Risk Factors Comparison 2023-08-23 to 2022-08-22 Form: 10-K

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Described below are various risks and uncertainties that may affect our business. If any of the risks described below actually occurs, our business, financial condition or results of operations could be materially and adversely affected. Risk categories **and certain principal risks under each category (each described more fully below)** : – Risks related to our global operations, including global macroeconomic and market risks **•** ~~– Risks related to the effects of COVID- 19 and other potential future public health crises, pandemics or similar events – Risks related to sales, product development and manufacturing – Risks associated with our strategic transactions – Risks associated with cybersecurity, intellectual property and litigation – Risks related to legal, regulatory, accounting, tax and compliance matters – General risk factors~~ Our business may be adversely affected by the state of the global economy, uncertainties in global financial markets, **our ability, or our customers' or vendors' ability, to access funding,** and possible trade tariffs and trade restrictions **. • We are subject to risks related to international sales and purchases. – Risks related to sales, product development and manufacturing • We face significant challenges managing our growth strategy. • Variations in our production could impact our ability to reduce costs and could cause our margins to decline and our operating results to suffer. • Our results of operations, financial condition and business could be harmed if we are unable to balance customer demand and capacity. – Risks associated with our strategic transactions • If we fail to evaluate and execute strategic opportunities successfully, our business may suffer. • We are subject to a number of risks associated with the sale of the RF Business, and these risks could adversely impact our operations, financial condition and business. – Risks associated with cybersecurity, intellectual property and litigation • We may be subject to confidential information theft or misuse, which could harm our business and results of operations. • There are limitations on our ability to protect our intellectual property. – Risks related to legal, regulatory, accounting, tax and compliance matters • We may be required to recognize a significant charge to earnings if our goodwill or other assets become impaired. • The adoption of or changes in government and / or industry policies, standards or regulations relating to the efficiency, performance, vehicle range or other aspects of our products and the products in which they are utilized could impact the demand for our products. – General risk factors – We may be required to recognize a significant charge to earnings if our goodwill or other assets become impaired** . Our operations and performance depend significantly on worldwide economic and geopolitical conditions. Uncertainty about global economic conditions could result in customers postponing purchases of our products and services in response to tighter credit, unemployment, negative financial news and / or declines in income or asset values and other macroeconomic factors, which could have a material negative effect on demand for our products and services and, accordingly, on our business, results of operations or financial condition. For example, current global financial markets continue to reflect uncertainty, ~~which has been heightened by~~ **including recent bank failures in** the **United States,** ~~COVID- 19 pandemic and~~ the ongoing military conflict between Russia and Ukraine **and the COVID- 19 pandemic** . Given these uncertainties, there could be further disruptions to the global economy, financial markets and consumer confidence. If economic conditions deteriorate unexpectedly, our business and results of operations could be materially and adversely affected. For example, our customers, including our distributors and their customers, may experience difficulty obtaining the working capital and other financing necessary to support historical or projected purchasing patterns, which could negatively affect our results of operations. Recent global economic slowdowns could continue and potentially result in certain economies dipping into economic recessions, including in the United States. Additionally, increased inflation around the world, including in the United States, applies pressure to our costs. Continued economic slowdowns or recessions and inflationary pressures could have a negative impact on our business, including decreased demand, increased costs, and other challenges. Government actions to address economic slowdowns and increased inflation, including increased interest rates, also could result in negative impacts to our growth. General trade tensions between the United States and China **continue** ~~have been escalating~~ , and any economic and political uncertainty caused by the United States tariffs imposed on goods from China, among other potential countries, and any corresponding tariffs or currency devaluations from China or such other countries in response, has negatively impacted, and may in the future ~~,~~ negatively impact, demand and / or increase the cost for our products. Additionally, Russia' s invasion of Ukraine in early 2022 triggered significant sanctions from **the** U. S. and European countries. Resulting changes in U. S. trade policy could trigger retaliatory actions by Russia, its allies and other affected countries, including China, resulting in a potential trade war. Furthermore, if the conflict between Russia and Ukraine continues for a prolonged period of time, or if other countries, including the U. S., become involved in the conflict, we could face significant adverse effects to our business and financial condition. For example, if our supply or customer arrangements are disrupted due to expanded sanctions or involvement of countries where we have operations or relationships, our business could be materially disrupted. Further, the use of cyberattacks could expand as part of the conflict, which could adversely affect our ability to maintain or enhance our cyber- security and data protection measures. Although we believe we have adequate liquidity and capital resources to fund our operations ~~internally~~ **for at least the next 12 months, we expect to need additional funding to fully complete all of our intended expansion initiatives, which we may seek to obtain through, among other avenues, government funding in both the United States or Europe, public or private equity offerings,** and ~~under~~ **debt financings (which may involve retiring some of** our existing **debt). If unfavorable** ~~line of credit, our inability to access the~~ capital ~~markets~~ - **market conditions exist, we may not be able to raise sufficient capital** on favorable terms ~~in the future~~ **and on a timely basis** , ~~or~~ **if** at all **. If we issue equity or convertible debt securities to raise additional funds** , **our existing shareholders** may ~~adversely affect~~ **experience dilution and the new equity** ~~our~~ - **or debt securities may have rights,**

preferences and privileges senior to those of our then- existing shareholders. If we incur additional debt, it may impose financial ~~performance~~ **and operating covenants that could restrict the operations of our business. In a rising interest rate environment, debt financing will become more expensive and may have higher transactional and servicing costs. In addition, our existing indebtedness may limit our ability to obtain additional financing in the future** . The **potential** inability to obtain adequate ~~financing~~ **funding** from debt or capital sources in the future could force us to self- fund strategic initiatives or even forego certain opportunities, which in turn could potentially harm our performance. ~~We are subject to risks related to international sales~~ **In fiscal 2023, 80 % of our revenue was from outside the United States** and **we** ~~purchases. We~~ expect that revenue from international sales will continue to represent a significant portion of our total revenue. As such, a significant slowdown or instability in relevant foreign economies or lower investments in new infrastructure ~~,~~ could have a negative impact on our sales. We also purchase a portion of the materials included in our products from overseas sources. Our international sales and purchases are subject to numerous United States and foreign laws and regulations, including, without limitation, tariffs, trade sanctions, trade barriers, trade embargoes, regulations relating to import- export control, technology transfer restrictions, the International Traffic in Arms Regulation promulgated under the Arms Export Control Act, the Foreign Corrupt Practices Act and the anti- boycott provisions of the U. S. Export Administration Act. The U. S. Government has imposed, and in the future may impose, restrictions on shipments to some of our current customers. Government restrictions on sales to certain foreign customers will reduce company revenue and profit related to those customers in the short term and could have a potential long- term impact. Our international sales are subject to variability as our selling prices become less competitive in countries with currencies that are declining in value against the U. S. Dollar and more competitive in countries with currencies that are increasing in value against the U. S. Dollar. In addition, our international purchases can become more expensive if the U. S. Dollar weakens against the foreign currencies in which we are billed. We may in the future enter into foreign currency derivative financial instruments in an effort to manage or hedge some of our foreign exchange rate risk. We may not be able to engage in hedging transactions in the future, and, even if we do, foreign currency fluctuations may still have a material adverse effect on our results of operations. Our operations in foreign countries expose us to certain risks inherent in doing business internationally, which may adversely affect our business, results of operations or financial condition. We have revenue, operations and contract manufacturing arrangements in foreign countries that expose us to certain risks. For example, fluctuations in exchange rates may affect our revenue, expenses and results of operations as well as the value of our assets and liabilities as reflected in our financial statements. We are also subject to other types of risks **of doing business internationally** , including the following: • protection of intellectual property and trade secrets; • tariffs, customs, trade sanctions, trade embargoes and other barriers to importing / exporting materials and products in a cost- effective and timely manner, or