Risk Factors Comparison 2024-02-27 to 2023-03-03 Form: 10-K

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The risk factors summarized below could materially harm our business, operating results and / or financial condition, impair our future prospects and / or cause the price of our common stock to decline. Listed below is a summary of the principal risks, which are discussed more fully immediately following this summary. • Global economic and market uncertainty may adversely impact our business and operating results. • We serve customers and have manufacturing facilities throughout the world and are subject to risks caused by local and global pandemics and other similar risks. • We may encounter risks associated with potential divestitures of assets and acquisitions of other businesses. • We may not fully realize the anticipated positive impacts to future financial results from our restructuring efforts. • Uncertainty, volatility and adverse changes in the global economy and financial markets could have an adverse impact on our business and operating results. • We are subject to the risks characteristic of international operations, including tariffs. • We are subject to risks from rising labor costs and labor shortages, employee strikes and other labor- related disruptions. • We may be unable to hire and retain sufficient qualified personnel at all levels of our organization, and we are subject to risks from the loss of any of our key executive officers, or the inability to maintain a sufficient workforce to satisfy production demands. • Our raw material suppliers or equipment manufacturers may experience disruptions to their supply chain or operations, or otherwise fail to satisfy our product quality standards, or the prices or availability of raw materials may change. • We are subject to risks of currency fluctuations. • The worldwide electronics industry is intensely competitive and volatile. • We may be unable to maintain satisfactory capacity utilization rates. • If our goodwill or other intangible assets become impaired in the future, we would be required to record a non- cash charge to earnings. • Our results of operations are often subject to demand fluctuations and seasonality. With a high level of fixed operating costs, even small revenue shortfalls would decrease our gross margins. • We may fail to meet the strict quality control standards of the industries in which we participate. • The prominence of EMS companies as our customers could reduce our gross margins, potential sales, and customers. • A decline in sales to the relatively small number of OEM customers on whom we depend for a large portion of our sales would materially adversely affect our business. • We depend on the U. S. federal government for a significant portion of our business. • We are exposed to the credit risk of our customers and to credit exposures in weakened markets. • Initiatives aimed at addressing potential climate change risks could materially adversely affect our business. • Competition in the PCB market is intense, and we could lose market share, or our profit margins may decrease, if we are unable to maintain our current competitive position in end markets. • We may not be able to compete effectively if we are unable to adapt our design and production processes when needed. • Products we manufacture may contain design or manufacturing defects. • Infringement of our intellectual property rights could negatively affect us, and we may be exposed to intellectual property infringement claims from third parties. • Foreign laws may not afford us sufficient protections for our intellectual property. • Damage to any of our manufacturing facilities could materially adversely affect our business. • We have substantial outstanding indebtedness, which could adversely impact our liquidity, our flexibility in obtaining additional financing and our ability to fulfill our debt obligations. • We are subject to interest rate risk, which could cause our debt service obligations to increase significantly. • Servicing our debt requires a significant amount of cash, and we may be forced to take other actions to satisfy our obligations under our debt. • Due to periodic power shortages in China, we may have to temporarily close our China operations. • We are subject to the requirements of the NISPOM for our facility security clearance, which is a prerequisite to our ability to perform on classified contracts for the U. S. government. • Our operations in Asia subject us to risks and uncertainties relating to the local laws and regulations and adverse effects of political tensions that arise from time to time with China. • Our failure to comply with the requirements of environmental laws could result in litigation, fines, revocation of necessary permits, or debarment from our participation in federal government contracts. • Our international sales are subject to laws and regulations relating to corrupt practices, trade, and export controls and economic sanctions. Any non- compliance could have a material adverse effect on our business. • Outages, computer viruses, cyber- attacks and cybersecurity incidents, and similar events could materially disrupt our operations. • Privacy, information security, and data protection laws, rules, and regulations could affect or limit how we collect and use personal information, increase our costs, and adversely affect our business opportunities. • Issues arising during the upgrade of our enterprise resource planning system could affect our operating results and ability to manage our business effectively. • Our ability to use net operating loss carryforwards to offset future taxable income for U. S. federal, state and foreign income tax purposes is subject to limitations, and future transfers of shares of our common stock could cause us to experience an " ownership change " that could further limit our ability to utilize our net operating losses. An investment in our common stock involves a high degree of risk. You should carefully consider the factors described below, in addition to those discussed elsewhere in this ~~report~~ **Report**, in analyzing an investment in our common stock. If any of the events described below occurs, our business, financial condition, and results of operations would likely suffer, the trading price of our common stock could fall, and you could lose all or part of the money you paid for our common stock ~~. The risk factors described below are not the only ones we face~~. Risks and uncertainties not known to us currently, or that may appear immaterial, also may have a material adverse effect on our business, financial condition, and results of operations. In addition, the following risk factors and uncertainties could cause our actual results to differ materially from those projected in our forward- looking statements, whether made in this ~~report~~ **Report** or the other documents we file with the SEC, or our annual or quarterly reports to stockholders, future press releases, or orally, whether in presentations, responses to questions, or otherwise. Risks Related to our Business ~~Global economic and market uncertainty may adversely impact our business and operating results.~~ Uncertain global economic conditions have in the past and may in the future adversely impact our business. The current uncertainty in the worldwide economic environment together with other unfavorable changes in economic conditions, such as higher ~~than normal~~ inflation and interest rate increases currently being experienced or implemented by most developed economies, as well as ~~any recession~~ **recessions that have affected major countries** , may negatively impact consumer confidence and spending, ultimately causing our customers to postpone purchases and may ultimately impact our profitability. Inflation and rapid fluctuations in inflation rates have had in the past, and may in the future have, negative effects on economies and financial markets. We could experience period- to- period fluctuations in operating results due to general industry or economic conditions and volatile or uncertain economic conditions can adversely impact our sales and profitability and make it difficult for us to accurately forecast and plan our future business activities. Furthermore, inflationary pressure and increases in interest rates may negatively impact revenue, earnings and demand for our products. During challenging economic times, our current or potential future customers may experience cash flow problems and as a result may modify, delay or cancel plans to purchase our products. Additionally, if our customers are not successful in generating sufficient revenue or are unable to secure financing, they may not be able to pay, or may delay payment of, accounts receivable that they owe us. Any inability of our current or potential future customers to pay us for our products may adversely affect our earnings and cash flow. Moreover, our key suppliers may reduce their output or become insolvent, thereby adversely impacting our ability to manufacture our products. We serve customers and have manufacturing facilities throughout the world and are subject to risks caused by local and global pandemics and other similar risks ~~, including without limitation, the on- going COVID- 19 pandemic~~ , which could materially adversely affect our business, financial condition, and results of operations. Local and global pandemics or other disasters or public health concerns in regions of the world where we have operations or source material or sell products could result in the disruption of our business. Specifically, these pandemics, disasters and health concerns can result in increased travel restrictions and extended shutdowns of certain businesses in the regions in which we operate, as well as social, economic, or labor instability. Disruptions in our product shipments or impacts on our manufacturing in affected regions over a prolonged period could have a material adverse impact on our business and our financial results. ~~On March 11, 2020, the World Health Organization announced that COVID- 19 infections had become a pandemic, and on March 13, 2020, the U. S. President announced a National Emergency relating to the disease. Federal, state, and local government responses to COVID- 19 and our responses to the outbreak have all, at times, disrupted and will likely continue to disrupt our business. Even as efforts to contain the pandemic have made progress and many restrictions have relaxed, new variants of the virus have arisen globally. At times, variants of COVID- 19 have caused a surge in COVID- 19 cases, both regionally, such as outbreaks in Mainland China that from time to time in 2020 and continuing through most of the year in 2022 have forced temporary lockdown orders in several cities in which we operate, and globally. The ultimate impact of new variants that have emerged from time to time, cannot be predicted at this time, and could depend on numerous factors, including the availability of vaccines in different parts of the world, vaccination rates among the population, the effectiveness of COVID- 19 vaccines, and the responses by governmental bodies to impose or reinstate restrictive measures from time to time.~~ In particular, multiple facets of our business may be negatively impacted by the fear of exposure to or actual effects of ~~COVID- 19 and other~~ disease outbreaks, epidemics, pandemics and similar widespread public health concerns. These impacts include but are not limited to: • failure of third parties on which we rely, including, without limitation, our suppliers, commercial banks, and other external business partners, to meet their obligations to us, caused by significant disruptions in their ability to do so or their own financial or operational difficulties; • supply chain risks such as disruptions of supply chains, excess demand on suppliers, and scrutiny or embargoing of goods produced in infected areas; • reduced workforces and labor shortages at all levels of our organization, which may be caused by, but not limited to, the temporary inability of the workforce to work due to illness, lockdowns, quarantine, or government mandates and incentives; • temporary business closures due to reduced workforces or government mandates; • reduced demand for our products and services caused by, but not limited to, the effect of quarantine or other travel restrictions or financial hardship on our workforce ~~,~~ **or** the businesses in the industries we service; **or** • restrictions to our business as a result of federal or state laws, regulations, orders or other governmental or regulatory actions, if adopted ~~; or • lawsuits from employees and others exposed to COVID- 19 at our facilities, which may involve large demands or substantial defense costs that our professional and general liability insurance may not cover~~ . Any of the foregoing factors, or other cascading effects that are not currently foreseeable, could materially increase our costs, negatively impact our sales, or damage the Company' s financial condition, results of operations, cash flows and its liquidity position, possibly to a significant degree. The duration of any such impacts cannot be predicted ~~because of the sweeping, on- going and uncertain nature of the circumstances involving the COVID- 19 pandemic and the differing effects and responses to the pandemic by various governmental entities in the regions and countries in which we operate~~ . We have pursued and intend to continue to pursue potential divestitures of assets and acquisitions of other businesses and may encounter risks associated with these activities, which could harm our business and operating results. If we are unable to manage our growth effectively, our