Risk Factors Comparison 2023-08-04 to 2022-08-05 Form: 10-K

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

The following is a summary of the principal risks and uncertainties that could materially adversely affect our business, results of operations, financial condition, cash flows, brand and / or the price of our outstanding ordinary shares, and make an investment in our ordinary shares speculative or risky. You should read this summary together with the more detailed description of each risk factor contained below. Additional risks beyond those summarized below or discussed elsewhere in this Annual Report on Form 10- K may apply to our business and operations as currently conducted or as we may conduct them in the future or to the markets in which we currently, or may in the future, operate. Risks Related to our Business, Operations and Industry • Our ability to increase our revenue and maintain our market share depends on our ability to successfully introduce and achieve market acceptance of new products on a timely basis. If our products do not keep pace with customer requirements, our results of operations will be adversely affected. • We operate in highly competitive markets and our failure to anticipate and respond to technological changes and other market developments, including price, could harm our ability to compete. • We ~~may be~~ **have been** adversely affected by ~~the~~ **reduced, delayed,** loss of ~~, or reduced, delayed~~ or canceled purchases by, one or more of our key customers **, including large hyperscale data center companies and CSPs** . • We are dependent on sales to distributors and retailers, which may increase price erosion and the volatility of our sales. • We must plan our investments in our products and incur costs before we have customer orders or know about the market conditions at the time the products are produced. If we fail to predict demand accurately for our products or if the markets for our products change, we may **have insufficient demand or we may** be unable to meet ~~demand or we may have insufficient~~ demand, which may materially adversely affect our financial condition and results of operations. • Changes in demand for computer systems, data storage subsystems and consumer electronic devices may in the future cause a decline in demand for our products ~~, or an increase in demand for our products that we are unable to meet~~ . • We have a long and unpredictable sales cycle for nearline storage solutions, which impairs our ability to accurately predict our financial and operating results in any period and may adversely affect our ability to forecast the need for investments and expenditures. • We experience seasonal declines in the sales of our consumer products during the second half of our fiscal year which may adversely affect our results of operations. • We may not be successful in our efforts to grow our systems, SSD and Lyve revenues. • Our worldwide sales **and manufacturing** operations subject us to risks that may adversely affect our business related to disruptions in international markets, currency exchange fluctuations ~~,~~ **and** increased costs ~~, and global health outbreaks~~ . • The ~~ongoing~~ **effects of the** COVID- 19 pandemic ~~has~~ **have negatively** impacted **and may, in the future, adversely impact** our business, operating results and financial condition, as well as the operations and financial performance of many of the customers and suppliers in industries that we serve ~~. We are unable to predict the extent to which the pandemic and related effects will adversely impact our business operations, financial performance, results of operations, financial position and the achievement of our strategic objectives~~ . • If we do not control our costs, we will not be able to compete effectively **and our financial condition may be adversely impacted** . Risks Associated with Supply and Manufacturing • Shortages or delays in the receipt of, or cost increases in, critical components, equipment or raw materials necessary to manufacture our products ~~, may cause us to suffer lower operating margins, production delays and other material adverse effects. • Shortages or delays in critical components~~ , as well as reliance on single- source suppliers, ~~can~~ **may** affect our production and development of products and may harm our operating results. • ~~If~~ **We have cancelled purchased commitments with suppliers and incurred cost associated with such cancellations, and if** revenues fall or customer demand decreases significantly, we may not meet ~~all of~~ our purchase commitments to certain suppliers **in the future, which could result in penalties, increased manufacturing costs or excess inventory** . • Due to the complexity of our products, some defects may only become detectable after deployment. Risks Related to Human Capital • The loss of or inability to attract, retain and motivate key executive officers and employees could negatively impact our business prospects. • We are subject to risks related to corporate and social responsibility and reputation. Risks Related to Financial Performance or General Economic Conditions **• Changes in the macroeconomic environment have impacted and may in the future negatively impact our results of operations.** • We may not be able to generate sufficient cash flows from operations and our investments to meet our liquidity requirements, including servicing our indebtedness **and continuing to declare our quarterly dividend** . • We are subject to counterparty default risks. • Our quarterly results of operations fluctuate, sometimes significantly, from period to period, and may cause our share price to decline. • Any cost reduction initiatives that we undertake may not deliver the results we expect ~~,~~ and these actions may adversely affect our business ~~. • Changes in the macroeconomic environment may in the future negatively impact our results of operations~~ . • The effect of geopolitical uncertainties, war, terrorism, natural disasters, public health issues and other circumstances, on national and / or international commerce and on the global economy, could materially adversely affect our results of operations and financial condition. Legal, Regulatory and Compliance Risks • Our business is subject to various laws, regulations, governmental policies, litigation, governmental investigations or governmental proceedings that may cause us to incur significant expense or adversely impact our results or operations and financial condition. • Some of our products and services are subject to export control laws and other laws affecting the countries in which our products and services may be sold, distributed, or delivered, and any changes to or violation of these laws could have a material adverse effect on our business, results of operations, financial condition and cash flows. • Changes in U. S. trade policy, including the imposition of sanctions or tariffs and the resulting consequences, may have a material adverse impact on our business and results of operations. • We may be unable to protect our intellectual property rights, which could adversely affect our business, financial condition and results of operations. • We are at times subject to intellectual property proceedings and claims which could cause us to incur significant additional costs or prevent us from selling our products, and which could adversely affect our results of operations and financial condition. • Our business and certain products and services depend in part on IP and technology licensed from third parties, as well as data centers and infrastructure operated by third parties. Risks Related to Information Technology, Data and Information Security • We could suffer a loss of revenue and increased costs, exposure to significant liability including legal and regulatory consequences, reputational harm and other serious negative consequences in the event of cyber- attacks, ransomware or other cyber security breaches or incidents that disrupt our operations or result in unauthorized access to, or the loss, corruption, unavailability or dissemination of proprietary or confidential information of our customers or about us or ~~our customers or~~ other third parties. • We must successfully **implement our new global enterprise resource planning system and** maintain and upgrade our ~~IT~~ **information technology** systems, and our failure to do so could have a material adverse effect on our business, financial condition and results of operations. Risks Related to Owning our Ordinary Shares • The price of our ordinary shares may be volatile and could decline significantly. • Any decision to reduce or discontinue the payment of cash dividends to our shareholders or the repurchase of our ordinary shares pursuant to our previously announced share repurchase program could cause the market price of our ordinary shares to decline significantly. RISKS RELATED TO OUR BUSINESS, OPERATIONS AND INDUSTRY The markets for our products are characterized by rapid technological change, frequent new product introductions and technology enhancements, uncertain product life cycles and changes in customer demand. The success of our products and services also often depends on whether our offerings are compatible with our customers' or third- parties' products or services and their changing technologies. Our customers demand new generations of storage products as advances in computer hardware and software have created the need for improved storage, with features such as increased storage capacity, enhanced security, energy efficiency, improved performance and reliability and lower cost. We, and our competitors, have developed improved products, and we will need to continue to do so in the future. Historically, our results of operations have substantially depended upon our ability to be among the first- to- market with new data storage product offerings. We may face technological, operational and financial challenges in developing new products. In addition, our investments in new product development may not yield the anticipated benefits. Our market share, revenue and results of operations in the future may be adversely affected if we fail to: • develop new products, identify business strategies and timely introduce competitive product offerings to meet technological shifts, or we are unable to execute successfully; • consistently maintain our time- to- market performance with our new products; • ~~produce~~ **manufacture** these products in adequate volume; • meet specifications or satisfy compatibility requirements; • qualify these products with key customers on a timely basis by meeting our customers' performance and quality specifications; or • achieve acceptable manufacturing yields, quality and costs with these products. Accordingly, we cannot accurately determine the ultimate effect that our new products will have on our results of operations. Our failure to accurately anticipate customers' needs and accurately identify the shift in technological changes could materially adversely affect our long- term financial results. In addition, the concentration of customers in our largest end markets magnifies the potential **adverse** effect of missing a product qualification opportunity. If the delivery of our products is delayed, our customers may use our competitors' products to meet their requirements. When we develop new products with higher capacity and more advanced technology, our results of operations may decline because the increased difficulty and complexity associated with producing these products increases the likelihood of reliability, quality or operability problems. If our products experience increases in failure rates, are of low quality or are not reliable, customers may reduce their purchases of our products, our factory utilization may decrease and our manufacturing rework and scrap costs and our service and warranty costs may increase. In addition, a decline in the reliability of our products may make it more difficult for us to effectively compete with our competitors. Additionally, we may be unable to produce new products that have higher capacities and more advanced technologies in the volumes and timeframes that are required to meet customer demand. We are transitioning to key areal density recording technologies that use HAMR technology to increase HDD capacities. If our transitions to more advanced technologies, including the transition to HDDs utilizing HAMR technology, require development and production cycles that are longer than anticipated or if we otherwise fail to implement new HDD technologies successfully, we may lose sales and market share, which could significantly harm our financial results. We cannot assure you that we will be among the leaders in time- to- market with new products or that we will be able to successfully qualify new products with our customers in the future. If our new products are not successful, our future results of operations may be adversely affected. We face intense competition in the data storage industry. Our principal sources of competition include HDD and SSD manufacturers, and companies that provide storage subsystems, including electronic manufacturing services and contract electronic manufacturing. The markets for our data storage products are characterized by technological change, which is driven in part by the adoption of new industry standards. These standards provide mechanisms to ensure technology component interoperability but they also hinder our ability to innovate or differentiate our products. When this occurs, our products may be deemed commodities, which could result in downward pressure on prices. We also experience competition from other companies that produce alternative storage technologies such as flash memory, where increasing capacity, decreasing cost, energy efficiency and improvements in performance have resulted in **SSDs that offer** increased competition with our lower capacity, smaller form factor **HDDs** ~~disk drives~~ and a declining trend in demand for HDDs in our legacy markets. Some customers for both mass capacity storage and legacy markets have adopted SSDs as an alternative to hard drives in certain applications. Further adoption of SSDs or other alternative storage technologies may limit our total addressable HDD market, impact the competitiveness of our product portfolio and reduce our market share. Any resulting increase in competition could have a material adverse effect on our business, financial condition and results of operations. Some of our key customers such as OEM customers including large hyperscale data center companies and CSPs account for a large portion of our revenue in our mass capacity markets. While we have long- standing relationships with many of our customers, if any key customers ~~were~~ **have** to significantly reduce, defer or cancel their purchases from us or delay product acceptances, or we were prohibited from selling to those key customers **such as due to export regulations**, our results of operations would be adversely affected.