changes in applicable tariffs or custom rules; • the burden of complying with and changes in United States or international taxation policies; • timing and availability of export licenses; • rising labor costs; • disruptions in or inadequate infrastructure of the countries where we operate; • the impact of public health epidemics on employees and the global economy, such as COVID- 19; • difficulties in collecting accounts receivable; • difficulties in staffing and managing international operations; and • the burden of complying with foreign and international laws and treaties. For example, the United States has imposed significant tariffs on Chinese- made goods, which the Biden administration has ~~previously indicated will~~ largely ~~remain~~ **left** in place. The tariffs imposed on Chinese goods, among other potential countries and any corresponding tariffs from China or such other countries in response has, and may in the future, negatively impact demand and / or increase the costs for our products. In some instances, we have received and may continue to receive incentives from foreign governments to encourage our investment in certain countries, regions or areas outside of the United States. Government incentives may include tax rebates, reduced tax rates, favorable lending policies and other measures, some or all of which may be available to us due to our foreign operations. Any of these incentives could be reduced or eliminated by governmental authorities at any time or as a result of our inability to maintain minimum operations necessary to earn the incentives. Any reduction or elimination of incentives currently provided for our operations could adversely affect our business and results of operations. These same governments also may provide increased incentives to or require production processes that favor local companies, which could further negatively impact our business and results of operations. Changes in regulatory, geopolitical, social, economic, or monetary policies and other factors ~~, including those which may result from the Biden administration and Democratic control of Congress, if any,~~ may have a material adverse effect on our business in the future, or may require us to exit a particular market or significantly modify our current business practices. ~~For example, President Biden has proposed, among other changes to the tax code, an increase in the U. S. corporate income tax rate from 21 % to 28 % and an increase of the U. S. tax rate on foreign income from 10 % to 21 %. In addition, the U. S. Treasury Department supports the adoption of a global minimum corporate tax rate of at least 15 %, which is under consideration in the U. S. Congress following approval by the leaders of the G- 20 in October 2021. The plan, if enacted by the U. S. and other nations, could result in a higher effective tax rate than is currently enacted.~~ Abrupt political change, terrorist activity and armed conflict pose a risk of general economic disruption in affected countries, which could also result in an adverse effect on our business and results of operations . Risks related to the effects of...... face significant challenges managing our growth strategy . Our potential for growth depends significantly on the adoption of our products within the markets we serve and for other applications, and our ability to affect this rate of adoption. In order to manage our growth and business strategy effectively relative to the uncertain pace of adoption, we must continue to: • maintain, expand, construct and purchase adequate manufacturing facilities and equipment, as well as secure sufficient third- party manufacturing resources, to meet customer demand, including specifically the expansion of our ~~Silicon~~ **silicon** ~~Carbide~~ **carbide** capacity with the opening **and ramping** of a state- of- the- art, automated 200mm capable ~~Silicon~~ **silicon** ~~Carbide~~ **carbide** device fabrication facility ~~and~~ **in New York,** an expansion of our materials factory **in Durham, North Carolina, the construction of a new materials manufacturing facility in Siler City, North Carolina, and the planned construction of a new 200mm capable silicon carbide device fabrication facility in Saarland, Germany; • meet our production capacity and delivery commitments to our customers, including**

those customers who provide us with capacity reservation deposits or similar payments ; • manage an increasingly complex supply chain (including managing the impacts of ongoing supply constraints in the semiconductor industry **and meeting purchase commitments under take- or- pay arrangements with certain suppliers**) that has the ability to supply an increasing number of raw materials, subsystems and finished products with the required specifications and quality, and deliver on time to our manufacturing facilities, our third- party manufacturing facilities, our logistics operations, or our customers; • ~~access capital markets to fund~~ **expand the skills and capabilities of** our ~~growth initiatives, including our ongoing capacity expansions~~ **current management team; • add experienced senior level managers and executives; • attract and retain qualified employees** ; • expand the capability of our information systems to support a more complex business, such as our current ~~initiative to implement~~ **implementation of** a new company- wide enterprise resource planning (ERP) system; • be successful in securing design- ins across our end markets, including automotive applications; • **realize our expected local, state and federal government incentives, including capital investment reimbursements, property tax reimbursements and sales tax exemptions from state, county and local governments; • confirm our eligibility for and receive the expected benefits from refundable income tax credits and capital grants through the U. S. CHIPS and Science Act of 2022 (the CHIPS Act), and receive and potentially sell any tax credits for which we may apply under the Inflation Reduction Act; • access capital markets to fund our growth initiatives, including our ongoing and planned capacity expansions; •** expand research and development, sales and marketing, technical support, distribution capabilities, manufacturing planning and administrative functions; • safeguard confidential information and protect our intellectual property; • manage organizational complexity and communication ~~; • expand the skills and capabilities of our current management team; • add experienced senior level managers and executives; • attract and retain qualified employees~~ ; and • execute, maintain and adjust the operational and financial controls that support our business. While we intend to continue to focus on managing our costs and expenses, we expect to invest to support our growth and may have additional unexpected costs. Such investments take time to become fully operational, and we may not be able to expand quickly enough to exploit targeted market opportunities. In connection with our efforts to cost- effectively manage our growth, we have increasingly relied on contractors for production capacity, logistics support and certain administrative functions including hosting of certain information technology software applications. If our contract manufacturers (including those at which we maintain captive lines) or other service providers do not perform effectively, we may not be able to achieve the expected cost savings and may incur additional costs to correct errors or fulfill customer demand. Depending on the function involved, such errors may also lead to business disruption, processing inefficiencies, the loss of or damage to intellectual property through security breach, or an impact on employee morale. Our operations may also be negatively impacted if any of these contract manufacturers or other service providers do not have the financial capability to meet our growing needs. There are also inherent execution risks in starting up a new factory or expanding production capacity, whether one of our own factories or that of our contract manufacturers, as well as risks to moving production to different contract manufacturers, that could increase costs and reduce our operating results. In the fourth quarter of fiscal 2022, we opened a new ~~Silicon~~ **silicon** ~~Carbide~~ **carbide** device fabrication facility in Marcy, New York to complement the materials factory expansion underway at our United States campus headquarters in Durham, North Carolina **. We also commenced work on our new materials manufacturing facility in Siler City, North Carolina in the first quarter of fiscal 2023** . The establishment and operation of a new manufacturing facility or expansion of an existing facility involves significant risks and challenges **, some of which we have experienced and may experience in the future** , including, but not limited to, the following: • design and construction delays and cost overruns; • issues in installing and qualifying new equipment and ramping production; • poor production process yields and reduced quality control; and • insufficient personnel with requisite expertise and experience to operate ~~a~~ **an automated** ~~Silicon~~ **silicon** ~~Carbide~~ **carbide** device fabrication **facility and a materials manufacturing** facility. We are also increasingly dependent on information technology to enable us to improve the effectiveness of our operations and to maintain financial accuracy and efficiency. Allocation and effective management of the resources necessary to successfully implement, integrate, train personnel and sustain our information technology platforms will remain critical to ensure that we are not subject to transaction errors, processing inefficiencies, loss of customers **or suppliers** , business disruptions or loss of or damage to intellectual property through a security breach in the near term. Additionally, we face these same risks if we fail to allocate and effectively manage the resources necessary to build, implement, upgrade, integrate and sustain appropriate technology infrastructure over the longer term . Our operating results are substantially dependent...... decline and our operating results to suffer . All of our products are manufactured using technologies that are highly complex. The number of usable items, or yield, from our production processes may fluctuate as a result of many factors, including but not limited to the following: • variability in our process repeatability and control; • contamination of the manufacturing environment; • equipment failure, power outages, fires, flooding, information or other system failures or variations in the manufacturing process; • lack of consistency and adequate quality and quantity of piece parts, other raw materials and other bill of materials items; • inventory shrinkage or human errors; • defects in production processes (including system assembly) either within our facilities or at our suppliers; and • any transitions or changes in our production process, planned or unplanned. In the past, we have experienced difficulties in achieving acceptable yields on certain products, which has adversely affected our operating results. We may experience similar problems in the future, and we cannot predict when they may occur or their severity. In some instances, we may offer products for future delivery at prices based on planned yield improvements or increased cost efficiencies from other production advances. Failure to achieve these planned improvements or advances could have a significant impact on our margins and operating results. In addition, our ability to convert volume manufacturing to larger diameter substrates can be an important factor in providing a more cost- effective manufacturing process. We continue to prepare for production using 200mm substrates and if we are unable to make this transition in a timely or cost- effective manner, our results could be negatively impacted. ~~Our results of operations, financial condition and business could be harmed if we are unable to balance customer demand and capacity.