Risk Factors Comparison 2024-03-28 to 2023-03-30 Form: 10-K

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Please carefully consider and evaluate all of the information in this Annual Report on Form 10- K and the risk factors listed below. If any of these risks actually occur, our business could be materially harmed. If our business is harmed, the trading price of our common stock could decline. See also " Special Note Regarding Forward Looking and Cautionary Statements and Summary Risk Factors " at the beginning of this Annual Report on Form 10- K. Risks Relating to Macroeconomic and Industry Conditions Our ~~Our~~ future results may fluctuate,fail to match past performance or fail to meet expectations as a result of conditions beyond our control,such as general economic conditions in the markets we compete,conditions unique to our industry and the financial health and viability of our suppliers and customers.Our results may fluctuate in the future,may fail to match our past performance or fail to meet our expectations and the expectations of analysts and investors as a result of conditions beyond our control.Our results and related ratios,such as gross margin,operating income percentage and effective tax rate may fluctuate for a variety of reasons beyond our control,including:general economic conditions in the countries where we sell our products,including recessions or inflationary pressures;financial market instability or disruptions to the banking system due to bank failures, ~~particularly in light of the recent events that have occurred with respect to SVB;~~ geopolitical turmoil,such as the ~~conflict~~ **conflicts in the Middle East and** between Russia and Ukraine and any sanctions,export controls or other retaliatory actions against,or restrictions on doing business with Russia,as well as any resulting disruption,instability or volatility in the global markets and industries resulting from such conflict;the availability of adequate supply commitments from our outside suppliers;the timing of new product introductions by us,our customers and our competitors;seasonality and variability in the computer market and our other end markets;product obsolescence;the scheduling,rescheduling or cancellation of orders by our customers;the cyclical nature of demand for our customers' products;our ability to predict and meet evolving industry standards and consumer preferences;our ability to develop new process technologies and achieve volume production;changes in manufacturing yields;capacity utilization;product mix and pricing;movements in exchange rates,interest rates or tax rates;our ability to integrate and realize synergies from acquisitions;the manufacturing and delivery capabilities of our subcontractors and litigation and regulatory matters.Uncertainty about global economic conditions can pose a risk to the overall economy by causing fluctuations to and reductions in consumer and commercial spending.Demand for our products could be different from our expectations due to many factors including:changes in business and macroeconomic conditions;conditions in the credit market that affect consumer confidence;customer acceptance of our products;changes in customer order patterns;including order cancellations;and changes in the level of inventory held by vendors.The cyclical nature of the industry we operate in may limit our ability to maintain or increase net sales and operating results during industry downturns.The semiconductor industry has experienced significant downturns,often in connection with,or in anticipation of,maturing product cycles of both semiconductor companies' and their customers' products or a decline in general economic conditions.The cyclical nature of the semiconductor industry may cause us to experience substantial period- to- period fluctuations **in our operating results and may adversely affect our results of** operations ~~,~~ and ~~those~~ -- **the value** of our ~~customers, distributors,~~ **business. Our continuing business depends in significant part upon the current and anticipated market demand for our products and services. As a** ~~suppliers~~ - **supplier to the semiconductor industry** , **we** ~~third- party foundries and subcontractors~~ are subject to ~~risks from~~ **the business cycles that characterize the industry. The timing, length and volatility of** ~~the~~ **these** ~~COVID these~~ cycles are difficult to predict.The semiconductor industry has historically been cyclical due to sudden changes in demand,the amount of manufacturing capacity and changes in the technology employed in semiconductors.The rate of changes in demand,including end demand,is high,and the effect of these changes upon us occurs quickly,exacerbating the volatility of these cycles.These changes have affected the timing and amounts of customers' purchases and investments in new technology.These industry cycles create pressure on our revenue,gross margin and net income.The semiconductor industry has in the past experienced periods of oversupply and that has resulted in significantly reduced prices for semiconductor devices and components,including our products,both as a result of general economic changes and overcapacity.Oversupply causes greater price competition and can cause our revenue,gross margins and net income to decline.During periods of weak demand,customers typically reduce purchases,delay delivery of products and / or cancel orders for our products.Order cancellations,reductions in order size or delays in orders could occur and would materially adversely affect our business and results of operations.Actions to reduce our costs may be insufficient to align our structure with prevailing business conditions.We may be required to undertake additional **cost** - ~~19 pandemic~~ **cutting measures,** and **may be unable to invest in marketing, research and development and engineering at** ~~other~~ -- **the** ~~pandemics, epidemics~~ **levels we believe are necessary to maintain our competitive position. Our failure to make these investments could seriously harm our business. The average selling prices of products in our markets have historically decreased rapidly** and ~~infectious diseases~~ **will likely do so in the future** , which could harm our revenue and gross margins.As is typical in the semiconductor and IoT industries,the average selling price of ~~a~~ particular ~~product~~ **products** ~~has~~ **have** historically declined significantly over the life of the product.In the past,we have reduced the average selling prices of our products in anticipation of future competitive pricing pressures,new product introductions by us or our competitors and other factors.We expect that we will have to similarly reduce prices in the future for older generations of products.Reductions in our average selling prices to one customer could also impact our average selling prices to all customers.A decline in average selling prices would harm our gross margins for a particular product.If not offset by sales of other products with higher gross margins,our overall gross margins may **be** adversely ~~affect~~ **affected** ~~our~~ **. Our** business **, results of operations** , financial condition and **prospects will suffer if we are unable to offset any reductions in our average**

selling prices by increasing our sales volumes, reducing our costs and / or developing new or enhanced products with higher selling prices or gross margins on a timely basis. Disruptions in U. S. government operations and funding could have a material adverse effect on our business, financial condition and results of operations. ~~We are subject~~ **A prolonged failure** to ~~to~~ maintain significant U.S.government operations,particularly those pertaining to our business,could have a material adverse effect on our revenues,earnings and cash flows.Continued uncertainty related to recent and future U.S.federal government shutdowns,breach of the U.S.debt ceiling,the U.S.budget and / or failure of the U.S.federal government to enact annual appropriations,such as long- term funding under a continuing resolution,could have a material adverse effect on our revenues,earnings and cash flows.The current split control of the U.S.government increases **these** risks ~~associated with public health crises and~~ **. Additionally, disruptions in U. S.** government **operations** ~~measures to prevent the spread of infectious diseases, including the global health concerns related to the COVID- 19 pandemic. The COVID- 19 pandemic has adversely impacted, and~~ may **negatively** ~~further adversely~~ impact ~~, our financial results by decreasing sales, driven by supply chain interruptions. Other public health crises, including any other pandemics, epidemics or infectious diseases, could result in similar adverse impacts. Risks to our business that have been associated with the COVID- 19 pandemic, and may be associated with future COVID- 19 outbreaks or other public health crises, include: decrease in demand and pricing for our products as a result of any negative economic impact of disease outbreak and government actions in response thereto; disruption of our manufacturing processes due to temporary reductions or closures of our facilities, third- party foundries and contractors, and the delay of supplies being received; disruption of freight infrastructure, thereby delaying shipments from vendors to assembly and test sites and shipments of our final product to customers; disruption of the manufacturing process of our customers that use our components in their products, thereby impacting demand for our products; adverse impacts on the business of our suppliers, which may result in, among other things, price increases and delays for delivery of raw materials and components needed for the production of our products; impacts on our ability to maintain our workforce; increased employee absenteeism due to infection or the fear of infection; possible lawsuits or additional~~ regulatory **approvals** ~~actions due to the spread of disease in the workplace and potential increases in costs to implement health safety measures; reputational risk if we experience an~~ **and guidance** ~~outbreak in our workplace; and adverse impacts on the productivity of management and our employees~~ that are **important** ~~working remotely. Additionally, there is an increased security and technology risk as some employees continue~~ to ~~work from home, including possible outages to systems and technologies critical to remote work and increased data privacy risk with cybercriminals attempting to take advantage of the disruption. In addition, the COVID- 19 pandemic impacted, and future pandemics, epidemics or~~ **our** ~~infectious diseases may impact, the~~ operations ~~of our distributors and direct customers. Because a significant portion of our net sales is through authorized distributors, the financial health of our distributors is critical to our success. Some of our distributors are small organizations with limited working capital. Our distributors have experienced, and may continue to experience from time to time, disruptions to their operations due to the pandemic or future public health crises, including temporary reductions or closures during which they have diminished ability or are unable to sell our products. If our distributors suffer material economic harm as a result of the pandemic or future public health crises, the distributors may no longer be able to continue in business or may continue in a reduced capacity. Our direct customers have also experienced, and may in the future experience, reductions or closures of their manufacturing facilities or an inability to obtain other components, either of which could negatively impact demand for our products that are incorporated into our customers' devices and solutions. The extent to which the COVID- 19 pandemic, or other future health crises, may impact our business, financial condition and results of operations will depend on many factors beyond our control, which are highly uncertain and are difficult to predict at this time~~ . Adverse developments affecting the financial services industry, such as actual events or concerns involving liquidity, defaults or non- performance by financial institutions or transactional counterparties, could adversely affect our current and projected business operations and our financial condition and results of operations. Adverse developments that affect financial institutions, such as events involving liquidity that are rumored or actual, have in the past and may in the future lead to market- wide liquidity problems. For example, on March 10, 2023, Silicon Valley Bank (" SVB ") ~~was closed by the California Department of Financial Protection and Innovation, which appointed the Federal Deposit Insurance Corporation (" FDIC ") as receiver. Similarly, on March 12, 2023~~ , Signature Bank and Silvergate Capital Corp. were each swept into receivership ~~. The U. S. Department of the Treasury, the Federal Reserve and the FDIC released a statement that indicated that all depositors of SVB would have access to all of their funds after only one business day of closure, including funds held in uninsured deposit accounts, borrowers under credit agreements, letters of credit and certain other financial instruments with SVB, Signature Bank or any other financial institution that is placed into receivership by the FDIC. The U. S. Department of Treasury, FDIC and Federal Reserve Board have announced a program to provide up to $ 25 billion of loans to financial institutions secured by certain of such government securities held by financial institutions to mitigate the risk of potential losses on the sale of such instruments. However, widespread demands for customer withdrawals or other liquidity needs of financial institutions for immediate liquidity may exceed the capacity of such program~~ . We either hold the vast majority of our financial assets in our name through a third- party financial institution, or we have transferred them out of SVB. Although we have not experienced any adverse impact to our liquidity or to our current and projected business operations, financial condition or results of operations, uncertainty remains over liquidity concerns in the broader financial services industry, and our business, our business partners, or industry as a whole may be adversely impacted in ways that we cannot predict at this time. Inflation and rapid increases in interest rates have led to a decline in the trading value of previously issued government securities with interest rates below current market interest rates. There is no guarantee that the U. S. Department of Treasury, ~~FDIC~~ **Federal Deposit Insurance Corporation** and Federal Reserve Board will provide access to uninsured funds in the future in the event of the closure of other banks or financial institutions, or that they would do so in a timely fashion. Although we assess our banking relationships as we believe necessary or appropriate, our access to funding sources and other credit arrangements in amounts adequate to finance or capitalize our current and projected future business operations could be significantly impaired by factors that us, the financial institutions with which we have credit agreements or arrangements directly, or the financial services industry or economy in general. These factors could include, among others, events such as liquidity constraints or failures, the ability to perform obligations under various types of financial, credit or liquidity agreements or arrangements, disruptions or instability in the financial services industry or financial markets, or concerns or negative expectations about the prospects for companies in the financial services industry. These factors could involve financial institutions or financial services industry companies with which we have financial or business relationships, but could also include factors involving financial markets or the financial services industry generally. The results of events or concerns that...... that are important to our operations. Risks Relating to Production Operations and Services We rely on a limited number of suppliers and subcontractors, many of which are ~~foreign-~~ based ~~entities~~ **outside the U. S.