Risk Factors Comparison 2023-08-18 to 2022-08-22 Form: 10-K

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

You should carefully consider the following factors, together with all the other information included in this report, in evaluating our company and our business. Risks Related to Our Markets and Customers We currently depend on our solutions for the IoT, PC, and mobile product applications markets for a substantial portion of our revenue, and any downturn in sales of these products would adversely affect our business, revenue, operating results, and financial condition. We currently depend on our solutions for the IoT, PC, and mobile product applications markets for a substantial portion of our revenue. Any downturn in sales of our products into any of these markets would adversely affect our business, revenue, operating results, and financial condition. Similarly, a softening of demand in any of these markets, or a slowdown of growth in any of these markets because of changes in customer preferences, the emergence of applications not including our solutions, or other factors would cause our business, operating results, and financial position to suffer. A significant portion of our sales comes from one or more large customers, the loss of which could harm our business, financial condition, and operating results. Historically, we have relied on a limited number of customers for a substantial portion of our total revenue. If we lost key customers, or if key customers reduced or stopped placing orders for our high- volume products, our financial results could be adversely affected. Sales to ~~two~~ **one** direct ~~customers -~~ **customer** ~~each~~ accounted for 10 % or more of our net revenue in fiscal ~~2022~~ **2023** . During fiscal ~~2022~~ **2023** , we had ~~four~~ **five** OEM customers that integrated our products into their products representing approximately ~~34~~ **37** % of our revenue; we sold to these customers primarily indirectly through multiple distributors. Significant reductions in sales to our largest customers, the loss of other major customers, or a general decrease in demand for our products within a short period of time could adversely affect our revenue, financial condition, and business. We sell to contract manufacturers that serve our OEM customers. Any material delay, cancellation, or reduction of orders from any one or more of these contract manufacturers or the OEMs they serve could harm our business, financial condition, and operating results. The adverse effect could be more substantial if our other customers do not increase their orders or if we are unsuccessful in generating orders for our solutions with new customers. Many of these contract manufacturers sell to the same OEMs, and therefore our concentration with certain OEMs may be higher than with any individual contract manufacturer. Concentration in our customer base may make fluctuations in revenue and earnings more severe and make business planning more difficult. **We face risks related to recessions, inflation, stagflation and other macroeconomic conditions Customer demand for our products may be impacted by weak macroeconomic conditions, inflation, stagflation, recessionary or lower- growth environments, rising interest rates, equity market volatility or other negative economic factors in the U. S. or other nations. For example, under these conditions or expectation of such conditions, our customers may cancel orders, delay purchasing decisions or reduce their use of our services. In addition, these economic conditions could result in higher inventory levels and the possibility of resulting excess capacity charges from our manufacturing partners if we need to slow production to reduce inventory levels. Further, in the event of a recession or threat of a recession, our manufacturing partners, suppliers, distributors, and other third- party partners may suffer their own financial and economic challenges, and as a result they may demand pricing accommodations, delay payment, or become insolvent, which could harm our ability to meet our customer demands or collect revenue or otherwise harm our business. Similarly, disruptions in financial and / or credit markets may impact our ability to manage normal commercial relationships with our manufacturing partners, customers, suppliers and creditors and might prevent us from accessing preferred sources of liquidity, and causing our borrowing costs to potentially increase. Thus, if general macroeconomic conditions, conditions in the semiconductor industry, or conditions in our customer end markets continue to deteriorate or experience a sustained period of weakness or slower growth, our business and financial results could be materially and adversely affected. In addition, we are subject to risk from inflation and increasing market prices of certain components and supplies, which are incorporated into our end products or used by our manufacturing partners or suppliers to manufacture our end products. These components and supplies have, from time- to- time, become restricted. Additionally, general market factors and conditions have in the past, and may in the future, affect pricing of such components and supplies (such as inflation or supply chain constraints). See also, " Our gross margin and results of operations may be adversely affected in the future by a number of factors, including decreases in our average selling prices of products over time, shifts in our product mix, or price increases of certain components or third- party services due to inflation, supply chain constraints, or for other reasons. "** We are exposed to industry downturns and cyclicality in our target markets that may result in fluctuations in our operating results. The consumer electronics industry has experienced significant economic downturns at various times. These downturns are characterized by diminished product demand, accelerated erosion of average selling prices, production overcapacity, and increased inventory and credit risk. In addition, the consumer electronics industry is cyclical in nature. We seek to reduce our exposure to industry downturns and cyclicality by providing design and production services for leading companies in rapidly expanding industry segments. We may, however, experience substantial period- to- period fluctuations in future operating results because of general industry conditions or events occurring in the general economy. We cannot assure you that our product solutions for new markets will be successful or that we will be able to continue to generate significant revenue from these markets. Our product solutions may not be successful in new markets. Various target markets for our product solutions, such as IoT, may develop slower than anticipated or could utilize competing technologies. The markets for certain of these products depend in part upon the continued development and deployment of wireless and other technologies, which may or may not address the needs of the users of these products. Our ability to generate significant revenue from new markets will depend on various factors, including the following: • the development and growth of these markets; • the ability of our technologies and product solutions to address the needs of these markets, the price and performance requirements of OEMs, and the preferences of end users; and • our ability to provide OEMs with solutions that provide advantages in terms of size, power consumption, reliability, durability, performance, and value- added features compared with alternative solutions. Many manufacturers of these products have well- established relationships with competitive suppliers. Our ongoing success in these markets will require us to offer better performance alternatives to other solutions at competitive costs. The failure of any of these target markets to develop as we expect, or our failure to serve these markets to a significant extent, will impede our sales growth and could result in substantially reduced earnings and a restructuring of our operations. We cannot predict the size or growth rate of these markets or the market share we will achieve or maintain in these markets in the future. If we fail to maintain and build relationships with our customers, or our customers' products that utilize our solutions do not gain widespread market acceptance, our revenue may stagnate or decline. We do not sell any products to end users and we do not control or influence the manufacture, promotion, distribution, or pricing of the