~~ As customer demand for our products changes, we must be able to adjust our production capacity to meet demand. We are continually taking steps to address our manufacturing capacity needs for our products. Currently, we are focusing on increasing production capacity. If we are not able to increase our production capacity at our targeted rate, if there are unforeseen costs associated with increasing our capacity levels, or if we are unable to obtain advanced semiconductor manufacturing equipment in a timely manner, we may not be able to achieve our financial targets. We may be unable to build or qualify new capacity on a timely basis to meet customer demand and customers may fulfill their orders with one of our competitors instead. In addition, as we introduce new products and change product generations, we must balance the production and inventory of prior generation products with the production and inventory of new generation products, whether manufactured by us or our contract manufacturers, to maintain a product mix that will satisfy customer demand and mitigate the risk of incurring cost write- downs on the previous generation products, related raw materials and tooling. Significant or prolonged shortages or delivery delays of our products to our customers could delay their manufacturing and negatively impact our relationships with these customers. Due to the proportionately high fixed cost nature of our business (such as facility costs), if demand does not materialize at the rate forecasted, we may not be able to scale back our manufacturing expenses or overhead costs quickly enough to correspond to the lower than expected demand. This could result in lower margins and adversely impact our business and results of operations. Additionally, if product demand decreases or we fail to forecast demand accurately, our results may be adversely impacted due to higher costs resulting from lower factory utilization, causing higher fixed costs per unit produced. **Changes in product demand from our customers' forecasts may also cause variability in our supply costs if significant adjustments are needed to our forecasted or committed procurement and supply plans.** Further, we may be required to recognize impairments on our long- lived assets or recognize excess inventory write- off charges, or excess capacity charges, which would have a negative impact on our results of operations. With the opening of our new ~~Silicon~~ **silicon** ~~Carbide~~ **carbide** device fabrication facility in Marcy, New York, we ~~may~~ **will** experience increased pressure on margins during the period when production begins but before the facility is at full utilization **, and in the initial periods we expect these underutilization costs to be substantial as we ramp up the facility** . Additionally, our large upfront investment in the facility **, or any other new facility,** to increase capacity does not guarantee we will need the capacity and we may experience lower than expected capacity once the facility is in production, which could result in further margin pressures. In addition, our efforts to improve quoted delivery lead- time performance may result in corresponding reductions in order backlog. A decline in backlog levels could result in more variability and less predictability in our quarter- to- quarter revenue and operating results. ~~.~~Our operating results are substantially dependent on the acceptance of new products.Our future success may depend on our ability to deliver new,higher performing and / or lower cost solutions for existing and new markets and for customers to accept those solutions.The development of new products is a highly complex process,and we have in some instances experienced delays in completing the development,introduction and qualification of new products which has impacted our results in the past.Our research and development efforts are aimed at solving increasingly complex problems,and we do not expect that all our projects will be successful.The successful development,introduction and acceptance of new products depend on a number of factors,including the following:• qualification and acceptance of our new product and systems designs,specifically entering into automotive applications which require even more stringent levels of qualification and standards;• our ability to effectively transfer increasingly complex products and technology from development to manufacturing,including the transition to 200mm substrates;• our ability to introduce new products in a timely and cost- effective manner;• ~~our ability to secure volume purchase orders related to new products;•~~ achievement of technology breakthroughs required to make commercially viable products;• our ability to convert customer design- ins to sales of significant volume,and,if customer design- in activity does result in such sales,when such sales will ultimately occur and what the amount of such sales will be;• the accuracy of our predictions for market requirements;• our ability to predict,influence and / or react to evolving standards;• acceptance of new technology in certain markets;• our ability to protect intellectual property developed in new products;• the availability of qualified research and development personnel;• our timely completion of product designs and development;• our ability to develop repeatable processes to manufacture new products in sufficient quantities,with the desired specifications and at competitive costs **;• our ability to secure volume purchase orders related to new products** ;• our customers' ability to develop competitive products incorporating our products;and • market acceptance of our products and our customers' products.If any of these or other similar factors becomes problematic,we may not be able to deliver and introduce new products in a timely or cost- effective manner **.** We face risks relating to our suppliers, including that we rely on a number of key sole source and limited source suppliers, are subject to high price volatility on certain commodity inputs, variations in parts quality, and raw material consistency and availability, and rely on independent shipping companies for delivery of our products. We depend on a number of sole source and limited source suppliers for certain raw materials, components, services and equipment used in manufacturing our products, including key materials and equipment used in critical stages of our manufacturing processes. Although alternative sources generally exist for these items, qualification of many of these alternative sources could take up to six months or longer. Where possible, we attempt to identify and qualify alternative sources for our sole and limited source suppliers. We generally purchase these sole or limited source items with purchase orders, and we have limited guaranteed supply arrangements with such suppliers **, including take- or- pay arrangements and capacity reserve deposit agreements** . Some of our sources can have variations in attributes and availability which can affect our ability to produce products in sufficient volume or quality. We do not control the time and resources that these suppliers devote to our business, and we cannot be sure that these suppliers will perform their obligations to us. Additionally, general shortages in the marketplace of certain raw materials or key components may adversely impact our business. In the past, we have experienced decreases in our production yields when suppliers have varied from previously agreed upon specifications or made other modifications we do not specify, which impacted our cost of revenue. Additionally, the inability of our suppliers to access capital efficiently could cause disruptions in their businesses, thereby negatively impacting ours. This risk may increase from unpredictable and unstable changes in economic conditions, including recession, inflation, or other changes, which may negatively affect key suppliers or a significant number of our other suppliers. Any delay in product delivery or other interruption or variation in supply from these suppliers could prevent us from meeting commercial demand for our products. If we were to lose key suppliers, if our key suppliers were unable to support our demand for any reason or if we were unable to identify and qualify alternative suppliers, our manufacturing operations could be interrupted or hampered significantly. We rely on arrangements with independent shipping companies for the delivery of our products from vendors and to customers both in the United States and abroad. The failure or inability of these shipping companies to deliver products or the unavailability of shipping or port services, even temporarily, could have a material adverse effect on our business. We may also be adversely affected by an increase in freight surcharges due to rising fuel costs, oil costs and added security. ~~The risks mentioned above, including our sole source or limited source suppliers' ability to produce products and adequately access capital, and our ability to arrange effective shipping arrangements, have increased and may further increase due to the ongoing COVID- 19 pandemic.