** , for many essential components and materials and certain critical manufacturing services and any interruption or loss of supplies or services from these entities could significantly interrupt our business operations and the production of our products. Our reliance on a limited number of subcontractors and suppliers for wafers, chipsets and other electronic components, packaging, testing and certain other processes involves several risks, including potential inability to obtain an adequate supply of required components and reduced control over the price, timely delivery, reliability and quality of components. These risks are attributable to several factors, including limitations on resources, labor problems, equipment failures or the occurrence of natural disasters. The good working relationships we have established with our suppliers and subcontractors could be disrupted, and our supply chain could suffer, if a supplier or subcontractor were to experience a change in control. There can be no assurance that problems will not occur in the future with suppliers or subcontractors. **In addition, the impact of general economic conditions, including recessions or inflationary pressures, bank failures and uncertainty in the banking system, geopolitical turmoil and supply chain disruptions, could adversely impact our suppliers and third- party subcontractors, and we may be unable to prevent or mitigate the effect of these conditions on our suppliers or find alternate sources of supply, which may impact our operations.** Disruption or termination of our supply sources or subcontractors could significantly delay our shipments to customers, which could damage relationships with current and prospective customers and harm our business. Any prolonged inability to obtain timely deliveries or quality manufacturing or any other circumstances that would require us to seek alternative sources of supply or to manufacture or package certain components internally could limit our growth and harm our business. Many of our third- party subcontractors and suppliers, including third- party foundries that supply silicon wafers and contract manufacturers that manufacture our modules and routers, are located in ~~foreign countries or territories~~ **geographies outside the U. S.** including **China,** Taiwan **and** ~~, China,~~ Vietnam ~~and Malaysia~~ . While our utilization of multiple third- party foundries and manufacturers does create some redundancy, any interruption of supply by one or more of these foundries or manufacturers could materially impact us. A majority of our package and test operations are performed by third- party contractors based in the U. S., **China and** Taiwan ~~and China~~ . Our international business activities, in general, are subject to a variety of potential risks resulting from political and economic uncertainties, including rising tensions between the U. S. and China. Any political turmoil or trade restrictions in these countries, particularly China, could limit our ability to obtain goods and services from these suppliers and subcontractors. The effect of an economic crisis or political turmoil impacting our suppliers located in these countries may impact our ability to meet the demands of our customers. For example, the COVID- 19 pandemic resulted in extended shutdowns of certain of our businesses. This public health crisis or any further political developments or health concerns in markets in which our third- party contractors and suppliers are based could result in social, economic and labor instability, adversely affecting the supply of our products and, in turn, our business, financial condition and results of operations. If we find it necessary to transition the goods and services received from our existing suppliers or subcontractors to other firms, we would likely experience an increase in production costs and a delay in production associated with such a transition, both of which could have a significant negative effect on our operating results, as these risks are substantially uninsured. Our ability to increase product sales and revenue may be constrained by the manufacturing capacity of our suppliers. Although we provide our suppliers with rolling forecasts of our production requirements, their ability to provide products to us is limited by their available capacity. This lack of capacity has at times constrained our product sales and revenue growth and may do so again in the future. In addition, an increased need for capacity to meet internal demands or demands of other customers could cause our suppliers to reduce capacity available to us. Our suppliers may also require us to pay amounts in excess of contracted or anticipated amounts for product deliveries or require us to make other concessions in order to acquire the supplies necessary to meet our customer requirements. If our suppliers extend lead times, limit supplies or the manufacturing capacity we require, or increase prices due to capacity constraints or other factors, we may, in turn, have to increase the prices of our products in order to remain profitable, and our customers may reduce their purchase levels with us and / or seek alternative solutions to meet their demand. If any of the foregoing occurs, our revenue and gross margin may materially decline, which could materially and adversely impact our business and results of operations. Delays in increasing third- party manufacturing capacity may also limit our ability to meet customer demand. Our products may be found to be defective, liability claims may be asserted against us and we may not have sufficient liability insurance. Manufacturing semiconductors is a highly complex and precise process, requiring production in a tightly controlled, clean environment. Minute impurities in our manufacturing materials, contaminants in the manufacturing environment, manufacturing equipment failures, and other defects can cause our products to be non- compliant with customer requirements or otherwise nonfunctional. Manufacturing our modules, routers and other products is also a complex process, and often requires the use of numerous components, the failure of any one of which could cause the product to fail. Similarly, our service offerings are highly complicated and involve the use of numerous systems, networks and technologies, any of which could cause our service offerings to fail or malfunction. We face an inherent business risk of exposure to warranty and product liability claims in the event that our products or services fail to perform as expected or such failure of our products or services results, or is alleged to result, in bodily injury or property damage (or both). Since a defect or failure in our products or services could give rise to failures in the goods or services that incorporate or use them (and consequential claims for damages against our customers from their customers), we may face claims for damages that are disproportionate to the revenues and profits we receive from the products or services involved. Our general warranty policy for products provides for repair or replacement of defective parts. In some cases, a refund of the purchase price is offered. Our standard terms for our service offerings also limit our liability, and in some cases specify the remedies the customer is entitled to receive if the services fail to meet applicable service level objectives. However, in certain instances, we have agreed to other terms, including some indemnification provisions, which could prove to be significantly more costly than our standard remedies. We attempt to limit our liability through our standard terms and conditions and negotiation of sale and other customer contracts, but there is no assurance that such limitations will be accepted or effective. While we maintain some insurance for such events, a successful warranty or product liability claim against us in excess of our available insurance coverage, if any, and established reserves, or a requirement that we participate in a product recall, would have adverse effects (that could be material) on our business, operating results and financial condition. Additionally, in the event that our products or services fail to perform as expected, our reputation may be damaged, which could make it more difficult for us to sell our products and services to existing and prospective customers and could adversely affect our business, operating results and financial condition. Obsolete inventories as a result of changes in demand for our products and changes in the life cycles of our products could adversely affect our business, operating results and financial condition. The life cycles of some of our products depend heavily upon the life cycles of the end- products into which our products are designed. End- market products with short life cycles require us to manage closely our production and inventory levels. Inventory may also become obsolete because of adverse changes in end- market demand. We may in the future be adversely affected by obsolete or excess inventories, which may result from unanticipated changes in the estimated total demand for our products or the estimated life cycles of the end- products into which our products are designed. In addition, some customers restrict how far back the date of manufacture for our products can be, which can render our products obsolete. In addition, certain customers may stop ordering products from us and go out of business due to adverse economic conditions or otherwise, thereby causing some of our product inventory to become obsolete. As a result, our inventory may become obsolete for reasons beyond our control, which may adversely affect our business, operating results and financial condition. Business interruptions, such as natural disasters, acts of violence and the outbreak of contagious diseases, could harm our business and have a material adverse effect on our operations. Earthquakes and other natural disasters, terrorist attacks, armed conflicts, wars and other acts of violence, and other national or international crisis, calamity or emergency, including the outbreak of pandemic or contagious disease, such as COVID- 19, may result in interruption to the business activities of us, our suppliers and our customers and overall disruption of the economy at many levels. These events may directly impact our physical facilities or those of our customers and suppliers. Additionally, these events, which are generally unforeseeable and difficult to predict, may cause some of our customers or potential customers to reduce their level of expenditures on certain services and products, which could ultimately reduce our revenue. Our corporate headquarters, a portion of our assembly and research and development activities, and certain other critical business operations are located near major earthquake fault lines. We do not maintain earthquake insurance and our business could be harmed in the event of a major earthquake. We generally do not maintain flood coverage, including for our Asian locations where certain of our operations support and sales offices are located. Such flood coverage has become very expensive; as a result we have elected not to purchase this coverage. If one of these locations were to experience a major flood, our business may be harmed. Our business could also be harmed if natural disasters, acts of violence, national or international crises or other calamities or emergencies interrupt the production of wafers, components or products by our suppliers, the assembly and testing of products by our subcontractors, or the operations of our distributors and direct customers. We rely on third- party freight firms for nearly all of our shipments from vendors to assembly and test sites, primarily in Asia, and for shipments of our final product to customers. This includes ground and air transportation. Any significant disruption of such freight business globally or in certain parts of the world, particularly where our operations are concentrated could materially and adversely affect our ability to generate revenues. The ultimate impact of business interruption events, both in terms of direct impact on us and our supply chain, as well as on our end customers (to include their own supply chain issues as well as end- market issues), may not be known for a considerable period of time following the event. We maintain some business interruption insurance to help reduce the effect of business interruptions, but we are not fully insured against such risks. Also as a result of these events, insurance premiums for businesses may increase and the scope of coverage may be decreased. Consequently, we may not be able to obtain adequate insurance coverage for our business and properties. Further, any loss of revenue due to a slowdown or cessation of end customer demand is uninsured. Accordingly, any of these disruptions could significantly harm our business. We depend on mobile network operators to promote and offer acceptable wireless data services. Certain of our products and wireless connectivity services can only be used over wireless data networks operated by third parties. Our business and future growth will depend, in part, on the successful deployment by mobile network operators of next generation wireless data networks and appropriate pricing of wireless data services. We also depend on successful strategic relationships with our mobile network operator partners to provide direct or indirect roaming services onto their networks and our operating results and financial condition could be harmed if they increase the price of their services or experience operational issues with their networks. In certain cases, our mobile network operator partners may also offer services that compete with our IoT services business. Risks Relating to Research and Development, Engineering, Intellectual Property and New Technologies We may be unsuccessful in developing and selling new products, which is central to our objective of maintaining and expanding our business. We operate in a dynamic environment characterized by price erosion, rapid technological change, and design and other technological obsolescence. Our competitiveness and future success depend on our ability to predict and adapt to these changes in a timely and cost- effective manner by designing, developing, manufacturing, marketing and providing support for our own new products and technologies. A failure to achieve design wins, to introduce these new products in a timely manner, or to achieve market acceptance for these products on commercially reasonable terms could harm our business. The introduction of new products presents significant business challenges because product development commitments and expenditures must be made well in advance of product sales. The success of a new product depends on accurate forecasts of long- term market demand and future technological developments, as well as on a variety of specific implementation factors, including: timely and efficient completion of technology, product and process design and development; timely and efficient implementation of manufacturing, assembly, and test processes; the ability to secure and effectively utilize fabrication capacity in different geometries; product performance, quality and reliability; and effective marketing, sales and service. The efforts to achieve design wins typically are lengthy and can require us to both incur design and development costs and dedicate scarce engineering resources in pursuit of a single customer opportunity. We may not prevail in the competitive selection process. If a customer initially chooses a competitor' s product during the selection process, it becomes significantly more difficult for us to sell our products for use in that customer' s system because changing suppliers can involve significant cost, time, effort and risk for our customers. Thus, our failure to win a competitive bid can result in our foregoing revenues from a given customer' s product line for the life of that product. Even if we are able to develop products and achieve design wins, the design wins may never generate revenues if end- customer projects are unsuccessful in the marketplace or the end- customer terminates the project, which may occur for a variety of reasons. In addition, mergers and consolidations among customers may lead to termination of certain projects before the associated design win generates revenue. If design wins do generate revenue, the time lag between the design win and meaningful revenue can be uncertain and could be significant. If we fail to develop products with required features or performance standards or experience even a short delay in bringing a new product to market, or if our customers fail to achieve market acceptance of their products, our business, financial