Although sales to key customers may vary from period to period, a key customer that permanently discontinues or significantly reduces its relationship with us, or that we are prohibited from selling to, could be difficult to replace. In line with industry practice, new key customers usually require that we pass a lengthy and rigorous qualification process. Accordingly, it may be difficult or costly for us to attract new key customers. ~~Conversely~~ **Additionally** , ~~if one~~ **our customers' demand for our products may fluctuate due to factors beyond our control. If any** of our key customers unexpectedly ~~increases its~~ **reduce, delay or cancel** orders, ~~we~~ **our revenues and results of operations** may be **materially** ~~unable to produce the additional product volumes in a timely manner or take advantage of any overall increased market demand. This could damage our customer relationships and reputation, which may adversely affect our results of operations. Additionally, some of our key customers are subject to cyclical demand which may result in variability of their orders and timing of their purchase with us and if one of our key customers unexpectedly reduces, delays or cancels orders, our revenues and results of operations may be~~ adversely affected. Furthermore, if there is consolidation among our customer base **, or when supply exceeds demand in our industry** , our customers may be able to command increased leverage in negotiating prices and other terms of sale, which could adversely affect our profitability. Furthermore, if such customer pressures require us to reduce our pricing such that our gross margins are diminished, it might not be feasible to sell to a particular customer, which could result in a decrease in our revenue. Consolidation among our customer base may also lead to reduced demand for our products, replacement of our products by the combined entity with those of our competitors and cancellations of orders, each of which could adversely affect our results of operations. If a significant transaction or regulatory impact involving any of our key customers results in the loss of or reduction in purchases by these key customers, it could have a materially adverse effect on our business, results of operations and financial condition. A substantial portion of our sales has been to distributors and retailers of disk drive products. Certain of our distributors and retailers may also market competing products. We face significant competition in this distribution channel as a result of limited product qualification programs and a focus on price, terms and product availability. Sales volumes through this channel are also less predictable and subject to greater volatility. In addition, deterioration in business and economic conditions ~~could~~ **has** ~~exacerbate~~ **exacerbated** price erosion and volatility as distributors or retailers lower prices to compensate for lower demand and higher inventory levels. Our distributors' and retailers' ability to access credit to fund their operations may also affect their purchases of our products. If prices decline significantly in this distribution channel or our distributors or retailers reduce purchases of our products or if distributors or retailers experience financial difficulties or terminate their relationships with us, our revenues and results of operations would be adversely affected **. Our results of operation are highly dependent on strong cloud and enterprise and / or consumer spending and the resulting demand for our products. Reduced demand, particularly from our key cloud and enterprise customers as a result of a significant change in macroeconomic conditions or other factors may result in a significant reduction or cancellation of their purchases from us which can and have materially adversely impacted our business and financial condition** . Our manufacturing process requires us to make significant product- specific investments in inventory for production at least three to six months in advance. As a result, we incur inventory and manufacturing costs in advance of anticipated sales that may never materialize or that may be substantially lower than expected. If actual demand for our products is lower than the forecast, we may also experience **excess and obsolescence of inventory,** higher inventory carrying costs, **factory underutilization charges and** manufacturing rework costs ~~and product obsolescence. Conversely~~ , ~~if~~ **which have resulted in and could result in adverse material effects on our financial condition and results of operations. For example, due to customer inventory adjustments,** we ~~underestimate~~ **have experienced a slowdown in** demand **for our products** , ~~we may~~ **particularly in the mass capacity markets. These reductions in demand** have ~~insufficient inventory~~ **required us** to ~~satisfy demand~~ **significantly reduce manufacturing production plans** and ~~may have~~ **recognize factory underutilization charges. We expect these factors will continue** to ~~forego sales~~ **impact our business and results of operations over the near term** . Other factors that have affected and may continue to affect our ability to anticipate or meet the demand for our products and adversely affect our results of operations include: • competitive product announcements or technological advances that result in excess supply when customers cancel purchases in anticipation of newer products; • variable demand resulting from unanticipated upward or downward pricing pressures; • our ability to successfully qualify, manufacture and sell our data storage products; • changes in our product mix, which may adversely affect our gross margins; • key customers deferring or canceling purchases or delaying product acceptances, or unexpected increases in their orders; • manufacturing delays or interruptions, particularly at our manufacturing facilities in China, Malaysia, Northern Ireland, Singapore, Thailand or the United States; • limited access to components that we obtain from a single or a limited number of suppliers; and • the impact of changes in foreign currency exchange rates on the cost of producing our products and the effective price of our products to non- U. S. customers. Our products are ~~components~~ **incorporated** in computers, data storage systems **deployed in data centers** and consumer electronic devices. Historically, the demand for these products has been volatile. Unexpected slowdowns in demand for computers, data storage subsystems or consumer electronic devices generally result in sharp declines in demand for our products. Declines in customer spending on the systems and devices that incorporate our products could have a material adverse effect on demand for our products and on our financial condition and results of operations. Uncertain global economic and business conditions can exacerbate these risks. We are dependent on our long- term investments to manufacture adequate products. Our investment decisions in adding new **manufacturing** ~~assembly and test~~ capacity require significant planning and lead- time, and a failure to accurately forecast demand for our products could cause us to over- invest or under- invest, which would lead to excess capacity, ~~under- utilization~~ **underutilization** charges, **or** impairments ~~or loss of sales and revenue opportunities~~ . Sales to the legacy markets remain an important part of our business. These markets, however, have been, and we expect them to continue to be, adversely affected by: • announcements or introductions of major new operating systems or semiconductor improvements or shifts in customer preferences, performance requirements and behavior, such as the shift to tablet computers, smart phones, NAND flash memory or similar devices that meet customers' cost and capacity metrics; • longer product life cycles; and • changes in macroeconomic conditions that cause customers to spend less, such as the imposition of new tariffs, increased laws and regulations, and increased unemployment levels. **The** ~~We believe that the~~ deterioration of demand for disk drives in certain of the legacy markets has accelerated, and **we believe** this deterioration may continue ~~or~~ **and may** further accelerate, which ~~could~~ **has** ~~cause~~ **caused** our operating results to suffer. In addition, we believe announcements regarding competitive product introductions from time to time have caused customers to defer or cancel their purchases, making certain inventory obsolete. Whenever an oversupply of products in the market causes our industry to have higher than anticipated inventory levels, we experience even more intense price competition from other manufacturers than usual, which may materially adversely affect our financial results. Our nearline storage solutions are technically complex and we typically supply them in high quantities to a small number of customers. Many of our products are ~~also~~ tailored to meet the specific requirements of individual customers ~~,~~ and are often integrated by our customers into the systems and products that they sell. **Our** ~~Factors that affect the length of our sales cycle include: • the time required for developing, testing and evaluating our products before they are deployed; • the size of the deployment; and • the complexity of system configuration necessary to deploy our products. As a result, our~~ sales cycle for nearline storage solutions could exceed one year and ~~frequently~~ **could be** unpredictable **, depending on the time required for developing, testing and evaluating our products before deployment; the size of deployment; and the complexity of system configuration necessary for development** . Additionally, our nearline storage solutions ~~is~~ **are** subject to variability of sales primarily due to the timing of IT spending or a reflection of cyclical demand from CSPs based on the timing of their procurement and deployment requirements and their ability to procure other components needed to build out data center infrastructure. Given the length of development and qualification programs and unpredictability of the sales cycle, we may be unable to accurately forecast product demand, which may result in ~~lost sales or~~ excess inventory and associated inventory reserves or write- downs, ~~each of~~ which could harm our business, financial condition and results of operations. In certain end markets, sales of computers, storage subsystems and consumer electronic devices tend to be seasonal, and therefore, we expect to continue to experience seasonality in our business as we respond to variations in our customers' demand for our products. In particular, we anticipate that sales of our consumer products will continue to be lower during the second half of our fiscal year. Retail sales of certain of our legacy markets solutions traditionally experience higher demand in the first half of our fiscal year driven by consumer spending in the back- to- school season from late summer to fall and the traditional holiday shopping season from fall to winter. We experience seasonal reductions in the second half of our fiscal year in the business activities of our customers during international holidays like Lunar New Year, as well as in the summer months (particularly in Europe), which typically result in lower sales during those periods. Since our working capital needs peak during periods in which we are increasing production in anticipation of orders that have not yet been received, our results of operations will fluctuate even if the forecasted demand for our products proves accurate. Failure to anticipate consumer demand for our branded solutions ~~as well as an inability to maintain effective working relationships with retail and online distributors~~ may also adversely impact our future results of operations. Furthermore, it is difficult for us to evaluate the degree to which this seasonality may affect our business in future periods because of the rate and unpredictability of product transitions and new product introductions, as well as macroeconomic conditions. **In particular, during periods where there are rapidly changing macroeconomic conditions, historical seasonality trends may not be a good indicator to predict our future performance and results of operations.