products that incorporate our solutions. Instead, we design various solutions that our OEM customers incorporate into their products, and we depend on such OEM customers to successfully manufacture and distribute products incorporating our solutions and to generate consumer demand through marketing and promotional activities. As a result of this, our success depends almost entirely upon the widespread market acceptance of our OEM customers' products that incorporate our solutions. Even if our technologies successfully meet our customers' price and performance goals, our sales could decline or fail to develop if our customers do not achieve commercial success in selling their products that incorporate our solutions. We must maintain our relationships with our existing customers and expand our relationships with OEMs in new markets. Our customers generally do not provide us with firm, long- term volume purchase commitments, opting instead to issue purchase orders that they can cancel, reduce, or delay, subject to certain limitations. In order to meet the expectations of our customers, we must provide innovative solutions on a timely and cost- effective basis. This requires us to match our design and production capacity with customer demand, maintain satisfactory delivery schedules, and meet performance goals. If we are unable to achieve these goals for any reason, our sales may decline or fail to develop, which would result in decreasing revenue. In addition to maintaining and expanding our customer relationships, we must also identify areas of significant growth potential in other markets, establish relationships with OEMs in those markets, and assist those OEMs in developing products that incorporate our solutions. Our failure to identify potential growth opportunities in the markets in which we operate, particularly in the IoT market, or our failure to establish and maintain relationships with OEMs in those markets, would prevent our business from growing in those markets. **Our gross margin and results of operations may be adversely affected in the future by a number of factors, including decreases in our average selling prices of products over time, shifts in our product mix, or price increases of certain components or third- party services due to inflation, supply chain constraints, or other reasons. We expect that the average unit selling prices of our products will continue to be subject to significant pricing pressures. In addition, our more recently introduced products tend to have higher associated costs because of initial overall development and production expenses. Therefore, over time, we may not be able to maintain or improve our gross margins. Our financial results could suffer if we are unable to offset any reductions in our average selling prices by other cost reductions through efficiencies, introduction of higher margin products and other means. To attract new customers or retain existing customers, we may offer certain price concessions to certain customers, which could cause our average selling prices and gross margins to decline. In the past, we have reduced the average selling prices of our products in anticipation of future competitive pricing pressures, new product introductions by us or by our competitors and other factors. We expect to continue to have to reduce prices of existing products in the future. Moreover, because of the wide price differences across the markets we serve, the mix and types of performance capabilities of our products sold may affect the average selling prices of our products and have a substantial impact on our revenue and gross margin. We may enter new markets in which a significant amount of competition exists, and this may require us to sell our products with lower gross margins than we earn in our established businesses. If we are successful in growing revenue in these markets, our overall gross margin may decline. Fluctuations in the mix and types of our products may also affect the extent to which we are able to recover the fixed costs and investments associated with a particular product, and as a result may harm our financial results. Additionally, because we do not operate our own manufacturing, assembly, testing or packaging facilities, we are not able to reduce our costs as rapidly as companies that operate their own facilities and our costs may even increase, which could also reduce our gross margins. Our gross margin could also be impacted, for example, by the following factors: increased costs (including increased costs caused by tariffs, inflation, higher interest rates, or supply chain constraints); loss of cost savings if parts ordering does not correctly anticipate product demand or if the financial health of either our manufacturers partners or our suppliers deteriorates; excess inventory, or inventory holding and obsolescence charges. In addition, we are subject to risks from fluctuating market prices of certain components, which are incorporated into our products or used by our suppliers to manufacture our products. Supplies of these components may from time- to- time become restricted, or general market factors and conditions such as inflation or supply chain constraints have in the past affected and may in the future affect pricing of such commodities. Any increase in the price of components used in our products will adversely affect our gross margins. We are subject to order and shipment uncertainties. If we are unable to accurately predict customer demand, we may hold excess or obsolete inventory, which would reduce our gross margin. Conversely, we may have insufficient inventory or be unable to obtain the supplies or contract manufacturing capacity to meet that demand, which would result in lost revenue opportunities and potential loss of market share as well as damaged customer relationships. We typically sell products pursuant to purchase orders rather than long- term purchase commitments. Some of our customers have, and others may in the future, cancel or defer purchase orders on short notice without incurring a significant penalty. In addition, customers who have purchase commitments may not**

honor those commitments. Due to their inability to predict demand or other reasons during our fiscal 2023, some of our customers have accumulated excess inventories and, as a consequence, they either have deferred or they may defer future purchases of our products. We cannot accurately predict what or how many products our customers will need in the future. Anticipating demand is difficult because our customers face unpredictable demand for their own products and are increasingly focused more on cash preservation and tighter inventory management. We place orders with our suppliers based on forecasts of customer demand and, in some instances, may establish buffer inventories to accommodate anticipated demand. Our forecasts are based on multiple assumptions, each of which may introduce error into our estimates. For example, our ability to accurately forecast customer demand may be impaired by the delays inherent in our customer' s product development processes, which may include extensive qualification and testing of components included in their products, including ours. In many cases, they design their products to use components from multiple suppliers. This creates the risk that our customers may decide to cancel or change product plans for products incorporating our semiconductor solutions prior to completion, which makes it even more difficult to forecast customer demand. In addition, while many of our customers are subject to purchase orders or other agreements that do not allow for cancellation, there can be no assurance that these customers will honor these contract terms and cancellation of these orders may adversely affect our business operations and demand forecast which is the basis for us to have products made. Our products are incorporated into complex devices and systems, which creates supply chain cross- dependencies. Due to cross dependencies, supply chain disruptions have in the past, and may in the future, negatively impact the demand for our products. We have a limited ability to predict the timing of a supply chain correction. If we cannot predict future customer demand or supply chain disruptions, then we may hold excess or obsolete inventory. Moreover, significant supply chain disruption may negatively impact the timing of our product shipments and revenue shipment linearity, which may impact and extend our cash conversion cycle. In addition, the