condition and operating results could be materially and adversely impacted. Our customers require our products to undergo a lengthy and expensive qualification process without any assurance of product sales. Prior to purchasing our products, certain of our customers require that our products undergo an extensive qualification process, which involves testing of the products in the customer' s system as well as rigorous reliability testing. This qualification process may continue for six months or longer. However, qualification of a product by a customer does not ensure any sales of the product to that customer. Even after successful qualification and sales of a product to a customer, a subsequent revision to the product or software, changes in the manufacturing process or the selection of a new supplier by us may require a new qualification process, which may result in delays and in us holding excess or obsolete inventory. After our products are qualified, it can take an additional six months or more before the customer commences volume production of components or devices that incorporate our products. Despite these uncertainties, we devote substantial resources, including design, engineering, sales, marketing and management efforts, toward qualifying our products with customers in anticipation of sales. If we are unsuccessful or delayed in qualifying any of our products with a customer, such failure or delay would preclude or delay sales of such product to the customer, which may impede our growth and cause our business to suffer. Our products may fail to meet new industry standards or requirements and the efforts to meet such industry standards or requirements could be costly. Many of our products are based on industry standards that are continually evolving. Our ability to compete in the future will depend in part on our ability to anticipate, identify and ensure compatibility or compliance with these evolving industry standards. The emergence of new industry standards could render our products incompatible with products developed by our customers and potential customers. As a result, we could be required to invest significant time and effort and to incur significant expense to redesign our products to ensure compliance with relevant standards. If our products are not in compliance with prevailing industry standards or requirements, we could miss opportunities to achieve crucial design wins which in turn could have a material adverse effect on our business, operating results and financial conditions. Unfavorable or uncertain conditions in the 5G infrastructure market may cause fluctuations in our rate of revenue growth or financial results. Markets for 5G infrastructure may not develop in the manner or in the time periods we anticipate. If domestic and global economic conditions worsen, ~~particularly in light of potential global recession, uncertainty in the banking system, and the direct and indirect impacts of the COVID- 19 pandemic,~~ overall spending on 5G infrastructure may be reduced, which would adversely impact demand for our products in these markets. In addition, as regulatory and private sector stakeholders have expressed concerns about the negative effects and dangers posed to others by the deployment of 5G technology, unfavorable developments with evolving laws and regulations worldwide related to 5G or 5G suppliers may limit global adoption, impede our strategy, and negatively impact our long- term expectations in this area. Even if the 5G infrastructure market develops in the manner or in the time periods we anticipate, if we do not have timely, competitively priced, market- accepted products available to meet our customers’ planned roll- out of 5G wireless communication systems, we may miss a significant opportunity and our business, financial condition, results of operations and cash flows could be materially and adversely affected. In addition, as a result of the fact that the markets for 5G are not yet fully developed, demand for these products may be unpredictable and may vary significantly from one period to another. We may be unable to adequately protect our intellectual property rights. We pursue patents for select products and unique technologies, and we also rely on trade secret protections through a combination of nondisclosure agreements and other contractual provisions, as well as our employees’ commitment to confidentiality and loyalty, to protect our know- how and processes. We intend to continue protecting our proprietary technology, including through trademark and copyright registrations and patents. Despite this intention, we may not be successful in achieving adequate protection. Our failure to adequately protect our material know-how and processes could harm our business. There can be no assurance that the steps we take will be adequate to protect our proprietary rights, that our patent applications will lead to issued patents, that others will not develop or patent similar or superior products or technologies, or that our patents will not be challenged, invalidated, or circumvented by others. The costs of enforcing our rights in our intellectual property can also be substantial, and the outcome of any enforcement measures is uncertain. Furthermore, the laws of the countries in which our products are or may be developed, manufactured or sold may not protect our products and intellectual property rights to the same extent as laws in the U. S. We may be found to infringe on the intellectual property rights of others or be required to enter into intellectual property licenses on unfavorable terms. The industries in which we operate have many participants that own, or claim to own, proprietary intellectual property. We license technology, intellectual property, and software from third parties for use in our products and services, and may be required to license additional technology, intellectual property, and software in the future. Some licensors have instituted policies limiting the products they will cover under their licenses to end products only, which limits our ability to obtain licenses from such licensors, where required, for our wireless embedded module products. There is no assurance that we will be able to maintain our third- party licenses or obtain new licenses when required. In the past we have received, and in the future, we are likely to receive, assertions or claims from third parties alleging that our products violate or infringe their intellectual property rights. We may be subject to these claims directly or through indemnities against these claims which we have provided to certain customers and other third parties. Our component suppliers and technology licensors do not typically indemnify us against these claims and therefore we do not have recourse against them in the event a claim is asserted against us or a customer we have indemnified. Intellectual property litigation in the wireless communications area is prevalent. In the past, claims have been brought against us both by operating companies, and by third parties whose primary (or sole) business purpose is to acquire patents and other intellectual property rights, and not to manufacture and sell products and services. These entities aggressively pursue litigation, resulting in increased litigation costs for us. Infringement of intellectual property can be difficult to determine, and litigation may be necessary to determine infringement of intellectual property rights. In many cases, these third parties are companies with substantially greater resources than us, and they may choose to pursue complex litigation to a greater degree than we could. Regardless of whether these infringement claims have merit or not, we may be subject to the following: • we may be found to be liable for substantial damages, liabilities and litigation costs, including attorneys' fees; • we may be prohibited from further use of intellectual property because of an injunction and may be required to cease selling our products that are subject to the claim; • we may have to license third party intellectual property, incurring royalty fees that may or may not be on commercially reasonable terms; in addition, there is no assurance that we will be able to successfully negotiate and obtain such a license from the third party; • we may have to develop a non- infringing alternative, which could be costly and delay or result in the loss of sales; in addition, there is no assurance that we will be able to develop such a non- infringing alternative; • management attention and resources may be diverted; • our relationships with customers may be adversely affected; • we may be required to indemnify our customers for certain costs and damages they incur in respect of such a claim; and • we may decide to cease selling certain product lines or not launch certain product lines to avoid infringement claims. If we enter into royalty- paying licenses to intellectual property, we may be unable to pass the costs of the royalties through to our customers. In addition, we may be subject to disputes with licensors with respect to the calculation of the royalties we have paid under such licenses. Any intellectual property litigation against us or our customers, any inability to license intellectual property rights on commercially reasonable terms, and any dispute with a licensor, could therefore have a material adverse effect on our business, operating results and financial condition. We must commit resources to product production prior to receipt of purchase commitments and could lose some or all of the associated investment. Sales are made primarily on a current delivery basis pursuant to purchase orders that may be revised or cancelled by our customers without penalty, rather than pursuant to long-term contracts. Some contracts require that we maintain inventories of certain products at levels above the anticipated needs of our customers. As a result, we must commit resources to the production of products and the procurement of components without binding purchase commitments from customers. Our inability to sell products after we devote significant resources to them could harm our business. Likewise, the lead time for the components required to manufacture some our products can be lengthy, and we may be unable to meet our customers' demand for our products if we fail to anticipate their demand and place sufficient orders for the necessary components. While we intend to continue to invest in research and development, we may be unable to make the substantial investments that are required to remain competitive in our business. The industries in which we operate require substantial investment in research and development in order to bring to market new and enhanced solutions. We are unable to predict whether we will have sufficient resources to maintain the level of investment in research and development required to remain competitive. The added costs could prevent us from being able to maintain a technology advantage over larger competitors that have significantly more resources to invest in research and development. In addition, we cannot assure you that the technologies which are the focus of our research and development expenditures will become commercially successful or generate any revenue. Certain software we use is from open source code sources, which, under certain circumstances, may lead to unintended consequences and, therefore, could materially adversely affect our business, financial condition, operating results and cash flow. We use open source software in connection with certain of our products and services, and we intend to continue to use open source software in the future. From time to time, there have been claims challenging the ownership of open source software against companies that incorporate open source software into their products or services or alleging that these companies have violated the terms of an open source license. As a result, we could be subject to lawsuits by parties claiming ownership of what we believe to be open source software or alleging that we have violated the terms of an open source license. Litigation could be costly for us to defend, have a negative effect on our operating results and financial condition or require us to devote additional research and development resources to change our solutions. In addition, if we were to combine our proprietary software solutions with open source software in certain manners, we could, under certain open source licenses, be required to publicly release the source code of our proprietary software solutions. If we inappropriately use open source software, we may be required to re- engineer our solutions, discontinue the sale of our solutions, release the source code of our proprietary software to the public at no cost or take other remedial actions. There is a risk that open source licenses could be construed in a way that could impose unanticipated conditions or restrictions on our ability to commercialize our solutions, which could adversely affect our business, operating results and financial condition. We may need to transition to smaller geometry process technologies and achieve higher levels of design integration to remain competitive and may experience delays in this transition or fail to efficiently implement this transition. In order to remain competitive, we have transitioned and expect to continue to transition certain of our products to increasingly smaller geometries. This transition requires us to modify the manufacturing processes for our products, to design new products to more stringent standards and to redesign some existing products. In some instances, we depend on our relationship with our third- party foundries to transition to smaller geometry processes successfully. Our foundries may not be able to effectively manage the transition or we may not be able to maintain our foundry relationships. If our foundries or we experience significant delays in this transition or fail to efficiently implement this transition, we could experience reduced manufacturing yields, delays in product deliveries and increased expenses, all of which could materially and adversely affect our business, financial condition and results of operations. As smaller geometry processes become more prevalent, we expect to continue to integrate greater levels of functionality into our products. However, we may not be able to achieve higher levels of design integration or deliver new integrated products on a timely basis or at all. Risks Relating to International Operations We are subject to export restrictions and laws affecting trade and investments, which may limit our ability to sell to certain customers. As a global company headquartered in the U. S., we are subject to U. S. laws and regulations that limit and restrict the export of some of our products and services and may restrict our transactions with certain customers, business partners and other persons, including, in certain cases, dealings with or between our U. S. employees and subsidiaries. In certain circumstances, export control and economic sanctions regulations may prohibit the export of certain products, services and technologies, and in other circumstances we may be required to obtain an export license or other authorization before entering into a transaction or transferring a controlled item. We maintain an economics sanction and export compliance program but there are risks that the compliance controls could be circumvented, exposing us to legal liabilities. These restrictions and laws have significantly restricted our operations in the recent past and may continue to do so in the future. We must also comply with export restrictions and laws imposed by other countries affecting trade and investments. ~~For example, in October 2022, the U. S. Department of Commerce introduced additional restrictions related to semiconductor manufacturing, supercomputer and advanced computing items and end- uses, which significantly impact our ability to sell, ship and support certain equipment and services to China. Such action~~ **Actions** by the U. S. Department of Commerce or future regulatory activity may materially interfere with our ability to make sales to certain Chinese or other foreign customers. Chinese and other ~~foreign~~ customers **outside the U. S.** affected by future U. S. government export control measures or sanctions or threats of export control measures or sanctions may respond by developing their own solutions to replace our products or by adopting our foreign competitors' solutions. 