

Risk Factors Comparison 2025-02-07 to 2024-02-12 Form: 10-K

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The following are important factors that could cause actual results or events to differ materially from those contained in any forward- looking statements made by us or on our behalf. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we deem immaterial also may impair our business operations. If any of the following risks or such other risks actually occurs, our business could be harmed. Risks Related to Ownership of Our Common Stock Our operating results are volatile and difficult to predict. If we fail to meet the expectations of public market analysts or investors, the market price of our common stock may decrease significantly. Our net revenues and operating results have varied significantly in the past, are difficult to forecast, are subject to numerous factors both within and outside of our control, and may fluctuate significantly in the future. As a result, our operating results could fall below the expectations of public market analysts or investors. If that occurs, the price of our stock may decline. Some of the factors that could affect our operating results include the following: ● the demand for our products declining in the major end markets we serve, which may occur due to competitive factors, supply- chain fluctuations, rising inflation or other changes in macroeconomic conditions; ● reliance on international sales activities for a substantial portion of our net revenues; ● the volume and timing of orders received from customers; ● our products are sold through distributors, which limits our direct interaction with our end customers, which reduces our ability to forecast sales and increases the complexity of our business; ● the ability of our products to penetrate additional markets; ● our ability to develop and bring to market new products and technologies on a timely basis; ● **undetected defects and failures in meeting the exact specifications required by our products; ● warranty claims, product liability claims and product recalls;** ● failure, disruption, security breaches, or other incidents impacting our information technology infrastructure or information management systems; ● interruptions in our information technology systems; ● competitive pressures on selling prices; ● **risks associated with our supply chain including, the volume, cost and timing of delivery of orders placed by us with our wafer foundries and assembly subcontractors, and their ability to procure materials; ● our ability to attract and retain qualified personnel; ● the lengthy timing of our sales cycle; ● earthquakes, fire or other disasters;** ● we face risks related to **global health crises** the Novel Coronavirus pandemic (“COVID-19”), which has disrupted and may again disrupt our operations, including our manufacturing, research and development, and sales and marketing activities, which could have a material adverse impact on our business, financial condition, operating results and cash flows ; ~~● risks associated with our supply chain including, the volume, cost and timing of delivery of orders placed by us with our wafer foundries and assembly subcontractors, and their ability to procure materials; ● our ability to attract and retain qualified personnel; ● the lengthy timing of our sales cycle; ● earthquakes, fire, pandemics or other disasters;~~ ● **undetected defects and failures in meeting the exact specifications required by our products;** ● fluctuations in exchange rates, particularly the exchange rate between the U. S. dollar and the Japanese yen, the Euro and the Swiss franc; ● the inability to adequately protect or enforce our intellectual property rights; ● expenses we are required to incur (or choose to incur) in connection with our intellectual property litigations; ● changes in tax rules and regulations, changes in interpretation of tax rules and regulations, or unfavorable assessments from tax audits may increase the amount of taxes we are required to pay; ● changes in environmental laws and regulations, including with respect to energy consumption and climate change; ● uncertainties arising out of economic consequences of current and potential military actions, including current on- going conflicts in Ukraine and the Middle East, or terrorist activities and associated political instability; ● risks associated with acquisitions and strategic investments; ● our ability to successfully integrate, or realize the expected benefits from, our acquisitions; and ● continued impact of changes in securities laws and regulations, including potential risks resulting from our evaluation of our internal controls over financial reporting. Risks Related to the Operation and Growth of Our Business If demand for our products continues to decline in our major end markets, our net revenues will ~~continue to~~ decline further. When our customers are not successful in maintaining high levels of demand for their products, their demand for our ICs decreases, which adversely affects our operating results. A limited number of applications of our products, such as **consumer appliances and** cellphone chargers ~~and consumer appliances~~, make up a significant percentage of our net revenues. We expect that a significant level of our net revenues and operating results will continue to be dependent upon these applications in the near term. Demand for end products incorporating our products has been highly cyclical over time and has been impacted by economic downturns; our recent results have been impacted by economic conditions including inflation and the effects of anti-COVID measures in China. Any further economic slowdown in the end markets that we serve could cause a further slowdown in demand for our ICs, causing our net revenues to decline further and potentially result in write- offs of excess or obsolete inventory, which could cause the price of our stock to fall. Our international sales activities account for a substantial portion of our net revenues, which subjects us to substantial risks. Sales to customers outside of the United States of America account for, and have accounted for a large portion of our net revenues, including approximately 98 %, **98 % and 96 % and 98 %** of our net revenues for the years ended December 31, **2024, 2023 , and 2022 and 2021**, respectively. If our international sales declined and we were unable to increase domestic sales, our revenues would decline and our operating results would be harmed. International sales involve a number of risks to us, including: ● tariffs, protectionist measures and other trade barriers and restrictions; ● potential insolvency of international distributors and representatives; ● reduced protection for intellectual property rights in some countries; ● the impact of recessionary environments and inflation in the United States and other economies where we do business; ● global, regional, and local economic and political conditions, including, but not limited to, social, economic, political, and supply chain instability related to the uncertainty regarding relationships among the international