** We have made and continue to make investments to grow our systems, SSD and Lyve platform revenues. Our ability to grow systems, SSD and Lyve revenues is subject to the following risks: • we may be unable to accurately estimate and predict data center capacity and requirements; • we may ~~not~~ be ~~able~~ **unable** to offer compelling solutions or services to enterprises, subscribers ~~,~~ or consumers; • we may be unable to obtain cost effective supply of NAND flash memory in order to offer competitive SSD solutions; and • our cloud systems revenues generally have a longer sales cycle, and growth is likely to depend on relatively large **orders from a concentrated** customer ~~orders~~ **base** , which may increase the variability of our results of operations and the difficulty of matching revenues with expenses. Our results of operations and share price may be adversely affected if we are not successful in our efforts to grow our revenues as anticipated. In addition, our growth in these markets may bring us into closer competition with some of our customers or potential customers, which may decrease their willingness to do business with us. We are a global company and have significant sales operations outside of the United States, including sales personnel and customer support operations. We also generate a significant portion of our revenue from sales outside the U. S. Disruptions in the economic, environmental, political, legal or regulatory landscape in the countries where we operate may have a material adverse impact on our manufacturing and sales operations. Disruptions in financial markets ~~,~~ **and** the deterioration of global economic conditions ~~, and geopolitical uncertainty and instability or war, such as the military action against Ukraine launched by Russia,~~ have had and may continue to have an impact on our sales to customers and end- users ~~located in the EMEA region~~ . Prices for our products are denominated predominantly in dollars, even when sold to customers that are located outside the U. S. An increase in the value of the dollar could increase the real cost to our customers of our products in those markets outside of the U. S. where we sell in dollars. This could adversely impact our sales and market share in such areas or increase pressure on us to lower our ~~price~~ **prices** , and adversely impact our profit margins. In addition, we have revenue and expenses denominated in currencies other than the dollar, primarily the Thai Baht, Singaporean dollar, Chinese Renminbi and British Pound Sterling, which further exposes us to adverse movements in foreign currency exchange rates. A weakened dollar could increase the effective cost of our expenses such as payroll, utilities, tax and marketing expenses, as well as overseas capital expenditures. Any of these events could have a material adverse effect on our results of operations. We have attempted to manage the impact of foreign currency exchange rate changes by, among other things, entering into foreign currency forward exchange contracts from time to time, which could be designated as cash flow hedges or not designated as hedging instruments. Our hedging strategy may be ineffective, and specific hedges may expire and not be renewed or may not offset any or more than a portion of the adverse financial impact resulting from currency variations. The hedging activities may not cover our full exposure, subject us to certain counterparty credit risks and may impact our results of operations. See " Item 7A. Quantitative and Qualitative Disclosures

About Market Risk — Foreign Currency Exchange Risk " of this report for additional information about our foreign currency exchange risk. The shipping and transportation costs associated with our international operations are typically higher than those associated with our U. S. operations, resulting in decreased operating margins in some countries. Volatility in fuel costs, political instability or constraints in or increases in the costs of air transportation may lead us to develop alternative shipment methods, which could disrupt our ability to receive raw materials, or ship finished product, and as a result our business and results of operations may be harmed. The ~~occurrence of a pandemic disease, such as the recent COVID- 19 pandemic, has impacted and may adversely impact our operations (including, without limitation, logistical and other operational costs) and the operations of some of our customers. The~~ COVID- 19 pandemic has resulted in a widespread health crisis and numerous disease control measures being taken to limit its spread. The impact of the pandemic on our business has included or could in the future include: • disruptions to or restrictions on our ability to ensure the continuous manufacture and supply of our products and services **as a result of labor shortages and workforce disruptions** , including insufficiency of our existing inventory levels and temporary or permanent closures or reductions in operational capacity of our facilities or the facilities of our direct or indirect suppliers or customers, and any supply chain disruptions ~~; • temporary shortages of skilled employees available to staff manufacturing facilities due to stay at home orders and travel restrictions within as well as into and out of countries~~ ; • increases in operational expenses and other costs related to requirements implemented to mitigate the impact of the COVID- 19 pandemic; • delays or limitations on the ability of our customers to perform or make timely payments; • reductions in short- and long- term demand for our products, or other disruptions in technology buying patterns; • adverse effects on economies and financial markets globally or in various markets throughout the world, ~~potentially leading~~ **which has led** to ~~a prolonged economic downturn or~~ **, and could in the future, lead to,** reductions in business and consumer spending, which **have resulted or** may result in decreased net revenue, gross margins, or earnings and / or in increased expenses and difficulty in managing inventory levels; • delays to and / or lengthening of our sales or development cycles or qualification activity; **and** • challenges for us, our direct and indirect suppliers and our customers in obtaining financing due to turmoil in financial markets **. There are many factors outside of** ~~; • workforce disruptions due to illness, quarantines, governmental actions, other restrictions, and / or~~ **our control, such as new strains** ~~the social distancing measures we have taken to mitigate the impact~~ of ~~the~~ COVID- 19 **virus, the response and measures taken by government authorities around the world, and the response of the financial and consumer markets to the** pandemic ~~in an~~ **and related governmental measures. These impacts, individually** ~~effort to protect the health and well- being of our~~ - **or** ~~employees~~ **in the aggregate** , **have had** ~~customers, suppliers~~ and **could have a material and adverse effect on our business, results** of **operations and financial condition. Under any of** ~~the~~ **these circumstances,** ~~communities in which we operate; • increased vulnerability to cyberattacks due to~~ the **resumption** ~~significant number~~ of **normal business operations has delayed** ~~employees working remotely; and • our~~ - **or been hampered by lingering** ~~management team continuing to commit significant time, attention and resources to monitoring the COVID- 19 pandemic and seeking to mitigate its~~ effects ~~on our business and workforce. The COVID- 19 pandemic has increased economic and demand uncertainty. It continues to affect our business in both positive and negative ways, and there is uncertainty around its duration and impact. The ultimate extent of the impact~~ of the COVID- 19 pandemic on our ~~business, financial condition and results of operations will depend on future developments, including the impact of any virus mutations or new strains of COVID- 19 virus and the distribution and efficacy of the vaccine, which are highly uncertain and cannot be predicted at this time. These impacts, individually or in the aggregate, could have a material and adverse effect on our business, results of operations and financial condition. Such effect may be exacerbated in the event the pandemic and the measures taken in response to it, and their effects, persist for an extended period of time, or if there is a resurgence of the outbreak or variants thereof. Under any of these circumstances, the resumption of normal business operations may be delayed or hampered by lingering effects of the COVID- 19 pandemic on our~~ operations, direct and indirect suppliers, partners ~~,~~ and customers. The COVID- 19 pandemic may also heighten other risks described in this Risk Factors section. We continually seek to make our cost structure and business processes more efficient. We are focused on increasing workforce flexibility and scalability, and improving overall competitiveness by leveraging our global capabilities, as well as external talent and skills, worldwide. Our strategy involves, to a substantial degree, increasing revenue and exabytes volume while at the same time controlling expenses. Because **of** our vertical design and manufacturing strategy, our operations have higher costs that are fixed or difficult to reduce in the short- term, including our costs related to utilization of existing facilities and equipment. If we fail to forecast demand accurately or if there is a partial or complete reduction in long- term demand for our products, we could be required to write off inventory, record excess capacity charges **,** which could negatively impact our gross margin and our financial results. If we do not control our manufacturing and operating expenses, our ability to compete in the marketplace may be impaired. In the past, activities to reduce costs have included closures and transfers of facilities, significant personnel reductions, restructuring efforts **, asset write- offs** and efforts to increase automation. Our restructuring efforts may not yield the intended benefits and may be unsuccessful or disruptive to our business operations which may materially adversely affect our financial results. RISKS ASSOCIATED WITH SUPPLY AND MANUFACTURING The cost, quality ~~,~~ **and** availability ~~and supply~~ of components, subassemblies, certain equipment and raw materials used to manufacture our products ~~and key components like recording media and heads~~ are critical to our success. Particularly important for our products are components such as read / write heads, substrates for recording media, ASICs, spindle motors, printed circuit boards, suspension assemblies and NAND flash memory. **Certain rare earth elements are also critical in the manufacture of our products.** In addition, the equipment we use to manufacture our products and components is frequently custom made and comes from a few suppliers and the lead times required to obtain manufacturing equipment can be significant. Our efforts to control our costs, including capital expenditures, may also affect our ability to obtain or maintain such inputs and equipment, which could affect our ability to meet future demand for our products. We rely on sole or a limited number of direct and indirect suppliers for some or all of these components **and rare earth elements** that we do not manufacture, including substrates for recording media, read / write heads, ASICs, spindle motors, printed circuit boards, suspension assemblies and NAND flash memory **. Our options in supplier selection in these cases are limited and the supplier- based technology has been and may continue to be single sourced until wider adoption of the technology occurs and any necessary licenses become available** . In light of this small, consolidated supplier base, if our suppliers increased their prices as a result of inflationary pressures from the current macroeconomic conditions or other changes in economic conditions, ~~our results of operations would be negatively affected. Also, many of such direct and indirect component suppliers are geographically concentrated, making our supply chain more vulnerable to regional disruptions such as severe weather, the occurrence of local or global health issues or pandemics, acts of terrorism, war and an~~ **and** ~~unpredictable geopolitical climate, which may have a material impact on the production, availability and transportation of many components. We have experienced and continue to experience disruptions in our supply chain due to the impact of the COVID- 19 pandemic, which has also impacted and may adversely impact our operations (including, without limitation, logistical and other operational costs) and the operations of some of our key direct and indirect suppliers. If our direct and indirect vendors for these components are unable to meet our cost, quality, supply and transportation requirements, continue to remain financially viable or fulfill their contractual commitments and obligations, we could experience disruption in our supply chain, including shortages in supply or increases in production costs, which would materially adversely affect our results of operations. The current worldwide shortage of semiconductors exacerbates these risks. Certain rare earth elements are critical in the manufacture of our products. We purchase components that contain rare earth elements from a number of countries, including China. We cannot predict whether any nation will impose regulations or trade barriers including tariffs, duties, quotas or embargoes upon the rare earth elements incorporated into our products that would restrict the worldwide supply of such metals or increase their cost. We have experienced and continuing to experience increased costs and production delays when we were unable to obtain the necessary equipment or sufficient quantities of some components, and / or have been forced to pay higher prices or make volume purchase commitments or advance deposits for some components, equipment or raw materials that were in short supply in the industry in general. Further, if our customers experience shortages of components or materials used in their products it could result in a decrease in demand for our products and have an adverse effect on our results of operations. If any major supplier were to restrict the supply available to us or increase the cost of the rare earth elements used in our products, we could experience a shortage in supply or an increase in production costs, which would adversely affect our results of operations. We are dependent on a limited number of qualified suppliers who provide critical materials or components. If there is a shortage of, or delay in supplying us with, critical components, equipment or raw materials, then: • it is likely that our suppliers would raise their prices and, if~~ we could not pass these price increases to our customers, our operating margin would decline ~~; • we~~ **. Also, many