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. We sell and trade with ~~foreign~~ customers **outside the U. S.** , which subjects our business to increased risks. Sales to ~~foreign~~ customers **outside the U. S.** accounted for approximately ~~87~~ **76** % of net sales for fiscal year ~~2023~~ **2024** . Sales to ~~our~~ customers located in China (including Hong Kong) **, Japan, Taiwan, Singapore** and **Australia comprised 32** ~~South Korea constituted 53~~ % ~~and~~ **, 6 %, 6 %,** 5 % **and 5 % of our sales** , respectively, **in** ~~of net sales for~~ fiscal year ~~2023~~ **2024** ~~. Sales to customers located in Russia accounted for less than 1 % of net sales for fiscal year 2023~~ . International sales are subject to certain risks, including unexpected changes in regulatory requirements, tariffs and other barriers, political and economic instability, difficulties in accounts receivable collection, difficulties in managing distributors and representatives, difficulties in staffing and managing foreign subsidiary and branch operations and potentially adverse tax consequences. Other risks include local business and cultural factors that may differ from our domestic standards and practices, including business practices from which we are prohibited from engaging by the Foreign Corrupt Practices Act and other anti- corruption laws and regulations, laws of certain foreign countries that may not protect our products, assets or intellectual property rights to the same extent as do U. S. laws, and difficulties enforcing contracts in such foreign countries generally. These factors may harm our business. Our use of the Semtech name may be prohibited or restricted in some countries, which may negatively impact our sales efforts. A substantial portion of our sales is derived from China and adverse changes to general economic conditions in China could have a material and adverse impact on our sales and financial results. In fiscal year ~~2023~~ **2024** , sales to customers in China comprised ~~53~~ **32** % of our net sales. The **continuing** economic slowdown in China could adversely affect our sales to customers in China and consequently, our business, operating results and financial condition. In addition, 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, or provide incentives to government- backed local customers to buy from local suppliers rather than companies like ours, all of which could adversely impact our business, operating results and financial condition. Further, changes in U. S. and global social, political, regulatory and economic conditions or in laws and policies governing trade with China as a result of rising tensions could adversely affect our business. We and our manufacturing partners are or will be subject to extensive Chinese government regulation, and the benefit of various incentives from Chinese governments that we and our manufacturing partners receive may be reduced or eliminated, which could increase our costs or limit our ability to sell products and conduct activities in China. Many of our manufacturing partners are located in China. The Chinese government has broad discretion and authority to regulate the technology industry in China. Additionally, China' s government has implemented policies from time to time to regulate economic expansion in China. The Chinese government exercises significant control over China' s economic growth through the allocation of resources, controlling payment of foreign currency- denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. Any additional new regulations or the amendment or modification of previously implemented regulations could require us and our manufacturing partners to change our business plans, increase our costs, or limit our ability to sell products and conduct activities in China, which could adversely affect our business and operating results. The Chinese government and provincial and local governments have provided, and continue to provide, various incentives to encourage the development of the semiconductor industry in China. Such incentives may include tax rebates, reduced tax rates, favorable lending policies and other measures, some or all of which may be available to our manufacturing partners and to us with respect to our facilities in China. Any of these incentives could be reduced or eliminated by governmental authorities at any time. Any such reduction or elimination of incentives currently provided to us and our manufacturing partners could adversely affect our business and operating results. Our foreign currency exposures may change over time as the level of activity in foreign markets grows and could have an adverse impact upon financial results. As a global enterprise, we face exposure to adverse movements in foreign currency exchange rates. Certain of our assets, including certain bank accounts, exist in non- U. S. ~~Dollar~~ **dollar** - denominated currencies, which are sensitive to foreign currency exchange rate fluctuations. The non- U. S. ~~Dollar~~ **dollar** - denominated currencies are principally the Swiss ~~Franc~~ **franc** , ~~Euro~~ **euro** , Canadian ~~Dollar~~ **dollar** , Mexican ~~Peso~~ **peso** , Japanese ~~Yen and~~ **yen,** Great British ~~Pound~~ **pound and Australian dollar** . We also have a significant number of employees that are paid in foreign currency, ~~the largest groups being~~ **including Australia, Canada, France, India, Mexico, Switzerland, Taiwan, and** United Kingdom ~~- based employees who are paid in Great British Pound, Switzerland- based employees who are paid in Swiss Francs, Canada- based employees who are paid in Canadian Dollars, China- based employees who are paid in Chinese Renminbi, Mexican nationals who are paid in Mexican Pesos, France- based employees who are paid in Euros, India- based employees who are paid in Indian Rupees and Taiwan- based employees who are paid in New Taiwan Dollars~~ . If the value of the U. S. ~~Dollar~~ **dollar** weakens relative to these specific currencies, the cost of doing business in terms of U. S. ~~Dollars~~ **dollars** rises. Whereas if the value of the U. S. ~~Dollar~~ **dollar** strengthens relative to these specific currencies, it could make the pricing of our products less competitive and affect demand for our products. With the growth of our international business, our foreign currency exposures may grow and, under certain circumstances, could harm our business. As a means of managing our foreign exchange exposure, we routinely convert U. S. ~~Dollars~~ **dollars** into foreign currency in advance of the expected payment. We regularly assess whether or not to hedge foreign exchange exposure. We may be subject to increased tax liabilities and an increased effective tax rate if we need to remit funds held by our ~~foreign~~ subsidiaries **outside the U. S** . With the enactment of the Tax Cuts and Jobs Act (" Tax Act "), all post- 1986 previously unremitted earnings for which no U. S. deferred tax liability had been accrued were subject to U. S. tax. Notwithstanding the U. S. taxation of these amounts, we have determined that none of our current foreign earnings will be permanently reinvested. If we needed to remit all or a portion of our historical undistributed earnings to the U. S. for investment in our domestic operations, any such remittance could result in increased tax liabilities and a higher effective tax rate. Determination of the amount of the unrecognized deferred tax liability on these unremitted earnings is not practicable. Risks Relating to Sales, Marketing and Competition We receive a significant portion of our revenues from a small number of customers and the loss of any one of these customers or failure to collect a receivable from them could adversely affect our business. Our largest customers have varied from year to year. Historically, we have had significant customers that individually accounted for 10 % or more of **sales** ~~consolidated revenues~~ in certain quarters or years or represented 10 % or more of net accounts receivables at any given date. Sales to our customers are generally made on open account, subject to credit limits we may impose, and the receivables are subject to the risk of being uncollectible. We believe that our operating results for the foreseeable future will continue to depend on sales to a relatively small number of customers and end customers. We may not be able to maintain or increase sales to some of our top customers for a variety of reasons, including that our agreements with our customers do not require them to purchase a minimum quantity of our products; some of our customers can stop incorporating our products into their own products with limited notice to us and suffer little or no penalty; and many of our customers have pre- existing or concurrent relationships with our current or potential competitors that may affect the customers' decisions to purchase our products. The loss of a major customer, a reduction in sales to any major customer or our inability to attract new significant customers could seriously impact our revenue and materially and adversely affect our business, financial condition and results of operations. The volatility of customer demand limits our ability to predict future levels of sales and profitability. We primarily conduct our sales on a purchase order basis, rather than pursuant to long- term contracts. The loss of any significant customer, any material reduction in orders by any of our significant customers, the cancellation of a significant customer order or the cancellation or delay of a customer' s significant program or product could harm our business. Suppliers can rapidly increase production output in response to slight increases in demand, leading to a sudden oversupply situation and a subsequent reduction in order rates and revenues as customers adjust their inventories to account for shorter lead times. Conversely, when circumstances create longer lead times customers may order in excess of what they need to ensure availability, then cancel orders if lead times are reduced. A rapid and sudden decline in customer demand for products or cancellation of orders can result in excess quantities of certain products relative to demand. Should this occur, our operating results may be adversely affected as a result of charges to reduce the carrying value of our inventory to the estimated demand level or market price. Our quarterly revenues are highly dependent upon turns fill orders (orders booked and shipped in the same quarter). The short- term and volatile nature of customer demand makes it extremely difficult to accurately predict near term revenues and profits. Most of our authorized distributors, which collectively represent a significant portion of our net sales, can terminate their contract with us with little or no notice. The termination of a distributor could negatively impact our business, including net sales and accounts receivable. In fiscal year ~~2023~~ **2024** , authorized distributors accounted for approximately ~~85~~ **66** % of our net sales. We generally do not have long- term contracts with our distributors and most can terminate their agreement with us with little or no notice. For fiscal year ~~2023~~ **2024** , our largest distributors were based in Asia. The termination of any of our distributor relationships could impact our net sales and limit our access to certain end- customers. It could also result in the return of excess inventory of our product held by that distributor. Since many distributors simply resell finished products, they generally operate on very thin profit margins. If a distributor were to terminate an agreement with us or go out of business, our accounts receivable from the particular distributor would be subject to significant collection risk. Our reliance on distributors also subjects us to a number of additional risks, including: write-downs in inventories associated with stock rotation rights and increases in provisions for price adjustments granted to certain distributors; potential reduction or discontinuation of sales of our products by distributors; failure to devote resources necessary to sell our products at the prices, in the volumes and within the time frames that we expect; dependence upon the continued viability and financial resources of these distributors, some of which are small organizations with limited working capital and all of which depend on general economic conditions and conditions within the semiconductor and IoT industries; dependence on the timeliness and accuracy of shipment forecasts and resale reports from our distributors; and management of relationships with distributors, which can deteriorate as a result of conflicts with efforts to sell directly to our end customers. If any significant distributor becomes unable or unwilling to promote and sell our products, or if we are not able to renew our contracts with the distributors on acceptable terms, we may not be able to find a replacement distributor on reasonable terms or at all and our business could be harmed. Our inability to effectively control the sales of our products on the gray market could have a material adverse effect on us. We market and sell our products directly to OEMs and through authorized third- party distributors. From time to time, it is possible our products could be diverted from our authorized distribution channels and customers may purchase products from the unauthorized" gray market." Gray market products result in shadow inventory that is not visible to us, thus making it difficult to forecast demand accurately. Also, when gray market products enter the market, we and our distribution channels compete with these discounted gray market products, which adversely affects demand for our products and negatively impacts our margins. In addition, our inability to control gray market activities could result in customer satisfaction issues because when products are purchased outside of our authorized distribution channels there is a risk that our customers are buying products that may have been altered, mishandled or damaged, or are used products represented as new. Competition from new or established IoT, cloud services and wireless services companies, or from those with greater resources, may prevent us from increasing or maintaining our market and could result in price reductions and / or loss of business, resulting in reduced revenues and gross margins. The market for IoT products and services is highly competitive and rapidly evolving. We may experience intense competition on our businesses, including: • competition from more established and larger companies with strong brands and greater financial, technical and marketing resources or companies with different business models; • competition from companies that operate in lower cost jurisdictions than we do, or who receive government support or subsidies that we do not; • business combinations or strategic alliances by our competitors which could weaken our competitive position; • introduction of new products or services by us that put us in direct competition with major new competitors; • existing or future competitors who may be able to respond more quickly to technological developments and changes and introduce new products or services before we do; and • competitors who may independently develop and patent technologies and products that are superior to ours or achieve greater acceptance due to factors such as more favorable pricing, more desired or better- quality features or more efficient sales channels. If we are unable to compete effectively with our competitors' pricing strategies, technological advances and other initiatives, we may lose customer orders and market share and we may need to reduce the price of our products and services, resulting in reduced revenue and gross margins. In addition, new market entrants or alliances between customers and suppliers could emerge to disrupt the markets in which we operate through disintermediation of our modules business or other means. There can be no assurance that we will be able to compete successfully and withstand competitive pressures. Risks Relating to Governmental Regulations Changes in government trade policies could have an adverse impact on our business or the business of our customers, which may materially adversely affect our business operations, sales or gross margins. 