, as well as the potential impacts of geopolitical uncertainties ~~,~~ **(** including the ongoing conflict between Russia and Ukraine **, and China- Taiwan relations)** . As global economic conditions continue to be volatile or economic uncertainty remains, trends in end- user consumer spending also remain unpredictable. Many of our customers purchase our products, particularly in our CMM and MSA segments, based on end- user demand from consumers. As a result, unfavorable economic conditions may lead our customers to delay or reduce purchases of our products. Future events or factors,such as **the outcome of** ~~a continued decline in forecasted revenue for~~ our **strategic alternatives review of the** CMM segment ~~,~~ **which could result in either a sale or a restructuring of** ~~or~~ **our CMM segment,or if there are** changes to underlying assumptions used to calculate fair value **,** could result in additional impairment charges **and** ~~which could result in~~ a significant charge to earnings.We hold significant amounts of goodwill,other intangible assets,and long- lived assets,and the balances of these assets could increase in the future if we acquire other businesses.At December 31, ~~2022~~ **2023** ,the balance of our goodwill,other intangible assets,and long- lived assets was $ ~~730~~ **918** . ~~5~~ **6** million and the total market value of the Company' s outstanding shares was $ 1. ~~5~~ **6** billion.Under generally accepted accounting principles in the United States (" U.S.GAAP"),we review our goodwill,other intangible assets,and long- lived assets for impairment when events or changes in circumstances indicate the carrying value of such goodwill,other intangible assets,or long- lived assets may not be recoverable.In addition,we test goodwill and other indefinite- lived intangible assets for impairment annually.During the year ended December 31,2022,we recorded impairment charges of $ 470.9 million,related to goodwill impairment charges for the CMM segment.For additional detail,see Note 4.Impairment Charges to our Consolidated ~~Financial Statements under Item 8," Financial Statements and Supplementary Data." Future events~~ Financial ~~condition~~ **Statements under Item 8," Financial Statements** and ~~results of operations have been and are expected to continue to be~~ **Supplementary Data." Future events or factors considered a change in circumstances may occur which would** adversely ~~impacted by the recent COVID- 19 pandemic. The effects~~ - **affect** ~~on our operations due to~~ the **fair value of** ~~public health crisis caused by~~ the **Company** ~~COVID- 19 pandemic and the measures being taken to limit COVID- 19~~ ' s ~~spread have~~ **assets and require impairment charges. Our pursuit of strategic alternatives for our CMM business may not result in the**

identification or consummation of any transaction or may result in the restructuring of the CMM business. Any potential transaction or a restructuring, and the related valuations, would be dependent upon a number of factors, some of which may be beyond our control, including, among others, market conditions, industry trends, the interest of third parties, and availability of financing to potential buyers on reasonable terms. Other factors that may be considered a change in circumstances, indicating that the carrying value of our goodwill, other intangible assets, or long- lived assets may not be recoverable, include, but are not limited to, a sustained decline in stock price and market capitalization, significant ~~negatively~~ -- **negative** ~~impacted our operations~~ **variances between actual** and **expected** financial results ~~and~~ **, reduced** future **cash flow estimates** ~~impacts are uncertain and difficult to predict~~ , ~~but~~ **adverse changes in legal factors, failure to realize anticipated synergies from acquisitions, and slower growth rates in our industry. We** may ~~include: • The effects~~ **be required to record a significant charge to earnings in our financial statements during the period in which any impairment** of **our goodwill,** ~~the~~ **other** ~~COVID~~ **intangible assets, or long** - ~~19 pandemic~~ **lived assets is determined to exist, negatively impacting our results of operations. If our market capitalization was to fall below the book value of our total stockholders' equity for a sustained period, we may conclude that the fair value of certain of our intangible or long- lived assets is materially impaired. In this case, we would be required under U. S. GAAP to record a non- cash charge to our earnings which could have a material adverse effect** on our business **,** ~~may extend well beyond the current health crisis and immediate related governmental action. Disruptions resulting~~ **results** ~~from COVID- 19 may cause some~~ of **operations** ~~our customers to take cost- cutting actions. In addition~~ , ~~shifts in consumer spending~~ and ~~market downturns due to the measures taken to contain its spread have negatively impacted demand for some of our products, particularly in our CMM segment, and may continue to have a significant negative impact to our~~ financial ~~results~~ **condition** . ~~•~~ We ~~may be restricted or prevented from conducting business activities for indefinite or intermittent periods of time, including as a result of employee health and safety concerns, shutdowns, shelter in place orders, travel restrictions, and other actions and restrictions that may be requested or mandated by governmental authorities. The ultimate impact of the COVID- 19 pandemic on our business and results of operations depends on future developments, which are uncertain, rapidly changing, and difficult to predict, including but not limited to the severity and duration of the COVID- 19 pandemic; the availability, adoption, and efficacy of vaccines; the emergence, spread, and severity of new variants of COVID- 19; actions taken by governmental authorities and other third parties in response; and when and to what extent normal business, economic, and social activity and conditions resume. Our CMM segment derives~~ - **derive** a significant portion of ~~its~~ **our** revenues from a limited number of OEM customers. If revenues derived from these customers decrease or the timing of such revenues fluctuates, our operating results could be adversely affected. Our CMM **and MSA segments rely on a limited number of customers for a significant portion of their sales. Our CMM** segment accounted for ~~38~~ **36** % of our consolidated revenues for fiscal ~~2022~~ **2023** ~~. Our CMM segment derives a significant portion of revenues from a small number of OEM customers~~ . For ~~2022~~ **2023** , CMM' s top five customers