business, financial condition, and results of operations could be materially adversely affected. As part of our business strategy, we expect that we will continue to implement and align our strategy by pursuing potential divestitures of assets **, such as our sale of Shanghai Backplane Assembly,** and acquisitions of businesses, technologies, assets, or product lines that complement or expand our business, such as our acquisition of Gritel Holding Co., Inc. (Gritel) and ISC Farmingdale Corp. in June 2022. Telephonics Corporation is now a wholly- owned subsidiary of TTM by way of our acquisition of Gritel, the Telephonics direct parent company. Risks related to such activities and transactions may include: • the potential inability to successfully integrate acquired operations and businesses or to realize anticipated synergies, economies of scale, or other expected value; • diversion of management' s attention from normal daily operations of our existing business to focus on integration of the newly acquired business; • unforeseen expenses associated with the integration of the newly acquired business or assets; • difficulties in managing production and coordinating operations at new sites; • the potential loss of key employees of acquired or divested operations; • the potential inability to retain existing customers of acquired companies when we desire to do so; • insufficient revenues to offset increased expenses associated with acquisitions; • the potential decrease in overall gross margins associated with acquiring a business with a different product mix; • the inability to identify certain unrecorded liabilities; • the inability to consummate a potential divestiture due to regulatory constraints or other closing conditions; • the separation of business infrastructure involved in a potential divestiture may create disruption in our business; • the tax burden related to the divestiture may be larger than expected; • the potential divestiture of assets or product lines could create dis- synergies and change our profitability; • the potential need to restructure, modify, or terminate customer relationships of the acquired or divested assets or company; • an increased concentration of business from existing or new customers; and • the potential inability to identify assets best suited to our business plan. Acquisitions may cause us to: • enter lines of business and / or markets in which we have limited or no prior experience; • issue debt and be required to abide by stringent loan covenants; • assume liabilities; • record goodwill and intangible assets that will be subject to impairment testing and potential periodic impairment charges; • become subject to litigation and environmental issues, which include product material content certifications related to conflict minerals; • incur unanticipated costs and expenses, including with respect to our compliance obligations under U. S. federal securities laws; • incur large and immediate write- offs; and • incur substantial transaction- related costs, whether or not a proposed acquisition is consummated. Acquisitions of high technology companies and assets are inherently risky, and no assurance can be given that our prior or future acquisitions will be successful. Failure to manage and successfully integrate acquisitions we make could have a material adverse effect on our business, financial condition, and results of operations. Even when an acquired company has already developed and marketed products, product enhancements may not be made in a timely fashion. In addition, unforeseen issues might arise with respect to such products after any such acquisition. As we continue to experience growth in the scope and complexity of our operations, we may be required to implement additional operating and financial controls and hire and train additional personnel. There can be no assurance that we will be able to do so in the future, and failure to do so could jeopardize our expansion plans and seriously harm our operations. In addition, growth in our capacity could result in reduced capacity utilization and a corresponding decrease in gross margins. **In regards to our announcement in the first quarter of 2023 of the consolidation of our manufacturing footprint and the closure of three manufacturing facilities, if economic conditions deteriorate, we may not achieve the expected increase in overall profitability as a result of the consolidation. Our ability to achieve the anticipated cost savings and other benefits from our restructuring efforts within expected time frames is subject to many estimates and assumptions, and may vary materially based on factors such as market conditions and the effect of our restructuring efforts on our work force. These estimates and assumptions are subject to significant economic, competitive and other uncertainties, some of which are beyond our control. There can be no assurance that we will fully realize the anticipated positive impacts to future financial results from our current or future restructuring efforts. If our estimates and assumptions are incorrect or if other unforeseen events occur, we may not achieve the cost savings expected from such restructurings, and our business and results of operations could be adversely affected.** Uncertainty, volatility and adverse changes in the global economy and financial markets, including those resulting from the conflict between Russia and Ukraine **and between Israel and the Gaza Strip** , could have an adverse impact on our business and operating results. Uncertainty, volatility or adverse changes in the economy could lead to a significant decline in demand for the end products manufactured by our customers, which, in turn, could result in a decline in the demand for our products and increase pressure to reduce our prices. Any decrease in demand for our products could have an adverse impact on our financial condition, operating results, and cash flows. Uncertainty and adverse changes in the economy could also increase the cost and decrease the availability of potential sources of financing and increase our exposure to losses from bad debts, either of which could have a material adverse effect on our financial condition, operating results, and cash flows. **The conflict between** ~~In February 2022,~~ Russia **and** ~~commenced military hostilities against~~ Ukraine ~~, which~~ **and between Israel and the Gaza Strip** has contributed to volatility in the global economy and markets and on- going geopolitical instability and is likely to have further global economic consequences, including on- going disruptions of the global supply chain and energy markets. The effects of the conflict have contributed to significant volatility in credit and capital markets, spikes in energy prices, changes in laws and regulations that may affect our business, sanctions or counter- sanctions and increased cybersecurity threats and concerns. As a result, there is a risk that supplies of our products may be significantly delayed by or may become unavailable as a result of the conflict between Russia and Ukraine **and between Israel and the Gaza Strip** affecting us or our suppliers. The ~~conflict~~ **conflicts** may, at times, reduce demand for our products because of reduced global or national economic activity, disruptions and extreme volatility in global financial markets, increased rates of default and bankruptcy, and reduced levels of business and consumer spending. The effects of ~~the~~ **these** ~~conflict~~ **conflicts** ~~between Russia and Ukraine~~ could heighten or exacerbate many of the risk factors described in this Item 1A, Risk Factors, and may adversely affect our business, financial condition, and results of operation. We have manufacturing facilities and serve customers outside the United States and are subject to the risks characteristic of international operations, including tariffs. We have significant manufacturing operations in **China, elsewhere in** Asia and Canada and sales offices located in Asia and Europe. We continue to consider additional opportunities to make foreign investments and construct new foreign facilities. In addition, for the year ended January ~~2~~ **1** , ~~2023~~ **2024** , we generated approximately ~~54~~ **45** % of our net sales from non- U. S. operations, and a significant portion of our manufacturing material was provided by international suppliers during this period. The United States' trade policies and those of foreign countries are subject to change which could adversely affect our ability to purchase and sell goods and materials without significant tariffs, taxes or duties that may be imposed on the materials we purchase or the goods we sell, thereby increasing the cost of such materials and potentially decreasing our margins. Further, our revenues could be impacted if our customers' ability to sell their goods is reduced by such tariffs, taxes or duties. Both the U. S. and Chinese governments have included PCBs among items subjected to tariffs imposed on imports from such countries, which may negatively impact our revenue and profitability. In addition, we are subject to risks relating to significant international operations, including but not limited to: • managing international operations; • imposition of governmental controls; • unstable regulatory environments; • compliance with employment laws; • implementation of disclosure controls, internal controls, financial reporting systems, and governance standards to comply with U. S. accounting and securities laws and regulations; • limitations on imports or exports of our product offerings; • fluctuations in the value of local currencies; • inflation or changes in political and economic conditions; • public health crises ~~, such as the COVID- 19 pandemic~~ ; • labor unrest, rising wages, difficulties in staffing, and geographical labor shortages; • government or political unrest; • conflict or war between nations over territory that impacts the electronics supply chain leading to potential trade restrictions to and from the nations involved, including Russia, Ukraine ~~and~~ **,** China **, Israel and the Gaza Strip** ; • longer payment cycles; • language and communication barriers, as well as time zone differences; • cultural differences; • increases in duties and taxation levied on our products; • other potentially adverse tax consequences; • imposition of restrictions on currency conversion or the transfer of funds; • travel restrictions; • expropriation of private enterprises; • the potential reversal of current favorable policies encouraging foreign investment and trade; • the potential for strained trade relationships between the United States and its trading partners, including trade tariffs which could create competitive pricing risk; and • government imposed sanction laws and regulations. Further, the conflict between Russia and Ukraine **and between Israel and the Gaza Strip** described in the previous risk factor, and the effects thereof, may adversely affect our manufacturing facilities and our customers. Rising labor costs and labor shortages, including due to pandemics and other disasters, employee strikes and other labor- related disruptions may materially adversely affect our business, financial condition, and results of operations. Our business is labor intensive, utilizing large numbers of engineering and manufacturing personnel. There is uncertainty with respect to rising labor costs and on- going labor shortages. Furthermore, labor disputes and strikes based partly on wages have in the past slowed or stopped production by certain manufacturers in China. In some cases, employers have responded by significantly increasing the wages of workers at such plants. Any increase in labor costs due to minimum wage laws or customer requirements about scheduling and overtime that we are unable to recover in our pricing to our customers could materially adversely affect our business, financial condition, and results of operations. In addition, general labor shortages (which occurred during 2021 and ~~that continued in~~ 2022), a high turnover rate and our difficulty in recruiting and retaining qualified employees at any level of our organization could result in a potential for defects in our products, production disruptions or delays, or the inability to ramp production to meet increased customer orders, resulting in order cancellation or imposition of customer penalties if we are unable to deliver products in a timely manner. To respond to competitive pressures and customer requirements, we may further expand **- both domestically and** internationally ~~in lower- cost locations~~ . If we pursue such expansions, we may be required to make additional capital expenditures. For instance, in ~~March~~ **November** ~~2022~~ **2023 ,** we announced our plans to construct a new ~~plant~~ **proposed advanced technology PCB manufacturing facility** in ~~Penang~~ **Syracuse** , ~~Malaysia, which we~~ **New York. Phase one of the proposed** project ~~will require approximately~~ **, including capital for campus- wide improvements, is estimated to be $ 100. 0 million to** $ 130. 