market share of our customers could be adversely impacted on a long- term basis due to any continued supply chain disruption, which could negatively affect our results of operations. If we overestimate customer demand, our excess or obsolete inventory may increase significantly, which would reduce our gross margin and adversely affect our financial results. The risk of obsolescence and / or excess inventory is heightened for semiconductor solutions due to the rapidly changing market for these types of products. Conversely, if we underestimate customer demand or if insufficient manufacturing capacity is available, we would miss revenue opportunities and potentially lose market share and damage our customer relationships. In addition, any future significant cancellations or deferrals of product orders, or the return of previously sold products, could materially and adversely affect our profit margins, increase product obsolescence and restrict our ability to fund our operations. Risks Related to Our Supply Chain We depend on third parties to maintain satisfactory manufacturing yields and delivery schedules, and their inability to do so could increase our costs, disrupt our supply chain, and result in our inability to deliver our products, which would adversely affect our operating results. We depend on our contract manufacturers and semiconductor fabricators to maintain high levels of productivity and satisfactory delivery schedules at manufacturing and assembly facilities located primarily in Asia. We provide our contract manufacturers with six- month rolling forecasts of our production requirements. We generally do not, however, have long- term agreements with our contract manufacturers that guarantee production capacity, prices, lead times, or delivery schedules. In our fiscal 2022, we faced manufacturing capacity constraints as a result of the supply constraints and capacity shortages affecting the global semiconductor industry that materially limited our ability to meet our customers' demand forecasts, thereby limiting our potential revenue growth during the fiscal year. As a result of the supply shortages, we have entered into long- term capacity and pricing agreements with certain of our suppliers. If end customer demand declines, these long- term capacity agreements could result in significant write- downs of inventory. On occasion, customers require rapid increases in production, which can strain our resources and reduce our margins. Although we have been able to obtain increased production capacity from our third-party contract manufacturers in the past, there is no guarantee that our contract manufacturers will be able to increase production capacity to enable us to meet our customer demands in the future. Our contract manufacturers also serve other customers, a number of which have greater production requirements than we do. As a result, our contract manufacturers could determine to prioritize production capacity for other customers or reduce or eliminate deliveries to us on short notice. Qualifying new contract manufacturers, and specifically semiconductor foundries, is time consuming and might result in unforeseen manufacturing and operations problems. We may also encounter lower manufacturing yields and longer delivery schedules in commencing volume production of new products that we introduce, which could increase our costs or disrupt our supply of such products. The loss of relationships with our contract manufacturers or assemblers, or their inability to conduct their manufacturing and assembly services for us as anticipated in terms of capacity, cost, quality, and timeliness could adversely affect our ability to fill customer orders in accordance with required delivery, quality, and performance requirements, and adversely affect our operating results. Shortages of components and materials may delay or reduce our sales and increase our costs, thereby harming our operating results. The inability to obtain sufficient quantities of components and other materials necessary for the production of our products could result in reduced or delayed sales or lost orders. Many of the materials used in the production of our products are available only from a limited number of foreign suppliers, particularly suppliers located in Asia. In most cases, neither we nor our contract manufacturers have long- term supply contracts with these suppliers. As a result, we are subject to increased costs, supply interruptions, and difficulties in obtaining materials. Our customers also may encounter difficulties or increased costs in obtaining the materials necessary to produce their products into which our product solutions are incorporated ~~. Supply shortages in our fiscal 2022 have resulted in increased product costs, not all of which we passed on to our customers~~ . Future shortages of materials and components, including potential supply constraints of silicon, could cause delayed shipments and customer dissatisfaction, which may result in lower revenue. Risks Related to Product Development We are subject to lengthy development periods and product acceptance cycles, which can result in development and engineering costs without any future revenue. We provide solutions that are incorporated by OEMs into the products they sell. OEMs make the determination during their product development programs whether to incorporate our solutions or pursue other alternatives. This process requires us to make significant investments of time and resources in the design of solutions for our OEMs' products well before our customers introduce their products incorporating our interface solutions into the market, and before we can be sure that we will generate any significant sales to our customers or even recover our investment. During a customer' s entire product development process, we face the risk that our interfaces will fail to meet our customer' s technical, performance, or cost requirements, or that our products will be replaced by competitive products or alternative technological solutions. Even if we complete our design process in a manner satisfactory to our customer, the customer may delay or terminate its product development efforts. The occurrence of any of these events could cause sales to not materialize, be deferred, or be cancelled, which could adversely affect our operating results. We face intense competition that could result in our losing or failing to gain market share and suffering reduced revenue. We serve intensely competitive markets that are characterized by price erosion, rapid technological change, and competition from major domestic and international companies. This intense competition could result in pricing pressures, lower sales, reduced margins, and lower market share. Depressed economic conditions, a slowdown in the markets in which we operate, the emergence of new products not including our product solutions, rapid changes in the markets in which we operate, and competitive pressures may result in lower demand for our product solutions and reduced unit margins. Some of our competitors have greater market recognition, larger customer bases, and substantially greater financial, technical, marketing, distribution, and other resources than we possess and that afford them greater competitive advantages. As a result, they may be able to devote greater resources to the promotion and sale of products, negotiate lower prices for raw materials and components, deliver competitive products at lower prices, and introduce new product solutions and respond to customer requirements more quickly than we can. Our competitive position could suffer if one or more of our customers determine not to utilize our custom engineered, total solutions approach and instead, decide to design and manufacture their own interfaces, contract with our competitors, or use alternative technologies. If we do not keep pace with technological innovations, our products may not remain competitive and our revenue and operating results may suffer. We operate in rapidly changing, highly competitive markets. Technological advances, the introduction of new products and new design techniques could adversely affect our business unless we are able to adapt to changing conditions. Technological advances could render our solutions less competitive or obsolete, and we may not be able to respond effectively to the technological requirements of evolving markets. Therefore, we may be required to expend substantial funds for and commit significant resources to enhancing and