community as a whole including potential risks stemming from tensions between China and Taiwan and between China and Western countries, as well as related to armed conflicts that exist, or in the future could exist, in various parts of the world; • the burdens of complying with a variety of foreign and applicable U. S. Federal and state laws; and • foreign- currency exchange risk. Our failure to adequately address these risks could reduce our international sales and materially and adversely affect our operating results. Furthermore, because substantially all of our foreign sales are denominated in U. S. dollars, increases in the value of the dollar cause the price of our products in foreign markets to rise, making our products more expensive relative to competing products priced in local currencies. We do not have long- term contracts with any of our customers and if they fail to place, or if they cancel or reschedule orders for our products, our operating results and our business may suffer. Our business is characterized by short- term customer orders and shipment schedules, and the ordering patterns of some of our large customers have been unpredictable in the past and will likely remain unpredictable in the future. Not only does the volume of units ordered by particular customers vary substantially from period to period, but also purchase orders received from particular customers often vary substantially from early oral estimates provided by those customers for planning purposes. In addition, customer orders can be canceled or rescheduled without significant penalty to the customer. In the past, we have experienced customer cancellations of substantial orders for reasons beyond our control, and significant cancellations could occur again at any time. Also, a relatively small number of distributors, OEMs and merchant power supply manufacturers account for a significant portion of our revenues. Specifically, our top ten customers, including distributors, accounted for 79 %, 80 % and 76 % and 78 % of our net revenues in each of the years ended December 31, 2024, 2023, and 2022 and 2021, respectively. However, a significant portion of these revenues are attributable to sales of our products through distributors of electronic components. These distributors sell our products to a broad, diverse range of end users, including OEMs and merchant power supply manufacturers, which mitigates the risk of customer concentration to a large degree. Our products are sold through distributors, which limits our direct interaction with our end customers, therefore reducing our ability to forecast sales and increasing the complexity of our business. Sales to distributors accounted for approximately 70 %, 69 % and 70 % and 75 % of net revenues in the years ended December 31, 2024, 2023, and 2022 and 2021, respectively. Selling through distributors reduces our ability to forecast sales and increases the complexity of our business, requiring us to: • manage a more complex supply chain; • monitor the level of inventory of our products at each distributor, and • monitor the financial condition and credit- worthiness of our distributors, many of which are located outside of the United States and are not publicly traded. Since we have limited ability to forecast inventory levels at our end customers, it is possible that there may be significant build- up of inventories in the distributor channel, with the OEM or the OEM' s contract manufacturer. Such a buildup could result in a slowdown in orders, requests for returns from customers, or requests to move out planned shipments. This could adversely impact our revenues and profits. Any failure to manage these complexities could disrupt or reduce sales of our products and unfavorably impact our financial results. If our products do not penetrate additional markets, our business will not grow as we expect. We believe that our future success depends in part upon our ability to penetrate additional markets for our products. We cannot assure that we will be able to overcome the marketing or technological challenges necessary to penetrate additional markets. To the extent that a competitor penetrates additional markets before we do, or takes market share from us in our existing markets, our net revenues and financial condition could be materially adversely affected. If our efforts to enhance existing products and introduce new products are not successful, we may not be able to generate demand for our products. Our success depends in significant part upon our ability to develop new ICs for high- voltage power conversion for existing and new markets, to introduce these products in a timely manner and to have these products selected for design into products of leading manufacturers. New product introduction schedules are subject to the risks and uncertainties that typically accompany development and delivery of complex technologies to the market place, including product development delays and defects. If we fail to develop and sell new products in a timely manner, then our net revenues could decline. In addition, we cannot be sure that we will be able to adjust to changing market demands as quickly and cost- effectively as necessary to compete successfully. Furthermore, we cannot assure that we will be able to introduce new products in a timely and cost- effective manner or in sufficient quantities to meet customer demand or that these products will achieve market acceptance. Our failure, or our customers' failure, to develop and introduce new products successfully and in a timely manner would harm our business. In addition, customers may defer or return orders for existing products in response to the introduction of new products. When a potential liability exists we will maintain reserves for customer returns, however we cannot assure that these reserves will be adequate.