0 million **, and is anticipated to run through 2026** ~~in capital expenditures over a three- year period~~ . In addition, the cost structure in certain **regions or** countries that are now considered to be favorable may increase as economies develop ~~or as such countries join multinational economic communities or organizations~~ , causing local wages to rise. As a result, we may need to continue to seek new locations with lower costs and the employee and infrastructure base to support PCB manufacturing and we may lose business in our existing facilities as a result of such potential shifts in the ~~global~~ market. We cannot assure investors that we will realize the anticipated strategic benefits of our ~~international operations, including our~~ new ~~plant~~ **locations** , or that **such locations** ~~our international operations~~ will contribute positively to our operating results. In North America, we are experiencing wage inflation pressures, as a result of labor shortages, and certain pressures which are also mandated by local and state governments. Further, we are experiencing rising health care costs. While we strive to manage these challenges, there can be no assurance that our efforts will succeed which would result in higher costs and lower profits. The competition for talent and labor in North America and in general is currently extremely high. In this competitive environment, our business could be adversely impacted by increases in labor costs, which could include increases in wages and benefits necessary to attract and retain high quality employees with the right skill sets, increases triggered by regulatory actions regarding wages, scheduling, and benefits; **and** increases in health care and workers' compensation insurance costs ~~; and increases in benefits and costs related to the COVID- 19 pandemic and its resurgence from time to time~~ . In light of the current challenging labor market conditions ~~, due in part to the on- going effects from COVID- 19 pandemic~~ , our wages and benefits programs and any steps we take to increase our wages and benefits, may be insufficient to attract and retain talent at all levels of our organization. Existing labor shortages, and our inability to attract employees to maintain a qualified workforce, could adversely affect our production and our overall business and financial performance. Strikes or labor disputes with our unionized employees, primarily in China, may adversely affect our ability to conduct our business. If we are unable to reach agreement with any of our unionized work groups on future negotiations regarding the terms of their collective bargaining agreements, we may be subject to work interruptions or stoppages. Any of these events could be disruptive to our operations and could result in negative publicity, loss of contracts, and a decrease in revenues. We may also become subject to additional collective bargaining agreements in the future if more employees or segments of our workforce become unionized, including any of our employees in the United States. We may be unable to hire and retain sufficient qualified personnel at all levels of our organization, and the loss of any of our key executive officers, or the inability to maintain a sufficient workforce to satisfy production demands, could materially adversely affect our business, financial condition, and results of operations. We believe that our future success will depend in large part on our ability to attract and retain highly skilled, knowledgeable, sophisticated, and qualified managerial and professional personnel. Furthermore, we have limited patent or trade secret protection for our manufacturing processes and rely on the collective experience of our employees involved in our manufacturing processes to ensure that we continuously evaluate and adopt new technologies in our industry. We may not be able to retain our executive officers and key personnel or attract additional qualified management in the future **. For example, on August 2, 2023, Todd Schull notified us of his intention to retire as our Executive Vice President & Chief Financial Officer, effective September 11, 2023, and his resignation became effective on December 31, 2023** . We can make no assurances that future changes in executive management will not have a material adverse effect on our business, financial condition, or results of operations. Our business also depends on our continuing ability to recruit, train, and retain highly qualified employees, particularly engineering and sales and marketing personnel. The competition for these employees is intense, and the loss of these employees could harm our business. In addition, our industry continues to experience ~~,~~ a shortage of workers ~~. Although we believe this shortage is due~~ , **which** ~~in part, to on- going repercussions of the COVID- 19 pandemic, the shortage~~ may prove to be systemic. We rely on maintaining a sufficient workforce at all levels of our organization to design, manufacture and distribute our products. If the labor markets remain tight and we are unable to adequately staff our facilities due to a shortage of qualified workers, our operations and financial performance would likely be adversely affected. We rely on suppliers and equipment manufacturers for the timely delivery of raw materials, components, equipment, and spare parts used in manufacturing our PCBs. If a raw material supplier or equipment manufacturer goes bankrupt, liquidates, consolidates out of existence, experiences excess demands or other disruptions to their supply chain or operations, or otherwise fails to satisfy our product quality standards, or if the prices or availability of raw materials change, it could harm our ability to purchase new manufacturing equipment, service the equipment we have, or timely produce our products, thereby affecting our customer relationships. To manufacture PCBs, we use raw materials such as laminated layers of fiberglass, copper foil, chemical solutions, gold, copper, and other commodity products, which we order from our suppliers. For Hybrid Microelectronics and RF components, we use various high- performance materials such as Rad Hard & Space active components, Silicon transistors, **insulated- gate bipolar transistors (** IGBTs **)** , **field- effect transistors (** FETs **)** , Signal & Zener diodes, magnets, inductors, coils, **beryllium oxide (** BeO **)** and **silicon nitride (** SiN **)** substrates, as well as ceramics and printed circuit board materials. In the case of backplane assemblies, components include connectors, sheet metal, capacitors, resistors, and diodes, many of which are custom made and controlled by our customers' approved vendors. For our Radar, Communication and Surveillance systems, we use highly sophisticated electronic assemblies including Transmitter and Receiver CCA' s / Modules, Travelling Wave Tube Assemblies, Exciters, Wave Form Generators and Frequency Generators which are specifically designed for their application. Our success is due in part to our ability to deliver products timely to our customers, which requires successful planning and logistics infrastructure, including, ordering, transportation and receipt processing, and the ability of suppliers to meet our materials requirements. Consolidations and restructuring in our supplier base and equipment fabricators related to our raw materials purchases or the manufacturing equipment we use to fabricate our products may result in adverse changes in pricing of materials due to reduction in competition among our raw material suppliers or an elimination or shortage of equipment and spare parts from our manufacturing equipment supply base. Suppliers and equipment manufacturers may be impacted by other events outside our control including macro- economic events, financial instability, environmental occurrences, or supplier interruptions due to fire, natural catastrophes, public health crises or otherwise. Several of these factors ~~, including the on- going COVID- 19 pandemic,~~ have contributed to supply chain constraints we continue to experience. As a result, suppliers and equipment manufacturers have extended lead times, limited supplies, and / or increased prices due to capacity constraints and other factors. These have impacted our ability to deliver our products on a timely basis, our inventory levels and cash flow, and could negatively impact our financial results. The severity of the constraints in the supply chain is continuously changing, which creates substantial uncertainties in our business. In addition, in extreme circumstances, the suppliers we purchase from could cease production altogether due to a fire, natural disaster, consolidation or liquidation of their businesses. The supply chain constraints and other factors discussed above may continue to impact our ability to deliver our products on a timely basis, harm our customer relationships and negatively impact our financial results. In particular, the on- going macroeconomic conditions, including the inflationary environment, have increased the cost of our raw materials and components. If raw material and component prices remain elevated and the cost of the metals that we use to produce our product, especially if the prices of copper, gold, tin, palladium, and other precious metals we use to manufacture our products remain elevated or otherwise continue to increase, it may reduce our gross margins. Should the supply of materials used in the above manufacturing processes become limited, our ability to obtain the quantities necessary to meet our customers' demand may be impacted which could cause us to encounter reduced revenue levels or price increases which would impact our profit margins. If either of these situations occurs, our financial condition and results of operations could be negatively impacted ~~. We are subject to risks of currency fluctuations~~ . A portion of our cash, other current assets and current liabilities is held in currencies other than the U. S. dollar. Changes in exchange rates among other currencies and the U. S. dollar will affect the value of these assets or liabilities as re- measured to U. S. dollars on our balance sheet. To the extent that we ultimately decide to repatriate some portion of these funds to the United States, the actual value transferred could be impacted by movements in exchange rates. Any such type of movement could negatively impact the amount of cash available to fund operations or to repay debt. Additionally, we have revenues and costs denominated in currencies other than the U. S. dollar (primarily the Renminbi (RMB)). Fluctuations in the exchange rates between the U. S. dollar and the RMB could result in increases or decreases in our costs or revenues which could negatively impact our business, financial condition, and results of operations. Significant inflation or disproportionate changes in foreign exchange rates could occur as a result of general economic conditions, acts of war or terrorism, changes in governmental monetary or tax policy, or changes in local interest rates **.** Further, China' s government imposes controls over the convertibility of RMB into foreign currencies, which subjects us to further currency exchange risk ~~. The worldwide electronics industry is intensely competitive and volatile~~ . A majority of our revenue is generated from the electronics industry, which is characterized by intense competition, relatively short product life cycles, and significant fluctuations in product demand. The industry is subject to economic cycles and recessionary periods. Due to the uncertainty in the end markets served by most of our customers, we have a low level of visibility with respect to future financial results. Consequently, our past operating results, earnings, and cash flows may not be indicative of our future operating results, earnings, and cash flows. If we are unable to maintain satisfactory capacity utilization rates, our business, financial condition, and results of operations would be materially adversely affected. Given the high fixed costs of our operations, decreases in capacity utilization rates can have a significant effect on our business. Accordingly, our ability to maintain or enhance gross margins will continue to depend, in part, on maintaining satisfactory capacity utilization rates. In turn, our ability to maintain satisfactory capacity utilization will depend on the demand for our products, the volume of orders we receive, our ability to maintain a sufficient workforce at our facilities, and our ability to offer products that meet our customers' requirements at competitive prices. If current or future production capacity fails to match current or future customer demands, our facilities would be underutilized, our sales may not fully cover our fixed overhead expenses, and we would be less likely to achieve expected gross margins. If forecasts and assumptions used to support the realizability of our long- lived assets change in the future, significant impairment charges could result that would materially adversely affect our business, financial condition, and results of operations. In addition, we generally schedule our quick turnaround production facilities at less than full capacity to retain our ability to respond to unexpected additional quick- turn orders. However, if these orders are not received, we may forego some production and could experience continued excess capacity. If we conclude we have significant, long- term excess capacity, we may decide to permanently close one or more of our facilities and lay off some of our employees, such as our decision announced in February 2023 to close certain facilities in Hong Kong and California. Closures or lay- offs could result in our recording **of** restructuring charges such as severance, other exit costs, and asset impairments, as well as potentially causing disruptions in our ability to supply customers. ~~In regards to our recent announcement of the consolidation of our manufacturing footprint and the closure of three manufacturing facilities, if we do not achieve the transfer of the products from the facilities we are closing into other existing facilities or if economic conditions deteriorate, we may not achieve the expected increase in overall profitability as a result of the consolidation.