~~ In our fabrication process, we consume a number of precious metals and other commodities, which are subject to high price volatility and the potential impacts of increased inflation. Our operating margins could be significantly affected if we are not able to pass along price increases to our customers. In addition, production could be disrupted by the unavailability of the resources used in production such as water, silicon, electricity and gases. Future environmental regulations could restrict supply or increase the cost of certain of those materials. We operate in industries that are subject to significant fluctuation in supply and demand and ultimately pricing, which affects our revenue and profitability. The industries we serve are in different stages of adoption and are characterized by constant and rapid technological change, rapid product obsolescence and price erosion, evolving standards and fluctuations in product supply and demand. The semiconductor industry is characterized by rapid technological change, high capital expenditures, short product life cycles and continuous advancements in process technologies and manufacturing facilities. As the markets for our products mature, additional fluctuations may result from variability and consolidations within the industry’ s customer base. These fluctuations have been characterized by lower product demand, production overcapacity, higher inventory levels and aggressive pricing actions by our competitors. These fluctuations have also been characterized by higher demand for key components and equipment used in, or in the manufacture of, our products resulting in longer lead times, supply delays and production disruptions. We have experienced these conditions in our business and may experience such conditions in the future, which could have a material negative impact on our business, results of operations or financial condition. In addition, as we diversify our product offerings and as pricing differences in the average selling prices among our product lines widen, a change in the mix of sales among our product lines may increase volatility in our revenue and gross margin from period to period. The markets in which we operate are highly competitive and have evolving technical requirements. The markets for our products are highly competitive. In the semiconductor market, we compete with companies that have greater market share, name recognition, distribution and sales channels, and / or technical resources than we do. Competitors continue to offer new products with aggressive pricing, additional features and improved performance. Aggressive pricing actions by our competitors in our businesses could reduce margins if we are not able to reduce costs at an equal or greater rate than the sales price decline. As competition increases, we need to continue to develop new products that meet or exceed the needs of our customers. Therefore, our ability to continually produce more efficient and lower cost power and RF products that meet the evolving needs of our customers will be critical to our success. Competitors may also try to align with some of our strategic customers. This could lead to lower prices for our products, reduced demand for our products and a corresponding reduction in our ability to recover development, engineering and manufacturing costs. Any of these developments could have an adverse effect on our business, results of operations or financial condition. We depend on a limited number of customers, including distributors, for a substantial portion of our revenue, and the loss of, or a significant reduction in purchases by, one or more of these customers could adversely affect our operating results. We receive a significant amount of our revenue from a limited number of customers and distributors, two of which individually represented more than 10 % of our consolidated revenue in fiscal ~~2022~~ **2023** . Many of our customer orders are made on a purchase order basis, which does not generally require any long- term customer commitments. Therefore, these customers may alter their purchasing behavior with little or no notice to us for various reasons, including developing, or, in the case of our distributors, their customers developing, their own product solutions; choosing to purchase or distribute product from our competitors; incorrectly forecasting end market demand for their products; or experiencing a reduction in their market share in the markets for which they purchase our products. If our customers alter their purchasing behavior, if our customers’ purchasing behavior does not match our expectations or if we encounter any problems collecting amounts due from them, our financial condition and results of operations could be negatively impacted. Our revenue is highly dependent on our customers’ ability to produce, market and sell more integrated products. Our revenue depends on getting our products designed into a larger number of our customers’ products and in turn, our customers’ ability to produce, market and sell their products. For example, we have current and prospective customers that create, or plan to create, power and RF products or systems using our substrates, die, components or modules. Even if our customers are able to develop and produce products or systems that incorporate our substrates, die, components or modules, there can be no assurance that our customers will be successful in marketing and selling these products or systems in the marketplace. Our results may be negatively impacted if customers do not maintain their favorable perception of our brands and products. Maintaining and continually enhancing the value of our brands is critical to the success of our business. Brand value is based in large part on customer perceptions. Success in promoting and enhancing brand value depends in large part on our ability to provide high-quality products. Brand value could diminish significantly due to a number of factors, including adverse publicity about our products (whether valid or not), ~~our corporate name change from" Cree, Inc." to" Wolfspeed, Inc.,"~~ a failure to maintain the quality of our products (whether perceived or real), the failure of our products to deliver consistently positive consumer experiences, the products becoming unavailable to consumers or consumer perception that we have acted in an irresponsible manner. Damage to our brand, reputation or loss of customer confidence in our brand or products could result in decreased demand for our products and have a negative impact on our business, results of operations or financial condition. If our products fail to perform or fail to meet customer requirements or expectations, we could incur significant additional costs, including costs associated with the recall of those items. The manufacture of our products involves highly complex processes. Our customers specify quality, performance and reliability standards that we must meet. If our products do not meet these standards, we may be required to replace or rework the products. In some cases, our products may contain undetected defects or flaws that only become evident after shipment and installation. Even if our products meet standard specifications, our customers may attempt to use our products in applications for which they were not designed or in products that were not designed or manufactured properly, resulting in product failures and creating customer satisfaction issues. We have experienced product quality, performance or reliability problems from time to time and defects or failures may occur in the future. If failures or defects occur, they could result in significant losses or product recalls. A significant product recall could also result in adverse publicity, damage to our reputation and a loss of customer confidence in our products. We also may be the target of product liability lawsuits against us if the use of our products at issue is determined to have caused injury or contained a substantial product hazard. We provide standard warranty periods of 90 days on our products, with longer periods under a limited number of customer contracts. Although we believe our reserves are appropriate, we are making projections about the future reliability of new products and technologies, and we may experience increased variability in warranty claims. Increased warranty claims could result in significant losses due to a rise in warranty expense and costs associated with customer support. If we are unable to effectively develop, manage and expand our sales channels for our products, our operating results may suffer. We sell a portion of our products to distributors, including a distributor that represented more than 10 % of our revenue in fiscal ~~2022~~ **2023** . We rely on distributors to develop and expand their customer base as well as to anticipate demand from their customers. If they are not successful, our growth and profitability may be adversely impacted. Distributors must balance the need to have enough products in stock in order to meet their customers' needs against their internal target inventory levels and the risk of potential inventory obsolescence. The risks of inventory obsolescence are especially relevant to technological products. The distributors' internal target inventory levels vary depending on market cycles and a number of factors within each distributor over which we have very little, if any, control. Distributors also have the ability to shift business to different manufacturers within their product portfolio based on a number of factors, including new product availability and performance. Similarly, we have the ability to add, consolidate, or remove distributors. We typically recognize revenue on products sold to distributors when the item is shipped and title passes to the distributor (sell- in method). Certain distributors have limited rights to return inventory under stock rotation programs and have limited price ~~protection~~ **adjustment** rights for which we make estimates. We evaluate inventory levels in the distribution channel, current economic trends and other related factors in order to account for these factors in our judgments and estimates. As inventory levels and product return trends change or we make changes to our distributor roster, we may have to revise our estimates and incur additional costs, and our gross margins and operating results could be adversely impacted. As a result of our continued expansion into new markets, we may compete with existing customers who may reduce their orders. We continue to expand into new markets and new market segments. Many of our existing customers who purchase our ~~Silicon~~ **silicon** ~~Carbide~~ **carbide** substrate materials develop and manufacture devices, die and components using those wafers that are offered in the same power and RF markets. As a result, some of our current customers perceive us as a competitor in these market segments. In response, our customers may reduce or discontinue their orders for our substrate materials. This reduction in or discontinuation of orders could occur faster than our sales growth in these new markets, which could adversely affect our business, results of operations or financial condition. ~~If we fail to evaluate and execute strategic opportunities successfully, our business may suffer.