accounted for approximately ~~63~~ **66** % of its revenues. For the year ended December 31, ~~2022~~ **2023** , Apple Inc. accounted for approximately ~~40~~ **44** % of CMM' s revenues and ~~15~~ **16** % of consolidated company revenues. ~~The smartphone industry is also subject~~ **For 2023, MSA' s** ~~to~~ **top** ~~intense competition that could result in decreased demand and~~ **five customers accounted for approximately 80 % of its revenues. For the year ended December 31, 2023, WS Audiology A** / **S accounted** ~~or declining average selling prices~~ for **approximately 32 %** ~~our products and those~~ of ~~our OEM customers~~ **MSA' s revenues and 10 % of consolidated company revenues** . The loss of any one of **our** ~~CMM' s~~ top customers or a reduction in the purchases of **our** ~~CMM' s~~ products by such customers would reduce our total revenues and may have a material adverse effect on our operating results, and any delay of a significant volume of purchases by any one of our top customers, even if only temporary, would reduce our revenues in the period of the delay and may have a material adverse effect on our operating results. For example, in fiscal 2022 we experienced customer purchasing adjustments due to excess inventory in the supply chain, which were partially offset by financial incentives offered to customers during the fourth quarter. Further, concentration of market share among a few companies and the corresponding increase in purchasing power of these companies may result in lower prices for our products which, if not offset by a sufficient increase in the volume, or favorable changes in the mix, of purchases of our products, could have a material adverse effect on our revenues and margins. **Further, the smartphone industry is also subject to intense competition that could result in decreased demand and / or declining average selling prices for our products and those of our OEM customers.** In addition, the timing, volume, and mix of purchases by our significant customers may be impacted by the timing of such customers' new or next generation product introductions, and the timing of such introductions may have a material adverse effect on our operating results. Accordingly, if current market and industry dynamics continue, **revenues, particularly for** our CMM segment **,** ~~' s revenues~~ will continue to depend largely upon, and be impacted by the timing, volume, and mix of future purchases by a limited number of our OEM customers. We derive a substantial portion of our revenues from MEMS microphones and a significant reduction in our sales of MEMS microphones **may** significantly ~~reduced~~ - **reduce** our revenues and adversely impact our operating results. Sales of MEMS microphones **by our CMM and MSA segments** accounted for approximately ~~46~~ **44** % of our consolidated revenues for fiscal ~~2022~~ **2023** . We expect that a substantial portion of our revenues will continue to be attributable to sales of MEMS microphones and any weakening of demand, loss of market share, or other factors adversely affecting our levels and the timing of our sales of MEMS microphones, including our customers' product release cycles, market acceptance, product competition, the performance and reliability of our MEMS microphones, and economic and market conditions could cause our revenues to substantially decline, which may have a material adverse effect on our operating results. For example, during fiscal 2022, ~~we~~ **our CMM segment** experienced weak demand for our MEMS microphones product line due to weak global demand for consumer electronics, COVID- 19 related shutdowns in China, excess inventory in the supply chain, and our shift away from commoditized products. We rely on highly specialized suppliers for a variety of highly engineered or specialized components, and other inputs for which we may not be able to readily identify alternatives or substitutes in the event of a supply disruption or capacity constraint at or by any of these suppliers, which could have a material adverse impact on our results of operations. Certain of our businesses rely on highly specialized suppliers or foundries for critical materials, components, or subassemblies that are used in our products. In some cases, our suppliers or foundries are our sole source of supply, such as with our ASIC and MEMS foundry partners. Additionally, some of our suppliers or foundries are a strategic supplier to one of our competitors or a customer. Should an event occur which affects the ability or willingness of a key or sole supplier or foundry to continue to deliver materials or components to us in a timely manner, we may not be able to identify or qualify an alternative supplier in a timely manner which, in any such period and future periods, could have a material adverse effect on our results of operations. Potential events or occurrences which could cause business or supply disruptions or affect the ability or willingness of a supplier or foundry to continue to supply us include changes in market strategy, the acquisition of, sale, or other change in control or ownership structure of a supplier or foundry, strategic divestiture, bankruptcy, insolvency or other financial difficulties, business disruptions (including COVID- 19- related supplier plant shutdowns or slowdowns, governmental regulatory and enforcement actions, and work stoppages), operational issues, or capacity constraints at a supplier or foundry. **An inability** ~~If we are unable~~ to offset erosion of average selling prices in our CMM segment **adversely affected** our gross margins ~~may be adversely affected~~. Like most technology sectors, the smartphone industry has traditionally experienced an erosion of average selling prices due to a number of factors, including intense competition, component pricing trends, changes in demand mix, excess inventories, and rapid obsolescence resulting from technology advances. Within our CMM segment, while average selling prices vary significantly on a product to product basis, ~~we have traditionally~~ **our strategy has** been **to** ~~successful with largely offsetting~~---- **offset** price erosion by shifting our product mix to new, higher end or higher performance microphones and gradually shifting customers from analog microphones to higher value digital microphones. To offset average selling price erosion, we must either ~~continue to~~ be successful with these initiatives or increase our selling prices. If we are unable to offset average selling price erosion, the average selling prices of our products may decrease and our future operating results **.We have invested and continue to make strategic investments and acquisitions that,if not successful,could have a material adverse effect on our business and financial results.We engage** in strategic transactions and make strategic investments ~~,~~ including investments in emerging technology companies and intellectual property ~~,~~ which are focused on growth by positioning the Company for expansion into new markets,territories or technologies,exploiting new or growing customer or market opportunities,and developing new technologies and products.Such acquisitions and strategic investments naturally entail significant risks and uncertainties,some of which are beyond our control. ~~To the extent we are successful in making acquisitions,such as our acquisition of Cornell Dubilier,we may not realize the expected benefits of our acquisitions or strategic transactions,or be able to retain those benefits even if realized.