of such direct and indirect component suppliers are geographically concentrated, making our supply chain more vulnerable to regional disruptions such as severe weather, the occurrence of local or global health issues or pandemics, acts of terrorism, war and an unpredictable geopolitical climate, which** may have ~~to reengineer some products, which would likely cause production and shipment delays, make the reengineered products more costly and provide us with~~ a **material** lower rate of return on these products...... timeframe, such failure would have an impact on **the** ~~our ability to ramp new products~~ **production** , **availability** and **transportation of** ~~may~~ **many** ~~result in a loss of revenue or market share if our competitors did not utilize the same~~ components ~~and were not affected~~ . We **also** often aim to lead the market in new technology deployments and leverage unique and customized technology from single source suppliers who are early adopters in the emerging market. **If** ~~Our options in supplier selection in these~~ **there** ~~cases~~ are ~~limited and the supplier based technology has been and may continue to be single sourced until wider adoption of the technology occurs and any necessary licenses become available. In such cases,~~ any technical issues in the supplier' s technology **, it** may **also** cause us to delay shipments of our new technology deployments **, incur scrap, rework or warranty charges** and harm our financial position ~~may have to reengineer some products,which would likely cause production and shipment delays,make the reengineered products more costly and provide us with a~~ lower rate of return on these products **;•** ~~.Further,if~~ we **would likely** have to allocate the components we receive to certain of our products and ship less of others ~~due~~ **,which could reduce our revenues and could cause us** to ~~shortages or delays in critical components,we may~~ lose sales to customers who could purchase more of their required products from **manufacturers** ~~our competitor~~ that either did not experience these shortages or delays or that made different allocations **;and • we may be late in shipping products** , ~~and~~ **causing potential customers to make purchases from our competitors,** thus **causing** our revenue and operating margin ~~would~~ **to** decline.We cannot assure you that we will be able to obtain critical components in a timely and economic manner. **The industry is currently experiencing a global shortage of semiconductors and other electronic components.** In addition, **many** ~~from time to time,some~~ of our suppliers' manufacturing facilities are fully utilized.If they fail to invest in additional capacity or deliver components in the required timeframe,such failure would have an ~~impact on~~ . From time to time, we enter into long- term, non- cancelable purchase commitments or make large up- front investments with certain suppliers in order to secure certain components or technologies for the production of our products or to supplement our internal manufacturing capacity for certain components. **In fiscal year 2023, we cancelled purchase commitments with certain suppliers due to a change in forecasted demand and incurred fees associated with such cancellation.** If our actual revenues in the future are lower than our projections or if customer demand decreases significantly below our projections, we may not meet ~~all of~~ our purchase commitments with ~~these~~ suppliers. As a result, it is possible that our revenues will not be sufficient to recoup our up- front investments, in which case we will have to shift output from our internal manufacturing facilities to these suppliers **, resulting in higher internal manufacturing costs,** or make penalty- type payments under the terms of these contracts. Additionally, because our markets are volatile, competitive and subject to rapid technology and price changes, we face inventory and other asset risks in the event we do not fully utilize purchase commitments. If we **cancel purchase commitments,** are unable to fully utilize our purchase commitments or if we shift output from our internal manufacturing facilities in order to meet the commitments, our gross margin and operating margin could be materially adversely impacted. Our products are highly complex and are designed to operate in and form part of larger complex networks and storage systems. Our products may contain a defect or be perceived as containing a defect by our customers as a result of improper use or maintenance. Lead times required to manufacture certain components are significant, and a quality excursion may take significant time and resources to remediate. Defects in our products, third-party components or in the networks and systems of which they form a part, directly or indirectly, have resulted in and may in the future result in: • increased costs and product delays until complex solution level interoperability issues are resolved; • costs associated with the remediation of any problems attributable to our products; • loss of or delays in revenues; • loss of customers; • failure to achieve market acceptance and loss of market share; • increased service and warranty costs; and • increased insurance costs. Defects in our products could also result in legal actions by our customers for breach of warranty, property damage, injury or death. Such legal actions, including but not limited to product liability claims could exceed the level of insurance coverage that we have obtained. Any significant uninsured claims could significantly harm our financial condition. RISKS RELATED TO HUMAN CAPITAL Our future performance depends to a significant degree upon the continued service of key members of management as well as marketing, sales and product development personnel. We believe our future success will also depend in large part upon our ability to attract, retain and further motivate highly skilled management, marketing, sales and product development personnel. We have experienced intense competition for qualified and capable personnel, including in the U. S., Thailand, China, Singapore and Northern Ireland, and we cannot assure you that we will be able to retain our key employees or that we will be successful in attracting, assimilating and retaining personnel in the future. Additionally, because a portion of our key personnel' s compensation is contingent upon the performance of our business, including through cash bonuses and equity compensation, when the market price of our ordinary shares fluctuates or our results of operations or financial condition are negatively impacted, we may be at a competitive disadvantage for retaining and hiring employees. The reductions in workforce that result from our historical restructurings have also made and may continue to make it difficult for us to recruit and retain personnel. Increased difficulty in accessing, recruiting or retaining personnel may lead to increased manufacturing and employment compensation costs, which could adversely affect our results of operations. The loss of one or more of our key personnel or the inability to hire and retain key personnel could have a material adverse effect on our business, results of operations and financial condition. Many factors influence our reputation including the perception held by our customers, suppliers, partners, shareholders, other key stakeholders ~~,~~ and the communities in which we operate **. Our key customers' satisfaction with the volume, quality and timeliness of our products is a material element of our market reputation, and any damage to our key customer relationships could materially adversely affect our reputation** . We face increasing scrutiny related to environmental, social and governance activities. We risk damage to our reputation if we fail to act responsibly in a number of areas, such as diversity and inclusion, environmental stewardship, sustainability, supply chain management, climate change, workplace conduct ~~,~~ and human rights **. Further, despite our policies to the contrary, we may not be able to control the conduct of every individual actor, and our employees and personnel may violate environmental, social or governance standards or engage in other unethical conduct. These acts, or any accusation of such conduct, even if proven to be false, could adversely impact the reputation of our business** . Any harm to our reputation could impact employee engagement and retention, our corporate culture ~~,~~ and the willingness of customers, suppliers ~~,~~ and partners to do business with us, which could have a material adverse effect on our business, results of operations and cash flows ~~. Further, despite our policies to the contrary, we may not be able to control the conduct of every individual actor, and our employees and personnel may violate environmental, social or governance standards or engage in other unethical conduct. These acts, or any accusation of such conduct, even if proven to be false, could adversely impact the reputation of our business~~ . RISKS RELATED TO FINANCIAL PERFORMANCE OR GENERAL ECONOMIC CONDITIONS Our business may not generate sufficient cash...... of operations may be adversely affected. Changes in macroeconomic conditions may affect consumer and enterprise spending, and as a result, our customers may postpone or cancel spending in response to volatility in credit and equity markets, negative financial news and / or declines in income or asset values, all of which may have a material adverse effect on the demand for our products and / or result in significant decreases in our product prices. Other factors that could have a material adverse effect on demand for our products and on our financial condition and results of operations include inflation, slower growth or recession, conditions in the labor market, healthcare costs, access to credit, consumer confidence and other macroeconomic factors affecting consumer and business spending behavior. **These changes could happen rapidly and we may not be able to react quickly to prevent or limit our losses or exposures.** Macroeconomic developments such as ~~the withdrawal of the United Kingdom (" U. K. ") from the European Union (" EU "),~~ slowing global economies, **trade disputes, sanctions,** increased tariffs between the U. S **.** and China, Mexico and other countries, ~~or~~ **the withdrawal of the United Kingdom from the EU,** adverse economic conditions worldwide **or** ~~resulting from the COVID- 19 pandemic and~~ efforts of governments ~~and private industry to slow the pandemic or efforts of governments~~ to stimulate or stabilize the economy **have and** may **continue to** adversely impact our business. ~~For example, significant~~ **Significant** inflation and related increases in interest rates, **have negatively affected** ~~or~~ **our** ~~a recession,~~ **business in recent quarters and** could **continue in the near future to** negatively affect our business, operating results or financial condition or the markets in which we operate, which, in turn, could adversely affect the price of our ordinary shares. A general weakening of, and related declining corporate confidence in, the global economy or the curtailment in government or corporate spending could cause current or potential customers to reduce their information technology (" IT ") budgets or be unable to fund data storage ~~systems~~ **products** , which could cause customers to delay, decrease or cancel purchases of our products or cause customers **to** not ~~to~~ pay us or to delay paying us for previously purchased products and services. ~~The we cannot fund~~ **We are leveraged and require significant amounts of cash to service our debt.Our business may not generate sufficient cash flows to enable us to meet** our liquidity requirements, **including working capital,** ~~we may have to reduce or delay~~ capital expenditures,product development efforts,investments **,servicing our indebtedness** and other general corporate ~~expenditures.We cannot assure you that any of these remedies would,if necessary,be effected on commercially reasonable terms,or at all,or that they would permit us to meet our obligations,which would affect our~~