~~ From time to time, including the present, we evaluate strategic opportunities available to us for product, technology or business transactions, such as business acquisitions, investments or capacity expansions, joint ventures, divestitures, or spin- offs. If we choose to enter into such strategic transactions, we face certain risks including: **• the inability to realize the expected benefits, both from a timing and amount perspective, from our ongoing and planned capacity expansions, including the construction of a new materials manufacturing facility in Siler City, North Carolina and the planned construction of a new 200mm capable silicon carbide device fabrication facility in Saarland, Germany;** • the failure of an acquired business, investee or joint venture to meet our performance and financial expectations; • identification of additional liabilities relating to an acquired business; • loss of customers due to perceived conflicts or competition with such customers or due to regulatory actions taken by governmental agencies; • that we are not able to enter into acceptable contractual arrangements in connection with the transaction; • difficulty integrating an acquired business' s operations, personnel and financial and operating systems into our current business; • that we are not able to develop and expand customer bases and accurately anticipate demand from end customers, which can result in increased inventory and reduced orders if we experience wide fluctuations in supply and demand; • diversion of management attention; • difficulty separating the operations, personnel and financial and operating systems of a spin- off or divestiture from our current business; • the possibility we are unable to complete the transaction and expend substantial resources without achieving the desired benefit; • the inability to obtain required regulatory agency approvals; • reliance on a transaction counterparty for transition services for an extended period of time, which may result in additional expenses and delay the integration of the acquired business and realization of the desired benefit of the transaction; • uncertainty of the financial markets or circumstances that cause conditions that are less favorable and / or different than expected; and • expenses incurred to complete a transaction may be significantly higher than anticipated. We may not be able to adequately address these risks or any other problems that arise from our prior or future acquisitions, investments, joint ventures, divestitures or spin- offs. Any failure to successfully evaluate strategic opportunities and address risks or other problems that arise related to any such business transaction could adversely affect our business, results of operations or financial condition. **On August 22, 2023, we executed the RF Purchase Agreement with MACOM with respect to the RF Business Divestiture. We are subject to a number of risks associated with this transaction, including risks associated with: • the failure to satisfy, on a timely basis or at all, the closing conditions set forth in the RF Purchase Agreement, including the expiration of the waiting period under the Hart- Scott-**

Rodino Antitrust Improvements Act of 1976 and other customary closing conditions; • the separation of the RF Business, and related information technology, from the businesses we are retaining and the operation of our retained business without the RF Business; • issues, delays or complications in completing required transition activities to allow the RF Business to operate under MACOM after the closing, including incurring unanticipated costs to complete such activities; • unfavorable reaction to the sale by customers, competitors, suppliers and employees; • the disruption to and uncertainty in our business and our relationships with our customers, including attempts by our customers to terminate or renegotiate their relationships with us or decisions by our customers to defer or delay purchases from us; • difficulties in hiring, retaining and motivating key personnel during this process or as a result of uncertainties generated by this process or any developments or actions relating to it; • the diversion of our management' s attention away from the operation of the business we are retaining; • the need to incur significant transaction costs in connection with the transaction, regardless of whether it is completed; • the restrictions on and obligations with respect to our business set forth in the RF Purchase Agreement and, following closing, the RF MSA and the transition services agreement, in each case between us and MACOM; • the need to provide transition services in connection with the transaction, which may result in the diversion of resources and focus; and • our failure to realize the full purchase price anticipated under the RF Purchase Agreement, including due to fluctuations in the market price of MACOM' s common stock before we are able to sell the Shares following the RTP Fab Transfer and the forfeiture of one- quarter of the Shares in the event that the RTP Fab Transfer is not completed within four years following the closing of the transaction. As a result of these risks, we may be unable to realize the anticipated benefits of the transaction, including the total amount of cash we expect to realize. Our failure to realize the anticipated benefits of the transaction would adversely impact our operations, financial condition and business and could limit our ability to pursue additional strategic transactions. We are subject to a number of risks associated with the sale of our former LED Products segment, and these risks could adversely impact our operations, financial condition and business. On March 1, 2021, we completed the sale of our former LED Products segment to SMART **Global Holdings, Inc. (SGH)** pursuant to the Asset Purchase Agreement dated October 18, 2020 (the LED Purchase Agreement). We are subject to a number of risks associated with this transaction, including risks associated with: • the restrictions on and obligations with respect to our business set forth in the ~~transition services agreement and the Wafer Supply and Fabrication Services Agreement (the~~ Wafer Supply Agreement ~~), in each case~~ between us and CreeLED; **and** • any required payments of indemnification obligations under the LED Purchase Agreement for retained liabilities and breaches of representations, warranties or covenants ~~; and • the ability of SMART to pay the unsecured promissory note issued to us as the earnout payment~~. As a result of these risks, we may be unable to realize the anticipated benefits of the transaction ~~, including the total amount of cash we expect to receive~~. Our failure to realize the anticipated benefits of the transaction would adversely impact our operations, financial condition and business and could limit our ability to pursue additional strategic transactions. We are subject to risks associated with the sale of our former Lighting Products business unit, and these risks could adversely impact our financial condition. On May 13, 2019, we closed the sale of our former Lighting Products business unit to IDEAL Industries, Inc. (IDEAL). We are subject to risks associated with this transaction, including risks associated with any required payments of indemnification obligations under the Purchase Agreement with IDEAL for retained liabilities and breaches of representations, warranties or covenants. As a result, we may be unable to realize the anticipated benefits of the transaction. Our failure to realize the anticipated benefits of the transaction would adversely impact our financial condition and could limit our ability to pursue additional strategic transactions ~~. We may be subject to confidential information theft or misuse, which could harm our business and results of operations~~. We face attempts by others to gain unauthorized access to our information technology systems on which we maintain proprietary and other confidential information and such attempts may increase in terms of frequency and severity in light of the sanctions imposed on Russia in response to its invasion of Ukraine. Our security measures may be breached as the result of industrial or other espionage actions of outside parties, employees, employee error, malfeasance or otherwise, and as a result, an unauthorized party may obtain access to our systems. The risk of a security breach or disruption, particularly through cyber- attacks, ransomware, or cyber intrusion, including by computer hackers, foreign governments, and cyber terrorists, has generally increased as cyber- attacks have become more prevalent and harder to detect and fight against. Additionally, outside parties may attempt to access our confidential information through other means, for example by fraudulently inducing our employees to disclose confidential information. We actively seek to prevent, detect and investigate any unauthorized access, which sometimes occurs **and is usually not recognized until after it has occurred**. To date, we do not believe that such unauthorized access has caused us any material damage. We might be unaware of any such access or unable to determine its magnitude and effects. **We are also at risk of security breaches and disruptions occurring at third parties that we work with, including our customers and suppliers.** In addition, these threats are constantly evolving, thereby increasing the difficulty of successfully defending against them or implementing adequate preventative measures. The theft and / or unauthorized use or publication of our trade secrets and other confidential business information as a result of such an incident could adversely affect our competitive position, result in a loss of confidence in the adequacy of our threat mitigation and detection processes and procedures, cause us to incur significant costs to remedy the damage caused by the incident, divert management' s attention and other resources, and reduce the value of our investment in research and development. In addition ~~, as a result of the COVID- 19 pandemic~~, the increased prevalence of employees working from home may exacerbate the aforementioned cybersecurity risks. Our business could be subject to significant disruption and we could suffer monetary or other losses. Our disclosure controls and procedures address cybersecurity and include elements intended to ensure that there is an analysis of potential disclosure obligations arising from security breaches. In addition, we are subject to data privacy, protection and security laws and regulations, including the European General Data Protection Act (GDPR) that governs personal information of European persons. We also maintain compliance programs to address the potential applicability of restrictions against trading while in possession of material, nonpublic information generally and in connection with a cyber- security breach.