~~ We may not,for example,be able to retain key employees,customers,or suppliers of acquired companies,derive value from acquired technology or assets and we may experience delays in achieving cost synergies or higher than expected costs in implementing them.In addition,due to our inexperience with certain adjacent or complimentary technologies and doing business in certain geographic regions that may be served by acquired businesses,we may underestimate the costs or overestimate the benefits that we expect to realize from such acquisitions or investments,and we may not achieve them.We cannot,therefore,provide assurance that each of our acquisitions or strategic investments will be accretive or generate anticipated financial returns.If,for any of these or for unforeseen reasons,our strategic acquisitions or investments fail to meet our expectations or forecasts **,our business and results of operations may be materially adversely affected** may be materially adversely affected. Our success depends on our ability to attract and retain key employees, and if we are unable to attract and retain such qualified employees, our business and our ability to execute our business strategies may be materially impaired. Our future success depends largely on the continued service and efforts of our executive officers and other key management and technical personnel and on our ability to continue to identify, attract, retain, and motivate them, particularly in an environment of cost reductions and a general move toward more performance- based compensation for executives and key management. Implementing our business strategy also requires specialized engineering and other talent, as our revenues are highly dependent on technological and product innovations. Competition for such experienced technical personnel in our industry and where we are located is intense, and we cannot assure that we can continue to recruit and retain such personnel. For example, there is substantial competition for experienced engineers in China and technical personnel in the U. S. and India, which may make it difficult for us to recruit and retain key employees. If we are unable to attract and retain such qualified employees, our business and our ability to execute our business strategies may be materially impaired. We depend on the smartphone market for a significant portion of our revenues, the downturn in this market has significantly reduced our revenues and adversely impacted our operating results. The smartphone market accounted for approximately ~~16~~ **13** % of our consolidated revenues for fiscal ~~2022~~ **2023** . While other markets such as mobile headsets, computing, wearables, and IoT are gaining in significance within our CMM segment, we expect that a substantial portion of CMM segment revenues will continue to be attributable to the smartphone market, which is cyclical and characterized by continuous and rapid technological change, product obsolescence, price erosion, evolving standards, short product life cycles, and significant fluctuations in product supply and demand. The smartphone market has experienced and may continue to experience periodic downturns which may be characterized by diminished product demand, production overcapacity, high inventory levels, and accelerated erosion of average selling prices. For example, in fiscal 2022 global economic conditions and COVID- 19 mitigation measures contributed to a decline in demand for smartphones in China, a geographic region with high concentrations of smartphone users, resulting in an adverse impact on our operating results. **The decrease in demand for smartphones, particularly in China, continued through fiscal 2023.** While our diversification strategy **and increasing focus on other non- mobile markets** has tempered the impact of the recent slowing of growth in this market, a continued significant downturn in the smartphone market could continue to have a material adverse effect on our business and operating results . We have invested and continue to...... of operations may be materially adversely affected . Our effective tax rate may fluctuate which will impact our future financial results. Our effective tax rate is highly dependent upon the geographic composition of our worldwide earnings as we are subject to income taxes in both the U. S. and various foreign jurisdictions. Tax regulations governing each region, changes to those regulations, differing statutory tax rates, changes in the valuation of deferred tax assets, tax law, or rate changes could adversely affect our effective tax rate, and ultimately actual taxes payable. The estimated effects of applicable tax laws, including current interpretation of the Tax Cuts and Jobs Act (" Tax Reform Act"), have been incorporated into our financial results. The U. S. Treasury Department, Internal Revenue Service (" IRS"), and other standard-setting bodies could interpret or issue future legislation or guidance which impact how provisions of the Tax Reform Act will be applied or otherwise administered that is different from our interpretation, which could have a material adverse impact on our effective tax rate as well as our future financial results and tax payments. Further, our tax returns are subject to periodic reviews or audits by domestic and international authorities, and these audits may result in adjustments to our provision for taxes or allocations of income or deductions that result in tax assessments different from amounts that we have estimated. We regularly assess the likelihood of an adverse outcome resulting from these audits to determine the adequacy of our provision for taxes. There can be no assurance as to the outcome of these audits or that our tax provisions will not change materially or be adequate to satisfy any associated tax liability. If our effective tax rates were to increase or if our tax liabilities exceed