Our products must meet exacting specifications, and undetected defects and failures may occur which may cause customers to return or stop buying our products and / or impose significant costs to us. Our customers generally establish demanding specifications for quality, performance and reliability, and our products must meet these specifications. ICs as complex as those we sell often encounter development delays and may contain undetected defects or failures when first introduced or after commencement of commercial shipments. We have from time to time in the past experienced product quality, performance or reliability problems. If defects and failures occur in our products, we could experience lost revenue, increased costs, including product warranty or liability claims and costs associated with customer support and product recalls, delays in or cancellations or rescheduling of orders or shipments and product returns or discounts. While we specifically exclude consequential damages in our standard terms and conditions, certain of our contracts may not exclude such liabilities. Our liability insurance which covers certain damages arising out of product defects may not cover all claims or be of a sufficient amount to fully protect against such claims. Costs or payments in connection with such claims could harm our operating results. Warranty claims, product liability claims and product recalls could harm our business, results of operations and financial condition. We face an inherent business risk of exposure to warranty and product liability claims if products fail to perform as expected or any such failure is alleged to result in bodily injury, death, and / or property damage. In addition, if any of our designed products are alleged to be defective, we may be required to participate in their recalls. Some OEMs expect suppliers to warrant their

products for longer periods of time and are increasingly looking to them for contribution when faced with product liability claims or recalls. We carry various commercial liability policies, including umbrella / excess policies which provide some protection against product liability exposure. However, a successful warranty or product liability claim against us in excess of our available insurance coverage, or a requirement that we participate in a product recall, could have adverse effects on our business results. Further, in the future, it is possible that we will not be able to obtain insurance coverage in the amounts and for the risks we seek at policy costs and terms we desire. Additionally, if our products fail to perform as expected or such failure of our products results in a recall, our reputation may be damaged, which could make it more difficult for us to sell our products to existing and prospective customers and could materially and adversely affect our business, results of operations and financial condition.