developing new technology, which may include purchasing advanced design tools and test equipment, hiring additional highly qualified engineering and other technical personnel, and continuing and expanding research and development activities on existing and potential solutions. Our research and development efforts with respect to new technologies may not result in customer or market acceptance. Some or all of those technologies may not successfully make the transition from the research and development stage to cost- effective production as a result of technology problems, competitive cost issues, yield problems, and other factors. Even if we successfully complete a research and development effort with respect to a particular technology, our customers may decide not to introduce or may terminate products utilizing the technology for a variety of reasons, including difficulties with other suppliers of components for the products, superior technologies developed by our competitors and unfavorable comparisons of our solutions with these technologies, price considerations and lack of anticipated or actual market demand for the products. Our business could be harmed if we are unable to develop and utilize new technologies that address the needs of our customers, or our competitors or customers develop and utilize new technologies more effectively or more quickly than we can. Any investments made to enhance or develop new technologies that are not successful could have an adverse effect on our net revenue and operating results. We may not be able to enhance our existing product solutions and develop new product solutions in a timely manner. Our future operating results will depend to a significant extent on our ability to continue to provide new solutions that compare favorably with alternative solutions on the basis of time to introduction, cost, performance, and end user preferences. Our success in maintaining existing customers, attracting new customers, and developing new business depends on various factors, including the following: • innovative development of new solutions for customer products; • utilization of advances in technology; • maintenance of quality standards; • performance advantages; • efficient and cost- effective solutions; and • timely completion of the design and introduction of new solutions. Our inability to enhance our existing product solutions and develop new product solutions on a timely basis could harm our operating results and impede our growth. If we become subject to product returns or claims resulting from defects in our products, we may incur significant costs resulting in a decrease in revenue. We develop complex products in an evolving marketplace and generally warrant our products for a period of 12 months from the date of delivery. Despite testing by us and our customers, defects may be found in existing or new products. ~~Synaptics~~ **We** ~~handles~~ **handle** product quality matters sustainably by working on a one- on- one basis with our customers. We have never formally recalled a product or had a mass defect that affected an entire product line. Nevertheless, manufacturing errors or product defects could result in a delay in recognition or loss of revenue, loss of market share, or failure to achieve market acceptance. Additionally, defects could result in financial or other damages to our customers, causing us to incur significant warranty, support, and repair costs, and diverting the attention of our engineering personnel from key product development efforts. We must finance the growth of our business and the development of new products, which could have an adverse effect on our operating results. To remain competitive, we must continue to make significant investments in research and development, marketing, and business development. Our failure to sufficiently increase our net revenue to offset these increased costs would adversely affect our operating results. From time **-** to **-** time, we may seek additional equity or debt financing to provide for funds required to expand our business, including through acquisitions. We cannot predict the timing or amount of any such requirements at this time. If such financing is not available to us on satisfactory terms, we may be unable to expand our business or to develop new business at the rate desired and our operating results may suffer. If obtained, the financing itself carries risks including the following: (i) debt financing increases expenses and must be repaid regardless of operating results;

and (ii) equity financing, including the issuance of convertible notes or additional shares in connection with acquisitions, could result in dilution to existing stockholders and could adversely affect the price of our common stock. Risks Related to International Sales and Operations Changes to import, export and economic sanction laws may expose us to liability, increase our costs and adversely affect our operating results. As a global company headquartered in the U. S., we are subject to U. S. laws and regulations, including import, export, and economic sanction laws. These laws may include prohibitions on the sale or supply of certain products to embargoed or sanctioned countries, regions, governments, persons, and entities, may require an export license prior to the export of the controlled item, or may otherwise limit and restrict the export of certain products and technologies. Many of our customers, suppliers and contract manufacturers are foreign companies or have significant foreign operations. The imposition of new or additional economic and trade sanctions against our major customers, suppliers or contract manufacturers could result in our inability to sell to, and generate revenue from such customer, supplier, or contract manufacturer. As a result of restrictive export laws, our customers may also develop their own solutions to replace our products or seek to obtain a greater supply of similar or substitute products from our competitors that are not subject to these restrictions, which could material and adversely affect our business and operating results. In addition, compliance with additional export regulations may result in increased costs to the company. Although we have an export compliance program, maintaining and adapting our export controls program to new and shifting regulations is expensive, time- consuming and requires significant management attention. Failure to comply with trade or economic sanctions could subject the company to legal liabilities and fines from the U. S. government. We must also comply with export restrictions and laws imposed by other countries affecting trade and investments. Although these restrictions and laws have not materially restricted our operations in the recent past, there is a significant risk that they could do so in the future, which would materially and adversely affect our business and operating results. Changes to international trade policy and rising concerns of international tariffs, including tariffs applied to goods traded between the U. S. and China, could materially and adversely affect our business and results of operations. Many of the materials used in the production of our products are available only from a limited number of foreign suppliers, particularly suppliers located in Asia. The imposition of tariffs against foreign imports of certain materials could make it more difficult or expensive for us or our OEMs to obtain sufficient quantities of components and other materials necessary for the production of our products or products which incorporate our product solutions. Any interruptions to supply could result in delay or cancellation of our products, which could adversely affect our business and operating results. In addition, the institution of trade tariffs both globally and between the U. S. and China carry the risk that China' s overall economic condition may be negatively affected, which could affect our China operations, including the manufacturing operations on which we rely in China. Further, imposition of tariffs could cause a decrease in the sales of our products to customers located in China or to our OEMs selling to customers in China, which could impact our business, revenue, and operating results. International sales and manufacturing risks could adversely affect our operating results. Our manufacturing and assembly operations are primarily conducted in Taiwan, China, and Korea by contract manufacturers and semiconductor fabricators. We have sales and logistics