our estimates and provisions for such taxes, our financial results could be adversely affected. ~~Our effective tax rate is favorably impacted by tax holidays granted to us by certain foreign jurisdictions, which lowers the tax rates we are subject to for a period of time as compared to the countries' statutory tax rates. These tax holidays are subject to the satisfaction of certain conditions, including exceeding certain annual thresholds of operating expenses and gross sales. If we fail to satisfy such conditions, our effective tax rate may be materially adversely impacted. As the result of the rapid decline in demand for global consumer electronics during fiscal 2022, we will not satisfy all of the conditions of our tax holiday in Malaysia that was in effect for 2022. While this did not result in a material adverse impact to our effective tax rate for 2022, if we are unable to re- negotiate our tax holiday in Malaysia, our effective tax rate in future years may be materially negatively impacted. For additional detail, see Note 13. Income Taxes to our Consolidated Financial Statements under Item 8," Financial Statements and Supplementary Data."~~ Moreover, tax rates and laws in the countries where we operate may change, or tax reforms may be enacted domestically or in foreign jurisdictions which may increase tax uncertainty and may adversely affect our liquidity, cash flows, and future reported financial results or our ability to continue to structure and conduct our business as is done currently. For example, many of the countries where we are subject to taxes, including the U. S., are independently evaluating their tax policy and we may see significant changes in legislation, treaties, and regulations concerning taxation. In addition, many countries have politically committed to proposed fundamental changes to the international corporate tax system, by the Organization for Economic Co-operation and Development' s (the" OECD") Inclusive Framework on Base Erosion and Profit Shifting, including the potential implementation of a minimum tax on global income, amongst other proposals. Our products are complex and could contain defects, which could result in material costs to us and harm our business, results of operations, and financial condition. Our products are 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 audio signal processing for improved audio performance and to enable intelligent and more sophisticated audio solutions. The increasing complexity of our products increases the risk that we or our customers or end users could discover latent defects or subtle faults after significant volumes of product have been shipped. This could result in material costs and other adverse consequences to us including, but not limited to: loss of customers, reduced margins, damage to our reputation, a material product recall, replacement costs for product warranty and support, payments to our customers related to recall claims as a result of various industry or business practices, a delay in recognition or loss of revenues, loss of market share, or failure to achieve market acceptance, 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 smartphones for the global mobile phone industry involves a high degree of risk that such claims may be made. Due to the complex nature of our products, quality and reliability issues may be identified after significant volumes of a product have been shipped to a large customer. A warranty or product liability claim against us in excess of our available insurance coverage and established reserves, or a determination that we have liability or an obligation to cover the costs of a customer product recall, could have a material adverse effect on our business, results of operations, and financial condition. In addition, our products are typically sold to customers at prices that are significantly lower than the cost of the customer' s products in which they are incorporated. Given that a defect in one of our products could give rise to failures in the products that incorporate them, we may face claims for damages that are disproportionate to the revenues we receive from the products involved and because we are self- insured for matters relating to product quality a significant claim could have a material adverse effect on our financial condition. Moreover, to the extent a defect in one of our products is caused by a defective component supplied to us by a third party, we may, nonetheless, be liable to the customer and be unsuccessful in seeking indemnification from that third party. Future events or factors, such as...... of operations, and financial condition. We are subject to potentially material liability for breaches of confidentiality agreements with certain of our top customers. We have entered into non- disclosure agreements with several of our top customers which require us not to disclose and to protect certain information regarding, among other things, aspects of those customers' businesses plans, products, and technology. These confidentiality agreements, in some cases, impose strict liability on us in the event of any breach of these agreements by us or our employees or agents and, should such a breach occur, any resulting damage award or settlement could have a material adverse effect on our operating results and financial condition. Risks Related to Our Industry Global markets for our products are highly competitive and subject to rapid technological change. If we are unable to develop new products and compete effectively in these markets, our financial condition and operating results could be materially adversely affected. We compete in highly competitive, technology- based, industries that are highly dynamic as new technologies are developed and introduced. Our competitors may introduce products that are as or more technologically advanced than our products or launch new products faster than we can, which may result in a loss of market share or revenue by us. If we are unable to anticipate or match our competitors’ development or launch of new products, identify customer needs and preferences on a timely basis, or successfully launch or ramp production of our new products, our business and operating results may be materially adversely affected. We operate in the highly competitive smartphone industry, which requires us to invest significant capital in developing, qualifying, and ramping production of new products without any assurance of product sales. If our new products are not designed into a customer' s product or qualified by a customer our operating results could be negatively impacted. A significant portion of our consolidated revenues are derived from acoustic components and audio solutions that