~~results of operations.We are leveraged and require significant amounts of cash to service our debt.Our debt and debt service~~ requirements ~~could adversely affect our ability to operate our business and may limit our ability to take advantage of potential business opportunities and reduce our options for capital allocation~~ .Our high level of debt presents the following risks:• we are required to use a substantial portion of our cash flow from operations to **service** ~~pay principal and interest on~~ our debt,thereby reducing the availability of our cash flow to fund working capital,capital expenditures,product development efforts,strategic acquisitions,investments and alliances and other general corporate requirements;• our substantial leverage increases our vulnerability to economic downturns, ~~decreased~~ **decreases** availability of capital ~~,~~ and **may subject** ~~adverse competitive and industry conditions and could place~~ us ~~at~~ **to** a competitive disadvantage ~~compared to~~ **vis- à- vis** those of our competitors that are less leveraged;• our debt service obligations could limit our flexibility in planning for,or reacting to,changes in our business and our industry,and could limit our ability to ~~pursue other business opportunities,~~ borrow ~~more money~~ **additional funds on satisfactory terms** for operations or capital **to** ~~in the future and~~ implement our business strategies ~~;• our level of debt may restrict us from raising,or make it more costly to raise,additional financing on satisfactory terms to fund working capital,capital expenditures,product development efforts,strategic acquisitions,investments and alliances and other general corporate requirements~~ ;and • covenants in our debt instruments limit our ability to pay future dividends or make other restricted payments and investments **,which could restrict our ability to execute on our business strategy or react to the economic environment** .In addition, **our ability to service our debt obligations and comply with debt covenants depends on our financial performance.If we fail to meet our debt service obligations or fail to comply with debt covenants,or are unable to modify,obtain a waiver,or cure a debt covenant on terms acceptable to us or at all,we could be** in **default of our debt agreements and instruments.Such a default could result in an acceleration of other debt and may require us to change capital allocation or engage in distressed debt transactions on terms unfavorable to us,which could have a material negative impact on our financial performance,stock market price and operations.In** the event that we need to refinance all or a portion of our outstanding debt as it matures or incur additional debt to fund our operations,we may not be able to obtain terms as favorable as the terms of our existing debt or refinance our existing debt or incur additional debt to fund our operations at all.If prevailing interest rates or other factors result in higher interest rates upon refinancing,then the interest expense relating to the refinanced debt would increase.Furthermore,if any rating agency changes our credit rating or outlook,our debt and equity securities could be negatively affected,which could adversely affect our ability to refinance existing debt or raise additional capital.We have numerous arrangements with financial institutions that subject us to counterparty default risks,including cash and investment deposits,and foreign currency forward exchange contracts and other derivative instruments.As a result,we are subject to the risk that the counterparty to one or more of these arrangements will,voluntarily or involuntarily,default on its performance obligations.In times of market distress in particular,a counterparty may not comply with its contractual commitments that could then lead to it defaulting on its obligations with little or no notice to us,thereby limiting our ability to take action to lessen or cover our exposure.Additionally,our ability to mitigate our counterparty exposures could be limited by the terms of the relevant agreements or because market conditions prevent us from taking effective action.If one of our counterparties becomes insolvent or files for bankruptcy,our ability to recover any losses suffered as a result of that counterparty' s default may be limited by the liquidity of the counterparty or the applicable laws governing the bankruptcy proceedings.In the event of any such counterparty default,we could incur significant losses,which could have a material adverse ~~effect on our business,results of operations,~~ effect **on our business, results** of **operations,** or financial condition.Further,our customers could have reduced access to working capital due to global economic conditions,higher interest rates,reduced bank lending resulting from contractions in the money supply or the deterioration in the customer' s,or their bank' s financial condition or the inability to access other financing,which would increase our credit and non- payment risk,and could result in an increase in our operating costs or a reduction in our revenue.Also,our customers outside of the United States are sometimes allowed longer time periods for payment than our U.S.customers.This increases the risk of nonpayment due to the possibility that the financial condition of particular customers may worsen during the course of the payment period.In addition,some of our OEM customers have adopted a subcontractor model that requires us to contract directly with companies,such as original design manufacturers,that provide manufacturing and fulfillment services to our OEM customers.Because these subcontractors are generally not as well capitalized as our direct OEM customers,this subcontractor model exposes us to increased credit risks.Our agreements with our OEM customers may not permit us to increase our product prices to alleviate this increased credit risk.Our quarterly revenue and results of operations fluctuate,sometimes significantly,from period to period.These fluctuations,which we expect to continue,have been and may continue to be precipitated by a variety of factors,including:• uncertainty in global economic and ~~political conditions geopolitical~~ --- **political** ~~uncertainties~~ **conditions** , **and instability or** war **or adverse changes in the level of economic activity in the major regions in which we do business; • pandemics** , ~~terrorism~~ **such as COVID- 19** , **or other global** ~~natural disasters, public~~ health issues **that impact our operations as well as those of our customers** and suppliers;• competitive pressures resulting in lower prices by our competitors which may shift demand away from our products;• announcements of new products,services or technological innovations by us or our competitors,and delays or problems in our introduction of new,more cost- effective products,the inability to achieve high production yields or delays in customer qualification or initial product quality issues;• changes in customer demand or the purchasing patterns or behavior of our customers;• application of new or revised industry standards;• disruptions in our supply chain,including increased costs or adverse changes in availability of supplies of raw materials or components;• increased costs of electricity and / or other ~~circumstances~~ **energy sources** , ~~on~~ **freight and logistics costs or other materials or services necessary for the operation of our business; • the impact of corporate restructuring activities that we have and may continue to engage in; • changes in the demand for the computer systems and data storage products that contain our products; • unfavorable supply and demand imbalances; • our high proportion of fixed costs, including manufacturing and research and development expenses; • any impairments in goodwill or other long- lived assets; • changes in tax laws, such as global tax**

developments applicable to ~~national~~ **multinational** ~~and~~ **businesses; the impact of trade barriers, such as import** / **export duties and restrictions, sanctions, tariffs and quotas, imposed by the U. S.** or **other countries in which the Company conducts business; • the evolving legal and regulatory, economic, environmental and administrative climate in the** international ~~commerce~~ **markets where the Company operates; and • adverse changes in the performance of our products. As a result, we believe that quarter- to- quarter and year- over- year comparisons of our revenue and results of operations may not be meaningful, and that these comparisons may not be** ~~and~~ - **an accurate indicator of our future performance. Our results of operations in** ~~on~~ **one or more future quarters may fail to meet** the ~~global economy~~ **expectations of investment research analysts or investors** , **which** could ~~materially~~ **cause an immediate and significant decline in our market value. Any cost reduction initiatives that we undertake may not deliver the results we expect, and these actions may** adversely affect our **business** ~~fail to meet the expectations of investment research analysts or investors,which could cause an immediate and significant decline in our market value~~ .From time to time,we engage in restructuring plans that have resulted and may continue to result in workforce reduction and consolidation of our real estate facilities and our manufacturing footprint.In addition,management will continue to evaluate our global footprint and cost structure,and additional restructuring plans are expected to be formalized.As a result of our restructurings,we have experienced and may in the future experience a loss of continuity,loss of accumulated knowledge,disruptions to our operations and inefficiency during transitional periods. ~~Additionally~~ **Any cost- cutting measures could impact employee retention.In addition** , **we cannot be sure that any future cost reductions or** global footprint ~~consolidation~~ **consolidations** ~~and~~ **will deliver the** results **we expect, be successful in reducing our overall expenses as we expect or that additional costs will not offset any such reductions or global footprint consolidation. If our operating costs are higher than we expect or if we do not maintain adequate control of our costs and expenses, our results** of operations ~~and financial condition~~ **may be adversely affected** . Geopolitical uncertainty, terrorism, instability or war, such as the military action against Ukraine launched by Russia, natural disasters, public health issues and other business interruptions have caused and could cause damage or disruption to international commerce and the global economy, and thus could have a strong negative effect on our business, our direct and indirect suppliers, logistics providers, manufacturing vendors and customers. Our business operations are subject to interruption by natural disasters such as floods and earthquakes, fires, power or water shortages, terrorist attacks, other hostile acts, labor disputes, public health issues (such as the COVID- 19 pandemic) and related mitigation actions, and other events beyond our control. Such events may decrease demand for our products, make it difficult or impossible for us to make and deliver products to our customers or to receive components from our direct and indirect suppliers, and create delays and inefficiencies in our supply chain. A significant natural disaster, such as an earthquake, fire, flood, or significant power outage could have an adverse impact on our business, results of operations, and financial condition. The impact of climate change may increase these risks due to changes in weather patterns, such as increases in storm intensity, sea- level rise ~~, melting of permafrost~~ and temperature extremes in areas where we or our suppliers and customers conduct business. We have a number of our employees and executive officers located in the San Francisco Bay Area, a region known for seismic activity, wildfires and drought conditions, and in Asia, near major earthquake faults known for seismic activity. To mitigate wildfire risk, electric utilities are deploying public safety power shutoffs, which affects electricity reliability to our facilities and our communities. Many of our suppliers and customers are also located in areas with risks of natural disasters. ~~For example, many of our component suppliers are geographically concentrated in Thailand, which suffered severe flooding in October 2011 resulting in a material impact on the production and availability of many components, which caused significant increases in the cost of components.~~ In the event of a natural disaster, losses and significant recovery time could be required to resume operations and our financial condition and results of operations could be materially adversely affected ~~. Further, governmental regulations related to the environment such as Singapore' s recent adoption of a law restricting data center development may also adversely affect our customers or our introduction of new products or services resulting in adverse effects on our financial condition and results of operations~~ . Should major public health issues, including pandemics, arise, we could be negatively affected by stringent employee travel restrictions, additional limitations or cost increases in freight and other logistical services, governmental actions limiting the movement of products or employees between regions, increases in or changes to data collection and reporting obligations, delays in production ramps of new products, and disruptions in our operations and those of some of our key direct and indirect suppliers and customers. ~~For example, the recent COVID- 19 pandemic resulted in government- imposed travel restrictions, border closures, stay- at- home orders, facility closures or operating constraints in a number of our global locations, disruptions in our operations and those of our suppliers, partners, and customers, increases in air freight rates, limited numbers of employees available to staff manufacturing operations, and shortages of supplies of personal protective equipment required for our manufacturing operations. If any of these circumstances continue for an extended period of time, our manufacturing ability and capacity, or those of our key direct and indirect suppliers or customers, could be impacted, and our results of operations and financial condition could be adversely affected.~~ LEGAL, REGULATORY AND COMPLIANCE RISKS Our business is subject to regulation under a wide variety of U. S. federal and state and non- U. S. laws, regulations and policies. ~~There can be no assurance that laws~~ **Laws** , regulations and policies **may** ~~will not be changed~~ - **change** in ways that will require us to modify our business model and objectives or affect our returns on investments by restricting existing activities and products, subjecting them to escalating costs or prohibiting them outright. In particular, ~~governmental focus on antitrust and competition law, improper payments, the environment, data privacy, protection, security and sovereignty, currency exchange controls, conflict minerals, import and export controls, complex economic sanctions, and~~ potential ~~further~~ **uncertainty of** changes to global tax laws **, including global initiatives put forth by the Organization for Economic Co- operation and Development (" OECD ")** and tax laws in any jurisdiction in which we operate have had and may continue to have an effect on our business, corporate structure, operations, sales, liquidity, capital requirements, effective tax rate, results of operations, and financial performance. **The member states of the European Union agreed to implement the OECD' s Pillar Two framework, which imposes a**