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 trade policies, including tariffs affecting certain products exported by a number of U. S. trading partners, including China. In response, many U. S. trading partners, including China, have imposed or proposed new or higher tariffs on U. S. products. The tariffs imposed by the U. S. on products imported from China include parts and materials used in semiconductor manufacturing and could have the effect of increasing the cost of materials we use to manufacture certain products, which could result in lower margins. The U. S. government has also taken actions targeting exports of certain technologies to China which could lead to additional restrictions on the export of products that include or enable certain technologies, including products we provide to China- based customers. In addition, the geopolitical headwinds driven by export restrictions and tariffs imposed by the U. S. government may weaken demand for our products. We cannot predict what further actions may ultimately be taken with respect to tariffs or trade relations between the U. S. and other countries, what products may be subject to such actions, or what actions may be taken by the other countries in retaliation. Accordingly, it is difficult to predict exactly how, and to what extent, such actions may impact our business, or the business of our customers, partners or vendors. Any unfavorable government policies on international trade, such as capital controls or tariffs, may further affect the demand for our products, increase the cost of components, delay production, impact the competitive position of our products or prevent us from being able to sell products in certain countries, and may have a material adverse effect on our business, operating results and financial condition. Any resulting trade wars could have a significant adverse effect on world trade and global economic conditions and could adversely impact our revenues, gross margins and business operations. Certain of our products and services are subject to laws and regulations in the U. S., Canada, the European Union and other regions in which we operate. Certain of our products and services are subject to laws and regulations in the U. S., Canada, the European Union and other regions in which we operate. From time to time in the ordinary course we may be required to obtain regulatory approvals or licenses in order to sell certain products and services, which could result in increased costs and inability to sell our products and services. For example, in the U. S., the FCC regulates many aspects of communications devices and services. In Canada, similar regulations are administered by the Innovation, Science and Economic Development Canada and the Canadian Radio- television and Telecommunications Commission. European Union directives provide comparable regulatory guidance in Europe. Further, regulatory requirements may change, or we may not be able to receive approvals, registrations or licenses from jurisdictions in which we may desire to sell products and services in the future. In addition, many laws and regulations are still evolving and being tested in courts and by regulatory authorities and could be interpreted in ways that could harm our business. The application and interpretation of these laws and regulations often are uncertain, particularly in the new and rapidly evolving industry in which we operate. Because laws and regulations have continued to develop and evolve rapidly, it is possible that we or our products or services may not be, or may not have been, compliant with each applicable law or regulation. Compliance with applicable laws and regulations may impose substantial costs on our business, and if we fail to comply we may be subject to regulatory and civil liability, additional costs (including fines), reputational harm, and in severe cases, may be prevented from selling our products and services in certain jurisdictions, all of which could materially and adversely affect our business, financial position, results of operation, and cash flows. We are subject to government regulations and other standards that impose operational and reporting requirements. We, our suppliers, and our customers are subject to a variety of U. S. federal, foreign, state and local governmental laws, rules and regulations, including laws, rules and regulations governing data privacy protections for personal information, and corrupt practices / anti- bribery prohibitions, that impact our business in terms of ongoing monitoring of compliance. Legislation and related regulations in the U. K. under that country' s Bribery Act could have extra- territorial application of compliance standards that may be inconsistent with comparable U. S. law, requiring us to re-evaluate and amend our compliance programs, policies and initiatives. The SEC and The Nasdaq Stock Market LLC (" Nasdaq") have revised, and continue to revise, their regulations and listing standards. These developments have increased, and may continue to increase, our legal compliance and financial reporting costs **. For example, in March 2024, the SEC adopted a rule requiring registrants to include certain climate- related disclosures in registration statements and annual reports. Currently, the ultimate impact of these laws on our business is uncertain and may result in increased costs, risk of litigation, reputational harm or other harm with customers, regulators, investors or other stakeholders** . These developments also may make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. This, in turn, could make it more difficult for us to attract and retain qualified members of our Board of Directors, or qualified executive officers. Failure to comply with present or future laws, rules and regulations of any kind that govern our business could result in suspension of all or a portion of production, cessation of all or a portion of operations, or the imposition of significant regulatory, administrative, civil, or criminal penalties or sanctions, any of which could harm our business. Our failure to comply with any applicable environmental regulations could result in a range of consequences, including fines, suspension of production, excess inventory, sales limitations, and criminal and civil liabilities. We are subject to various state, federal and international laws and regulations governing the environment, including those restricting the presence of certain substances in electronic products and making producers of those products financially responsible for the collection, treatment, recycling and disposal of those products and those related to the use, storage, handling, discharge or disposal of certain toxic, volatile or otherwise hazardous chemicals and the incorporation of such substances into products available for sale. If we or our suppliers were to incur substantial additional expenses to acquire equipment or otherwise comply with environmental regulations, product costs could significantly increase, thus harming our business. If we violate or fail to comply with any of them, a range of consequences could result, including fines, import / export restrictions, sales limitations, criminal and civil liabilities or other sanctions. We could also be held liable for any and all consequences arising out of exposure to hazardous materials used, stored, released, disposed of by us or located at, under or emanating from our facilities or other environmental or natural resource damage. We have incurred, and may continue to incur, liabilities under various statutes for the cleanup of pollutants at locations we have operated and at third- party disposal and recycling sites we have used. Environmental laws are complex, change frequently and have tended to become more stringent over time. For example, the E. U. and China are two among a growing number of jurisdictions that have enacted restrictions on the use of lead, among other chemicals, in electronic products. These regulations affect semiconductor packaging. There is a risk that the cost, quality and manufacturing yields of lead- free products may be less favorable compared to lead-based products or that the transition to lead- free products may produce sudden changes in demand, which may result in excess inventory. Future environmental legal requirements may become more stringent or costly and our compliance costs and potential liabilities arising from past and future releases of, or exposure to, hazardous substances may harm our business and our reputation. The Processing of user data (including personal information) could give rise to liabilities or additional costs as a result of laws, governmental regulations and mobile network operator and other customer requirements or differing views of individuals' privacy rights. Certain of our products and services as well as the operation of our businesses involves the collection, use, processing, disclosure, transmission and storage (" Processing ") of a large volume of data (including personal information). Numerous state, federal and international laws, rules and regulations govern the Processing of personal information and can expose us to third party claims, enforcement actions and investigations by regulatory authorities, and potentially result in regulatory penalties, significant legal liability and harm to our reputation if our compliance efforts fail or are perceived to fail. For example, the European Union General Data Protection Regulation (" GDPR") became effective on May 25, 2018. Failure to comply with the GDPR may result in fines of up to the greater of 20 million ~~Euros~~ **euros** or 4 % of a company' s annual global revenue. Canada' s Personal Information Protection and Electronic Documents Act and applicable provincial laws also impose strict requirements for Processing personal information that applies to our business operations. And in the ~~United States~~ **U. S.** , a number of states have enacted or have proposed to enact state privacy laws. For example, the California Consumer Privacy Act (" CCPA") ~~became effective on January 1, 2020. The CCPA~~ gives California residents expanded rights to access and delete their personal information, opt out of certain personal information sharing and receive detailed information about how their personal information is used by requiring covered businesses to provide new disclosures to California residents and provide such individuals ways to opt- out of certain sales of personal information. The CCPA provides for civil penalties for violations, as well as a private right of action for certain data breaches that is expected to increase data breach litigation. Additionally, the California Privacy Rights and Enforcement Act of 2020 (" CPRA ") further expands the CCPA with additional data privacy compliance requirements that may impact our business, and establishes a regulatory agency dedicated to enforcing those requirements. A determination that we have violated any of these or other privacy or data protection laws could result in significant damage awards, fines and other penalties that could, individually or in the aggregate, materially harm our business and reputation. Furthermore, the interpretation of privacy and data protection laws in a number of jurisdictions is unclear and in a state of flux. There is a risk that these laws may be interpreted and applied in conflicting ways from jurisdiction to jurisdiction. Complying with these varying state, federal and international requirements could cause us to incur additional costs and change our business practices. In addition, because our products and services are sold and used worldwide, we may be required to comply with laws and regulations in countries or states where we have no local entity, employees, or infrastructure. We could also be adversely affected if legislation or regulations are expanded to require changes in our products, services or business practices, if governmental authorities in the jurisdictions in which we do business interpret or implement their legislation or regulations in ways that negatively affect our business or if end users or others allege that their personal information was misappropriated, for example, because of a defect or vulnerability in our products or services or if we experience a data breach. If we are required to allocate significant resources to modify our products, services or our existing security procedures for the personal information that our products and services process, our business, results of operations and financial condition may be adversely affected. In addition, despite our efforts to protect our systems and the data (including personal information) processed thereby, we cannot assure you that we or our service providers will not suffer a data breach or compromise, that hackers or other unauthorized parties will not gain access to personal information or other data, or that any such data compromise or access will be discovered or remediated on a timely basis. Any compromise or breach of our security measures, or those of our third- party service providers, could violate applicable privacy, data security and other laws, and cause significant legal and financial exposure, adverse publicity and a loss of confidence in our security measures, which could have a material adverse effect on our business, financial condition, and results of operations. Certain of our customers and suppliers require us to comply with their codes of conduct, which may include certain restrictions that may substantially increase our cost of doing business as well as have an adverse effect on our operating efficiencies, operating results and financial condition. Certain of our customers and suppliers require us to agree to comply with their codes of conduct, which may include detailed provisions on labor, human rights, health and safety, environment, corporate ethics and management systems. Certain of these provisions are not requirements under the laws of the countries in which we operate and may be burdensome to comply with on a regular basis. Moreover, new provisions may be added or material changes may be made to any these codes of conduct, and we may have to promptly implement such new provisions or changes, which may substantially further increase the cost of our business, be burdensome to implement and / or adversely affect our operational efficiencies and operating results. If we violate any such codes of conduct, we may lose further business with the customer or supplier and, in addition, we may be subject to fines from the customer or supplier. While we believe that we are currently in compliance with our customers and suppliers' codes of conduct, there can be no assurance that, from time to time, if any one of our customers and suppliers audits our compliance with such code of conduct, we would be found to be in full compliance. A loss of business from these customers or suppliers could have a material adverse effect on our business, operating results and financial condition. Our operating results could be adversely affected as a result of changes in our effective tax rates, the adoption of new U. S. or foreign tax legislation or exposure to additional tax liabilities, or by material differences between our forecasted annual effective tax rates and actual tax rates. Our future effective tax rates could be affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, or changes in applicable tax laws or their interpretation. We are also subject to the examination of our tax returns and other tax matters by the Internal Revenue Service of the U. S. (" IRS") and other tax authorities and governmental bodies. We regularly assess the likelihood of an adverse outcome resulting from these examinations to determine the adequacy of our provision for taxes. There can be no assurance as to the outcome of these examinations. If our effective tax rates were to increase, particularly in the U. S., Canada or Switzerland, or if the ultimate determination of taxes owed is for an amount in excess of amounts previously accrued, our operating results, cash flows, and financial condition could be adversely affected. See the risk factor captioned" We may be subject to increased tax liabilities and an increased effective tax rate if we need to remit funds held by our ~~foreign~~ subsidiaries **outside the U. S.