Any failure, disruption or security breach or incident otherwise impacting our information technology infrastructure or information management systems could have an adverse impact on our business and operations. Cyber- attacks have become increasingly more prevalent and much harder to detect, defend against or prevent. As the frequency of cyber- attacks and resulting breaches reported by other businesses and governments increases, we expect to continue to devote significant resources to improve and maintain our IT infrastructure and its security. We have incurred and may in the future incur significant costs in order to implement, maintain and / or update security systems we believe are necessary to protect our IT infrastructure. As the techniques used to obtain unauthorized access or to sabotage systems change frequently and are often not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventive measures. A breakdown in existing controls and procedures around our cyber- security environment may prevent us from detecting, reporting or responding to cyber incidents in a timely manner and could have a material adverse effect -- effect on including but not limited to interruptions or delays in our business operations, loss of existing or future customers, and damage to our reputation, which could adversely affect our business, reputation, and financial results position and value of our stock. We cannot guarantee that our implemented processes for IT and risk mitigation measures will be effective for IT systems under our control. Furthermore, we rely on products and services provided by third- party suppliers to operate certain critical business systems. We cannot guarantee that third parties and infrastructure in our supply chain or our partners' supply chains have not been or will not be compromised or that they do not or will not in the future contain exploitable defects or bugs that could result in a breach of or disruption to our IT infrastructure, including our products and services, or the third- party information technology systems that support our services. We have limited insight into the data privacy or security practices of third- party service providers. Our ability to monitor these third parties' information security practices is limited, and they may not have adequate information security measures in place. If one of our third- party suppliers suffers a security breach, our response may be limited or more difficult because we may not have direct access to their systems, logs and other information related to the security breach. Interruptions in our information technology systems could adversely affect our business. We rely on the efficient and uninterrupted operation of complex information technology systems and networks to operate our business. Any significant system or network disruption, including but not limited to new system implementations, faulty software provided by one of our security vendors, computer viruses, security breaches, or energy blackouts could have a material adverse impact on our operations, sales and operating results. We have implemented measures to manage our risks related to such disruptions, but such disruptions could still occur and negatively impact our operations and financial results. Furthermore, the risk of state- supported and geopolitically motivated cybersecurity incidents may increase due to geopolitical instability. In addition, we may incur additional costs to remedy any damages caused by these disruptions or security breaches. Intense competition in the high- voltage power supply industry may lead to a decrease in our average selling price and reduced sales volume of our products. The high- voltage power supply industry is intensely competitive and characterized by significant price sensitivity. Our products face competition from alternative technologies, such as linear transformers, discrete switcher power supplies, and other integrated and hybrid solutions. If the price of competing solutions decreases significantly, the cost effectiveness of our products will be adversely affected. If power requirements for applications in which our products are currently utilized go outside the cost- effective range of our products, some of these alternative technologies can be used more cost effectively. In addition, as our patents expire, our competitors could legally begin using the technology covered by the expired patents in their products, potentially increasing the performance of their products and / or decreasing the cost of their products, which may enable our competitors to compete more effectively. Our current patents may or may not inhibit our competitors from getting any benefit from an expired patent. Our U. S. patents have expiration dates ranging from 2024-2025 to 2044-2045. We cannot assure that our products will continue to compete favorably or that we will be successful in the face of increasing competition from new products and enhancements introduced by existing competitors or new companies entering this market. We believe our failure to compete successfully in the high- voltage power supply business, including our ability to introduce new products with higher average selling prices, would materially harm our operating results. We face risks related to global health crises, such as the COVID-19 pandemic, which have disrupted and may again disrupt our operations, including our manufacturing, research and development, and sales and marketing activities, which could have a material adverse impact on our business, financial condition, operating results and cash flows. Our business as well as the business of our suppliers, customers and distributors was impacted by the COVID-19 pandemic and may in the future be adversely impacted by the world- wide response to any further global health crises. Such impacts include public health measures, travel restrictions, business shutdowns, border closures, delivery and freight delays and other disruptions. These disruptions may adversely affect not only our sales and marketing activities, product development, manufacturing and product shipments which could negatively impact our ability to meet customer commitments but also our customers' ability to manufacture their products, which could reduce their demand for our products. The COVID-19 pandemic caused a significant economic downturn in local and global economies and in financial markets. Any future global health crisis could have similar economic consequences which may result in reduced demand for our products and have a material adverse effect on our revenues, customer relationships, operating results, cash flows, financial condition and stock price. We depend on