operations in Hong Kong, and sales and engineering design support operations in China, France, Germany, India, Israel, Japan, Korea, Poland, Switzerland, Taiwan, and the U. K. These international operations expose us to various economic, political, regulatory, and other risks that could adversely affect our operations and operating results, including the following: • difficulties and costs of staffing and managing a multinational organization; • unexpected changes in regulatory requirements; • differing labor regulations; • differing environmental laws and regulations, including in response to climate change; • potentially adverse tax consequences; • possible employee turnover or labor unrest; • greater difficulty in collecting accounts receivable; • the burdens and costs of compliance with a variety of foreign laws; • the volatility of currency exchange rates; • potentially reduced protection for intellectual property rights; • political or economic instability in certain parts of the world; and • natural disasters, including earthquakes or tsunamis. If any of these risks associated with international operations materialize, our operations could significantly increase in cost or be disrupted, which would negatively affect our revenue and operating results. Our operating results could be adversely affected by fluctuations in the value of the U. S. dollar against foreign currencies. We transact business predominantly in U. S. dollars, and we invoice and collect our sales in U. S. dollars. A weakening of the U. S. dollar could cause our overseas vendors to require renegotiation of either the prices or currency we pay for their goods and services. In the future, customers may negotiate pricing and make payments in non- U. S. currencies. For fiscal ~~2022~~ **2023** , approximately 13 % of our costs were denominated in non- U. S. currencies, including British pounds, Canadian dollars, European Union euro, Hong Kong dollars, Indian rupee, New Taiwan dollars, Japanese yen, Korean won, Chinese yuan, Polish zloty, Israeli New Shekel, and Swiss francs. If our overseas vendors or customers require us to transact business in non- U. S. currencies, fluctuations in foreign currency exchange rates could affect our cost of goods, operating expenses, and operating margins, and could result in exchange losses. In addition, currency devaluation could result in a loss to us if we hold deposits of that currency. Hedging foreign currencies can be difficult, especially if the currency is not freely traded. We cannot predict the impact of future exchange rate fluctuations on our operating results. Risks Related to Our Employees We depend on key personnel who would be difficult to replace, and our business will likely be harmed if we lose their services or cannot hire additional qualified personnel. Our success depends substantially on the efforts and abilities of our senior management and other key personnel. The competition for qualified management and key personnel, especially engineers, is intense. Although we maintain nondisclosure covenants with most of our key personnel, and our key executives have change of control severance agreements, we do not have employment agreements with many of them. The loss of services of one or more of our key employees or the inability to hire, train, and retain key personnel, especially engineers and technical support personnel, and capable sales and customer- support employees outside the U. S., could delay the development and sale of our products, disrupt our business, and interfere with our ability to execute our business plan. If we are unable to obtain stockholder approval of share- based compensation award programs or additional shares for such programs, we could be at a competitive disadvantage in the marketplace for qualified personnel or may be required to increase the cash element of our compensation program. Competition for qualified personnel in our industry is extremely intense, particularly for engineering and other technical personnel. Our compensation program, which includes cash and share- based compensation award components, has been instrumental in attracting, hiring, motivating, and retaining qualified personnel. Our success depends on our continued ability to use our share- based compensation programs to effectively compete for engineering and other technical personnel and professional talent without significantly increasing cash compensation costs. In the future, if we are unable to obtain stockholder approval of our share- based compensation programs or additional shares for such programs, we could be at a competitive disadvantage in the marketplace for qualified personnel or we may be required to increase the cash elements of our compensation program to account for this disadvantage. Risks Related to Our Intellectual Property Our ability to compete successfully and continue growing as a company depends on our ability to adequately protect our proprietary technology and confidential information. We protect our proprietary technology and confidential information through the use of patents, trade secrets, trademarks, copyrights, confidentiality agreements and other contractual provisions. The process of seeking patent protection is lengthy and expensive. Further, there can be no assurance that even if a patent is issued, that it will not be challenged, invalidated, or circumvented, or that the rights granted under the patents will provide us with meaningful protection or any commercial advantage. Failure to obtain trademark registrations could compromise our ability to fully protect our trademarks and brands and could increase the risk of challenge from third parties to our use of our trademarks and brands. Effective intellectual property protection may be unavailable or limited in some foreign countries in which we operate. In particular, the validity, enforceability and scope of protection of intellectual property in China, where we derive a significant portion of our net sales, and certain other countries where we derive net sales, are still evolving and historically, have not protected and may not protect in the future, intellectual property rights to the same extent as laws developed in the U. S. We do not consistently rely on written agreements with our customers, suppliers, manufacturers, and other recipients of our technologies and products and therefore, some trade secret protection may be lost and our ability to enforce our intellectual property rights may be limited. Confidentiality and non- disclosure agreements that are in place may not be adequate to protect our proprietary technologies or may be breached by other parties. Additionally, our customers, suppliers, manufacturers, and other recipients of our technologies and products may seek to use our technologies and products without appropriate limitations. In the past, we did not consistently require our employees and consultants to enter into confidentiality, employment, or proprietary information and invention assignment agreements. Therefore, our former employees and consultants may try to claim some ownership interest in our technologies and products or may use our technologies and products competitively and without appropriate limitations. Unauthorized parties may attempt to copy or otherwise use aspects of our technologies and products that we regard as proprietary. Other companies, including our competitors, may independently develop technologies that are similar or superior to our technologies, duplicate our technologies, or design around our patents. If our intellectual property protection is insufficient to protect our intellectual property rights, we could face increased competition in the markets for our technologies and products. We may pursue, and from time **-** to **-** time defend, litigation to enforce our intellectual property rights, to protect our trade secrets, and to determine the validity and scope of the proprietary rights of others. Litigation whether successful or unsuccessful, could result in substantial costs and diversion of resources, which could have a material adverse effect on our business, financial condition, and operating results. Any claims that our technologies infringe the intellectual property rights of third parties could result in significant costs and have a material adverse effect on our business. We cannot be certain that our technologies and products do not and will not infringe issued patents or other third- party proprietary rights. Any claims, with or without merit, could result in