However, a breakdown in existing controls and procedures around our cyber- security environment may prevent us from detecting, reporting or responding to cyber incidents in a timely manner and could have a material adverse effect on our financial position and value of our stock ~~. There are limitations on our ability to protect our intellectual property~~ . Our intellectual property position is based in part on patents owned by us and patents licensed to us. We intend to continue to file patent applications in the future, where appropriate, and to pursue such applications with U. S. and certain foreign patent authorities. Our existing patents are subject to expiration and re- examination and we cannot be sure that additional patents will be issued on any new applications around the covered technology or that our existing or future patents will not be successfully contested by third parties. Also, because issuance of a valid patent does not prevent other companies from using alternative, non-infringing technology, we cannot be sure that any of our patents, or patents issued to others and licensed to us, will provide significant commercial protection, especially as new competitors enter the market. We periodically discover products that are counterfeit reproductions of our products or that otherwise infringe on our intellectual property rights. The actions we take to establish and protect trademarks, patents and other intellectual property rights may not be adequate to prevent imitation of our products by others, and therefore, may adversely affect our sales and our brand and result in the shift of customer preference away from our products. Further, the actions we take to establish and protect trademarks, patents and other intellectual property rights could result in significant legal expense and divert the efforts of our technical personnel and management, even if the litigation or other action results in a determination favorable to us. We also rely on trade secrets and other non- patented proprietary information relating to our product development and manufacturing activities. We try to protect this information through appropriate efforts to maintain its secrecy, including requiring employees and third parties to sign confidentiality agreements. We cannot be sure that these efforts will be successful or that the confidentiality agreements will not be breached. We also cannot be sure that we would have adequate remedies for any breach of such agreements or other misappropriation of our trade secrets, or that our trade secrets and proprietary know- how will not otherwise become known or be independently discovered by others. Litigation could adversely affect our operating results and financial condition. We are often involved in litigation, primarily patent litigation **, such as our patent dispute with The Trustees of Purdue University, as discussed further in Note 15, " Commitments and Contingencies, " in our consolidated financial statements included in Item 8 of this Annual Report** . Defending against existing and potential litigation will likely require significant attention and resources and, regardless of the outcome, result in significant legal expenses, which could adversely affect our results unless covered by insurance or recovered from third parties. If our defenses are ultimately unsuccessful or if we are unable to achieve a favorable resolution, we could be liable for damage awards that could materially affect our results of operations and financial condition. Where necessary, we may initiate litigation to enforce our patent or other intellectual property rights, which could adversely impact our relationship with certain customers. Any such litigation may require us to spend a substantial amount of time and money and could distract management from our day- to- day operations. Moreover, there is no assurance that we will be successful in any such litigation. Our business may be impaired by claims that we, or our customers, infringe the intellectual property rights of others. Vigorous protection and pursuit of intellectual property rights characterize our industry. These traits have resulted in significant and often protracted and expensive litigation. Litigation to determine the validity of patents or claims by third parties of infringement of patents or other intellectual property rights could result in significant legal expense and divert the efforts of our technical personnel and management, even if the litigation results in a determination favorable to us. In the event of an adverse result in such litigation, we could be required to pay substantial damages; indemnify our customers; stop the manufacture, use and sale of products found to be infringing; incur asset impairment charges; discontinue the use of processes found to be infringing; expend significant resources to develop non- infringing products or processes; or obtain a license to use third party technology. There can be no assurance that third parties will not attempt to assert infringement claims against us, or our customers, with respect to our products. In addition, our customers may face infringement claims directed to the customer' s products that incorporate our products, and an adverse result could impair the customer' s demand for our products. We have also promised certain of our customers that we will indemnify them in the event they are sued by our competitors for infringement claims directed to the products we supply. Under these indemnification obligations, we may be responsible for future payments to resolve infringement claims against them. From time to time, we receive correspondence asserting that our products or processes are or may be infringing patents or other intellectual property rights of others. If we believe the assertions may have merit or in other appropriate circumstances, we may take steps to seek to obtain a license or to avoid the infringement. We cannot predict, however, whether a license will be available; that we would find the terms of any license offered acceptable; or that we would be able to develop an alternative solution. Failure to obtain a necessary license or develop an alternative solution could cause us to incur substantial liabilities and costs and to suspend the manufacture of affected products. ~~We may be required to recognize a significant charge to earnings if our goodwill or other assets become impaired.~~ Goodwill and other assets are reviewed for impairment annually and when events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Factors that may indicate that the carrying value of our goodwill may not be recoverable include a significant decline in our stock price and market capitalization and slower growth rates in our industry. For other assets such as finite- lived intangible assets and fixed assets, we assess the recoverability of the asset balance when indicators of potential impairment are present. The recognition of a significant charge to earnings in our consolidated financial statements resulting from any impairment of our goodwill or other assets could adversely impact our results of operations. The adoption of or changes in government and / or industry policies, standards or regulations relating to the efficiency, performance, vehicle range or other aspects of our products and the products in which they are utilized ~~could impact the demand for our products. The adoption of or changes in government and / or industry policies, standards or regulations relating to the efficiency, performance, vehicle range or other aspects of our products and the products in which they are utilized~~ or integrated may impact the demand for our products. For example, efforts to change, eliminate or reduce industry or regulatory standards could negatively impact our business. These constraints may be eliminated or delayed by legislative action, which could have a negative impact on demand for our products. Our ability and the ability of our competitors to meet evolving government and / or industry requirements could impact competitive dynamics in the market. Changes in our effective tax rate **or the ability to obtain future tax credits** may affect our results **and financial condition** . Our future effective tax rates **and our ability to obtain future tax credits** may ~~be affected~~ -- **affect** ~~by~~ **our results and financial condition due to** a number of factors **,** including: • the jurisdiction in which profits are determined to be earned and taxed; • potential changes in tax laws ~~proposed by the Biden administration and Democratic-controlled Congress~~ or alterations in the interpretation of such tax laws and changes in generally accepted accounting principles, for example interpretations and U. S. regulations issued as a result of the significant changes to the U. S. tax law included within the Tax Cuts and Jobs Act of 2017 (the TCJA) ~~and~~ **,** the Coronavirus Aid, Relief and Economic Security Act of 2020 **and the Inflation Reduction Act (the IRA)** ; • **changes in available tax credits, including** the ~~imposition of~~ **eligibility for or** the ~~proposed global~~ **receipt of the expected benefits from refundable investment tax credits obtained through the CHIPS Act; • the implementation of international tax and profit shifting rules in countries in which we** ~~corporate~~ -- **operate , as recommended by the Organization for Economic Co- operation and Development' s Base Erosion, including the establishment of a** minimum tax ~~rate~~ **of 15 % on global income** ; • the resolution of issues arising from tax audits with various authorities; • changes in the valuation of our deferred tax assets and liabilities; • the ongoing restructuring of our existing legal entities, including the restructuring of our Luxembourg holding company; • adjustments to estimated taxes upon finalization of various tax returns; • increases in expenses not deductible for tax purposes, including impairment of goodwill in connection with acquisitions ~~; • changes in available tax credits~~ ; • the recognition and measurement of uncertain tax positions; • variations in realized tax deductions for certain stock- based compensation awards (such as non-qualified stock options and restricted stock) from those originally anticipated; and • the repatriation of non- U. S. earnings for which we have not previously provided for taxes or any changes in legislation that may result in these earnings being taxed, regardless of our decision regarding repatriation of funds. For example, the