third- party suppliers to provide us with wafers for our products and if they fail to provide us sufficient quantities of wafers, our business may suffer. Our primary supply arrangements for the production of wafers are with Epson, Lapis and X- FAB. Our contracts with these suppliers expire on varying dates, with the earliest to expire in December 2025. Although some aspects of our relationships with Lapis, X- FAB and Epson are contractual, many important aspects of these relationships depend on their continued cooperation. We cannot assure that we will continue to work successfully with Epson, Lapis and X- FAB in the future, and that the wafer foundries' capacity will meet our needs. ~~17~~ **Additionally**, one or more of these wafer foundries could seek an early termination of our wafer supply agreements. Any serious disruption in the supply of wafers from Epson, Lapis and X- FAB could harm our business. We estimate that it would take 12 to 24 months from the time we identified an alternate manufacturing source to produce wafers with acceptable manufacturing yields in sufficient quantities to meet our needs. Although we provide our foundries with rolling forecasts of our production requirements, their ability to provide wafers to us is ultimately limited by the available capacity of the wafer foundry. Any reduction in wafer foundry capacity available to us could require us to pay amounts in excess of contracted or anticipated amounts for wafer deliveries or require us to make other concessions to meet our customers' requirements, or may limit our ability to meet demand for our products. Further, to the extent demand for our products exceeds wafer foundry capacity, this could inhibit us from expanding our business and harm relationships with our customers. Any of these concessions or limitations could harm our business. If our third- party suppliers and independent subcontractors do not produce our wafers and assemble our finished products at acceptable yields, our net revenues may decline. We depend on independent foundries to produce wafers, and independent subcontractors to assemble and test finished products, at acceptable yields and to deliver them to us in a timely manner. The failure of the foundries to supply us wafers at acceptable yields could prevent us from selling our products to our customers and would likely cause a decline in our net revenues and gross margin. In addition, our IC assembly process requires our manufacturers to use a high- voltage molding compound that has been available from only a few suppliers. These compounds and their specified processing conditions require a more exacting level of process control than normally required for standard IC packages. Unavailability of assembly materials or problems with the assembly process can materially and adversely affect yields, timely delivery and cost to manufacture. We may not be able to maintain acceptable yields in the future. In addition, if prices for commodities used in our products increase significantly, raw material costs would increase for our suppliers which could result in an increase in the prices our suppliers charge us. To the extent we are not able to pass these costs on to our customers; this would have an adverse effect on our gross margins. We must attract and retain qualified personnel to be successful and competition for qualified personnel is intense in our market. Our success depends to a significant extent upon the continued service of our executive officers and other key management and technical personnel, and on our ability to continue to attract, retain and motivate qualified personnel, such as experienced analog design engineers and systems applications engineers. The competition for these employees is intense, particularly in Silicon Valley. The loss of the services of one or more of our engineers, executive officers or other key personnel could harm our business. In addition, if one or more of these individuals leaves our employ, and we are ~~unable~~ **unable** to quickly and efficiently replace those individuals with qualified personnel who can smoothly transition into their new roles, our business may suffer. We do not have long- term employment contracts with, and we do not have in place key person life insurance policies on, any of our employees. Because the sales cycle for our products can be lengthy, we may incur substantial expenses before we generate significant revenues, if any. Our products are generally incorporated into a customer' s products at the design stage. However, customer decisions to use our products, commonly referred to as design wins, can often require us to expend significant research and development and sales and marketing resources without any assurance of success. These significant research and development and sales and marketing resources often precede volume sales, if any, by a year or more. The value of any design win will largely depend upon the commercial success of the customer' s product. We cannot assure that we will continue to achieve design wins or that any design win will result in future revenues. If a customer decides at the design stage not to incorporate our products into its product, we may not have another opportunity for a design win with respect to that product for many months or years. In the event of an earthquake, fire, other pandemics, natural or other disasters, including with respect to climate change, our operations may be interrupted and our business would be harmed. Our principal executive offices and operating facilities are situated near San Francisco, California, and most of our major suppliers, which are wafer foundries and assembly houses, are located in areas that have been subject to severe earthquakes, such as Japan. Many of our suppliers are also susceptible to other disasters such as tropical storms, typhoons, tsunamis or other catastrophic events, including those caused by climate change. In the event of a disaster, we or one or more of our major suppliers may be temporarily unable to continue operations and may suffer significant property damage. Any interruption in our ability, or that of our major suppliers, to continue operations could delay the development and shipment of our products and have a substantial negative impact on our financial results. **We face risks related to global health crises, such as the COVID- 19 pandemic, which have disrupted and may again disrupt our operations, including our manufacturing, research and development, and sales and marketing activities, which could have a material adverse impact on our business, financial condition, operating results and cash flows.** ~~18~~ **Our** ~~Our business as well as the business of our suppliers, customers and distributors was impacted by the COVID- 19 pandemic and may in the future be adversely impacted by the world- wide response to any further global health crises. Such impacts include public health measures, travel restrictions, business shutdowns, border closures, delivery and freight delays and other disruptions. These disruptions may adversely affect not only our sales and marketing activities, products~~ ~~product~~ ~~must~~ ~~development, manufacturing and product shipments which could negatively impact our ability to meet customer commitments but also~~ ~~exacting specifications, and undetected defects and failures may occur~~ ~~our customers' ability to manufacture their products, which could reduce their demand for our products. The COVID- 19 pandemic caused a significant economic downturn in local and global economies and in financial markets. Any future global health crisis could have similar economic consequences~~ ~~which may~~ ~~result in reduced~~ ~~cause customers to return or stop buying our products and /or impose significant costs to us. Our customers generally establish demanding~~