significant litigation costs and diversion of resources, including the attention of management, and could require us to enter into royalty or licensing agreements, any of which could have a material adverse effect on our business. There can be no assurance that such licenses could be obtained on commercially reasonable terms, if at all, or that the terms of any offered licenses would be acceptable to us. We may also have to pay substantial damages to third parties or indemnify customers or licensees for damages they suffer if the products they purchase from us or the technology they license from us violates any third- party intellectual property rights. An adverse determination in a judicial or administrative proceeding, or a failure to obtain necessary licenses to use such third- party technology could prevent us from manufacturing, using, or selling certain of our products, and there is no guarantee that we will be able to develop or acquire alternate non- infringing technology. In addition, we license certain technology used in and for our products from third parties. These third- party licenses are granted with restrictions, and there can be no assurances that such third- party technology will remain available to us on commercially acceptable terms. **Any breach or violation of the terms and conditions specified in these license agreements could have significant adverse consequences on our operations and financial performance and may result in legal action, monetary penalties, or the termination of the license, which would impact our ability to offer certain products or services.** If third- party technology currently utilized in our products is no longer available to us on commercially acceptable terms, or if any third- party initiates litigation against us for alleged infringement of their proprietary rights, we may not be able to sell certain of our products and we could incur significant costs in defending against litigation or attempting to develop or acquire alternate non- infringing products, which would have an adverse effect on our operating results. Risks Related to Acquisitions Any acquisitions that we undertake could be difficult to integrate, disrupt our business, dilute stockholder value, and harm our operating results. We expect to continue to pursue opportunities to acquire other businesses and technologies in order to complement our current solutions, expand the breadth of our markets, enhance our technical capabilities, or otherwise create growth opportunities. We cannot accurately predict the timing, size, and success of any currently planned or future acquisitions. We may be unable to identify suitable acquisition candidates or to complete the acquisitions of candidates that we identify. Increased competition for acquisition candidates or increased asking prices by acquisition candidates may increase purchase prices for acquisitions to levels beyond our financial capability or to levels that would not result in the returns required by our acquisition criteria. Acquisitions may also become more difficult in the future as we or others acquire the most attractive candidates. Unforeseen expenses, difficulties, and delays frequently encountered in connection with rapid expansion through acquisitions could inhibit our growth and negatively impact our operating results. If we make any future acquisitions, we could issue stock that would dilute existing stockholders' percentage ownership, incur substantial debt, assume contingent liabilities, or experience higher operating expenses. We may be unable to effectively complete an integration of the management, operations, facilities, and accounting and information systems of acquired businesses with our own; efficiently manage, combine or restructure the operations of the acquired businesses with our operations; achieve our operating, growth, and performance goals for acquired businesses; achieve additional revenue as a result of our expanded operations; or achieve operating efficiencies or otherwise realize cost savings as a result of anticipated acquisition synergies. The integration of acquired businesses involves numerous risks, including the following: • the potential disruption of our core business; • the potential strain on our financial and managerial controls, reporting systems and procedures; • potential unknown liabilities associated with the acquired business; • costs relating to liabilities which we agree to assume; • unanticipated costs associated with the acquisition; • diversion of management' s attention from our core business; • problems assimilating the purchased operations, technologies, or products; • risks associated with entering markets and businesses in which we have little or no prior experience; • failure of acquired businesses to achieve expected results; • adverse effects on existing business relationships with suppliers and customers; • failure to retain key customers, suppliers, or personnel of acquired businesses; • the risk of impairment charges related to potential write- downs of acquired assets; and • the potential inability to create uniform standards, controls, procedures, policies, and information systems. We cannot assure you that we would be successful in overcoming problems encountered in connection with any acquisitions, and our inability to do so could disrupt our operations, result in goodwill or intangible asset impairment charges, and adversely affect our business. Potential strategic alliances may not achieve their objectives, and the failure to do so could impede our growth. We have entered, and we anticipate that we will continue to enter, into strategic alliances. We continually explore strategic alliances designed to enhance or complement our technology or to work in conjunction with our technology; to provide necessary know- how, components, or supplies; and to develop, introduce, and distribute products utilizing our technology. Certain strategic alliances may not achieve their intended objectives, and parties to our strategic alliances may not perform as contemplated. The failure of these alliances to achieve their objectives may impede our ability to introduce new products and enter new markets. We may incur material environmental liabilities as a result of prior operations at an acquired company. In connection with our acquisition in July 2017 of Conexant Systems, we agreed to assume certain environmental liabilities, including remediation of environmental impacts at a property formerly owned and operated by Conexant (the " Conexant Site ") and for potential future claims alleging personal injury or property damage related to the environmental impacts at and about the Conexant Site. We continue to incur costs to investigate and remediate the Conexant Site' s environmental impacts, and we are at risk for future personal injury and property damage claims related to the Conexant Site. Various federal, state, and local authorities regulate the release of hazardous substances into the environment and can impose substantial fines if our remediation efforts at or about the Conexant Site fail or are deemed inadequate. In addition, changes in laws, regulations and enforcement policies, the discovery of previously unknown contamination at the Conexant Site, the implementation of new technology at the Conexant Site, or the establishment or imposition of stricter federal, state, or local cleanup standards or requirements with respect to the Conexant Site could require us to incur additional costs in the future that could have a negative effect on our financial condition or results of operations. Risks Factors Related to Our Indebtedness Our indebtedness could adversely affect our financial condition or operating flexibility and prevent us from fulfilling our obligations outstanding under our credit agreement, our 4. 000 % senior notes due 2029, or the Senior Notes, and other indebtedness we may incur from time - to - time. On March 11, 2021, we completed the offering of the Senior Notes in the aggregate principal amount of $ 400. 0 million, with a corresponding amendment and restatement of our credit agreement, or as amended and supplemented, the Credit Agreement, with the lenders party thereto, or the Lenders, and Wells Fargo Bank, National Association, or the Administrative Agent, as administrative agent for the Lenders. The Senior Notes include a mandatory semi- annual payment of a 4. 