are required to go through extensive customer qualification processes before being selected by customers for inclusion in their end products. In order to meet the product launch schedules of our top customers, we may invest capital and devote substantial resources, including design, engineering, sales, marketing, and programming efforts, based on non- binding forecasts provided by these customers, without any assurance that our products will be designed into a customer’ s product or qualified by the customer. In such cases, if our product is not designed into or qualified by the customer, we may not recover or realize any return on the capital that we invested and our operating results may be materially adversely affected. In addition, the time required and costs incurred by us to ramp- up production for new products can be significant. Certain non- recurring costs and expenditures for tooling and other equipment may not be reusable in manufacturing products for other customers or different products for the same customer. Product ramps typically involve greater volumes of scrap and risks to execution such as higher costs due to inefficiencies and delays in production, all of which can have a material adverse effect on our operating results. Risks Related to Operating a Global Business Our foreign operations and supply chain are each subject to various risks that could materially adversely impact our results of operations and financial condition. Many of our manufacturing operations, research and development operations, vendors, and suppliers are located outside the United States and if we are unable to successfully manage the risks associated with our global operations, our results of operations and financial condition could be negatively impacted. These risks include: olabor unrest and strikes, particularly in Asia, where the majority of our manufacturing operations are located; oearthquakes, tsunamis, floods, and other natural disasters, or catastrophic events (which may occur with more frequency or greater intensity due to climate change), particularly in Asia, where the majority of our manufacturing operations and suppliers are located; ohealth crises, including epidemics and pandemics, such as the COVID- 19 pandemic, and governmental responses thereto, including by resulting in quarantines, closures, or other disruptions; oacts of terrorism or armed conflicts; opolitical or economic instability; ogovernment embargoes, trade restrictions, and import and export controls; andotransportation delays and interruptions. ~~In~~ **Evolving social and environmental responsibility regulations, as well as demands from investors, customers and other stakeholders, could result in** ~~addition~~ **additional costs** , **harm to our reputation and a loss of customers.** ~~increasing~~ **Increasing** focus on environmental, social, and governance (" ESG") responsibility, as well as customer and investor demands, may make our supply chain more complex and may adversely affect our relationships with customers and investors. Some of our customers have adopted, or may adopt, procurement policies that include ESG provisions or requirements that their suppliers should comply with, or they may seek to include such provisions or requirements in their procurement terms and conditions. Also, an increasing number of investors are requiring companies to disclose corporate ESG policies, practices, and metrics. Legal and regulatory requirements, as well as investor expectations, on corporate ESG practices and disclosure, are subject to change, can be unpredictable, and may be difficult and expensive for us to comply with, given the complexity of our supply chain and manufacturing. If we are unable to comply, or are unable to cause our suppliers or contract manufacturers to comply, with such policies or provisions or meet the requirements of our customers and our investors, a customer may stop purchasing products from us or an investor may sell their shares, which could have a material adverse effect on our results of operations and our reputation **. In addition, we have publicly announced certain corporate responsibility goals, which reflect our current plans and aspirations based on known conditions. Any failure to achieve such goals (or achieve the goals within the set timeframe) or the perception by stakeholders of such failure may result in reputational or financial harm** . Global economic conditions and changes in U. S. and international trade policy could materially adversely impact our business, results of operations, and financial position. In the past, the Company' s business and operating results have been adversely affected by these global economic conditions and remain vulnerable to future adverse impacts. Any prolonged economic deceleration in China may have a material adverse effect on our sales to customers in China, our operating results, and our financial condition. Political actions, including trade and / or national security protection policies, or other actions by governments, particularly the U. S. and Chinese governments, have in the past, currently are, and could in the future limit or prevent us from transacting business with certain of our customers or suppliers. The U. S. government has made statements and taken certain actions that have led to, and may lead to further, changes to U. S. and international export and import controls or trade policies, including tariffs affecting certain products exported by a number of U. S. trading partners, including China. In response, many of those trading partners, including China, have imposed or proposed new or higher tariffs on American products. In addition to tariffs, China has a stated policy of reducing its dependence on foreign manufacturers and technology companies. As a consequence of such policy, **revenue for our PD segment has been adversely impacted and may continue to be adversely impacted. Additionally,** there are risks that the Chinese government may, among other things, require the use of local suppliers, compel companies that do business in China to partner with local companies to conduct business, which may adversely impact our results of operations and financial condition. Given that the majority of our largest manufacturing facilities are located in China and Southeast Asia, trade policy changes in the United States, China, or other countries, such as tariffs and sanctions would present particular risks for us that could adversely impact our results of operations and financial condition. We cannot predict future foreign trade policy in the United States or other countries, the terms of any new or renegotiated trade agreements or treaties, or tariffs or the impact of such matters on our business. A trade war involving the United States is likely to negatively impact world trade and the world economy in various ways and, consequently, have a material adverse effect on our results of operations and financial condition. To the extent that tariffs, trade restrictions, or sanctions imposed by the United