global corporate minimum tax rate of 15 %. Other countries may also adopt the Pillar Two framework. These changes may materially increase the level of income tax on our U. S. and non- U. S. jurisdictions. Jurisdictions such as China, Malaysia, Northern Ireland, Singapore ~~and~~ **,** Thailand **and the U. S.** , in which we have significant operating assets, and the European Union each have exercised and continue to exercise significant influence over many aspects of their domestic economies including, but not limited to, fair competition, tax practices, anti- corruption, anti- trust, data privacy, protection, security and sovereignty, price controls and international trade **, which have had and may continue to have an adverse effect on our business operations and financial condition** . Our business **, particularly our Lyve products and related services,** is subject to state, federal, and international laws and regulations ~~,~~ relating to data privacy, data protection and data security **,** ~~involving matters~~ including **security breach notification** ~~data use, data localization, data transfer, data storage~~ , data retention ~~and deletion~~ , **transfer** ~~data access,~~ and **localization** ~~the protection of data and systems~~ . ~~Compliance with~~ **Laws and regulations relating to** these ~~laws~~ **matters evolve frequently** and **their scope** ~~regulations can be onerous and have increased and~~ may **change through** ~~continue to increase our cost of doing business globally or otherwise adversely impact financial results. Our introduction of~~ new **legislation, amendments to existing legislation and changes in interpretation or enforcement and may impose conflicting and inconsistent obligations. Any such changes, and any changes to our** products or services ~~, changes to our~~ - **or** ~~existing products or services, or the~~ manner in which our customers utilize **them** ~~our products or services~~ may result in new or enhanced costly compliance requirements ~~or~~ **and** governmental or regulatory scrutiny ~~that could adversely affect~~ **, may limit our ability to operate in certain jurisdictions** ~~our~~ - **or to engage in certain** ~~business and financial results. Data privacy and~~ data **processing activities,** ~~protection regulations also continue to change~~ and may ~~be inconsistent from jurisdiction to jurisdiction and may adversely affect our business by requiring~~ **require** ~~changes~~ **us** to **modify** our ~~business~~ practices **and policies** , **potentially in** ~~limiting our ability to offer~~ a **material manner** ~~product or service~~ , ~~or making our products or services less attractive to customers. Laws and regulations related to data transfers, including, data localization, data access, and data storage, also continue to develop and have been subject to regulatory and judicial scrutiny. In many cases, these laws apply to transfers of information between us and our subsidiaries, and among us, our subsidiaries and our customers or other parties with~~ which we **will be unable to do** ~~have commercial relations. If we are restricted~~ in ~~our sharing of data among countries and regions in which we operate, among our subsidiaries, or with third parties with which we have~~ a **timely or** ~~commercial~~ **commercially reasonable** ~~relationship, it may increase our compliance costs and adversely impact our operations, the ability to provide our products or services, or the~~ manner ~~in which we provide our product or services. Our business is subject to state, federal, and international laws and regulations that subject us to requirements to notify vendors, customers, or employees of a data security breach. Any actual or perceived data security breach or incident or actual or perceived non-compliance with laws relating to privacy, data protection or data security could result in damage to our brand and reputation including decreased customer demand for our products or services, significant financial penalties and liability, governmental investigations and proceedings, ongoing audit requirements, private or class actions, and unanticipated changes to our data handling or processing practices. We cannot be certain that our insurance coverage is adequate for data- handling or data-security liabilities incurred, or that insurance will continue to be available to us on economically reasonable terms~~ or at all ~~, or that any insurer will not deny coverage as to any future claim. The successful assertion of one or more claims against us that exceed our insurance coverage, or changes in our insurance policies, could have a material adverse effect on our business, including our financial condition, operating results and reputation. For example, the European General Data Protection Regulation (" GDPR ") took effect in May 2018, and applies to our operations, and our products and services used by individuals in Europe. The U. K. has implemented legislation that substantially implements the GDPR, with penalties for noncompliance. Various states, such as California, Colorado, Utah and Connecticut, have implemented similar privacy laws and regulations that impose restrictive requirements regulating the use and disclosure of personal information. The California Consumer Privacy Act (" CCPA "), which took effect in January 2020, imposed compliance requirements and new rights for California consumers. The U. S. federal government also is contemplating privacy legislation~~ . Further, the sale and manufacturing of products in certain states and countries has and may continue to subject us and our suppliers to state, federal and international laws and regulations governing protection of the environment, including those governing climate change, discharges of pollutants into the air and water, the management and disposal of hazardous substances and wastes, the cleanup of contaminated sites, restrictions on the presence of certain substances in electronic products and the responsibility for environmentally safe disposal or recycling ~~. We endeavor to ensure that we and our suppliers comply with all applicable environmental laws and regulations, however, compliance has increased and may continue to increase our operating costs and may otherwise impact future financial results~~ . If additional or more stringent requirements are imposed on us **and our suppliers** in the future, we could incur additional operating costs and capital expenditures. If we fail to comply with applicable environmental laws, regulations, initiatives, or standards of conduct, our customers may refuse to purchase our products and we could be subject to fines, penalties and possible prohibition of sales of our products into one or more states or countries, liability to our customers and damage to our reputation, which could result in a material adverse effect on our financial condition or results of operations. ~~SEC rules require~~ **As the laws and regulations to which we are subject to continue to change and vary greatly from jurisdiction to jurisdiction, compliance with such laws and regulations may be onerous, may create** ~~certain~~ **uncertainty** ~~disclosures regarding the use of specified minerals, often referred to~~ as ~~conflict minerals, that are necessary~~ to **how** ~~the~~ **they** ~~functionality or production of products manufactured or contracted to be manufactured. These rules could affect our ability to source, directly or indirectly, certain materials used in our products at competitive prices and could impact the availability of certain minerals used in the manufacture of our products, including gold, tantalum, tin and tungsten. As there may be only a limited number of suppliers of " conflict free " minerals, we cannot be sure that we~~ will be **applied** ~~able to obtain necessary conflict free minerals in sufficient quantities or at competitive prices. Our customers, including our OEM customers, may require that our products be free of conflict minerals,~~ and **interpreted** ~~our revenues and margins may be harmed if we are unable to procure conflict free minerals~~

~~at a reasonable price~~ , **and may continue** ~~or at all, or are unable~~ to ~~pass through any increased~~ **increase our** ~~costs~~ **cost** ~~associated with meeting these demands. We may also face challenges with government regulators and our customers and suppliers if we are unable to sufficiently verify that the metals used in our products are conflict free. Furthermore, our customers and manufacturing stakeholders may place increased demands on our compliance framework which may in turn negatively impact our relationships with our suppliers. If we are unable to comply with requirements regarding the use~~ of **doing** ~~conflict and other minerals, our~~ business **globally** ~~, financial condition or results of operations may be materially adversely affected~~ . From time to time, we have been and may continue to be involved in various legal, regulatory or administrative investigations, inquiries, negotiations or proceedings arising in the normal course of business. ~~In the event of litigation~~ **Litigation** ~~,~~ **and** government investigations or ~~governmental~~ **other** proceedings ~~, we~~ are subject to ~~the~~ inherent risks and uncertainties that may **cause an outcome to differ materially from our expectations and may** result ~~if outcomes differ from our expectations. In the event of adverse outcomes~~ in **us being** ~~any litigation, investigation or government proceeding, we could be~~ required to pay substantial damages, fines or penalties and cease certain practices or activities, **and may harm our reputation and market position, all of** which could materially harm our business **, results of operations and financial conditions** . The costs associated with litigation and government ~~investigations~~ **proceedings** can also be unpredictable depending on the complexity and length of time devoted to such litigation or ~~investigation~~ **proceeding** . Litigation ~~,~~ **and governmental** investigations or ~~government~~ **other** proceedings may also divert the efforts and attention of our key personnel, which could also harm our business. In addition, regulation or government scrutiny may impact the requirements for marketing our products and slow our ability to introduce new products, resulting in an adverse impact on our business. Although we have implemented policies and procedures designed to ensure compliance, there can be no assurance that our employees, contractors or agents will not violate these or other applicable laws, rules and regulations to which we are and may be subject. **Actual or perceived** ~~Violations~~ **violations** of these laws and regulations could lead to significant penalties, restraints on our export or import privileges, monetary fines, government investigations, disruption of our operating activities, damage to our reputation and corporate brand, criminal proceedings and regulatory or other actions that could materially adversely affect our results of operations. The political and media scrutiny surrounding a governmental investigation for the violation of such laws, even if an investigation does not result in a finding of violation, could cause us significant expense and collateral consequences, including reputational harm, that could have an adverse impact on our business, results of operations and financial condition. Due to the global nature of our business, we are subject to import and export restrictions and regulations, including the Export Administration Regulations **(" EAR ")** administered by the U. S. **Department of** Commerce ~~Department~~ ' s Bureau of Industry and Security (" BIS ") and the trade and economic sanctions regulations administered by the U. S. Treasury Department' s Office of Foreign Assets Control (" OFAC "). We incorporate encryption technology into certain of our products and solutions. These encryption products and the underlying technology may be exported outside of the United States only with export authorizations, including by license, a license exception or other appropriate government authorizations, including the filing of an encryption registration. The U. S., through the BIS and OFAC, places restrictions on the sale or export of certain products and services to certain countries, persons and entities, as well as for certain end- uses, such as military, military- intelligence and weapons of mass destruction end- uses. The U. S. government also imposes sanctions through executive orders restricting U. S. companies from conducting business activities with specified individuals and companies. Although we have controls and procedures to ensure compliance with all applicable regulations and orders, we cannot predict whether changes in laws or regulations by the U. S., China or another ~~country~~ **jurisdiction** will affect our ability to sell our products and services to existing or new customers. Additionally, we cannot ensure that our interpretation of relevant restrictions and regulations will be accepted in all cases by relevant regulatory and enforcement authorities. **On April 18, 2023, we entered into a Settlement Agreement with BIS (the " Settlement Agreement ") that resolves BIS' allegations regarding our sales of hard disk drives to Huawei. We have also agreed to complete three audits of our compliance with the license requirements of Section 734. 