~~ We have a significant amount of goodwill and other intangible assets on our consolidated balance sheet. If our goodwill or other intangible assets become impaired in the future, we would be required to record a non- cash charge to earnings, which may be material and would also reduce our stockholders' equity. As of January ~~2~~ **1** , ~~2023~~ **2024** , our consolidated balance sheet included $ **939** ~~1, 048~~ . ~~5~~ **4** million of goodwill and definite- lived intangible assets **. During the year ended January 1, 2024, we recorded a non- cash goodwill impairment charge of $ 44. 1 million related to our RF & S Components reportable segment** . We periodically evaluate whether events and circumstances have occurred, such that the potential for reduced expectations for future cash flows coupled with further decline in the market price of our stock and market capitalization may indicate that the remaining balance of goodwill and definite- lived intangible assets may not be recoverable. If factors indicate that assets are impaired, we would be required to reduce the carrying value of our goodwill and definite- lived intangible assets, which could harm our results during the periods in which such a reduction is recognized. Our results of operations are often subject to demand fluctuations and seasonality. With a high level of fixed operating costs, even small revenue shortfalls would decrease our ~~gross~~ **operating** margins. Our results of operations fluctuate for a variety of reasons, including: • timing of orders from and shipments to major customers; • the levels at which we utilize our manufacturing capacity; • price competition; • changes in our mix of revenues generated from quick- turn versus standard delivery time services; • expenditures, charges, or write- offs, including those related to acquisitions, facility restructurings, or asset impairments; and • expenses relating to expanding existing manufacturing facilities. A significant portion of our operating expenses are relatively fixed in nature, and planned expenditures are based in part on anticipated orders. Accordingly, unexpected revenue shortfalls may decrease our ~~gross~~ **operating** margins. In addition, we have experienced sales fluctuations due to seasonal patterns in the capital budgeting and purchasing cycles, as well as inventory management practices of our customers and the end markets we serve. These seasonal trends have caused fluctuations in our operating results in the past and may continue to do so in the future. Results of operations in any period should not be considered indicative of the results that may be expected for any future period. In addition, our future quarterly operating results may fluctuate and may not meet the expectations of securities analysts or investors. We participate in competitive industries, including the automotive industry, which requires strict quality control standards. Failure to meet these standards may adversely affect our business, financial condition, and results of operations. Our customer base demands the highest customer service, on time delivery and quality standards in a competitive market. Failure to meet these ever- increasing standards may result in a loss of market share for our products and services to our competitors, which may result in a decline in our overall revenue. In addition, a significant portion of our sales are to customers within the automotive industry. The automotive industry has historically experienced multi- year cycles of growth and decline. If sales of automobiles should decline or go into a cyclical downturn, our sales could decline, and this could have a materially adverse impact on our business, financial condition, and result of operations. For safety reasons, automotive customers have strict quality standards that generally exceed the quality requirements of other customers. If such products do not meet these quality standards, our business, financial condition, and results of operations may be materially adversely affected. These automotive customers may require long periods of time to evaluate whether our manufacturing processes and facilities meet their quality standards. If we were to lose automotive customers due to quality control issues, we might not be able to regain those customers or gain new automotive customers for long periods of time, which could have a material adverse effect on our business, financial condition, and results of operations. Moreover, we may be required under our contracts with automotive industry customers to indemnify them for the cost of warranties and recalls relating to our products. ~~The prominence of EMS companies as our customers could reduce our gross margins, potential sales, and customers.~~ Sales to EMS companies represented approximately **31 %,** 37 % ~~,~~ **and** 38 ~~% and 37~~ % of our net sales for the years ended January **1, 2024, January** 2, 2023 ~~,~~ **and** January 3, 2022 ~~and December 28, 2020~~ , respectively. Sales to EMS providers include sales directed by OEMs as well as orders placed with us at the EMS providers' discretion. EMS providers source on a global basis to a greater extent than OEMs. The growth of EMS providers increases the purchasing power of such providers and has in the past, and could in the future, result in increased price competition or the loss of existing OEM customers. In addition, some EMS providers, including some of our customers, have the ability to directly manufacture PCBs and create backplane assemblies. If a significant number of our other EMS customers were to acquire these abilities, our customer base might shrink, and our sales might decline substantially. Moreover, if any of our OEM customers outsource the production of PCBs and creation of backplane assemblies to these EMS providers, our business, financial condition, and results of operations may be materially adversely affected. We depend upon a relatively small number of OEM customers for a large portion of our sales, and a decline in sales to major customers would materially adversely affect our business, financial condition, and results of operations. A small number of customers are responsible for a significant portion of our sales. Our five largest OEM customers collectively accounted for approximately **41 %,** 33 % ~~,~~ **and** 30 ~~% and 29~~ % of our net sales for the years ended January **1, 2024, January** 2, 2023 ~~,~~ **and** January 3, 2022 ~~and December 28, 2020~~, respectively, and one customer represented ~~10~~ **13** % of our net sales for the year ended January ~~2~~ **1** , ~~2023~~ **2024** . Furthermore, our business has benefited from OEMs deciding to outsource their PCB manufacturing and backplane assembly needs to us, and our future revenue growth partially depends on new outsourcing opportunities from OEMs. Sales attributed to OEMs include both direct sales as well as sales that the OEMs place through EMS providers. Our customer concentration could fluctuate, depending on future customer requirements, which will depend in large part on market conditions in the electronics industry segments in which our customers participate. The loss of one or more significant customers or a decline in sales to our significant customers would materially adversely affect our business, financial condition, and results of operations. In addition, we generate significant accounts receivable in connection with providing manufacturing services to our customers. If one or more of our significant customers were to become insolvent or were otherwise unable to pay for the manufacturing services provided by us, our business, financial condition, and results of operations would be materially adversely affected. In addition, during industry downturns, we may need to reduce prices to limit the level of order losses, and we may be unable to collect payments from our customers. There can be no assurance that key customers would not cancel orders, that they would continue to place orders with us in the future at the same levels as experienced by us in prior periods, that they would be able to meet their payment obligations, or that the end- products that use our products would be successful. This concentration of customer base may materially adversely affect our business, financial condition, and results of operations due to the loss or cancellation of business from any of these key customers, significant changes in scheduled deliveries to any of these customers, or decreases in the prices of the products sold to any of these customers. We depend on the U. S. **federal** government for a significant portion of our business, which involves unique risks. Changes in government defense spending or regulations could have a material adverse effect on our business, financial condition, and results of operations. A significant portion of our revenues is derived from products and services that are ultimately sold to the U. S. **federal** government by our OEM and EMS customers and is therefore affected by, among other things, the federal government budget process. We supply to defense prime companies, the U. S. **federal** government and its agencies, as well as foreign governments and agencies. The contracts between our direct customers and the government end user are subject to political and budgetary constraints and processes, changes in short- range and long- range strategic plans, the timing of contract awards, the congressional budget authorization and appropriation processes, the government' s ability to terminate contracts for convenience or for default, as well as other risks, such as contractor suspension or debarment in the event of certain violations of legal and regulatory requirements. For the year ended January ~~2~~ **1** , ~~2023~~ **2024** , aerospace and defense sales accounted for approximately ~~35~~ **45** % of our total net sales. The substantial majority of aerospace and defense sales are related to both U. S. and **U. S. federal government approved** foreign military and defense programs. Consequently, our sales are affected by changes in the defense budgets of the U. S. and foreign governments and may be affected by federal budget sequestration measures. The domestic and international threat of terrorist activity, emerging nuclear states, and conventional military threats have generally led to an increase in demand for defense products and services and homeland security solutions in the recent past. The termination or failure to fund one or more significant defense programs or contracts by the U. S. **federal** government could have a material adverse effect on our business, financial condition, and results of operations. Future changes to the U. S. Munitions List could reduce or eliminate restrictions that currently apply to some of the products we produce. If these regulations or others are changed in a manner that reduces restrictions on products being manufactured overseas, we would likely face an increase in the number of competitors and increased price competition from overseas manufacturers, who are restricted by ~~the~~ current **import and** export laws from manufacturing products for U. S. defense systems ~~. We are exposed to the credit risk of our customers and to credit exposures in weakened markets~~ . Most of our sales are on an " open credit " basis, with standard industry payment terms. We monitor individual customer payment capability in granting such open credit arrangements, seek to limit such open credit to amounts we believe the customers can pay, and maintain reserves we believe are adequate to cover exposure for doubtful accounts. During periods of economic downturn in the electronics industry and the global economy, our exposure to credit risks from our customers increases. Although we have programs in place to monitor and mitigate the associated risks, such programs may not be effective in reducing our credit risks. Additionally, our OEM customers often direct a significant portion of their purchases through a relatively limited number of EMS companies. Sales to EMS companies represented approximately **31 %,** 37 % ~~,~~ **and** 38 ~~% and 37~~ % of our net sales for the years ended January **1, 2024, January** 2, 2023 ~~,~~ **and** January 3, 2022 ~~and December 28, 2020~~ , respectively. Our contractual relationship is often with the EMS companies, who are obligated to pay us for our products. Because we expect our OEM customers to continue to direct our sales to EMS companies, we expect to continue to be subject to this credit risk with a limited number of EMS customers. If one or more of our significant customers were to become insolvent or were otherwise unable to pay us, our business, financial condition, and results of operations would be materially adversely affected. Our business, financial condition, and results of operations could be materially adversely affected by **initiatives aimed at addressing potential** climate change ~~initiatives~~ **risks** . Our manufacturing processes require that we purchase significant quantities of energy from third parties, which results in the generation of greenhouse gases, either directly on- site or indirectly at electric utilities. Both domestic and international legislation to address **the risks posed by potential** climate change **impacts, and the potential required disclosures of those risks, including** by reducing greenhouse gas emissions could create increases in energy costs and price volatility. Considerable international attention is now focused on development of an international policy framework to guide international action to address **risks posed by projected** climate change. We are subject to the reporting requirements of the Exchange Act, **and regulators are considering new regulations** which **are expected