TCJA included a one- time tax on deemed repatriated earnings of non- U. S. subsidiaries. Any significant increase or decrease in our future effective tax rates could impact net (loss) income for future periods. In addition, the determination of our income tax provision requires complex estimations, significant judgments and significant knowledge and experience concerning the applicable tax laws. To the extent our income tax liability materially differs from our income tax provisions due to factors, including the above, which were not anticipated at the time we estimated our tax provision, our net (loss) income or cash flows could be affected. Failure to comply with applicable environmental laws and regulations worldwide could harm our business and results of operations. The manufacturing, assembling and testing of our products require the use of hazardous materials that are subject to a broad array of environmental, health and safety laws and regulations. Our failure to comply with any of these applicable laws or regulations could result in regulatory penalties, fines, legal liabilities and the forfeiture of certain tax benefits; suspension of production; alteration of our fabrication, assembly and test processes; and curtailment of our operations or sales. In addition, our failure to manage the use, transportation, emission, discharge, storage, recycling or disposal of hazardous materials could subject us to significant costs or future liabilities. Existing and future environmental laws and regulations could also require us to acquire pollution abatement or remediation equipment, modify our product designs or incur other expenses, such as permit costs, associated with such laws and regulations. Many new materials that we are evaluating for use in our operations may be subject to regulation under existing or future environmental laws and regulations that may restrict our use of one or more of such materials in our manufacturing, assembly and test processes or products. Any of these restrictions could harm our business and results of operations by increasing our expenses or requiring us to alter our manufacturing processes. New climate change laws and regulations could require us to change our manufacturing processes or procure substitute raw materials that may cost more or be more difficult to procure. Various jurisdictions in which we do business have implemented, or in the future could implement or amend, restrictions on emissions of carbon dioxide or other greenhouse gases, limitations or restrictions on water use, regulations on energy management and waste management, and other climate change- based rules and regulations, which may increase our expenses and adversely affect our operating results. We expect increased worldwide regulatory activity relating to climate change in the future. Future compliance with these laws and regulations may adversely affect our business and results of operations. Our results could vary as a result of the methods, estimates and judgments that we use in applying our accounting policies, including changes in the accounting standards to be applied. The methods, estimates and judgments that we use in applying our accounting policies have a significant impact on our results (see " Critical Accounting Estimates " in Item 7," Management' s Discussion and Analysis of Financial Condition and Results of Operations" ~~in~~ **of** this Annual Report). Such methods, estimates and judgments are, by their nature, subject to substantial risks, uncertainties and assumptions, and factors may arise over time that lead us to change our methods, estimates and judgments. Changes in those methods, estimates and judgments could significantly affect our results of operations or financial condition, such as the change in estimated useful lives of certain assets applied in the first quarter of fiscal 2022. Likewise, our results may be impacted due to changes in the accounting standards to be applied, such as the changes in convertible debt recognition requirements. Regulations related to conflict- free minerals may force us to incur additional expenses. Rules adopted by the SEC under the Dodd- Frank Wall Street Reform and Consumer Protection Act impose annual disclosure and reporting requirements for those companies who may use " conflict " minerals mined from the Democratic Republic of Congo and adjoining countries in their products. We may face challenges with government regulators, our customers and our suppliers if we are unable to sufficiently verify that the metals used in our products are conflict free. Our most recent disclosure regarding our due diligence was filed on May 31, ~~2022~~ **2023** for calendar year **.As of June 26,2022,our indebtedness consisted of $ 575.0 million aggregate principal amount of our 1.75 % convertible senior notes due May 1,2026 (the 2026 Notes and collectively with the 2028 Notes,the Outstanding Notes) and $ 750.0 million aggregate principal amount of the 2028 Notes and potential borrowings from our revolving line of credit.Our ability to pay interest and repay the principal for any outstanding indebtedness under our line of credit and the Outstanding Notes is dependent upon our ability to manage our business operations and generate sufficient cash**

flows to service such debt.There can be no assurance that we will be able to manage any of these risks successfully.The level of our outstanding debt may adversely affect our operating results and financial condition by,among other things:• increasing our vulnerability to downturns in our business,to competitive pressures and to adverse general economic and industry conditions;• requiring the dedication of an increased portion of our expected cash flows from operations to service our indebtedness,thereby reducing the amount of expected cash flow available for other purposes,including capital expenditures,research and development and stock repurchases;• limiting our flexibility in planning for,or reacting to,changes in our business and the industry in which we operate;• placing us at a competitive disadvantage compared to our peers that may have less indebtedness than we have by limiting our ability to borrow additional funds needed to operate and grow our business;and • increasing our interest expense if interest rates increase. **Our line of credit requires** ~~The Indenture governing the 2030 Senior Notes (the 2030 Senior Notes Indenture) includes a liquidity maintenance financial covenant requiring~~ us to ~~have~~ **maintain compliance with** an **asset coverage ratio** ~~aggregate amount of unrestricted cash and cash equivalents maintained in accounts over which the trustee and collateral agent for the 2030 Senior Notes has been granted a perfected first lien security interest of at least $ 500,000,000 as of the last day of any calendar month,which amount will be reduced over time upon the fulfillment of certain conditions~~ .In addition, **our line of credit** ~~the 2030 Senior Notes Indenture~~ contains certain restrictions that could limit our ability to,among other things:incur additional indebtedness,dispose of assets,create liens on assets,make acquisitions or engage in mergers or consolidations,and engage in certain transactions with our subsidiaries and affiliates.The ~~2030 Senior Notes Indenture also requires us to make an offer to repurchase the 2030 Senior Notes with 100 % of the net cash proceeds of certain non- ordinary course asset sales and casualty events,subject to the ability to reinvest the proceeds of such casualty events and asset sales (subject to certain limitations),or upon a change of control.The~~ Indentures governing the Outstanding ~~Convertible~~ Notes ~~(the Convertible Notes Indentures)~~ require us to repurchase the Outstanding ~~Convertible~~ Notes upon certain fundamental changes relating to our common stock,and also prohibit our consolidation,merger,or sale of all or substantially all of our assets except with or to a successor entity assuming our obligations under the Indentures.The ~~CRD Agreement contains certain restrictions on our ability to incur debt and liens,consummate non- arm' s- length transactions with affiliates,mergers and consolidations whereby obligations under the CRD Agreement are not assumed,and change the nature of our business.The~~ restrictions imposed by **our line of credit and by** the ~~2030 Senior Notes Indenture,the Convertible Notes~~ Indentures **governing** ~~,and~~ the ~~CRD Agreement~~ **Outstanding Notes** could limit our ability to plan for or react to changing business conditions,or could otherwise restrict our business activities and plans.Our ability to comply with **our loan covenants and** the provisions of the ~~2030 Senior Notes Indenture,the Convertible Notes~~ Indentures **governing** ~~,and~~ the ~~CRD Agreement~~ **Outstanding Notes** may also be affected by events beyond our control and if any of these restrictions or terms is breached,it could lead to an event of default under ~~the 2030 Senior Notes,~~ **our line of credit or** the Outstanding ~~Convertible~~ Notes ~~,and the CRD Agreement~~ .A default,if not cured or waived,may permit acceleration of our indebtedness.In addition,our lenders could terminate their commitments to make further ~~loans~~ **extensions of credit** under ~~the 2030 Senior Notes Indenture or~~ **our** ~~the CRD Agreement~~ **line of credit** .If our indebtedness is accelerated,we cannot be certain that we will have sufficient funds to pay the accelerated indebtedness or that we will have the ability to refinance accelerated indebtedness on terms favorable to us or at all.The capped call transactions may not prevent dilution of our common stock upon conversion of the 2028 Notes ~~or the 2029 Notes~~ .In connection with the pricing of the 2028 ~~Notes and the 2029~~ Notes,we entered into privately negotiated capped call transactions with the option counterparties.The capped call transactions are expected generally to reduce the potential dilution to our common stock upon any conversion of the 2028 Notes and ~~2029 Notes and~~ / or offset any potential cash payments we are required to make in excess of the principal amount of the converted 2028 Notes ~~and 2029 Notes~~ ,as the case may be **,upon conversion of the 2028 Notes.If,however,the market price per share of our common stock,as measured under the terms of the capped call transactions,exceeds the cap price of the capped call transactions (currently $ 212.04),there would nevertheless be dilution and / or there would not be an offset of such potential cash payments,in each case,to the extent that such market price exceeds the cap price of the capped call transactions** ~~2021~~ - **202. 