9 of the EAR. The Settlement Agreement also includes a denial order that is suspended and will be waived five years after the date of the order issued under the Settlement Agreement, provided that we have made full and timely payments under the Settlement Agreement and timely completed the audit requirements. Despite our best efforts to comply with the terms of the Settlement Agreement, failure to do so could result in significant penalties, including the loss of the suspension of the denial order which would prohibit us from exporting our products subject to the EAR outside of the United States, and could have a material adverse effect on our business, results of operations, financial condition and cash flows.** Violators of any U. S. export control and sanctions laws may be subject to significant penalties, which may include monetary fines, criminal proceedings against them and their officers and employees, a denial of export privileges, and suspension or debarment from selling products to the U. S. government. Moreover, the sanctions imposed by the U. S. government could be expanded in the future. Our products could be shipped to ~~those targets~~ **restricted end- users** or for restricted end- uses by third parties, including potentially our channel partners, despite our precautions. In addition, if our partners fail to obtain appropriate import, export or re- export licenses or permits, we may also be adversely affected, through reputational harm as well as other negative consequences including government investigations and penalties. A significant portion of our sales are to customers ~~which are located~~ in **Asia Pacific and in other** geographies that have been the **recent** focus of ~~recent~~ changes in U. S. **export control** policies. Any further limitation that impedes our ability to export or sell our products and services could materially adversely affect our business, results of operations ~~and~~ **,** financial condition **and cash flows** . Other countries also regulate the import and export of certain encryption and other technology, including import and export licensing requirements, and have enacted laws that could limit our ability to sell or distribute our products and services or could limit our partners' or customers' ability to sell or use our products and services in those countries, which could materially adversely affect our business, results of operations ~~and~~ **,** financial condition **and cash flows** . Violations of these regulations may result in significant penalties and fines **. In our Settlement Agreement with BIS, we agreed to pay a penalty of $ 300 million to resolve BIS' allegations** . Changes in our products and services or future changes in export and import regulations may create delays in the introduction of our products and services in those countries, prevent our customers from deploying our products and services globally or, in some cases, prevent the export or import or sale of our products and services to certain countries, governments or persons altogether. From time to time, various governmental agencies have proposed additional regulation of encryption technology, including the escrow and government recovery of private encryption keys. Any change in export or import regulations, economic sanctions or related legislation, increased export and import controls, or change in the countries, governments, persons or technologies targeted by such regulations, in the countries where we operate could result in decreased use of our products and services by, or in our decreased ability to export or sell our products and services to, new or existing customers, which could materially adversely affect our business, results of operations ~~and~~ **,** financial condition **and cash flows** . If we were ever found to have violated applicable export control laws, we may be subject to ~~various~~ penalties ~~available under the laws, any of~~ which could have a material and adverse impact on our business, results of operations ~~and~~ **,** financial condition **and cash flows** . Even if we were not found to have violated such laws, the political and media scrutiny surrounding any governmental investigation of us could cause us significant expense and reputational harm. Such collateral consequences could have a material adverse impact on our business, results of operations, financial condition and cash flows. We face uncertainty with regard to U. S. government trade policy. Current U. S. government trade policy includes tariffs on certain non- U. S. goods, including information and communication technology products. These measures may materially increase costs for goods imported into the United States. This in turn could require us to materially increase prices to our customers which may reduce demand, or, if we are unable to increase prices to adequately address any tariffs, quotas or duties, could lower our margin on products sold and negatively impact our financial performance. Changes in U. S. trade policy have resulted in, and could result in more, U. S. trading partners adopting responsive trade policies, including imposition of increased tariffs, quotas or duties. Such policies could make it more difficult or costly for us to export our products to those countries, therefore negatively impacting our financial performance. We rely on a combination of patent, trademark, copyright and trade secret laws, confidentiality agreements, security measures and licensing arrangements to protect our intellectual property rights. In the past, we have been involved in significant and expensive disputes regarding our intellectual property rights and those of others, including claims that we may be infringing patents, trademarks and other intellectual property rights of third parties. We expect that we will be involved in similar disputes in the future. There can be no assurance that: • any of our existing patents will continue to be held valid, if challenged; • patents will be issued for any of our pending applications; • any claims allowed from existing or pending patents will have sufficient scope or strength to protect us; • our patents will be issued in the primary countries where our products are sold in order to protect our rights and potential commercial advantage; • we will be able to protect our trade secrets and other proprietary information through confidentiality agreements with our customers, suppliers and employees and through other security measures; and • others will not gain access to our trade secrets. In addition, our competitors may be able to design their products around our patents and other proprietary rights. Enforcement of our rights often requires litigation. If we bring a patent infringement action and are not successful, our competitors would be able to use similar technology to compete with us. Moreover, the defendant in such an action may successfully countersue us for infringement of their patents or assert a counterclaim that our patents are invalid or unenforceable. Furthermore, we have significant operations and sales in countries where intellectual property laws and enforcement policies are often less developed, less stringent or more difficult to enforce than in the United States. Therefore, we cannot be certain that we will be able to protect our intellectual property rights in jurisdictions outside the United States. We are subject from time- to- time to legal proceedings and claims, including claims of alleged infringement of the patents, trademarks and other intellectual property rights of third parties by us, or our customers, in connection with the use of our products. Intellectual property litigation can be expensive and time- consuming, regardless of the merits of any claim, and could divert our management' s attention from operating our business. In addition, intellectual property lawsuits are subject to inherent uncertainties due to the complexity of the technical issues involved, which may cause actual results to differ materially from our expectations. Some of the actions that we face from time- to- time seek injunctions against the sale of our products and / or substantial monetary damages, which, if granted or awarded, could materially harm our business, financial condition and operating results. We cannot be certain that our products do not and will not infringe issued patents or other intellectual property rights of others. We may not be aware of currently filed patent applications that relate to our products or technology. If patents are later issued on these applications, we may be liable for infringement. If our products were found to infringe the intellectual property rights of others, we could be required to pay substantial damages, cease the manufacture, use and sale of infringing products in one or more geographic locations, expend significant resources to develop non- infringing technology, discontinue the use of specific processes or obtain licenses to the technology infringed. We might not be able to obtain the necessary licenses on acceptable terms, or at all, or be able to reengineer our products successfully to avoid infringement. Any of the foregoing could cause us to incur significant costs and prevent us from selling our products, which could adversely affect our results of operations and financial condition. See " Item 8. Financial Statements and Supplementary Data — Note 14. Legal, Environmental and Other Contingencies " contained in this report for a description of pending intellectual property proceedings. Some of our business and some of our products rely on or include software licensed from third parties, including open source licenses. We may not be able to obtain or continue to obtain licenses from these third parties at all or on reasonable terms, or such third parties may demand cross- licenses to our intellectual property. Third- party components and technology may become obsolete, defective or incompatible with future versions of our products or services, or our relationship with the third party may deteriorate, or our agreements may expire or be terminated. We may face legal or business disputes with licensors that may threaten or lead to the disruption of inbound licensing relationships. In order to remain in compliance with the terms of our licenses, we monitor and manage our use of third- party software, including both proprietary and open source license terms to avoid subjecting our products and services to conditions we do not intend, such as the licensing or public disclosure of our intellectual property without compensation or on undesirable terms. The terms of many open source licenses have not been interpreted by U. S. courts, and these licenses could be construed in a way that could impose unanticipated conditions or restrictions on our ability to commercialize our products or services. Additionally, some of these licenses may not be available to us in the future on terms that are acceptable or that allow our product offerings to remain competitive. Our inability to obtain licenses or rights on favorable terms could have a material effect on our business, financial condition, results of operations and cash flow, including if we are required to take remedial action that may divert resources away from our development efforts. In addition, we also rely upon third- party hosted infrastructure partners globally to serve customers and operate certain aspects of our business or services. Any disruption of or interference at our hosted infrastructure partners would impact our operations and our business could be adversely impacted. RISKS RELATED TO INFORMATION TECHNOLOGY, DATA AND INFORMATION SECURITY ~~We could suffer a loss of revenue and increased costs, exposure to significant liability including legal and regulatory consequences, reputational harm and other serious negative consequences in the event of cyber- attacks, ransomware or other cyber security breaches or incidents that disrupt our operations or result in unauthorized access to, or the loss, corruption, unavailability or dissemination of proprietary or confidential information of our customers or about us or other third parties.