to** require, among other things, that we report our climate related costs and activities and our customers and suppliers. Such regulations could cause us to incur significant costs to monitor and report, which would have negative impact on our profitability. Proposed and existing legislative efforts to control or limit greenhouse gas emissions could affect our energy sources and supply choices, as well as increase the cost of energy and raw materials that are derived from sources that generate greenhouse gas emissions. Competition in the PCB market is intense, and we could lose market share, or our profit margins may decrease, if we are unable to maintain our current competitive position in end markets using our quick- turn, high technology, and high- mix manufacturing services. The PCB industry is intensely competitive, highly fragmented, and rapidly changing. We expect competition to continue, which could result in price reductions, reduced gross margins, and loss of market share. In addition, we increasingly compete on an international basis, and new and emerging technologies may result in new competitors entering our markets. Some of our competitors and potential competitors have advantages over us, including: • greater financial and manufacturing resources that can be devoted to the development, production, and sale of their products; • more established and broader sales and marketing channels; • more manufacturing facilities worldwide, some of which are closer in proximity to OEMs; • manufacturing facilities that are located in countries with lower production costs; • lower capacity utilization, which in peak market conditions can result in shorter lead times to customers; • ability to add additional capacity faster or more efficiently; • preferred vendor status with existing and potential customers; • greater name recognition; and • larger customer bases. In addition, these competitors may respond more quickly to new or emerging technologies or adapt more quickly to changes in customer requirements than we do. We must continually develop improved manufacturing processes to meet our customers' needs for complex products, and our manufacturing process technology is generally not subject to significant proprietary protection. During recessionary periods in the electronics industry, our strategy of providing quick- turn services, an integrated manufacturing solution, and responsive customer service may take on reduced importance to our customers. As a result, we may need to compete more on the basis of price, which would cause our gross margins to decline. We and some of our competitors have reduced average selling prices in the past. In addition, competitors may reduce their average selling prices faster than our ability to reduce costs, which can also accelerate the rate of decline of our selling prices. When prices decline, we may also be required to write down the value of our inventory. In addition, ~~if~~ we ~~price our products aggressively in response to market conditions, we may not be able to produce products as efficiently as we had planned and~~ could ~~therefore~~ yield lower or no profit from the sale of our products **if we price our products aggressively in response to market conditions** . If we are unable to adapt our design and production processes in response to rapid technological change and process development, we may not be able to compete effectively. The markets for our products and manufacturing services are characterized by rapidly changing technology and continual implementation of new designs and production processes. The future success of our business will depend in large part upon our ability to maintain and enhance our technological capabilities, to design and manufacture products that meet changing customer needs, and to successfully anticipate or respond to technological changes on a cost- effective and timely basis. We expect that the investment necessary to maintain our technological position will increase as customers make demands for products and services requiring more advanced technology on a quicker turnaround basis. For example, in ~~2023~~ **2024** in our PCB segment, we expect to continue to make capital expenditures to expand our HDI, RF technology, and other advanced manufacturing capabilities while in our RF & S Components segment, we are designing products that we hope our customers adopt and incorporate into their products. We may not be able to obtain access to additional sources of funds in order to respond to technological changes as quickly as our competitors. In addition, our failure to adopt and implement technological improvements quickly may cause inefficiencies in our production process as our product yields or quality may decrease, resulting in increased costs, and may lead to customers not adopting our product designs. We also could encounter competition from new or revised manufacturing, production and design technologies that render existing manufacturing, production, and design technology less competitive or obsolete. We may not respond effectively to the technological requirements of the changing market. If we need new technologies and equipment or if we are not able to design new products acceptable to customers to remain competitive, the development, acquisition, and implementation of those designs, technologies and equipment may require us to make significant capital investments **. New emerging technology trends, such as artificial intelligence (AI), require us to keep pace with evolving regulations and industry standards. In the United States, there are various current and proposed regulatory frameworks relating to the use of AI in products and services. We expect that the legal and regulatory environment relating to emerging technologies such as AI will continue to develop and could increase the cost of doing business, and create compliance risks and potential liability, all which may have a material adverse effect on our financial condition and results of operations. Governments are also considering the new issues in intellectual property law that AI creates, which could result in different intellectual property rights in technology we create with AI and development processes and procedures and could have a material adverse effect on our business** . Products we manufacture may contain design or manufacturing defects, which could result in reduced revenue from the sale of our products or services and may result in liability claims against us. We manufacture products to our customers' specifications, which are highly complex and may contain design or manufacturing errors or failures, despite our quality control and quality assurance efforts. Defects in the products we manufacture, whether caused by a design, manufacturing, or materials failure or error, may result in delayed shipments, customer dissatisfaction, a reduction or cancellation of purchase orders, or liability claims against us. If these defects occur either in large quantities or too frequently, our business reputation may be impaired, and our customers may decrease the orders for products or services that they purchase from us, thereby decreasing our overall revenue. Since our products are used in products that are integral to our customers' businesses, errors, defects, or other performance problems could result in financial or other damages to our customers beyond the cost of the PCB, for which we may be liable. Although our invoices and sales arrangements generally contain provisions designed to limit our exposure to product liability and related claims, existing or future laws or unfavorable judicial decisions could negate these limitation of liability provisions. In addition, we manufacture products for a range of automotive customers. If any of our products are or are alleged to be defective, we may be required to participate in a recall of such products. As suppliers become more integral to the vehicle design process and assume more of the vehicle assembly functions, vehicle manufacturers are increasingly looking to their suppliers for contributions when faced with product liability claims or recalls. In addition, vehicle manufacturers, which have traditionally borne the costs associated with warranty programs offered on their vehicles, are increasingly requiring suppliers to guarantee or warrant their products and may seek to hold us responsible for some or all of the costs related to the repair and replacement of parts supplied by us to the vehicle manufacturer. Infringement of our intellectual property rights could negatively affect us, and we may be exposed to intellectual property infringement claims from third parties that could be costly to defend, could divert management' s attention and resources, and if successful, could result in liability. We rely on a combination of copyright, patent, trademark, trade secret laws, confidentiality procedures, contractual provisions, and other measures to establish and protect our proprietary and confidential information. All of these measures afford only limited protection. These measures may be invalidated, circumvented, breached, or challenged, and others may develop intellectual property, technologies or processes that are similar, or superior to, our intellectual property or technology. We may not have adequate controls and procedures in place to protect our proprietary and confidential information. Despite our efforts to protect our intellectual property and proprietary rights, unauthorized parties may attempt to copy and succeed in copying our products or may obtain or use information that we regard as proprietary or confidential. If it becomes necessary for us to resort to litigation to protect our intellectual property rights, any proceedings could be burdensome, costly, and distracting to management, and we may not prevail. Further, adequate remedies may not be available in the event of an unauthorized use or disclosure of our proprietary or confidential information. Failure to successfully establish or enforce our intellectual property rights could materially and adversely affect our business, financial condition, and results of operations. Furthermore, there is a risk that we may infringe on the intellectual property rights of others. As is the case with many other companies in the PCB industry, we from time to time receive communications from third parties asserting patent rights over our products and enter into discussions with such third parties. Irrespective of the validity or the successful assertion of such claims, we could incur costs in either defending or settling any intellectual property disputes alleging infringement. If any claims, regardless of whether they have merit, are brought against our customers for such infringement, we could be required to expend significant resources in defending such claims, developing non- infringing alternatives, or obtaining licenses. We may not be successful in developing such alternatives or in obtaining such licenses on reasonable terms, or at all, and may be required to modify or cease marketing our products or services, which could disrupt the production processes, damage our reputation, and materially and adversely affect our business, financial condition, and results of operations. Foreign laws may not afford us sufficient protections for our intellectual property, and we may not be able to obtain patent protection outside of the United States. Certain nations ~~that~~ **in which** we operate ~~in~~ may not grant us certain intellectual property rights that are customarily granted in more developed legal systems. Patent law reform in the United States and other countries may also weaken our ability to enforce our patent rights or make such enforcement financially unattractive. For example, despite continuing international pressure on the Chinese government, intellectual property rights protection continues to present significant challenges to foreign investors and, increasingly, Chinese companies. Chinese commercial law is considered by some to be relatively undeveloped compared to the commercial law in our other major markets and only limited protection of intellectual property is available in China as a practical matter. Although we have taken precautions in the operations of our Chinese subsidiaries and in our joint venture agreement to protect our intellectual property, any local design or manufacture of products that we undertake in China could subject us to an increased risk that unauthorized parties will be able to copy or otherwise obtain or use our intellectual property, which could harm our business. We may also have limited legal recourse in the event we encounter patent or trademark infringement. Uncertainties with respect to the Chinese legal system may adversely affect the operations of our Chinese subsidiaries. China has put in place a comprehensive system of intellectual property laws; however, incidents of infringement are relatively common, and enforcement of rights can, in practice, be difficult. If we are unable to manage our intellectual property rights, our business and operating results may be seriously harmed. Damage to any of our manufacturing facilities due to fire, natural disaster, or other events could materially adversely affect our business, financial condition, and results of operations. The destruction or closure of any of our facilities for a significant period of time as a result of fire, explosion, blizzard, act of war or terrorism, flood, tornado, earthquake, lightning, other natural disasters, required maintenance, or other events could harm us financially, increasing our costs of doing business and limiting our ability to deliver our manufacturing services on a timely basis. Our insurance coverage with respect to damages to our facilities or our customers' products caused by natural disasters is limited and is subject to deductibles and coverage limits. Such coverage may not be adequate or continue to be available at commercially reasonable rates and terms. In the event one or more of our facilities is closed on a temporary or permanent basis as a result of a natural disaster, required maintenance or other event, our operations could be significantly disrupted. Such events could delay or prevent product manufacturing and shipment for the time required to transfer production or repair, rebuild, or replace the affected manufacturing facilities. This time frame could be lengthy and result in significant expenses for repair and related costs. While we have disaster recovery plans in place, there can be no assurance that such plans will be sufficient to allow our operations to continue in the event of every natural or man- made disaster, required repair or other extraordinary event. Any extended inability to continue our operations at unaffected facilities following such an event would reduce our revenue and potentially damage our reputation as a reliable supplier. Risks Related to our Indebtedness We have substantial outstanding indebtedness, and our outstanding indebtedness could adversely impact our liquidity and flexibility in obtaining additional financing, our ability to fulfill our debt obligations and our financial condition and results of operations. We have substantial debt and, as a result, we have significant debt service obligations. As of January ~~2~~