** " above. **The** ~~In October 2015, the~~ Organization for Economic Co- operation and Development **(** ~~, an international association of 34 countries, including~~ the **" OECD") has been working on a** ~~U. S., released the final reports from its~~ Base Erosion and Profit Shifting (" BEPS") ~~Action Plans~~ **Project, and since 2015 has been issuing guidelines and proposals with respect to various aspects of the existing framework under which our tax obligations are determined in countries in which we do business. In 2021, the OECD announced that more than 140 member jurisdictions have politically committed to potential changes to the international corporate tax system, including enacting a minimum tax rate of at least 15 % as part of the OECD' s " Pillar Two " initiative. During December 2022, the European Union reached an agreement on the introduction of a minimum tax directive requiring member states to enact local legislation. On December 22, 2023, the Swiss Federal Council officially declared the entry into force of the Swiss implementation of the OECD' s Pillar Two rules beginning January 1, 2024, which imposes global minimum tax of 15 % on multination enterprises with an annual revenue exceeding € 750 million in at least two out of the last four years. We expect to meet the revenue thresholds requirement in fiscal year 2026, and these provisions will adversely impact our provision for income taxes** . The **OECD' s proposed changes have** ~~BEPS recommendations covered a number of issues, including country- by- country reporting, permanent establishment rules, transfer pricing rules and tax treaties. Although the BEPS recommendations are~~ not ~~themselves changes in tax~~ **generally been enacted into** law ~~, this guidance has resulted~~ in **all** ~~unilateral action by several member countries and is also prompting possible amendment~~ of ~~other~~ -- **the jurisdictions in which we operate. We will continue to monitor** countries' **laws with respect to the OECD model rules and the Pillar Two global minimum** tax ~~laws and regulations on a prospective and potentially retroactive basis. In October 2015, the European Commission concluded that certain member countries had granted unlawful rulings that artificially reduced tax burdens and has ordered the recovery of the unpaid taxes~~ . Future tax law changes resulting from these developments may result in changes to long- standing tax principles, which could adversely affect our effective tax rate or result in higher cash tax liabilities. Significant judgment is required in the calculation of our tax provision and the resulting tax liabilities as well as determination of our ability to realize our deferred tax assets. Our estimates of future taxable income and the regional mix of this income can change as new information becomes available. Any such changes in our estimates or assumptions can significantly impact our tax provision in a given period by, for example, requiring us to impair existing deferred tax assets. Such required changes could result in us having to restate our consolidated financial statements. Restatements are generally costly and could adversely impact our operating results or have a negative impact on the trading price of our common stock. In addition, although the **Creating Helpful Incentives to Produce Semiconductors and Science Act ("** CHIPS Act **")** provides various incentives and tax credits to U. S. companies in connection with semiconductor manufacturing, we may be unsuccessful (including, relative to the efforts of our competitors) in any efforts to obtain such incentives and tax credits. We may be subject to taxation and review of our compliance with income, value- added and other sales- type tax regulations in other jurisdictions which could negatively affect our operations. As a global organization, we may be subject to a variety of transfer pricing or permanent establishment challenges by taxing authorities in various jurisdictions. If certain of our non- U. S. activities were treated as carrying on business as a permanent establishment and therefore, subject to income tax in such jurisdiction, our operating results could be materially adversely affected. We are required to comply with rules regarding value- added taxes and other sales- type taxes in various jurisdictions. If these taxes are not properly collected and paid, our operating results could be materially adversely affected ~~. We have limited experience with government contracting, which entails differentiated business risks. Although such contracts have not constituted a material portion of our revenue in the past, we may from time- to- time derive revenue from contracts and subcontracts with agencies of, or prime or secondary contractors to, the U. S. government, including U. S. military agencies. Consequently, we are subject to certain business risks that are particular to companies that contract with U. S. government agencies. These risks include the ability of the U. S. government or related contractors to unilaterally: terminate contracts at its convenience; terminate, modify or reduce the value of existing contracts, if there are budgetary constraints or needed changes; cancel multi- year contracts and related orders, if funds become unavailable; adjust contract costs and fees on the basis of audits performed by U. S. government agencies; control and potentially prohibit the export of our products; require that we continue to supply products despite the expiration of a contract under certain circumstances; require that we fill certain types of rated orders for the U. S. government prior to filling any orders for other customers; and suspend us from receiving new contracts pending resolution of any alleged violations of procurement laws or regulations. In addition, because we may enter into defense industry contracts with respect to products that are sold both within and outside of the U. S., we are subject to the following additional risks in connection with government contracts: the need to bid on programs prior to completing the necessary design, which may result in unforeseen technological difficulties, delays and / or cost overruns; the difficulty in forecasting long- term costs and schedules and the potential obsolescence of products related to long- term fixed price contracts; and the need to transfer and obtain security clearances and export licenses, as appropriate~~ . Corporate responsibility, specifically related to environmental, social and governance (" ESG ") matters, may impose additional costs and expose us to new risks. Public ESG and sustainability reporting is becoming more broadly expected by investors, shareholders and other third parties. Certain organizations that provide corporate governance and other corporate risk information to investors and shareholders have developed, and others may in the future develop, scores and ratings to evaluate companies and investment funds based upon ESG or " sustainability " metrics. Many investment funds focus on positive ESG business practices and sustainability scores when making investments and may consider a company' s ESG or sustainability scores as a reputational or other factor in making an investment decision. In addition, investors, particularly institutional investors, use these scores to benchmark companies against their peers and if a company is perceived as lagging, these investors may engage with such company to improve ESG disclosure or performance and may also make voting decisions, or take other actions, to hold these companies and their boards of directors accountable. We may face reputational damage in the event our corporate responsibility initiatives or objectives, including with respect to board diversity, do not meet the standards set by our investors, shareholders, lawmakers, listing exchanges or other constituencies, or if we are unable to achieve an acceptable ESG or sustainability rating from third party rating services. A low ESG or sustainability rating by a third- party rating service could also result in the exclusion of our common stock from consideration by certain investors who may elect to invest with our competition instead. Ongoing focus on corporate responsibility matters by investors and other parties as described above may impose additional costs or expose us to new risks. In addition, one or more of our customers have also requested, and other customers may in the future request, that we achieve net zero carbon emissions. We may incur costs to achieve our carbon and other environmental sustainability goals and the goals of our customers. Such activity may require us to modify our supply chain practices, make capital investments to modify certain aspects of our operations or increase our operating costs. There can be no assurance of the extent to which any of our climate goals or the goals of our customers will be achieved or that any future investments that we make in furtherance of achieving our climate goals or the goals of our customers will produce the expected results or meet increasing stakeholder environmental, social and governance expectations. If we do not meet these goals, we could incur adverse publicity and reaction or the loss of business from certain of our customers, which could adversely impact our reputation, and in turn adversely impact our results of operations. Furthermore, new climate change laws and regulations could require us to change our manufacturing processes or procure substitute raw materials that may cost more or be more difficult to procure. Various jurisdictions in which we do business have implemented, or in the future could implement or amend, restrictions on emissions of carbon dioxide or other greenhouse gases **(" GHG")** , limitations or restrictions on water use, regulations on energy management and waste management, and other climate change- based rules and regulations, which may increase our expenses and adversely affect our operating results **. Continuing political and social attention to the issue of sustainability has also resulted in new regulations requiring disclosure of extensive information on climate- related matters and other sustainability topics. The State of California recently passed the Climate Corporate Data Accountability Act and the Climate- Related Financial Risk Act that will impose broad climate- related disclosure obligations on certain companies doing business in California, subject to minimum revenue requirements, starting in 2026. Based on our net sales for fiscal year 2024, we expect that we will initially be subject only to the Climate- Related Financial Risk Act, which will require biennial reporting of climate- related financial risks. Finally, in March 2024, the SEC finalized a new disclosure rule that will require certain climate- related disclosures, including**

Scope 1 and 2 GHG emissions, climate- related targets and goals and certain climate- related financial statement metrics, with phase- in compliance beginning in 2026. We are assessing our obligations under these new regulations, and expect that compliance could require substantial effort in the future. Enhanced disclosure on climate- related and other sustainability topics could lead to reputational or other harm with customers, regulators, investors or other stakeholders and could also increase our litigation risks relating to statements alleged to have been made by us or others in our industry regarding climate change risks, or in connection with any future disclosures we may make regarding reported emissions, particularly given the inherent uncertainties and estimations with respect to calculating GHG emissions . We expect increased worldwide regulatory activity relating to climate change in the future. Future compliance with these laws and regulations may adversely affect our business and results of operations. Risks Relating to our Business Strategies **, Integration** , Personnel and Other Operations Our business and growth depend on our ability to attract and retain qualified personnel, including our management team and other key personnel, and the inability to attract, hire, integrate, train, retain, or motivate specialized technical and management personnel could harm our business and growth. Our success and growth depend to a significant degree on the skills and continued services of our management team and other key personnel. If we lose the services of any member of management or any key personnel, we may not be able to locate a suitable or qualified replacement, and we may incur additional expenses to recruit and train a replacement. We have experienced recent changes in our management team. While we seek to manage these transitions carefully, these changes may result in a loss of institutional knowledge and may cause disruptions to our business and growth. If we fail to successfully integrate new key personnel into our organization or if key employees are unable to successfully transition into new roles, our business could be adversely affected. We cannot guarantee that we will be able to retain our executive officers or key employees in the future. Additionally, lack of effective leadership may lead to low morale, higher turnover, and decreased ability to execute our strategy. The loss of the services of any of our executive officers or key employees, and any failure to have in place and execute an effective succession plan for executive officers or key employees, could disrupt our business and have a significant negative impact on our operating results, prospects and future growth. In addition **,** our future success depends upon our ability to attract and retain highly qualified technical, marketing and managerial personnel. We are dependent on a relatively small group of key technical personnel with relevant expertise, including analog and mixed- signal expertise. Personnel with highly skilled managerial capabilities, and relevant expertise, are scarce and competition for personnel with these skills is intense. In addition, work from home or continuing macroeconomic related uncertainty may result in significant psychological, emotional or financial burdens for some of our employees, which may impact their productivity and morale and may lead to higher employee absences and higher attrition rates. There can be no assurance that we will be able to retain key employees or that we will be successful in attracting, integrating or retaining other highly qualified personnel in the future. If we are unable to retain the services of key employees or are unsuccessful in attracting new highly qualified employees, our business could be harmed. We **have encountered and expect to continue encountering difficulties that have adversely impacted, and likely will continue to adversely impact, our ability to realize the anticipated benefits from the Sierra Wireless Acquisition, and our significant additional indebtedness that we incurred in connection with the acquisition has negative consequences. Following the Sierra Wireless Acquisition, we experienced reduced business levels in the business acquired from Sierra Wireless due to current macroeconomic and industry conditions, including elevated interest rates. This has resulted in reduced earnings forecasts associated with the business acquired from Sierra Wireless, and, as a result, we recorded a total of $ 755. 6 million of pre- tax non- cash goodwill impairment charges for fiscal year 2024 in the Statements of Operations as a result of impairment tests performed throughout the fiscal year. If business conditions related to the Sierra Wireless business do not improve, we** may ~~the~~ **.The** Sierra Wireless Acquisition **increased** ~~.As a result of the Sierra Wireless Acquisition,~~ the amount of our debt ~~increased substantially,~~ resulting in additional interest expense. **We** ~~In the fourth quarter of fiscal year 2023,we~~ borrowed term loans in an aggregate principal amount of $ 895 ~~.0~~ million under the Term Loan Facility in order to fund a portion of the consideration for the Sierra Wireless Acquisition and related fees and expenses.Our increased indebtedness as a result of this financing **could** ~~has had,and likely will continue to~~ have ~~,~~ important consequences to us and our stockholders,including:increasing our vulnerability to general adverse economic and industry conditions;limiting our ability to obtain additional financing to fund future working capital,capital expenditures and other general corporate requirements;with respect to variable rate indebtedness,risks associated with increases in interest rates;requiring the use of a substantial portion of our cash flow from operations for the payment of principal and interest on our indebtedness,thereby reducing our ability to use our cash flow to fund working capital,future acquisitions,capital expenditures,stock repurchases and general corporate requirements;limiting our flexibility in planning for,or reacting to,changes in our business and our industry;and putting us at a disadvantage compared to our competitors with less indebtedness. ~~See " Item~~ **Events outside our control,including changes in regulation and laws as well as economic trends,also could adversely affect our ability to realize the expected benefits from the Sierra Wireless Acquisition** encounter difficulties integrating ours and Sierra Wireless' **s** businesses and operations ~~and~~ , ~~therefore, may not fully~~ **which has adversely impacted and delayed the operational synergies we expected to** realize **as a result of** the ~~anticipated benefits from~~ **acquisition. Our integration of certain business processes related to** the Sierra Wireless ~~Acquisition, and our significant additional indebtedness that we incurred in connection with the acquisition could have negative consequences. While we believe the Sierra Wireless Acquisition will result in certain benefits, including certain operational synergies and cost efficiencies, and drive product innovations, achieving these anticipated benefits will depend on successfully combining our and Sierra Wireless' businesses. We are in the process of integrating the~~ business **has also resulted in material weaknesses in our** ~~, operational and administrative systems to achieve consistency throughout the combined company, including with respect to human capital management, portfolio rationalization, finance and accounting systems, sales operations and product distribution, pricing systems and methodologies, data security systems, compliance programs and~~ internal ~~controls~~ - **control** ~~processes. This integration is a complex~~ **over financial reporting as further described in Part II** ,