~~ Our operations are dependent upon our ability to protect our digital infrastructure and data. We manage and store various proprietary information and sensitive or confidential data relating to our operations, as well as to our customers, suppliers, employees and other third parties, and we ~~will~~ store subscribers' data on our edge- to- cloud mass storage platform. As our operations become more automated and increasingly interdependent and our edge- to- cloud mass storage platform service grows, our exposure to the risks posed by storage, transfer, and maintenance of data, such as **damage,** corruption, loss ~~or~~ **,** unavailability ~~of~~ , ~~or damage to~~ **unauthorized acquisition and other proceeding** , and other security risks ~~to~~ , **including risks of distributions to our platform or security breaches and incidents impacting our digital infrastructure and** data, will continue to increase. **Despite** ~~We use third- party vendors to store and otherwise process data for us and they~~ - **the** ~~face similar risks. The~~ measures we and our vendors ~~have implemented~~ **put in place designed** to ~~secure~~ **protect** our computer equipment and data ~~belonging to us~~ , our customers, suppliers, employees or other third parties **, the digital infrastructure and data** have been and may continue to be vulnerable to phishing, employee **or contractor** error, hacking, **cyberattacks,** ransomware and other ~~cyberattacks~~ **malware** , malfeasance, system error or other irregularities or incidents, including from **attacks or** breaches and incidents ~~or attacks~~ at third party vendors we utilize **. In addition** , ~~and~~ **the measures we take** may not be sufficient for all eventualities. ~~We~~ **There have been and may continue to be significant supply chain attacks, and we** cannot ~~ensure~~ **guarantee** that **our** ~~any limitation- of- liability provisions in our~~ - **or our suppliers' or other** ~~customer and user agreements, contracts with third- party~~ vendors ~~and service providers~~ **' systems, networks,** or other **components** ~~contracts are enforceable or adequate or would protect us from any liabilities or damages with respect to claims relating to a security breach or other security- related matter. Threat actors may be able to penetrate our~~ - **or infrastructure have not been** ~~network security, misappropriate or compromise~~ **compromised** ~~confidential information and other data, create system disruptions or cause shutdowns. Threat actors also may be able to develop and deploy viruses, worms and other malicious software programs that attack our~~ - **or do not contain** ~~products and services or otherwise exploit~~ **exploitable** ~~any security~~ **defects, bugs or** vulnerabilities ~~of our products and services. Such attempts are increasing in technical sophistication, number and the ability to evade detection or to obscure such activities~~ . We anticipate that these threats will continue to grow in scope and complexity over time ~~. Because~~ **due to** the **development and deployment of increasingly advanced tools and** techniques **. We and** ~~used to obtain unauthorized access, or~~ **our vendors** ~~to sabotage systems, change frequently and generally are not recognized until launched against a target, we~~ may be unable to anticipate **or prevent** these ~~techniques~~ **attacks and other threats, react in a timely manner,** or ~~to~~ implement adequate ~~preventative~~ -- **preventive** measures ~~. Although~~ **, and** we ~~take steps to protect against~~ and **they may face delays in** ~~detect~~ **detection** ~~such attempts, our~~ - **or** ~~efforts~~ **remediation of, or other responses to, security breaches and other security- related incidents. The costs to eliminate or address security problems and security vulnerabilities before or after a security breach or incident may be significant. Certain legacy information technology (" IT ") systems may not be easily remediated, and our disaster recovery planning** may not be sufficient for all eventualities ~~, including sustained maintenance of remote working requirements~~ . **Our remediation** ~~In addition, sophisticated hardware~~ and ~~operating system software~~ **other aspects of our efforts to address any attack, compromise, breach or incident may not be successful** and ~~applications that~~ **could result in interruptions, delays or cessation of service. Security breaches or incidents and unauthorized access to, or loss, corruption, unavailability, or processing of data** we ~~produce~~ **and** ~~or~~ **our** ~~procure from~~ **vendors maintain or otherwise process has exposed us and could expose us, our vendors and customers or other** third parties ~~may contain defects in design~~ **to a risk of loss** or ~~manufacture~~ **misuse of this data. Any actual or perceived breach incident could result in litigation or governmental investigations** , ~~including " bugs "~~ **fines, penalties, indemnity obligations** and other ~~problems~~ **potential liability and costs for us, materially damage our brand, cause us to lose existing or potential customers, impede critical functions or otherwise materially harm our business, results of operations and financial condition. Additionally, defending against claims, litigation or regulatory inquiries or proceedings relating to any security breach or other security incident, regardless of merit, could be costly and divert attention of key personnel. We cannot ensure** that ~~could unexpectedly interfere~~ **any provisions in our contracts** with **customers** ~~the operation of the system or our~~ - **or others relating** ~~services. We have been, and will likely continue~~ to **limitations of liability would** be **enforceable** ~~, subject to computer viruses or other malicious code, cyber- attacks or other computer- related attempts to breach the IT systems we use for~~ - **or adequate** ~~these purposes. We have been and may also continue to be subject to IT system failures and network disruptions due to these factors. To date, these attacks have not had a material impact on our~~ - **or would otherwise protect us from any liabilities or damages with respect to any claim** ~~operations, but we cannot provide assurance that they will not have a material impact in the future~~ . The insurance coverage we maintain that is intended to address certain data security risks may be insufficient to cover all types of claims or losses that may arise ~~,~~ and ~~such insurance~~ has been increasing in price over time. We cannot be certain that insurance coverage will continue to be available to us on economically reasonable terms, or at all. ~~The costs to us to eliminate or address the foregoing security problems and security vulnerabilities before or after a security breach or incident could be significant. System redundancy may be ineffective or inadequate, certain legacy IT systems may not be easily remediated, and our disaster recovery planning may not be sufficient for all eventualities. Our remediation efforts may not be successful and could result in interruptions, delays or cessation of service, and loss of existing or potential customers that may impede our sales, manufacturing, distribution or other critical functions.~~ We ~~could lose existing or potential customers for cloud and outsourcing services or other IT solutions in connection with any actual or perceived security vulnerabilities in our products and services. Some of our products and services contain encryption and other measures implemented in an effort to protect third- party content stored on our products. Such measures may be compromised, breached or circumvented or otherwise fail and losses or unauthorized access to or releases of our, our customers' or third parties' confidential information may occur. Security breaches or incidents and unauthorized access to, or loss, corruption, unavailability, or the unapproved dissemination of proprietary information or sensitive or confidential data about us or our customers or other third parties, has exposed us and could expose us, our vendors and customers or other third parties affected to a risk of loss or misuse of this information, and result in litigation or governmental investigations, fines, penalties, indemnity obligations and other potential liability and costs for us, materially damage our brand or otherwise materially harm our business. In addition, we rely in certain capacities on third- party data management providers whose possible security problems and security vulnerabilities may have similar effects on us. Our business, brand and reputation could also be materially adversely affected by media or other reports of perceived security vulnerabilities in our products, services, network or processes, even if unsubstantiated. From time to time, we expand and improve our IT systems to support our business going forward. Consequently, we~~ are in the process of implementing, and will continue to invest in and implement, modifications and upgrades to our IT systems and procedures, including making changes to legacy systems or acquiring new systems with new functionality, and building new policies, procedures, training programs and monitoring tools. We are engaged in a multi- year implementation of a new global enterprise resource planning system (" ERP ") which requires significant investment of human and financial resources. The ERP is designed to efficiently maintain our financial records and provide information important to the operation of our business to our management team. In implementing the ERP, we may experience significant increases to inherent costs and risks associated with changing and acquiring these systems, policies, procedures and monitoring tools, including capital expenditures, additional operating expenses, demands on management time and other risks and costs of delays or difficulties in transitioning to or integrating new systems policies, procedures or monitoring tools into our current systems. Any significant disruption or deficiency in the design and implementation of the ERP may adversely affect our ability to process orders, ship product, send invoices and track payments, fulfill contractual obligations, maintain effective disclosure controls and internal control over financial reporting or otherwise operate our business. These implementations, modifications and upgrades may not result in productivity improvements at a level that outweighs the costs of implementation, or at all. In addition, difficulties with implementing new technology systems, such as ERP, delays in our timeline for planned improvements, significant system failures or our inability to successfully modify our IT systems, policies, procedures or monitoring tools to respond to changes in our business needs in the past have caused and in the future may cause disruptions in our business operations, increase ~~data~~ security risks, and may have a material adverse effect on our business, financial condition and results of operations. RISKS RELATED TO OWNING OUR ORDINARY SHARES The market price of our ordinary shares has fluctuated and may continue to fluctuate or decline significantly in response to various factors some of which are beyond our control, including: • general stock market conditions, or general uncertainty in stock market conditions due to global economic conditions and negative financial news unrelated to our business or industry, including the impact of the COVID- 19 pandemic; • the timing and amount of or the discontinuance of our share repurchases; • actual or anticipated variations in our results of operations; • announcements of innovations, new products, significant contracts, acquisitions, or significant price reductions by us or our competitors, including those competitors who offer alternative storage technology solutions; • our failure to meet our guidance or the performance estimates of investment research analysts, or changes in financial estimates by investment research analysts; • significant announcements by or changes in financial condition of a large customer; • the ability of our customers to procure necessary components which may impact their demand or timing of their demand for our products, especially during a period of persistent supply chain shortages; • **reduction in demand from our key customers due to macroeconomic conditions that reduce cloud, enterprise or consumer spending; •** actual or perceived security breaches or **incidents or** security vulnerabilities ~~; • the occurrence of major catastrophic events, including natural disasters, acts of war or climate change~~ ; • actual or anticipated changes in the credit ratings of our indebtedness by rating agencies; and • the sale of our ordinary shares held by certain equity investors or members of management. In addition, in the past, following periods of decline in the market price of a company' s securities, class action lawsuits have often been pursued against that company. If similar litigation were pursued against us, it could result in substantial costs and a diversion of management' s attention and resources, which could materially adversely affect our results of operations, financial condition and liquidity. Although historically we have announced regular cash dividend payments and a share repurchase program, we are under no obligation to pay cash dividends to our shareholders in the future at historical levels or at all or to repurchase our ordinary shares at any particular price or at all. The declaration and payment of any future dividends is at the discretion of our Board of Directors. Our previously announced share repurchase program ~~may be suspended or discontinued at any time~~ **was paused in the December 2022 quarter, remained paused through the end of fiscal year 2023 and there are no assurances as to if and when the program will resume** . Our payment of quarterly cash dividends and the repurchase of our ordinary shares pursuant to our share repurchase program are subject to, among other things, our financial position and results of operations, distributable reserves, available cash and cash flow, capital and regulatory requirements, market and economic conditions, our ordinary share price and other factors. Any reduction or discontinuance by us of the payment of quarterly cash dividends or the repurchase of our ordinary shares pursuant to our share repurchase program could cause the market price of our ordinary shares to decline significantly. Moreover, in the event our payment of quarterly cash dividends or repurchases of our ordinary shares are reduced or discontinued, our failure to resume such activities at historical levels could result in a persistent lower market valuation of our ordinary shares.