1 , ~~2023~~ **2024** , we maintain $ ~~405. 9 million outstanding in a Term Loan Facility due 2024 (Term Loan Facility) at a floating rate of LIBOR plus 2. 5 %, $~~ 500. 0 million **in aggregate outstanding principal amount** of Senior Notes due 2029 (Senior Notes due 2029) at an interest rate of 4. 0 %, ~~and~~ $ ~~30~~ **349. 1 million outstanding under our Term Loan Facility due 2030 (Term Loan Facility) at a floating rate of Term Secured Overnight Financing Rate (SOFR) plus 2. 75 %, and $ 80** . 0 million outstanding under a $ 150. 0 million Asia Asset- Based Lending Credit Agreement (Asia ABL) ~~. Subsequent to January 2, 2023, we made an optional debt principal prepayment of $ 50. 0 million for our Term Loan Facility~~ . We and a number of our direct and indirect subsidiaries also have various credit facilities and letters of credit. Such agreements also contain certain financial covenants which require us to maintain, under the occurrence of certain events, a consolidated fixed charge coverage ratio. Subject to the limits contained in the credit agreements governing the Term Loan Facility, the U. S. Asset- Based Lending Credit Agreement (U. S. ABL), the Asia ABL, the indenture governing the Senior Notes due 2029, and our other debt instruments, we may be able to incur substantial additional debt from time to time to finance working capital, capital expenditures, investments, or acquisitions, or for other purposes. If we do so, the risks related to our high level of debt could intensify. Specifically, our high level of debt could have important consequences to us and our shareholders. For example, it could: • make it more difficult for us to satisfy our obligations with respect to our indebtedness, which could in turn result in an event of default on such indebtedness; • require us to use a substantial portion of our cash flow from operations for debt service payments, thereby reducing the availability of cash for working capital, capital expenditures, acquisitions and other general corporate purposes; • impair our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions and other investments or general corporate purposes, which may limit our ability to execute our business strategy; • diminish our ability to withstand a downturn in our business, the industry in which we operate or the economy generally and restrict us from exploiting business opportunities or making acquisitions; • limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate or the general economy; • increase our vulnerability to general adverse economic and industry conditions, including increases in interest rates, that result in increased borrowing costs; • limit management' s discretion in operating our business; and • place us at a competitive disadvantage as compared to our competitors that have less debt as it could limit our ability to capitalize on future business opportunities and to react to competitive pressures or adverse changes. In addition, the indenture governing the Senior Notes due 2029 and the credit agreements governing the Term Loan Facility, the U. S. ABL and the Asia ABL contain restrictive covenants that limit our ability to engage in activities that may be in our long- term best interest. Our failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of all our debt. Furthermore, we and our subsidiaries may decide to incur significant additional indebtedness in the future. Although the indenture governing the Senior Notes due 2029, and the credit agreements governing the Term Loan Facility, the U. S. ABL and the Asia ABL will contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of qualifications and exceptions, and the additional indebtedness incurred in compliance with these restrictions could be substantial. These restrictions also will not prevent us from incurring obligations that do not constitute indebtedness. Our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly. Our Term Loan Facility and our Asia ABL are subject to interest at a floating rate of ~~LIBOR~~ **Term SOFR** plus a margin, and as a result, we have exposure to interest rate risk. Certain central banks, such as the U. S. Federal Reserve, effected multiple interest rate increases in 2022 and ~~have signaled that further rate increases are likely to be implemented in~~ 2023. Increases in interest rates increase our cost of borrowing and / or potentially make it more difficult to refinance our existing indebtedness, if necessary. **We endeavored** ~~At times, we have sought~~ to **mitigate this risk** ~~reduce our exposure to interest rate fluctuations~~ by entering into **a** ~~interest rate hedging arrangements. Our~~ four- year pay- fixed, receive floating (1- month ~~LIBOR~~ **CME Term SOFR**) interest rate swap arrangement ~~ended~~ **in March 2023. The swap has a notional amount of $ 250. 0 million for the period beginning April 1, 2023 and ending** on ~~June~~ **April** 1, ~~2022~~ **2027 . Under the terms of the** ~~, and we do not currently expect to enter into a new~~ interest rate swap ~~arrangement. As~~ **, we pay** a ~~result, as~~ **fixed rate of 3. 49 % against the first** interest **payments** ~~rates increase we will likely need to dedicate more~~ of **a portion of** our **Term SOFR- based** ~~cash flow from operations to service our~~ debt ~~obligations~~ **and receive floating 1- month CME Term SOFR during the swap period. Although we have taken measures to mitigate our risk to interest rate increases, our swap instruments may not be wholly effective in mitigating this risk or otherwise provide an effective hedge against all interest rate volatility** . See Quantitative and Qualitative Disclosures About Market Risk and Interest Rate Risks appearing in Part II, Item ~~7a~~ **7A** of this ~~Annual~~ Report ~~on Form 10- K~~ for further information. Servicing our debt requires a significant amount of cash and we may not be able to generate sufficient cash to service all of our debt and may be forced to take other actions to satisfy our obligations under our debt, which may not be successful. Based on certain parameters defined in the Term Loan Facility, including a **Secured** ~~First Lien~~ Leverage Ratio, we may be required to make an additional principal payment on an annual basis if our **Secured** ~~First Lien~~ Leverage Ratio is greater than 2. 0. Our ability to make scheduled payments on or to refinance our debt obligations and to fund planned capital expenditures and expansion efforts depends on our ability to generate cash in the future and our financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain regulatory, competitive, financial, business, and other factors beyond our control ~~. Given that our Asia ABL and our Term Loan Facility matures on June 2024 and September 2024, respectively, we cannot assure you that we will maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our debt~~ . If our cash flows and capital resources are insufficient to fund our debt service obligations, we could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets or operations, seek additional capital (which could include obtaining additional equity capital on terms that may be onerous or highly dilutive) or restructure or refinance our indebtedness. We may not be able to effect any such alternative measures, if necessary, on commercially reasonable terms or at all and, even if successful, those alternative actions may not allow us to meet our scheduled debt service obligations. The credit agreements governing the Term

Loan Facility, the U. S. ABL and the Asia ABL and the indenture governing the Senior Notes due 2029 restrict our ability to dispose of assets and use the proceeds from those dispositions and may also restrict our ability to raise debt or equity capital to be used to repay other indebtedness when it becomes due. We may not be able to consummate those dispositions or to obtain proceeds in an amount sufficient to meet any debt service obligations then due. In addition, we conduct certain of our operations through our subsidiaries. Accordingly, repayment of our indebtedness may be dependent on the generation of cash flow by our subsidiaries and their ability to make such cash available to us, by dividend, debt repayment or otherwise. Unless they are guarantors of the Senior Notes due 2029 or our other indebtedness, our subsidiaries do not have any obligation to pay amounts due on our indebtedness or to make funds available for that purpose. Our subsidiaries may not be able to, or may not be permitted to, make distributions to enable us to make payments in respect of our indebtedness. Each subsidiary is a distinct legal entity, and under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from our subsidiaries. While the indenture governing the Senior Notes due 2029 and the credit agreements governing the Term Loan Facility, the U. S. ABL and the Asia ABL limit the ability of our subsidiaries to incur consensual restrictions on their ability to pay dividends or make other intercompany payments to us, these limitations are subject to qualifications and exceptions. In the event that we do not receive distributions from our subsidiaries, we may be unable to make required principal and interest payments on our indebtedness. Our inability to generate sufficient cash flows to satisfy our debt obligations, or to refinance our indebtedness on commercially reasonable terms or at all, would materially and adversely affect our financial position and results of operations and our ability to satisfy our obligations under our indebtedness. If we cannot make scheduled payments on our debt, we will be in default and holders of the Senior Notes due 2029 could declare all outstanding principal and interest to be due and payable, the lenders under the Term Loan Facility, the U. S. ABL and the Asia ABL could terminate their commitments to loan money, the lenders could foreclose against the assets securing their borrowings and we could be forced into bankruptcy or liquidation. Regulatory Risks Because of periodic power shortages in China, we may have to temporarily close our China operations, which would adversely impact our ability to manufacture our products, meet customer orders, and result in reduced revenues. China is facing a generally persistent and growing power supply shortage. Instability in electrical supply can cause sporadic outages among residential and commercial consumers. As a result, the Chinese government from time to time has implemented power restrictions to ease the energy shortage. If we are required to make temporary closures of our facilities in China at any time, we may be unable to manufacture our products, and would then be unable to meet customer orders except from inventory on hand. As a result, we could lose sales, adversely impacting our revenues, and our relationships with our customers could suffer, impacting our ability to generate future sales. We are subject to the requirements of the National Industrial Security Program Operating Manual (NISPOM) for our facility security clearance, which is a prerequisite to our ability to perform on classified contracts for the U. S. government. A facility security clearance is required in order to be awarded and perform on classified contracts for the Department of Defense and certain other agencies of the U. S. government. As a cleared entity, we must comply with the requirements of the NISPOM, and any other applicable U. S. government industrial security regulations. Further, our Board has adopted a Special Board Resolution (SBR) that has been approved by the Defense Counterintelligence and Security Agency (DCSA) that **requires** ~~provides for~~ the Company to adopt certain corporate constructs, policies and procedures. If we were to violate the terms and requirements of the SBR, the NISPOM, or any other applicable U. S. government industrial security regulations (which may apply to us under the terms of classified contracts), we could lose our security clearance. We cannot be certain that we will be able to maintain our security clearance. If for some reason our security clearance is invalidated or terminated, we may not be able to continue to perform on classified contracts and would not be able to enter