States or other countries increase the price of, affect customer demand for, affect our ability to supply our products, or create adverse tax consequences, in the United States or other countries, our business and our operating results may be adversely affected. As a result, changes in international trade policy, changes in trade agreements, the imposition of tariffs or sanctions by the United States or other countries could materially adversely affect our results of operations and our financial condition. Changes to export restrictions and economic sanction laws may adversely affect our operating results. As a global company headquartered in the U. S., we are subject to U. S. laws and regulations, including import, export, and economic sanction laws. These laws may include prohibitions on the sale or supply of certain products to embargoed or sanctioned countries, regions, governments, persons, and entities, may require an export license prior to the export of the controlled item, or may otherwise limit and restrict the export of certain products and technologies. Many of our customers and suppliers are foreign companies or have significant foreign operations. The imposition of new or additional economic and trade sanctions against our major customers or suppliers could result in our inability to sell to, and generate revenue from such customers or purchase materials from such suppliers. Although these restrictions and laws have not significantly restricted our operations in the past, there is a risk that they could do so in the future. As a result of restrictive export laws, our customers may also develop their own solutions to replace our products or seek to obtain a greater supply of similar or substitute products from our competitors that are not subject to these restrictions, which could materially and adversely affect our business and results of operations. In addition, our association with customers that are or become subject to U. S. regulatory scrutiny or export restrictions could subject us to actual or perceived reputational harm among current or prospective investors, suppliers or customers, customers of our customers, other parties doing business with us, or the general public. Any such reputational harm could result in the loss of investors, suppliers, or customers, which could harm our business, financial condition, operating results, or prospects. Fluctuations in commodity prices and foreign currency rates could have a material adverse effect on our operating results and financial condition. We use a wide variety of raw materials in our manufacturing operation and are exposed to market risks associated with changes in commodity prices. Changes in commodity prices (from tariffs or otherwise) cannot always be predicted, hedged, or offset with price increases to eliminate earnings volatility. As a result, significant changes in commodity prices, particularly for various precious metals, could have a substantial adverse effect on our financial condition and results of operations. In addition, we conduct a significant amount of business outside the United States and adverse movements in currency exchange rates, particularly the Malaysian ringgit, the Chinese renminbi (yuan), and the Philippine peso, in any period or periods, could have a material adverse effect on our business and our operating results due to a number of factors, including, among others: oour products are manufactured and sold outside the United States which increases our net exposure to changes in foreign exchange rates; oour products, which are typically sold in U. S. dollars, may become less price- competitive outside the United States as a result of unfavorable foreign exchange rates; ocertain of our revenues that are derived from customer sales denominated in foreign currencies could decrease; oour foreign suppliers may raise their prices if they are impacted by currency fluctuations, resulting in higher than expected costs and lower margins; othe cost of materials, products, services, and other expenses outside the United States could be materially impacted by a weakening of the U. S. dollar; andoa sustained weakening of the U. S. dollar for an extended period could have a material adverse impact on our operating results and financial position. While we have entered and may in the future enter into derivative financial instruments in an effort to hedge our foreign currency exposure, we remain exposed to the economic risks of foreign currency fluctuations. See the “ Risk Management ” section of Item 7 for additional discussion of commodity price and foreign currency risks. Risks Related to Intellectual Property and Cybersecurity Our revenues and operating results could be materially adversely affected if we are unable to protect or obtain patent and other intellectual property rights or if intellectual property litigation is successful against us. We employ various measures to maintain, protect, and defend our intellectual property, including enforcing our intellectual property rights in various jurisdictions and forums throughout the world. However, policing unauthorized use of our products, technologies, and proprietary information is difficult and time consuming and these measures may not prevent our intellectual property from being challenged, invalidated, copied, disclosed, stolen, or circumvented. If we fail to protect our proprietary rights, our competitors might gain access to our technology, which could adversely affect our ability to compete successfully in our markets and harm our operating results. We also may not be successful in litigation or other actions to enforce our intellectual property rights, particularly in countries where intellectual property rights are not highly developed or protected, particularly in Asia, where the majority of our manufacturing operations are located. Litigation, if necessary, may result in retaliatory legal proceedings alleging infringement by us of intellectual property owned by others. We have had and may in the future have difficulty in certain circumstances in protecting or enforcing our intellectual property rights, including collecting royalties for use of certain patents included in our patent portfolio in certain foreign jurisdictions due to, among other things: policies of foreign governments; challenges to our licensing practices under such jurisdictions’ competition laws; failure of foreign