000 % coupon. We are permitted under the indenture governing our Senior Notes and the Credit Agreement to incur additional debt under certain conditions, including additional secured debt. If new debt were to be incurred in the future, the related risks that we now face could intensify. Our level of indebtedness could have important consequences on our future operations, including: • making it more difficult for us to satisfy our payment and other obligations under the Notes, the Credit Agreement, or our other outstanding debt from time - to - time; • risking an event of default if we fail to comply with the financial and other covenants contained in the Notes indenture or the Credit Agreement, which could result in the Senior Notes or any outstanding bank debt becoming immediately due and payable and could permit the lenders under the Credit Agreement to foreclose on the assets securing such bank debt; • subjecting us to the risk of increased sensitivity to interest rate increases on our debt with variable interest rates, including the debt that we may incur under the ~~Credit Agreement; • the London interbank offered rate, or LIBOR, index is expected to be discontinued at the end of June 2023 and the replacement rate could be more volatile or more costly, resulting in a higher cost of borrowing under our~~ Credit Agreement; • reducing the availability of our cash flows to fund working capital, capital expenditures, acquisitions and other general corporate purposes, and limiting our ability to obtain additional financing for these purposes; • limiting our flexibility in planning for, or reacting to, and increasing our vulnerability to, changes in our business, the industry in which we operate and the general economy; and • placing us at a competitive disadvantage compared to our competitors that have less debt or are less leveraged. Our business may not generate sufficient cash flow from operations and future borrowings may not be available to us under the Credit Agreement, the indenture governing the Senior Notes or otherwise in an amount sufficient to enable us to pay our debt or to fund our other liquidity needs. The covenants in the Credit Agreement and Senior Notes impose restrictions that may limit our operating and financial flexibility. The Credit Agreement includes certain covenants that limit (subject to certain exceptions) our ability to, among other things: (i) incur or guarantee additional indebtedness; (ii) incur or suffer to exist liens securing indebtedness; (iii) make investments; (iv) consolidate, merge or transfer all or substantially all of our assets; (v) sell assets; (vi) pay dividends or other distributions on, redeem or repurchase capital stock; (vii) enter into transactions with affiliates; (viii) amend, modify, prepay or redeem subordinated indebtedness; (ix) enter into certain restrictive agreements; and

(x) engage in a new line of business. In addition, the Credit Agreement contains financial covenants that (i) require the ratio of the amount of our consolidated total indebtedness to consolidated EBITDA to be less than certain maximum ratio levels, and (ii) require the ratio of the amount of our consolidated EBITDA to consolidated interest expense to be greater than a certain minimum ratio level. If we violate these covenants and are unable to obtain waivers, our debt under the Credit Agreement would be in default and could be accelerated, and could permit, in the case of secured debt, the lenders to foreclose on our assets securing the Credit Agreement. If the indebtedness is accelerated, we may not be able to repay our debt or borrow sufficient funds to refinance it. Even if we are able to obtain new financing, it may not be on commercially reasonable terms or on terms that are acceptable to us. If our debt is in default for any reason, our cash flows, results of operations or financial condition could be materially and adversely affected. In addition, complying with these covenants may also cause us to take actions that may make it more difficult for us to successfully execute our business strategy and compete against companies that are not subject to such restrictions. General Risk Factors ~~Our business, results of operations and financial condition (including liquidity) and prospects may be materially and adversely affected by health epidemics, including the COVID- 19 pandemic. Public health threats, such as COVID- 19, influenza and other highly communicable diseases or viruses, outbreaks of which have from time to time occurred in various parts of the world in which we operate could adversely impact our operations, as well as the operations of our suppliers and customers. Any of these public health threats and related consequences could adversely affect our operating results and financial condition. COVID- 19 has spread rapidly and enveloped most of the world, causing a global public health crisis. In March 2020, the World Health Organization characterized the COVID- 19 outbreak as a pandemic. Governments in affected countries continue to periodically impose travel bans, quarantines, and other emergency public health measures. In response to the virus, national and local governments in numerous countries around the world have implemented substantial lockdown measures. These restrictions, and prevention and mitigation measures, have had an adverse impact on global economic conditions, which could materially adversely affect our future operations. Uncertainties regarding the economic impact of the COVID- 19 outbreak have resulted in market turmoil, which could also negatively impact our business, financial condition, and cash flows. These measures have impacted and may further impact our workforce and operations, the operations of our customers, and those of our respective vendors, suppliers, and partners. The disruptions to our operations caused by the COVID- 19 outbreak may result in inefficiencies, delays and additional costs in our product development, sales, marketing, and customer service efforts that we cannot fully mitigate through remote or other alternative work arrangements. Also, some suppliers of materials used in the production of our products may be located in areas more severely or repeatedly impacted by COVID- 19 and its variants, which could limit our ability to obtain sufficient materials for our products. In addition, the severe global economic disruption caused by COVID- 19 may cause our customers and end- users of our products to suffer significant economic hardship, which could result in decreased demand for our products in the future and materially adversely affect our business, operating results, financial condition (including liquidity) and prospects.~~ If we fail to manage our growth effectively, our infrastructure, management, and resources could be strained, our ability to effectively manage our business could be diminished, and our operating results could suffer. The failure to manage our planned growth effectively could strain our resources, which would impede our ability to increase revenue. We have increased the number of our solutions in the past and may plan to further expand the number and diversity of our solutions and their use in the future. Our ability to manage our planned diversification and growth effectively will require us to: • successfully hire, train, retain, and motivate additional employees, including employees outside the U. S.; • efficiently plan, expand, or cost- effectively reduce our facilities to meet headcount requirements; • enhance our global operational, financial, and management infrastructure; and • expand our development and production capacity. In connection with the expansion and diversification of our product and customer base, we may increase our personnel and make other expenditures to meet demand for our expanding product offerings, including offerings in the IoT market, the PC applications market, and the mobile product applications market. Any increase in expenses or investments in infrastructure and facilities in anticipation of future orders that do not materialize would adversely affect our profitability. Our customers also may require rapid increases in design and production services that place an excessive short- term burden on our resources and the resources of our contract manufacturers. An inability to quickly expand our development, design or production capacity or an inability of our third- party manufacturers to quickly expand development, design, or production capacity to meet this customer demand could result in a decrease to our revenue or operating results. If we cannot manage our growth effectively, our business and operating results could suffer. We