into new classified contracts, which could materially adversely affect our business, financial condition, and results of operations ~~. Our operations in China and Hong Kong subject us to risks and uncertainties relating to the laws and regulations of China and Hong Kong and adverse effects of political tensions that arise from time to time with China~~ . The government of China is adopting evolving policies regarding foreign and domestic trade. No assurance can be given that the government of China will continue to pursue policies that allow for open trade with foreign countries, that such policies will be successful if pursued, or that such policies will not be significantly altered from time to time, particularly in light of the trade and travel restrictions that the United States and China have implemented in recent ~~months~~ **years** . Despite progress in developing its legal system, ~~China does~~ **certain countries in Asia do** not have ~~a~~ comprehensive and highly developed system of laws, particularly with respect to foreign investment activities and foreign trade. Enforcement of existing and future laws and contracts is uncertain, and implementation and interpretation thereof may be inconsistent. As the ~~Chinese~~ legal system ~~develops~~ **develop** , the promulgation of new laws, changes to existing laws, and the preemption of local regulations by national laws may adversely affect foreign investors. Further, any litigation ~~in China~~ may be protracted and may result in substantial costs and diversion of resources and management' s attention. Also, the evolving landscape of the interrelation between China and Hong Kong may have an adverse impact on our operations in Hong Kong and may impact our ability to attract and maintain necessary talent in that area. In addition, though changes in government policies and rules are timely published or communicated, there is usually no indication of the duration of any grace period before which full implementation and compliance will be required. As a result, it is possible that we might operate our business in violation of new rules and policies before full compliance can be achieved. These uncertainties could limit the legal protections available to us and adversely impact our results of operations. Our failure to comply with the requirements of environmental laws could result in litigation, fines, revocation of permits necessary to our manufacturing processes, or debarment from our participation in federal government contracts. Our operations are regulated under a number of domestic and foreign environmental and safety laws and regulations that govern, among other things, the discharge of hazardous materials into the air and water, as well as the handling, storage, recycling, and disposal of such materials. These laws and regulations include the Clean Air Act, the Clean Water Act, the Resource Conservation and Recovery Act, the Superfund Amendment and Reauthorization Act, the Comprehensive Environmental Response, Compensation and Liability Act, the Toxic Substances Control Act, and the Federal Motor Carrier Safety Improvement Act, as well as analogous state, local, and foreign laws. Compliance with these environmental laws is a major consideration for us because our manufacturing processes use and generate materials classified as hazardous. Because we use hazardous materials and generate hazardous wastes in our manufacturing processes, we may be subject to potential financial liability for costs associated with the investigation and remediation of our own sites, or sites at which we have arranged for the disposal of hazardous wastes, if such sites become contaminated. Even if we fully comply with applicable environmental laws and are not directly at fault for the contamination, we may still be liable. The wastes we generate include spent ammoniacal and cupric etching solutions, metal stripping solutions, waste acid solutions, waste alkaline cleaners, waste oil, and waste waters that contain heavy metals such as copper, tin, lead, nickel, gold, silver, cyanide, and fluoride, and both filter cake and spent ion exchange resins from equipment used for on- site waste treatment. Environmental law violations, including the failure to maintain required environmental permits, could subject us to fines, penalties, and other sanctions, including the revocation of our effluent discharge permits. This could require us to cease or limit production at one or more of our facilities and could have a material adverse effect on our business, financial condition, and results of operations. Even if we ultimately prevail, environmental lawsuits against us would be time consuming and costly to defend. Environmental laws have generally become more stringent, and we expect this trend to continue over time, especially in developing countries, imposing greater compliance costs, and increasing risks and penalties associated with violation. We operate in environmentally sensitive locations, and we are subject to potentially conflicting and changing regulatory agendas of political, business, and environmental groups. Changes or restrictions on discharge limits, emissions levels, material storage, handling, or disposal might require a high level of unplanned capital investment or relocation to another global location where prohibitive regulations do not exist. It is possible that environmental compliance costs and penalties from new or existing regulations may materially adversely affect our business, financial condition, and results of operations. We are increasingly required to certify compliance with various material content restrictions in our products based on laws of various jurisdictions or territories such as the Restriction of Hazardous Substances (RoHS) and Registration, Evaluation, Authorization and Restriction of Chemicals, or REACH directives in the European Union and China' s RoHS legislation. Similar laws have been adopted in other jurisdictions and may become increasingly prevalent. In addition, we must also certify as to the non- applicability of the EU' s Waste Electrical and Electronic Equipment directive for certain products that we manufacture. The REACH directive requires the identification of Substances of Very High Concern, or SVHCs periodically. We must survey our supply chain and certify to the non- presence or presence of SVHCs to our customers. As with other types of product certifications that we routinely provide, we may incur liability and pay damages if our products do not conform to our certifications. We are also subject to an increasing variety of environmental laws and regulations in China, which impose limitations on the discharge of pollutants into the air and water and establish standards for the treatment, storage, and disposal of solid and hazardous wastes for us and our vendors that assist us in managing the waste generated by our manufacturing processes. The manufacturing of our products generates gaseous chemical wastes, liquid wastes, wastewater, and other industrial wastes from various stages of the manufacturing process. Production sites, waste collectors, and vendors in China are subject to increasing regulation and periodic monitoring by the relevant environmental protection authorities. Environmental claims or the failure to comply with current or future regulations could result in the assessment of damages or imposition of fines against us, suspension of production, or cessation of operations. The process to manufacture PCBs and our other products requires adherence to city, county, state, federal, and foreign environmental laws and regulations regarding the storage, use, handling, and disposal of chemicals, solid wastes, and other hazardous materials, as well as compliance with wastewater and air quality standards. We rely on our vendors for the transportation and disposal of our solid and hazardous wastes generated by our manufacturing processes. If we are not able to find such services, our ability to conduct our business and our results of operations may be adversely impacted. In ~~China~~ **Asia**, the government has a history of changing legal requirements with no or minimal notice. We believe that our facilities in ~~China~~ **Asia** comply in all material respects with current applicable environmental laws and regulations and have resources in place to maintain compliance to them. The capital expenditure costs expected for environmental improvement initiatives are included in our annual capital expenditure projections. Our international sales are subject to laws and regulations relating to corrupt practices, trade, and export controls and economic sanctions. Any non- compliance could have a material adverse effect on our business, financial condition, and results of operations. We operate on a global basis and are subject to anti- corruption, anti- bribery, and anti- kickback laws and regulations, including restrictions imposed by the Foreign Corrupt Practices Act (FCPA). The FCPA and similar anti- corruption, anti- bribery, and anti- kickback laws in other jurisdictions generally prohibit companies and their intermediaries and agents from making improper payments to government officials or any other persons for the purpose of obtaining or retaining business. We operate and sell our products in many parts of the world that have experienced governmental corruption to some degree and, in certain circumstances, strict compliance with anti- corruption, anti- bribery, and anti- kickback laws may conflict with local customs and practices. We also, from time to time, undertake business ventures with state- owned companies or enterprises. Our global business operations must also comply with all applicable domestic and foreign export control laws, including International Traffic In Arms Regulations (ITAR) and Export Administration Regulations (EAR). Some items we manufacture are controlled for export by the U. S. Department of Commerce' s Bureau of Industry and Security under EAR. We train our employees concerning anti- corruption, anti- bribery, and anti- kickback laws and compliance with international regulations regarding trades and exports, and we have policies in place that prohibit employees from making improper payments. We cannot provide assurances that our internal controls and procedures will guarantee compliance by our employees or third parties with whom we work. If we are found to be liable for violations of the FCPA or similar anti- corruption, anti- bribery, or anti- kickback laws in international jurisdictions or for violations of ITAR, EAR, or other similar regulations regarding trades and exports, either due to our own acts or out of inadvertence, or due to the inadvertence of others, we could suffer criminal or civil fines or penalties or other repercussions, including reputational harm, which could have a material adverse effect on our business, financial condition, and results of operations. Our global business operations also must be conducted in compliance with applicable economic sanction laws and regulations, such as laws administered by the U. S. Department of the Treasury' s Office of Foreign Asset Control, the U. S. State Department, and the U. S. Department of Commerce. We must comply with all applicable economic sanction laws and regulations of the United States and other countries. Imposition of economic sanction laws and regulations on a company or country could impact our revenue levels. Violations of these laws or regulations could result in significant additional sanctions including criminal or civil fines or penalties, more onerous compliance requirements, more extensive debarments from export privileges, or loss of authorizations needed to conduct aspects of our international business. In certain countries, we may engage third- party agents or intermediaries, such as customs agents, to act on our behalf, and if these third- party agents or intermediaries violate applicable laws, their actions may result in criminal or civil fines or penalties or other sanctions being assessed against us. We take specific measures designed to ensure our compliance with U. S. export and economic sanctions laws, anti- corruption laws and regulations, and export control laws. However, it is possible that some of our products were sold or will be sold to distributors or other parties, without our knowledge or consent, in violation of applicable law. There can be no assurances that we will be in compliance in the future. Any such violation could result in significant criminal or civil fines, penalties, or other sanctions and repercussions, including reputational harm, which could have a material adverse effect on our business, financial condition, and results of operations. **In conjunction with defense procurements, some international customers require contractors to comply with industrial cooperation regulations, including entering into industrial participation, industrial development or localization agreements, sometimes referred to as offset agreements, as a condition to obtaining orders for our products and services. These offset agreements generally extend over several years and obligate the contractor to perform certain commitments, which may include in- country purchases, technology transfers, local manufacturing support, consulting support to in- country projects, investments in joint ventures and financial support projects, and to prefer local suppliers or subcontractors. The customer' s expectations in respect of the scope of offset commitments can be substantial, including high- value content, and may exceed existing local technical capability. Failure to meet these commitments, which can be subjective and outside of our control, may result in significant penalties, and could lead to a reduction in sales to a country.