538 for the 2029 Notes), there would nevertheless be dilution and / or there would not be an offset of such potential cash payments, in each case, to the extent that such market price exceeds the cap price of the capped call transactions** . Catastrophic events and disaster recovery may disrupt business continuity. A disruption or failure of our systems or operations in the event of a natural disaster or severe weather event, including, but not limited to, earthquakes, wildfires, droughts, flooding, tornadoes, hurricanes or tsunamis, health pandemic, such as an influenza outbreak within our workforce, or man- made catastrophic event could cause delays in completing sales, continuing production or performing other critical functions of our business, particularly if a catastrophic event were to occur at our primary manufacturing locations or our subcontractors' locations. Global climate change could result in certain natural disasters occurring more frequently or with greater intensity. Any of these events could severely affect our ability to conduct normal business operations and, as a result, our operating results could be adversely affected. There may also be secondary impacts that are unforeseeable as well, such as impacts to our customers, which could cause delays in new orders, delays in completing sales or even order cancellations. In order to compete, we must attract, motivate and retain key employees, and our failure to do so could harm our results of operations. Hiring and retaining qualified executives, scientists, engineers, technical staff, sales personnel and production personnel is critical to our business, and competition for experienced employees in our industry can be intense. As a global company, this issue is not limited to the United States, but includes our other locations such as Europe and Asia. For example, there is substantial competition for qualified and capable personnel, particularly experienced engineers and technical personnel, which may make it difficult for us to recruit and retain qualified employees. If we are unable to staff sufficient and adequate personnel at our facilities, we may experience lower revenue or increased manufacturing costs, which would adversely affect our results of operations. To help attract, motivate and retain key employees, we use benefits such as stock- based compensation awards. If the value of such awards does not appreciate, as measured by the performance of the price of our common stock or if our stock- based compensation otherwise ceases to be viewed as a valuable benefit, our ability to attract, retain and motivate employees could be weakened, which could harm our business and results of operations. Our stock price may be volatile. Historically, our common stock has experienced substantial price volatility, particularly as a result of significant fluctuations in our revenue, earnings and margins over the past few years, and variations between our actual financial results and the published expectations of analysts. For example, the closing price per share of our common stock on ~~Nasdaq (until October 1, 2021) and~~ the **New York Stock Exchange** ~~NYSE (on and after October 4, 2021)~~ ranged from a low of $ ~~58~~ **39** . ~~67~~ **48** to a high of $ ~~141~~ **122** . ~~87~~ **07** during the twelve months ended June ~~26~~ **25** , ~~2022~~ **2023** . If our future operating results or margins are below the expectations of stock market analysts or our investors, our stock price will likely decline. Speculation and opinions in the press or investment community about our strategic position, financial condition, results of operations or significant transactions can also cause changes in our stock price. In particular, competition in some of the markets we address such as electric vehicles and 5G, the ramp up of our business, and the effect of tariffs or COVID- 19 on our business, may have a dramatic effect on our stock price. Additionally, actions taken by the option counterparties in the capped call transactions entered into in connection with ~~our 0. 25 % convertible senior notes due February 15, 2028 (~~ the 2028 Notes ~~)~~ **and the 2029 Notes** may affect our stock price, including the potential modifications of their hedge positions by entering into or unwinding various derivatives with respect to our common stock. We are exposed to fluctuations in the market value of our investment portfolio and in interest rates, and therefore, impairment of our investments or lower investment income could harm our earnings. We are exposed to market value and inherent interest rate risk related to our investment portfolio. We have historically invested portions of our available cash in fixed interest rate securities such as high-grade corporate debt, commercial paper, municipal bonds, certificates of deposit, government securities and other fixed interest rate investments. The primary objective of our cash investment policy is preservation of principal. However, these investments are generally not Federal Deposit Insurance Corporation insured and may lose value and / or become illiquid regardless of their credit rating. From time to time, we have also made investments in public and private companies that engage in complementary businesses. We **may be subject to volatility and uncertainty in customer demand, supply chains, worldwide economies and financial markets resulting from the COVID- 19 pandemic or other outbreak of infectious disease or similar public health threat. We** have ~~outstanding debt~~ **significant manufacturing operations** in the United States and contract manufacturing agreements in Asia,which were affected by the COVID- 19 pandemic and the measures to try to contain it.We initially experienced some limited disruptions in supply from some of our suppliers,although the disruptions to date have not been significant.At some of our contract manufacturers in Asia,which include captive lines and contract packaging facilities,we have experienced,and may experience in the future,some disruptions in supply from containment measures. ~~The emergence of fast- spreading variants and the potential waning effectiveness of vaccines have introduced renewed uncertainty into whether additional measures will be implemented to combat the spread of COVID- 19.~~ Restrictions on access to our manufacturing facilities or on our support operations or workforce,or similar limitations for our vendors and suppliers,and restrictions or disruptions of transportation,such as reduced availability of air transport,port closures,and increased border controls or closures ~~,~~ **in connection with the COVID- 19 pandemic or future outbreaks of infectious diseases or similar public health events** could limit our ability to meet customer demand,lead to increased costs and have a material adverse effect on our financial condition and results of operations.The COVID- 19 pandemic has significantly increased economic and demand uncertainty.These uncertainties also make it more difficult for us to assess the quality of our product order backlog and to estimate future financial results.The COVID- 19 pandemic initially caused an economic slowdown,and the continued spread of COVID- 19 and its variants **or future outbreaks of infectious diseases or similar public health events** could contribute to or exacerbate a global economic slowdown or **recession,** which could **have a** ~~materially~~ -- **material** ~~restrict our business and adversely~~ -- **adverse** ~~affect~~ **effect on demand for our products and on** our financial condition ~~, liquidity~~ and results of operations . As of June 26, 2022...... cap price of the capped call transactions . Our amended and restated bylaws provide that, unless we consent in writing to the selection of an alternative forum, the state courts of North Carolina will be the sole and exclusive forum for substantially all disputes between us and our shareholders, which could limit our shareholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees or agents. Our amended and restated bylaws provide that, unless we consent in writing to the selection of an alternative forum, the sole and exclusive forum for all litigation relating to our internal affairs, including without limitation (i) any derivative action or proceeding brought on behalf of Wolfspeed, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of Wolfspeed to Wolfspeed or our shareholders, (iii) any action asserting a claim arising pursuant to any provision of the North Carolina Business Corporation Act (the NCBCA), our restated articles of incorporation, as amended, or our amended and restated bylaws, (iv) any action to interpret, apply, enforce, or determine the validity of our restated articles of incorporation, as amended, or our amended and restated bylaws, or (v) any action asserting a claim governed by the internal affairs doctrine, shall be the state courts of North Carolina, or if such courts lack jurisdiction, a federal court located within the State of North Carolina, in all cases subject to the court' s having personal jurisdiction over the indispensable parties named as defendants. Any such action filed in a North Carolina state court shall be designated by the party filing the action as a mandatory complex business case. In any such action where the NCBCA specifies the division or county wherein the action must be brought, the action shall be brought in such division or county. Our amended and restated bylaws also provide that, notwithstanding the foregoing, (x) the provisions described above will not apply to suits brought to enforce any liability or duty created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction, and (y) unless we consent in writing to the selection of an alternative forum, the federal district courts shall, to the fullest extent permitted by law, be the exclusive forum for the resolution of any complaint asserting a cause of action against Wolfspeed or any director, officer, employee, or agent of Wolfspeed and arising under the Securities Act. If a court were to find the choice of forum provision contained in our amended and restated bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, results of operations, and financial condition. Even if we are successful in defending against these claims, litigation could result in substantial costs and be a distraction to management and other employees.