demand specifications for quality, performance and reliability, and our products must meet these specifications. ICs as complex as those we sell often encounter development delays and may contain undetected defects or our products and failures when first introduced or after commencement of commercial shipments. We have **a material adverse effect on** from time to time in the past experienced product quality, performance or **our** reliability problems. If defects and failures occur in our products, we could experience lost revenue **revenues**, increased costs, including product warranty or liability claims and costs associated with customer **relationships** support and product recalls, delays in or cancellations or rescheduling of orders or shipments and product returns or discounts. While we specifically exclude consequential damages in our standard terms and conditions, certain of our contracts may not exclude such liabilities. Our liability insurance which covers certain damages arising out of product defects may not cover all claims or be of a sufficient amount to fully protect against such claims. Costs or payments in connection with such claims could harm our operating results, **cash flows, financial condition and stock price**. Risks Related to Financial Performance

Fluctuations in exchange rates, particularly the exchange rate between the U. S. dollar and the Japanese yen, Swiss franc and euro, may impact our gross margin and net income. Our exchange rate risk related to the Japanese yen includes two of our major suppliers, Epson and Lapis, with which we have wafer supply agreements based in U. S. dollars; however, these agreements also allow for mutual sharing of the impact of the exchange rate fluctuation between Japanese yen and the U. S. dollar. Each year, our management and these suppliers review and negotiate pricing; the negotiated pricing is denominated in U. S. dollars but is subject to contractual exchange rate provisions. The fluctuation in the exchange rate is shared equally between Power Integrations and each of these suppliers. We maintain cash denominated in Swiss francs and euros to fund the operations of our Swiss subsidiary. The functional currency of our Swiss subsidiary is the U. S. dollar; gains and losses arising from the remeasurement of non- functional currency balances are recorded in other income in our consolidated statements of income, and material unfavorable exchange- rate fluctuations with the Swiss franc could negatively impact our net income. Risks Related to Our Intellectual Property

If we are unable to adequately protect or enforce our intellectual property rights, we could lose market share, incur costly litigation expenses, suffer incremental price erosion or lose valuable assets, any of which could harm our operations and negatively impact our profitability. Our success depends upon our ability to continue our technological innovation and protect our intellectual property, including patents, trade secrets, copyrights and know- how. We are currently engaged in litigation to enforce our intellectual property rights, and associated expenses have been, and are expected to remain, material and have adversely affected our operating results. We cannot assure that the steps we have ~~taken~~ **19taken** to protect our intellectual property will be adequate to prevent misappropriation, or that others will not develop competitive technologies or products. From time to time, we have received, and we may receive in the future, communications alleging possible infringement of patents or other intellectual property rights of others. Costly litigation may be necessary to enforce our intellectual property rights or to defend us against claimed infringement. The failure to obtain necessary licenses and other rights, and / or litigation arising out of infringement claims could cause us to lose market share and harm our business. As our patents expire, we will lose intellectual property protection previously afforded by those patents. Additionally, the laws of some foreign countries in which our technology is or may in the future be licensed may not protect our intellectual property rights to the same extent as the laws of the United States, thus limiting the protections applicable to our technology. If we do not prevail in our litigation, we will have expended significant financial resources, potentially without any benefit, and may also suffer the loss of rights to use some technologies. We are currently involved in a number of patent litigation matters and the outcome of the litigation is uncertain. See Note ~~13-14~~, Legal Proceedings and Contingencies, in our Notes to Consolidated Financial Statements included in this Annual Report on Form 10- K. For example, we are being sued in an ongoing case for patent infringement. Should we ultimately be determined to be infringing another party' s patents, or if an injunction is issued against us while litigation is pending on those claims, such result could have an adverse impact on our ability to sell products found to be infringing, either directly or indirectly. In the event of an adverse outcome, we may be required to pay substantial damages, stop our manufacture, use, sale, or importation of infringing products, or obtain licenses to the intellectual property we are found to have infringed. We have also incurred, and expect to continue to incur, significant legal costs in conducting these lawsuits, including the appeal of the case we won, and our involvement in this litigation and any future intellectual property litigation could adversely affect sales and divert the efforts and attention of our technical and management personnel, whether or not such litigation is resolved in our favor. Thus, even if ~~19we-we~~ are successful in these lawsuits, the benefits of this success may fail to outweigh the significant legal costs we will have incurred. Risks Related to Laws and Regulations