** We incur significant costs as a result of operating as a public company, and our management is required to devote substantial time to current and evolving compliance initiatives and corporate governance practices. As a public company we incur significant legal, accounting and other expenses that we likely would not incur as a private company. We are subject to the reporting requirements of the Exchange Act, which require, among other things, that we file with the SEC annual, quarterly and current reports with respect to our business and financial condition. In addition, the Sarbanes- Oxley Act of 2002 and rules subsequently implemented by the SEC and Nasdaq have imposed various requirements on public companies, including establishment and maintenance of effective disclosure and financial controls and corporate governance practices. Our management and other personnel devote a substantial amount of time to these compliance initiatives. Further, in July 2010, the Dodd- Frank Wall Street Reform and Consumer Protection Act, or the Dodd- Frank Act, was enacted. There are significant corporate governance and executive compensation related provisions in the Dodd- Frank Act that require the SEC, from time to time, to adopt additional rules and regulations in these areas, such as " say on pay " and proxy access. Stockholder activism, the current political environment and the current high level of government intervention and regulatory reform may lead to further substantial new regulations and disclosure obligations, which may lead to additional compliance costs and impact the manner in which we operate our business in ways we cannot currently anticipate. The rules and regulations applicable to public companies substantially increase our legal and financial compliance costs and make some activities more time- consuming and costly. When these requirements divert the attention of our management and personnel from other business concerns, they could have a material adverse effect on our business, financial condition and results of operations. The increased costs may decrease our net income (or increase our net loss) and may require us to reduce costs in other areas of our business or increase the prices of our products or services. We cannot predict or estimate the amount or timing of additional costs we may incur to respond to these requirements. Other Risks **.Outages,computer viruses,cyber- attacks,and similar events could** disrupt our operations,and breaches of our ~~information~~ **security** systems may cause us to incur significant legal and financial exposure.We rely on information technology networks and systems,some of which are owned and operated by third parties,to collect,process,transmit,and store electronic information.In particular,we depend on our information ~~systems~~ **technology infrastructure** for a variety of functions,including worldwide financial reporting,inventory management,procurement,invoicing,and email communications. **Any of** ~~These~~ **these** ~~information~~ systems ~~are~~ **may be** susceptible to outages due to fire,floods,power loss,telecommunications failures,hacking,terrorist attacks,and similar **events** ~~cybersecurity threats~~ .In addition,in the ordinary course of our business,we collect and store sensitive data in our data centers and on our networks,including intellectual property,our proprietary and confidential business information and that of our customers,suppliers and business partners,and personally identifiable information of our employees.The secure collection,processing,storage,maintenance and transmission of this information is critical to our operations.Despite the implementation of network security measures,our ~~information~~ systems **and** ~~,including~~ those **of** ~~owned and operated by~~ third parties ~~,~~ on which we rely ~~are~~ **may also be** vulnerable to computer viruses,break- ins,cyber- attacks,attacks by hackers or breaches due to employee or third party (including suppliers and business partners) error,malfeasance,or other disruptions ~~that~~ **.If we or our vendors** are ~~material~~ **unable to prevent such outages** and **breaches** ~~adverse.Further~~ ,our operations could ~~also~~ be ~~materially~~ disrupted ~~if our vendors experience such outages or breaches~~ . **If** ~~While we have experienced cybersecurity incidents in the past,to date none have materially affected us or our business strategy,results of operations,financial condition and / or cash flows.However,if~~ unauthorized parties gain ~~material~~ access to our information systems or ~~material~~ **such** information is used in an unauthorized manner,misdirected,altered,lost,or stolen during transmission,any theft or misuse of such information could result in,among other things,unfavorable publicity,governmental inquiry and oversight,difficulty in marketing our services,allegations by our customers that we have not performed our contractual obligations,loss of customers,litigation by affected parties,and possible financial obligations for damages related to the theft or misuse of such information,any of which could have a material adverse effect on our business,financial condition, **and results of operations.Issues arising during the upgrade of our enterprise resource planning system could affect our operating results and ability to manage our business effectively** We may need additional capital in the future to fund investments in our operations, refinance our indebtedness, and to maintain and grow our business, and such capital may not be available on a timely basis, on acceptable terms, or at all. Our business is capital- intensive, and our ability to increase revenue, profit, and cash flow depends upon continued capital spending. To the extent that the funds generated by our on- going operations are insufficient to cover our liquidity requirements, we may need to raise additional funds through financings. If we are unable to fund our operations and make capital expenditures as currently planned or if we do not have sufficient liquidity to service the interest and principal payments on our debt, it would have a material adverse effect on our business, financial condition, and results of operations. If we do not achieve our expected operating results, we would need to reallocate our sources and uses of operating cash flows. This may include borrowing additional funds to service debt payments, which may impair our ability to make investments in our business. Looking ahead at long- term needs, we may need to raise additional funds for a number of purposes, including the following: • to fund capital equipment purchases to increase production capacity, upgrade and expand our technological capabilities and replace aging equipment or introduce new products; • to refinance our existing indebtedness; • to fund our current or planned operations; • to fund potential acquisitions or strategic relationships; • to fund working capital requirements for future growth that we may experience; • to enhance or expand the range of services we offer; • to increase our sales and marketing activities; • to respond to competitive pressures or perceived opportunities, such as investment, acquisition, and international expansion activities; or • to fund our initiatives set forth in our ESG policies and practices. Should we need to raise funds through incurring additional debt, we may become subject to covenants even more restrictive than those contained in our current debt instruments. There can be no assurance that additional capital, including any future equity or debt financing, would be available on a timely basis, on favorable terms, or at all. If such funds are not available to us when required or on acceptable terms, our business, financial condition, and results of operations could be materially adversely affected . Outages, computer viruses, cyber...... and ability to manage our business effectively . We are continuing the process of upgrading our enterprise resource planning, or ERP, management system to enhance operating efficiencies and provide more effective management of our business operations. We are investing significant financial and personnel resources into this project. However, there is no assurance that the system upgrade will meet our current or future business needs or that it will operate as designed. The transition to the new ERP system will affect numerous systems necessary for our operation. If we fail to correctly implement one or more components of the ERP system, we could experience significant disruption to our operations. Such disruptions could include, among other things, temporary loss of data, inability to process certain orders, failure of systems to communicate with each other and the inability to track or reconcile key data. We are heavily dependent on automated management systems, and any significant failure or delay in the system upgrade could cause a substantial interruption to our business and additional expense, which could result in an adverse impact on our operating results, cash flows or financial condition ~~. Our ability to use net operating loss carryforwards to offset future taxable income for U. S. federal, state and foreign income tax purposes is subject to limitations, and future transfers of shares of our common stock could cause us to experience an " ownership change " that could further limit our ability to utilize our net operating losses~~ . Under U. S. federal income tax law, a corporation' s ability to utilize its net operating losses (NOLs) to offset future taxable income may be significantly limited if it experiences an " ownership change " as defined in Section 382 of the Internal Revenue Code of 1986, as amended. In general, an ownership change will occur if there is a cumulative change in a corporation' s ownership by " 5- percent shareholders " that exceeds 50 percentage points over a rolling three- year period. A corporation that experiences an ownership change will generally be subject to an annual limitation on its pre- ownership change NOLs equal to the value of the corporation immediately before the ownership change, multiplied by the long- term tax- exempt rate (subject to certain adjustments). The annual limitation for a taxable year is generally increased by the amount of any " recognized built- in gains " for such year and the amount of any unused annual limitation in a prior year. As a result of our acquisition of Viasystems, the NOLs acquired were subject to this limitation. Future transfers or sales of our common stock during a rolling three- year period by any of our " 5- percent shareholders " could cause us to experience an ownership change under Section 382, which could further limit our use of ~~NOL~~ **NOLs** . If our net earnings do not remain at or above recent levels, or we are not able to predict with a reasonable degree of probability that they will continue, we may have to record a valuation allowance against our net deferred income tax assets. Our U. S. entities and certain of our foreign subsidiaries have deferred income tax assets. Based on our forecast for future earnings and analysis, we believe we may not utilize our deferred income tax assets in future periods in the U. S. and certain subsidiaries in foreign jurisdictions and **as a result** have established a valuation allowance against those deferred tax assets. If our estimates of future earnings and analysis changes, we may change our ~~decisions~~ **determination** to have a valuation allowance against our deferred income tax assets, which will result in an increase or decrease to our income tax provision that can impact our results of operations. Unanticipated changes in our tax rates or in our assessment of the realizability of our deferred income tax assets or exposure to additional income tax liabilities could affect our business, financial condition, and results of operations. We are subject to income taxes in the United States and various foreign jurisdictions. Significant judgment is required in determining our provision for income taxes and, in the ordinary course of business, there are many transactions and calculations in which the ultimate tax determination is uncertain. Our effective tax rates could be materially adversely affected by changes in the mix of earnings in countries and states with differing statutory tax rates, changes in the valuation of deferred income tax assets and liabilities, changes in tax laws or regulations ~~such~~ as ~~those~~ **well as other factors. Many countries are considering implementing or have implemented legislation to align their tax law with guidance** proposed by the Organization for Economic Co- operation and Development (OECD) **. In particular** , **the OECD' s Pillar Two proposes a global minimum tax of 15 % on a country- by- country basis for multinational enterprises (MNEs) which have annual global revenue exceeding Euro (EUR) 750 million. The**

implementation of Pillar Two, which became effective in many countries on January 1, 2024, in countries in which we operate may adversely impact our effective tax rates. We have evaluated and will continue to evaluate the impact of Pillar Two as ~~well as other~~ -- **the** ~~factors~~ **countries in which we operate issue new guidance and regulations** . Our tax determinations are regularly subject to audit by tax authorities, and developments in those audits could **also** adversely affect our income tax provision. Although we believe that our tax estimates are reasonable, the final determination of tax audits or tax disputes may be different from what is reflected in our historical income tax provisions, which could materially adversely affect our business, financial condition, and results of operations.