face risks associated with security breaches or cyberattacks. We face risks associated with security breaches or cyberattacks of our computer systems or those of our third- party representatives, vendors, and service providers. Although we have implemented security procedures and controls to address these threats, our systems may still be vulnerable to data theft, computer viruses, programming errors, ransomware, and other attacks by third parties, or similar disruptive problems. If our systems, or systems owned by third parties affiliated with our company, were breached or attacked, the proprietary and confidential information of our company, our employees and our customers could be disclosed and we may be required to incur substantial costs and liabilities, including the following: liability for stolen assets or information; fines imposed on us by governmental authorities for failure to comply with privacy laws or for disclosure of any personally identifiable information as a part of such attack; costs of repairing damage to our systems; lost revenue and income resulting from any system downtime caused by such breach or attack; loss of competitive advantage if our proprietary information is obtained by competitors as a result of such breach or attack; increased costs of cyber security protection; costs of incentives we may be required to offer to our customers or business partners to retain their business; damage to our reputation; and expenses to rectify the consequences of the security breach or cyberattack. In addition, any compromise of security from a security breach or cyberattack could deter customers or business partners from entering into transactions that involve providing confidential information to us. As a result, any compromise to the security of our systems could have a material adverse effect on our business, reputation, financial condition, and operating results. If tax laws change in the jurisdictions in which we do business or if we receive a material tax assessment in connection with an examination of our income tax returns, our consolidated financial position, results of operations and cash flows could be adversely affected. We are subject to U. S. federal, state, and foreign income taxes in the various jurisdictions in which we do business. In addition, we are required to pay U. S. federal taxes on the operating earnings of certain of our foreign subsidiaries. Our future effective tax rates and the value of our deferred tax assets could be adversely affected by changes in tax laws in the U. S. or in the foreign jurisdictions in which we operate. In addition, we are subject to the examination of our income tax returns by the tax authorities in the jurisdictions in which we do business. The calculation of tax liabilities involves significant judgment in estimating the impact of uncertainties in the application of highly complex tax laws. Our results have in the past, and could in the future, include favorable and unfavorable adjustments to our estimated tax liabilities in the period a determination of such estimated tax liability is made or resolved, upon the filing of an amended return, upon a change in facts, circumstances, or interpretation, or upon the expiration of a statute of limitation. While we believe we have adequately provided for reasonably foreseeable outcomes in connection with the resolution of income tax uncertainties, the resolution of these uncertainties in a manner inconsistent with our expectations could have a material impact on our consolidated financial position, result of operations, or cash flows. We are subject to governmental laws, regulations and other legal obligations related to privacy and data protection. We collect, use, and store personally identifiable information, or PII, as part of our business and operations. We are subject to federal, state, and international laws relating to the collection, use, retention, security, and transfer of PII. The legislative and regulatory framework for privacy and data protection issues worldwide is rapidly evolving and is likely to remain uncertain for the foreseeable future. The cost of complying with and implementing these privacy- related and data governance measures could be significant as they may create additional burdensome security, business process, business record or data localization requirements. The theft, loss or misuse of PII collected, used, stored or transferred by us, our any inability, or perceived inability, to adequately address privacy and data protection concerns, even if unfounded, or our failure to comply with applicable laws, regulations, policies, industry standards, contractual obligations or other legal obligations, could result in additional cost and liability to us, including litigation, which could have an adverse effect on our business, operating results, cash flows, and financial condition. Our charter documents and Delaware law could make it more difficult for a third- party to acquire us and discourage a takeover. Our certificate of incorporation and the Delaware General Corporation Law contain provisions that may have the effect of making more difficult or delaying attempts by others to obtain control of our company, even when such attempts may be in the best interests of our stockholders. Our certificate of incorporation also authorizes our Board of Directors, without stockholder approval, to issue one or more series of preferred stock, which could have voting and conversion rights that adversely affect or dilute the voting power of the holders of our common stock. Delaware law also imposes conditions on certain business combination transactions with “ interested stockholders. ” Our certificate of incorporation divides our Board of Directors into three classes, with one class to stand for election each year for a three- year term after the election. The classification of directors tends to discourage a third- party from initiating a proxy solicitation or otherwise attempting to obtain control of our company and may maintain the incumbency of our Board of Directors, as this structure generally increases the difficulty of, or may delay, replacing a majority of directors. Our certificate of incorporation authorizes our Board of Directors to fill vacancies or newly created directorships. A majority of the directors then in office may elect a successor to fill any vacancies or newly created directorships, thereby increasing the difficulty of, or delaying a third- party’ s efforts in, replacing a majority of directors. The market price of our common stock has been and may continue to be volatile. The trading price of our common stock has been and may continue to be subject to wide fluctuations in response to various factors, including the following: • variations in our quarterly results; • the financial guidance we may provide to the public, any changes in such guidance, or our failure to meet such guidance; • changes in financial estimates by industry or securities analysts or our failure to meet such estimates; • various market factors or perceived market factors, including rumors, whether or not correct, involving us, our customers, our suppliers, our competitors, or a potential acquisition of our company; • announcements of technological innovations by us, our competitors, or our customers; • introductions of new products or new pricing policies by us, our competitors, or our customers; • acquisitions or strategic alliances by us, our competitors, or our customers; • recruitment or departure of key personnel; • the gain or loss of significant orders; • the gain or loss of significant customers; • market conditions in our industry, the industries of our customers, and the economy as a whole; • short positions held by investors; • new federal and state laws and regulations affecting our industry; and • general financial market conditions or occurrences, including market volatility resulting from geopolitical risks, and rivalries, acts of war, terrorist attacks, cybersecurity attacks, health pandemics, financial market technological glitches and interruptions of trading activity. In addition, stocks of technology companies have experienced extreme price and volume fluctuations that often have been unrelated or disproportionate to these companies’ operating performance. Public announcements by technology companies concerning, among other things, their performance, accounting practices, or legal problems could cause the market price of our common stock to decline regardless of our actual operating performance.