Changes in tax rules and regulations, changes in interpretation of tax rules and regulations, or unfavorable assessments from tax audits may increase the amount of taxes we are required to pay. Our operations are subject to income and transaction taxes in the United States and in multiple foreign jurisdictions and to review or audit by the U. S. Internal Revenue Service (“ IRS ”) and state, local and foreign tax authorities. In addition, the United States, countries in Asia and other countries where we do business have recently enacted or are considering changes in relevant tax, accounting and other laws, regulations and interpretations, including changes to tax laws applicable to multinational companies. These potential changes could adversely affect our effective tax rates or result in other costs to us. The European Union (“ EU ”) member states formally adopted the EU’ s Pillar Two Directive, which was established by the Organization for Economic Cooperation and Development, and which generally provides for a 15 per cent minimum effective tax rate for multinational corporations, in all jurisdictions in which they operate. While we do not anticipate that this will have a material impact on our tax provision or effective tax rate, we will continue to monitor the evolving tax legislation in the jurisdictions in which we operate. ~~As of December 31, 2023, we are currently subject to an ongoing audit with the California Franchise Tax Board for the tax years 2018 and 2019.~~ The foregoing items could have a material effect on our business, cash flow, results of operations or financial conditions. Changes in environmental laws and regulations, including with respect to energy consumption and climate change, may have a negative impact on our business. Changing environmental regulations and the timetable to implement them continue to impact our customers’ demand for our products. Currently we have limited visibility into our customers’ strategies to

implement these changing environmental regulations into their business. The inability to accurately determine our customers' strategies could increase our inventory costs related to obsolescence. The semiconductor industry is subject to environmental regulations, particularly those that control and restrict the sourcing, use, transportation, storage, and disposal of certain mineral, chemicals, and materials used in the semiconductor manufacturing process. We expect the heightened worldwide awareness regarding climate change and the environmental impact to continue, which may result in new environmental laws and regulations that could affect us, our suppliers and / or our customers. New environmental laws and regulations could require us or our suppliers to obtain alternative materials that may increase our costs more or be less available, which may adversely affect our operating results.

~~General Risk Factors~~Uncertainties arising out of economic consequences of current and potential military actions or terrorist activities and associated political instability could adversely affect our business. Like other U. S. companies, our business and operating results are subject to uncertainties arising out of economic consequences of current and potential military actions or terrorist activities and associated political instability, and the impact of heightened security concerns on domestic and international travel and commerce. These uncertainties could also lead to delays or cancellations of customer orders, a general decrease in corporate spending or our inability to effectively market and sell our products. Any of these results could substantially harm our business and results of operations, causing a decrease in our revenues. We are exposed to risks associated with acquisitions and strategic investments. We have made, and in the future intend to make, acquisitions of, and investments in, companies, technologies or products in existing, related or new markets. Acquisitions involve numerous risks, including but not limited to: • inability to realize anticipated benefits, which may occur due to any of the reasons described below, or for other unanticipated reasons; • the risk of litigation or disputes with customers, suppliers, partners or stockholders of an acquisition target arising from a proposed or completed transaction; • impairment of acquired intangible assets and goodwill as a result of changing business conditions, technological advancements or worse than expected performance, which would adversely affect our financial results; and • unknown, underestimated and / or undisclosed commitments, liabilities or issues not discovered in our due diligence of such transactions.-20