~~costly~~ **Item 9A, " Controls** and ~~time- consuming process~~ **Procedures. " See " Risks Relating to Compliance " below**. It is not certain that **we will be successful in integrating** Sierra Wireless' business ~~can be~~ **with our business. Risks related to our ability to** successfully **complete the** ~~integrated~~ **integration** ~~with our~~ **of the Sierra Wireless** business **and realize** ~~in a timely manner or at all, or that any of~~ the **benefits we** anticipated **from the Sierra Wireless Acquisition** ~~benefits will be realized for a variety of reasons, including~~ **include**, but **are** not limited to the following: **• continuation or worsening of adverse macroeconomic conditions in regions in which we and Sierra Wireless operate;** • difficulties entering new markets and integrating new technologies in which we have no or limited direct prior experience; • failure to leverage the increased scale of the combined businesses quickly and effectively; • successfully managing relationships with our combined customer, supplier and distributor base; • coordinating and integrating independent research and development and engineering teams across technologies and product platforms to enhance product development while reducing costs; • consolidating and integrating corporate, finance and administrative infrastructures and integrating and harmonizing business systems **, including remediating the material weaknesses described in Part II, Item 9A," Controls and Procedures"; • challenges identifying and assessing changes in the business that could impact our system of internal controls, which resulted in a material weakness and contributed to other material weaknesses within our system of internal control over financial reporting at the control activity level**; • coordinating sales and marketing efforts to effectively position our capabilities and the direction of product development; • unanticipated costs or liabilities associated with the integration; • the increased scale and complexity of our operations; • ~~adverse changes in general economic conditions in regions in which we and Sierra Wireless operate; • retaining key employees; •~~ potential litigation associated with the Sierra Wireless Acquisition; • difficulties in the assimilation of employees and culture **and the impact on the business from the loss of employees due to workforce reductions or other departures**; • obligations to counterparties of Sierra Wireless that arise as a result of the change in control of Sierra Wireless, including with respect to limitations or restrictions that may be imposed on our ability to integrate products or technology used or produced by Sierra Wireless into our new or existing products; and • diversion of capital and other resources, including management' s attention from other important business objectives. Many of these factors **are** ~~will be~~ outside of our control and ~~any one of them~~ **have resulted, and** could **continue to** result **,** in increased costs, decreases in expected revenues and diversion of management' s time and attention, which **has materially impacted, and** could **continue to** materially ~~impact the combined company. In addition, even if the operations of the businesses are integrated successfully, the full benefits of the Sierra Wireless Acquisition may not be realized within the anticipated time frame or at all. All of these factors could decrease or delay the expected accretive effect of the Sierra Wireless Acquisition and negatively~~ impact the combined company. If we cannot successfully integrate our and Sierra Wireless' businesses and operations, or if there are **further** delays in ~~combining~~ **completing** the ~~businesses~~ **integration**, it could **further** negatively impact our ability to **realize the anticipated benefits of the Sierra Wireless Acquisition** ~~develop or sell new products and impair our ability to grow our business~~, which in turn could adversely affect our financial condition and operating results . The Sierra Wireless Acquisition increased the...... expected benefits from the Sierra Wireless Acquisition . We face risks associated with companies we have acquired in the past and may acquire in the future. We have expanded our operations through the Sierra Wireless Acquisition, and we may continue to expand and diversify our operations with additional acquisitions. Acquisitions may divert management attention and resources from other business objectives. Acquisitions have used and could use in the future a significant portion of our available liquid assets or we could incur debt or issue equity securities to fund acquisitions. Any issuance of equity securities could be dilutive to existing stockholders. Debt financing could subject us to restrictive covenants that could have an adverse effect on our business. Although we undertake detailed reviews of proposed acquisition candidates and attempt to negotiate acquisition terms favorable to us, we may encounter difficulties or incur liabilities for which we have no recourse. We cannot provide any assurance that any acquisition will have a positive impact on our future performance. If we are unsuccessful in integrating acquired companies into our operations or if integration is more difficult than anticipated, then we may not achieve anticipated cost savings or synergies and may experience disruptions that could harm our business. Acquisitions could have a negative impact on our future earnings by way of poor performance by the acquired company or, if we later conclude we are unable to use or sell an acquired product or technology, we could be required to write down the related intangible assets and goodwill. We **have incurred substantial impairment charges, and we** may be required to recognize additional impairment charges in the future **,** which could have an adverse effect on our financial condition and operating results. We assess our goodwill, other intangible assets and our long- lived assets on an annual basis and whenever events or changes in circumstances indicate the carrying value of our assets may not be recoverable, and as and when required by accounting principles generally accepted in the U. S. (" GAAP") to determine whether they are impaired. During fiscal **year 2024, we recorded $ 755. 6 million of goodwill impairment and $ 131. 4 million of intangible impairments. No impairment was recorded during fiscal** years 2023 ~~,~~ **or** 2022 **on our goodwill or intangible assets. See Note 8, Goodwill** and **Intangible Assets, to our Consolidated Financial Statements for further discussion of these impairment charges. During fiscal years** ~~2021~~ **2024** , **2023 and 2022,** we **also** recorded $ **3. 9 million, $** 1. 2 million ~~,~~ **and** $ 1. 3 ~~million and $ 6. 8~~ million of non- cash impairment charges and credit loss reserves on certain of our investments. Future restructuring or appraisal of our business impacting fair value of our assets or changes in estimates of our future cash flows could affect our impairment analysis in future periods and cause us to record either an additional expense for impairment of assets previously determined to be partially impaired or record an expense for impairment of other assets. Depending on future circumstances, we may never realize the full value of intangible assets. Any future determination or impairment of a significant portion of our goodwill and other intangibles could have an adverse effect on our financial condition and operating results. We rely on certain critical information systems for the operation of our business and a disruption in our information systems, including those related to cybersecurity, could adversely affect our business operations. We maintain and rely upon certain critical information systems for the effective operation of our business. These information systems include telecommunications, the Internet, our corporate intranet, various computer hardware and software applications, network communications, and e- mail. In some cases, these systems are also used to provide services to our customers. These information systems may be owned by us or by our outsource providers or even third parties such as vendors and contractors and may be maintained by us or by such providers or third parties. These information systems are subject to attacks, failures, and access denials from a number of potential sources including viruses, destructive or inadequate code, insider threats, power failures, and physical damage to computers, hard drives, communication lines and networking equipment. To the extent that these information systems are under our control, we have implemented security procedures, such as virus protection software, security procedures and emergency recovery processes, to address the outlined risks; however, these measures may not prevent all incidents and our inability to use or access these information systems at critical points in time could unfavorably impact the timely and efficient operation of our business. If the systems used for the provision of services to our customers are disrupted, our revenues may be affected, we may incur other liabilities to our customers, and we may suffer reputational damage. Additionally, any compromise of our information security could result in the unauthorized access to or disclosure of our confidential business or proprietary information, including potential theft of our intellectual property or trade secrets (including our proprietary technology) or the unauthorized release of customer, supplier or employee data and result in a violation of privacy or other laws, thus exposing us to litigation, regulatory enforcement or damage to our reputation. To the extent that our business is interrupted or data or proprietary technology is lost, destroyed or inappropriately used or disclosed, such disruption could adversely affect our competitive position, relationship with customers, suppliers or employees or our business, financial condition and operating results. In addition, we may be required to incur significant costs to protect against or repair the damage caused by these disruptions or security breaches in the future, and our insurance may not be adequate to fully reimburse us for all costs and losses we incur. The costs associated with our indemnification of certain customers, distributors, and other parties could be higher in future periods. In the normal course of our business, we indemnify other parties, including customers, distributors, and lessors, with respect to certain matters. These obligations typically arise pursuant to contracts under which we agree to hold the other party harmless against losses arising from a breach of representations and covenants related to certain matters, such as acts or omissions of our employees, infringement of third- party intellectual property rights, and certain environmental matters. There can be no assurances that we will not incur significant expense under these indemnification provisions in the future. We have also entered into agreements with our current and former directors and certain of our current and former executives indemnifying them against certain liabilities incurred in connection with their duties. Our Certificate of Incorporation and Bylaws contain similar indemnification obligations with respect to our current and former directors and employees, as does the California Labor Code. We cannot estimate the amount of potential future payments, if any, that we might be required to make as a result of these agreements **. We have identified material weaknesses in our internal control over financial reporting, which has led to a conclusion that our internal control over financial reporting and disclosure controls and procedures were not effective as of January 28, 2024. If we are unable to remediate the material weaknesses, discover additional weaknesses, or are unable to achieve and maintain effective disclosure controls and procedures and internal control over financial reporting, our results of operations, stock price and investor confidence in our Company could be adversely affected. Section 404 of the Sarbanes- Oxley Act of 2002 requires that companies evaluate and report on the effectiveness of their internal control over financial reporting as of the end of each fiscal year. In addition to the Company' s evaluation, our independent registered public accounting firm provides an opinion regarding the effectiveness of our internal control over financial reporting. As disclosed in more detail in Part II, Item 9A, " Controls and Procedures " below, we identified material weaknesses as of January 28, 2024, in our internal control over financial reporting. We have identified a deficiency in a principle associated with the risk assessment component of the Internal Control- Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (the " COSO framework "). Specifically, the control deficiency constitutes a material weakness relating to identifying and assessing changes in the business that could impact our system of internal control. The risk assessment material weakness contributed to other material weaknesses within our system of internal control over financial reporting at the control activity level, all of which were associated with the Sierra Wireless business, which the Company acquired on January 12, 2023. Internal controls related to our financial reporting systems are important to accurately reflect our financial position and results of operations in our financial reports. If, as a result of the ineffectiveness of our internal controls, we cannot provide reliable financial statements, our business decision processes may be adversely affected, our business and results of operations could be harmed, investors could lose confidence in our reported financial information and our ability to obtain additional financing, or additional financing on favorable terms, could be adversely affected. Our management has taken action to begin remediating the material weaknesses; however, certain remedial actions have only recently commenced and other remedial actions have not yet started, and while we expect to continue to implement our remediation plans, we cannot be certain as to when remediation will be fully completed or if our remediation efforts will be successful. Additional information regarding the initial remediation efforts are disclosed in more detail in Part II, Item 9A, " Controls and Procedures " below. In addition, we could in the future identify additional internal control deficiencies that could rise to the level of a significant deficiency or material weakness or uncover material errors in financial reporting. During the course of our evaluation, we may identify areas requiring improvement and may be required to design additional enhanced processes and controls to address issues identified through this review. In addition, there can be no assurance that such remediation efforts will be successful, that our internal control over financial reporting will be effective as a result of these efforts or that any such future significant deficiencies identified may not be material weaknesses that would be required to be reported in future periods. In addition, we cannot provide assurance that our independent registered public accounting firm will be able to attest that such internal controls are effective when they are required to do so. If we fail to remediate the material weaknesses and maintain effective disclosure controls and procedures or internal control over financial reporting, our**