courts to recognize and enforce judgments of contract breach and damages issued by courts in the United States; and / or challenges pending before foreign patent authorities as to the validity of our patents and those owned by competitors and other parties. Our competitors or other third parties may also assert infringement or invalidity claims against us in the future. If one of our products is found to infringe on a third party’ s rights, we may have liability for damages arising out of past infringement and may need to seek a license to use such intellectual property going forward. If a license is not available or if we are unable to obtain a license on terms acceptable to us, we would either have to change our product so that it does not infringe or cease selling the product. Any of these events may have a material adverse effect on our business, operating results, and financial condition. The expense of protecting, defending, and enforcing our intellectual property, or defending claims that our products, technology, or manufacturing processes infringe the intellectual property rights of others, can vary significantly period to period and, in any given period, could have a material adverse effect on our operating results. Our business and operations could suffer in the event of security breaches, cybersecurity incident, other unauthorized disclosures, or network disruptions. While we have taken and continue to actively take measures to protect the various proprietary information, algorithms, source code, and confidential data relating to both our and our customers' business and products that is stored on our computer networks, servers, and peripheral devices, as well as on servers owned or managed by third party vendors whom we leverage, such data and information remains vulnerable to cyber attacks, cyber breaches, theft, or other unauthorized access. These attacks are increasing in their frequency, sophistication, and intensity and are costly to protect against. In addition, many of the techniques used to obtain unauthorized access, including viruses, worms, and other malicious software programs, are difficult to anticipate until launched against a target and we may be unable to implement adequate preventative measures. If successful, such cyber attacks or unauthorized access could result in remedial and other expenses, loss of valuable intellectual property, disclosure of confidential customer or commercial data, disclosure of government classified information, or system disruptions and subject us to civil liability, fines or penalties, damage our brand and reputation or otherwise harm our business, any of which could be material. If any such security breaches occur, there is no assurance that it can be adequately addressed in a timely manner or that any resulting loss, cost, or damage will be recoverable through insurance, legal, or other processes. Should any security breach result in the disclosure of certain of our customers' or business partners' confidential information, we may incur liability to such customers or business partners under confidentiality agreements that we are party to with such parties. In addition, delayed sales, lower margins, or lost customers resulting from security breaches or network disruptions could materially reduce our revenues, materially increase our expenses, damage our reputation, and have a material adverse effect on our stock price. There is also a danger of industrial espionage, unauthorized disclosures, theft of information or assets (including source code), or damage to assets by people who have gained unauthorized access to the Company' s facilities, systems, or information. Such breaches, misuse, or other disruptions could lead to unauthorized disclosure of confidential or proprietary information or improper usage or sale of the Company' s products or intellectual property without compensation and theft, manipulation, and destruction of private and proprietary data, which could result in defective products, production downtimes, lost revenue, or damage to our reputation, and have a material adverse effect on our stock price. Additionally, any disruption, termination, or substandard provision of our communication networks and IT systems, whether as a result of computer or telecommunication issues (including operational failures, computer viruses, or security breaches), localized conditions (such as power outage, fire, or explosion) or events or circumstances of broader geographic impact (such as earthquake, storm, flood, other natural disaster, epidemic, strike, act of war, civil unrest, or terrorist act), could materially affect our business by disrupting normal operations. Global privacy legislation, enforcement, and policy activity are rapidly expanding and creating a complex data privacy environment. We are subject to many data privacy, data protection, and data breach notification laws and regulations in the United States and around the world. While we have taken measures to assess the requirements of, and to comply with data privacy legislation, there is the potential for fines and penalties, litigation, and reputational harm in the event of a data breach. Risks Related to Our Indebtedness Our credit agreement requires us to comply with certain financial covenants and our failure to comply could have a material adverse effect on our business, financial condition, and results of operations. The credit agreement governing our revolving credit facility contains covenants requiring us to, among other things, maintain a minimum ratio of consolidated EBITDA to consolidated interest expense and a maximum ratio of consolidated total indebtedness to consolidated EBITDA. In the past, we have obtained amendments from the lenders under the credit agreement which have allowed us to comply with the financial covenants, but there can be no assurance that in the future the lenders will agree to such amendments, and our inability to comply with the covenants could result in an event of default which, if not cured or waived, could have a material adverse effect on our business, financial condition, and operating results. There are risks associated with our indebtedness, which could have a material adverse effect on our financial condition. Our outstanding indebtedness and any additional indebtedness we incur may have negative consequences, including: orequiring us to use cash to pay the principal of and interest on our indebtedness, thereby reducing the amount of cash flow available for other purposes; olimiting our ability to obtain additional financing for working capital, capital expenditures, acquisitions, stock repurchases, dividends, or other general corporate and other purposes; olimiting our flexibility in