ability to accurately record, process, and report financial information and, consequently, our ability to prepare financial statements within required time periods could be adversely affected. Failure to maintain effective internal controls could result in a failure to comply with SEC rules and regulations, stock exchange listing requirements, and the covenants under our debt agreements, subject us to litigation, investigations or enforcement actions, negatively affect investor confidence in our financial statements, and adversely impact our stock price and ability to access capital markets. The defense of any such claims, investigations or enforcement actions could cause the diversion of the Company' s attention and resources and could cause us to incur significant legal and other expenses even if the matters are resolved in our favor . Risks Relating to our Indebtedness Our indebtedness could adversely affect our business, financial condition, and results of operations. The terms of our indebtedness, including under our Credit Agreement (as defined below), could have significant consequences on our future operations, including: • making it more difficult for us to satisfy our debt obligations and our other ongoing business obligations, which may result in defaults; • sensitivity to interest rate increases on our variable rate outstanding indebtedness, which could result in increased interest under our credit facilities which could cause our debt service obligations to increase significantly; • reducing the availability of our cash flow to fund working capital, capital expenditures, acquisitions and other general corporate purposes, and limiting our ability to obtain additional financing for these purposes; • limiting our flexibility in planning for, or reacting to, and increasing our vulnerability to, changes in our business, the industries in which we operate, and the overall economy; • placing us at a competitive disadvantage compared to any of our competitors that have less debt or are less leveraged; • increasing our vulnerability to the impact of adverse economic and industry conditions; and • if we receive a downgrade of our credit ratings, our cost of borrowing could increase, negatively affecting our ability to access the capital markets on advantageous terms, or at all. Our ability to meet our payment and other obligations under our debt instruments depends on our ability to generate significant cash flow in the future. This, to some extent, is subject to general economic, financial, competitive, legislative and regulatory factors as well as other factors that are beyond our control. We cannot assure you that our business will generate cash flow from operations, or that future borrowings will be available to us under our existing or any future credit facilities or otherwise, in an amount sufficient to enable us to meet our debt obligations and to fund other liquidity needs. We may incur substantial additional indebtedness, including secured indebtedness, for many reasons, including to fund acquisitions. If we add additional debt or other liabilities, the related risks that we face could intensify. Furthermore, a systemic failure of the banking system in the U. S. or globally may result in a situation in which we lose our ability to draw down funds from our Revolving Credit Facility (as defined below), lose access to our deposits and are unable to obtain financing from other sources which could materially and adversely affect our business and financial condition. Restrictive **and financial** covenants in the Credit Agreement governing our credit facilities may restrict our ability to pursue our business strategies **, and any violation of one or more of these covenants could have a material adverse effect on our financial condition and results of operations** . The Credit Agreement ~~(as defined below)~~ contains a number of restrictive covenants that impose significant operating and financial restrictions on us and may limit our ability to engage in acts that may be in our long- term best interests. The Credit Agreement includes covenants restricting, among other things, our and our subsidiaries' ability to: incur or guarantee additional debt or issue certain preferred stock; pay dividends or make distributions on our capital stock or redeem, repurchase or retire our capital stock; make certain investments and acquisitions; create liens on our or our subsidiaries' assets; enter into transactions with affiliates; merge or consolidate **—** with another person or sell or otherwise dispose of substantially all of our assets; make certain payments in respect of other material indebtedness; and alter the business that we conduct. **In addition,** ~~Under~~ **under** the Credit Agreement, we are required to maintain a maximum consolidated leverage ratio ~~and~~ **,** a minimum interest expense coverage ratio **and minimum liquidity. Due to the impact of macroeconomic conditions and a softer demand environment on our business and results of operations, we entered into amendments to the Credit Agreement in February 2023, June 2023 and October 2023 to provide additional financial flexibility with respect to the financial covenants in the Credit Agreement. These amendments resulted in, among other things, an increase in the maximum leverage ratio, a decrease in the minimum interest ratio and also introduced the minimum liquidity covenant that applies through January 31, 2025. We were in compliance with these covenants as of January 28, 2024. In response to adverse market demand conditions, management has taken actions to reduce expenses and maintain compliance with the financial covenants. Failure to meet the covenant requirements in the Credit Agreement would constitute an event of default under the Credit Agreement and there is no certainty we would be able to obtain waivers or amendments with the requisite lenders party thereto in order to maintain compliance. Other covenants in the Credit Agreement may also limit or restrict our ability to take certain actions to address our compliance with certain of the financial covenants in the Credit Agreement** . Our ability to meet such financial ~~ratios~~ **covenants** can **also** be affected by events beyond our control, and we cannot assure you that we will be able to meet such **financial** ~~ratios. The Credit Agreement also contains various~~ covenants ~~and restrictions and a breach of any covenant or restriction could result in a default under our Credit Agreement~~ . If ~~any~~ - **an** ~~such~~ **event of** default occurs **and we are unable to obtain necessary waivers or amendments** , the **requisite** lenders may elect ~~(after the expiration of any applicable notice or grace periods)~~ to declare all outstanding borrowings, together with accrued and unpaid interest and other amounts payable thereunder, to be immediately due and payable. Further, ~~following~~ **if** an event of default **occurs** ~~under the Credit Agreement~~ , the lenders will have the right to proceed against the collateral granted to them to secure that debt. If the debt under the Credit Agreement were to be accelerated, our assets may not be sufficient to repay in full that debt that may become due as a result of that acceleration. ~~Risks Relating~~ **We could seek replacement financing at prevailing market rates or raise additional capital by issuing equity or debt securities; however, this may not be on terms favorable** to **us, or available at all. We are required to assess our ability to continue as a going concern as part of our preparation of financial statements at each quarter- end. This assessment includes, among** ~~the~~ **other** ~~Convertible Notes~~ **things, our ability to comply with the financial covenants and other requirements under the Credit Agreement. If in future periods we are not able to demonstrate that we will be in**

compliance with the financial covenant requirements in the Credit Agreement over the next twelve months from the issuance of the financial statements and would not have sufficient funds or financing plans to satisfy the obligations thereunder if an event of default occurs, management may be required to conclude that the uncertainty surrounding compliance with these financial covenants raises substantial doubt about our ability to continue as a going concern. Any such determination that we may be unable to continue as a going concern, or the perception that we may be unable to do so, may materially harm our business and reputation and may make it more difficult for us to obtain financing for the continuation of our operations, which, in turn, may adversely impact our financial condition, results of operations and cash flows. If, in the event of such a determination, we are not successful in raising additional capital or refinancing our existing debt or securing new financing, we may be required to reduce the scope of our operations, liquidate some of our assets where possible, and / or suspend or curtain planned programs among other possible courses of action. The accounting method for the Notes could adversely affect our financial condition and results. **We** ~~As of January 30, 2022, we~~ have adopted accounting guidance that simplifies the accounting for convertible debt that may be settled in cash. As a result, our 1. 625 % Convertible Senior Notes due 2027 (the " **2027** Notes ") **and 4. 00 % Convertible Senior Notes due 2028 (the " 2028 Notes " and, together with the 2027 Notes, the" Notes"),** are recorded on our balance sheet at face value less unamortized debt issuance costs, with interest expense reflecting the cash coupon plus the amortization of the capitalized issuance costs. Additionally, we apply the ~~treasury~~ **if** - ~~stock~~ **converted** method to the Notes in calculating earnings per share **, which** ~~. The application of the treasury- stock method~~ may reduce our reported diluted earnings per share. Furthermore, in the event the conditional conversion feature of the Notes is triggered, holders of Notes will be entitled to convert their Notes at any time during specified periods at their option. If one or more holders elect to convert their Notes, we would be required to settle any converted principal amount of such Notes through the payment of cash, which could adversely affect our liquidity. In addition, even if holders do not elect to convert their Notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the Notes as a current rather than long- term liability, which would result in a material reduction of our net working capital. As of January ~~29~~ **28** , ~~2023~~ **2024** , the Notes are not convertible at the option of the holders. Conversion of the Notes may dilute the ownership interest of our stockholders or may otherwise depress the price of our common stock. The conversion of some or all of the Notes may dilute the ownership interests of our stockholders. Upon conversion of the Notes, we have the option to pay or deliver, as the case may be, cash, shares of our common stock, or a combination of cash and shares of our common stock in respect of the remainder, if any, of our conversion obligation in excess of the aggregate principal amount of the Notes being converted. If we elect to settle the remainder, if any, of our conversion obligation in excess of the aggregate principal amount of the Notes being converted in shares of our common stock or a combination of cash and shares of our common stock, any sales in the public market of our common stock issuable upon such conversion could adversely affect prevailing market prices of our common stock. In addition, the existence of the Notes may encourage short selling by market participants because the conversion of the Notes could be used to satisfy short positions, or anticipated conversion of the Notes into shares of our common stock could depress the price of our common stock. Certain provisions in the ~~indenture~~ **indentures** governing the Notes may delay or prevent an otherwise beneficial takeover attempt of us. Certain provisions in the ~~indenture~~ **indentures** governing the Notes may make it more difficult or expensive for a third party to acquire us. For example, the ~~indenture~~ **indentures** governing the Notes generally ~~requires~~ **require** us, at the option of the holders, to repurchase the Notes for cash upon the occurrence of a fundamental change and, in certain circumstances, to increase the conversion rate for a holder that converts its Notes in connection with a make- whole fundamental change, as defined in the indenture for the Notes. A takeover of us may trigger the requirement that we repurchase the Notes and / or increase the conversion rate, which could make it costlier for a potential acquirer to engage in such takeover. Such additional costs may have the effect of delaying or preventing a takeover of us that would otherwise be beneficial to investors. The Convertible Note Hedge Transactions and Warrants transactions may affect the trading price of our common stock. On October 6, 2022 and October 19, 2022, we entered into privately negotiated convertible note hedge transactions (the " Convertible Note Hedge Transactions ") with an affiliate of one of the initial purchasers of the **2027** Notes and another financial institution (collectively, the " Counterparties "). We also separately entered into privately negotiated warrant transactions (the " Warrants ") with the Counterparties. The Convertible Note Hedge Transactions are expected generally to reduce the potential dilution to our common stock upon any conversion of **the 2027** Notes and / or offset any cash payments we are required to make in excess of the principal amount of converted **2027** Notes, as the case may be. However, the Warrants transactions could separately have a dilutive effect on our common stock to the extent that the market price per share of our common stock exceeds the strike price of the Warrants. In addition, the Counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to our common stock and / or purchasing or selling our common stock or other securities of ours in secondary market transactions prior to the maturity of the **2027** Notes (and are likely to do in connection with any conversion of the **2027** Notes or redemption or repurchase of the **2027** Notes). This activity could cause or avoid an increase or a decrease in the market price of our common stock. We do not make any representation or prediction as to the direction or magnitude of any potential effect that the transactions described above may have on the price of our common stock. In addition, we do not make any representation that the Counterparties will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice. We are subject to counterparty risk with respect to the Convertible Note Hedge Transactions. The Counterparties are financial institutions, and we will be subject to the risk that any or all of them might default under the Convertible Note Hedge Transactions. Our exposure to the credit risk of the Counterparties is not secured by any collateral. If a Counterparty becomes subject to insolvency proceedings, we will become an unsecured creditor in those proceedings with a claim equal to our exposure at that time under the Convertible Note Hedge Transactions with such Counterparty. Our exposure will depend on many factors but, generally, an increase in our exposure will be correlated to an increase in the market price and in the volatility of our common stock. In addition, upon a default by a Counterparty, we may suffer adverse tax consequences and more dilution than we currently anticipate with respect to our common stock. We can provide no assurances as to the financial stability or viability of the Counterparties.