planning for, or reacting to, changes in our business and our industry; andoincreasing our vulnerability to interest rate fluctuations to the extent a portion of our debt has variable interest rates. Our ability to make payments of principal and interest on our indebtedness depends upon our future performance, which is subject to general economic conditions, industry cycles, and financial, business, and other factors, many of which are beyond our control. If we are unable to generate sufficient cash flow from operations in the future to service our debt, we may be required to, among other things: refinance or restructure all or a portion of our indebtedness; reduce or delay planned capital or operating expenditures; or sell selected assets. Such measures might not be sufficient to enable us to service our debt. In addition, any such financing, refinancing, or sale of assets might not be available on economically favorable terms or at all, and if prevailing interest rates at the time of any such financing and / or refinancing are higher than our current rates, interest expense related to such financing and / or refinancing would increase. If there are adverse changes in the ratings assigned to our debt securities by credit rating agencies, our borrowing costs, our ability to access debt in the future, and / or the terms of the financing could be adversely affected. Risks Related to Our Corporate Governance and Common Stock Our business could be negatively affected as a result of the actions of activist or hostile stockholders. Our business could be negatively affected as a result of stockholder activism, which could cause us to incur significant expense, hinder execution of our business strategy, and impact the trading value of our securities. In the past, the Company has been the subject of shareholder activism, and we are subject to the risks associated with any future such activism. Stockholder activism, including potential proxy contests, requires significant time and attention by management and the Board of Directors, potentially interfering with our ability to execute our strategic plan. Additionally, such stockholder activism could give rise to perceived uncertainties as to our future direction, adversely affect our relationships with key executives and business partners, and make it more difficult to attract and retain qualified personnel. Also, we may be required to incur significant legal fees and other expenses related to activist stockholder matters. Any of these impacts could materially and adversely affect our business and operating results. Further, the market price of our common stock could be subject to significant fluctuation or otherwise be adversely affected by stockholder activism. Certain provisions in our certificate of incorporation, by- laws, and Delaware law may prevent or delay an acquisition of the Company, which could decrease the trading price of our common stock. Each of our certificate of incorporation, our by- laws, and Delaware law, as currently in effect, contain provisions that are intended to deter coercive takeover practices and inadequate takeover bids by making such practices or bids unacceptably expensive to the bidder and to encourage prospective acquirers to negotiate with our Board of Directors rather than to attempt a hostile takeover. These provisions include, among others: othe inability of our stockholders to call a special meeting or act by written consent; orules regarding how stockholders may present proposals or nominate directors for election at stockholder meetings; othe right of our Board of Directors to issue preferred stock without stockholder approval; andothe ability of our directors, without a stockholder vote, to fill vacancies on our Board of Directors (including those resulting from an enlargement of the Board of Directors). In addition, current Delaware law includes provisions which limit the ability of persons that, without prior board approval, acquire more than 15 % of the outstanding voting stock of a Delaware corporation from engaging in any business combination with that corporation, including by merger, consolidation, or purchases of additional shares, for a three- year period following the acquisition by such persons of more than 15 % of the corporation' s outstanding voting stock. In light of present circumstances, we believe these provisions taken as a whole protect our stockholders from coercive or otherwise unfair takeover tactics by requiring potential acquirers to negotiate with our Board of Directors and by providing our Board of Directors with more time to assess any acquisition proposal. These provisions are not intended to make us immune from takeovers or prevent changes in the composition of our Board of Directors. However, these provisions could delay or prevent an acquisition that our Board of Directors determines is not in the best interests of the Company and all of our stockholders. Our stock price has been and may continue to be volatile and may fluctuate significantly which may adversely impact investor confidence and increase the likelihood of securities class action litigation. Our common stock price has experienced substantial volatility in the past and may remain volatile in the future. During ~~2022~~ **2023**, our closing stock price ranged from a high of $ ~~23~~ **20**. ~~59~~ **04** per share to a low of $ ~~11~~ **12**. ~~90~~ **98** per share. Volatility in our stock price can be driven by many factors including divergence between our actual or anticipated financial results and published expectations of analysts or the expectations of the market, market conditions in our industry, announcements that we, our competitors, our vendors, or our customers may make regarding their operating results, technological innovations, and the gain or loss of customers, or key opportunities. Our common stock is also included in certain market indices, and any change in the composition of these indices to exclude our company may adversely affect our stock price. Increased volatility in the financial markets and / or overall economic conditions may reduce the amounts that we realize in the future on our cash equivalents and / or marketable securities and may reduce our earnings as a result of any impairment charges that we record to reduce recorded values of marketable securities to their fair values. Further, securities class action litigation is often brought against a public company following periods of volatility in the market price of its securities. Due to changes in our stock price, we may be the target of securities litigation in the future. Securities litigation could result in substantial uninsured costs and divert management' s attention and our resources.