Risk Factors Comparison 2024-02-23 to 2023-02-21 Form: 10-K

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We have identified the following additional risks and uncertainties that may affect our business, financial condition and / or results of operations. Investors should carefully consider the risks described below, together with the other information set forth in this Annual Report on Form 10- K, before making any investment decision. The risks described below are not the only ones we face. Additional risks not currently known to us or that we currently believe are immaterial may also significantly impair our business operations. Our business could be harmed by any of these risks. The trading price of our common stock could decline due to any of these risks, and investors may lose all or part of their investment. Business and Operational Risks We face risks associated with being materially dependent upon third- party vendors; certain factors that affect our business as a result of those dependencies have ~~in the past~~ and could continue to disrupt our business and adversely impact our gross margin and results of operations. We materially depend upon third- party vendors for our complex global supply **-** chain operations, including for services to develop, design and source components and materials, as well as manufacture, transport and deliver our products. If any of these vendors stop providing their services, for any reason, we would have to obtain similar services from other sources, which may not be available on commercially reasonable terms, if at all. We also have limited control over disruptions that may occur at the facilities of those providers, such as supply interruptions, labor shortages, strikes, shipping backlogs at ports and similar disruptions to transportation infrastructure, design and manufacturing failures, quality control issues, systems failures or even facility closures arising from ~~the COVID- 19 pandemic~~ **pandemics** or natural disasters. In addition, switching development firms or manufacturers could delay the manufacture and availability of products and / or require us to re- qualify our products with our customers, which would be costly and time- consuming. Any interruption in the development, supply or distribution of our products would adversely affect our ability to meet scheduled product deliveries to our customers and could result in lost revenue or higher costs, which would negatively impact our gross margin and operating results and harm our business. Particular risks associated with management of our global supply chain operations include the following: • Manufacturing constraints, shortages and other disruptions. We do not have internal manufacturing capabilities and rely solely on a small number of CMs and ODMs to manufacture and supply our products. Our business operations and ability to supply our products are highly dependent upon our ability to secure adequate third- party manufacturing capabilities and capacity and to effectively manage those third parties to meet our business needs. Our dependence solely on third- party manufacturers makes us vulnerable to possible supply and capacity constraints and reduces our control over manufacturing disruptions due to component availability, extended lead times delivery schedules, quality, manufacturing yields and increased costs. Some of these risks ~~have occurred~~ --- **occur** from time to time in our business, including recent ~~unforeseen~~ increases in component costs. If these disruptions and constraints are prolonged, or if these manufacturers do not have the ability or business continuity plans to fulfill their obligations to us, our business could be disrupted. If we cannot effectively manage our vendors or if we fail to invest adequate resources to manage our supply chain operations, our ability to meet customer orders and generate revenue may be negatively impacted. A substantial portion of our manufacturing is done at facilities outside of the U. S., largely in Asia, which presents increased supply risk, including the risk of supply interruptions, delays, shortages or reductions in manufacturing quality or controls. In addition, these supply interruptions, delays and shortages could impair our ability to meet our customer requirements, require us to pay higher prices or incur expedite fees, which would harm our business and negatively impact our gross margin and results of operations. Our international manufacturing also creates risks and uncertainties associated with regulatory changes or government actions such as local business requirements, trade restrictions and tariffs, economic sanctions or related legislation, which may complicate our export and import activities, be disruptive to the operations of our manufacturers and logistics partners or result in higher product and shipping costs and variability of supply. For example, **in 2022,** substantially all our silicon suppliers ~~have~~ extended their lead times ~~to 52 weeks or more~~ and increased prices **. Prices remain high, and while many silicon suppliers have begun reducing their lead- times, we continue to face extended lead times** . Manufacturing in Asia further heightens our risk of meeting customer delivery requirements as we rely upon third- party logistics companies to transport and import significant volumes of products to the U. S. where we generate a substantial majority of our revenue. These supply chain risks are further increased by periodic shipping backlogs at ports and similar disruptions to transportation infrastructure. • Limited sources and sole- sourced supply. We are dependent upon sole- source or limited- source suppliers for some key product components such as chipsets and certain of our application- specific integrated circuit processors and resistor components, including certain components sourced solely through suppliers located in China and other Asian countries. Any of these suppliers could stop producing our components, raise the prices they charge us, be subject to higher product tariffs, epidemics or other conditions that disrupt their operations, cease operations or enter into exclusive arrangements with our competitors, consequently affecting our operations and results. For example, we have experienced disruptions in our supply of certain components that we source from suppliers in China and other Asian countries ~~, causing delays in supply of our products~~ due to production disruptions, factory closures and longer lead times for components and from uncertainty around trade and tariff policies between the U. S. and China **, which caused delays in our product supply** . Being dependent upon a limited number of suppliers constrains our ability to mitigate these disruptions in our supply chain ~~and~~ **, particularly if** such disruptions **are** ~~, particularly if~~ prolonged. This may adversely affect our ability to obtain components and materials needed to manufacture our products at acceptable prices or at all. These risks would adversely affect our ability to meet scheduled product deliveries to our customers, increase costs and in turn harm our business and results of operations. • Limitations on ability to manage third- party risks. Our business with **certain** third- party manufacturers ~~typically~~ **may** ~~represents~~ - **represent** a relatively small percentage of their ~~total~~ revenue. Consequently, our orders may not be given adequate priority if such manufacturers have to allocate limited capacity among competing customers. This could delay supplies of product to us or limit our ability to ramp product volumes within desired timeframes. If any of our manufacturing partners are unable or unwilling to continue manufacturing our products in required volumes and at high quality levels, we would have to identify, qualify and select acceptable alternative manufacturers. **The** ~~Having to take the~~ time **it takes** to qualify new third- party manufacturers could disrupt our ability to maintain continuous supply of product to meet customer requirements. An alternative manufacturer may not be available to us when needed or may not be in a position to satisfy our production requirements at commercially reasonable prices and quality. In addition, we and / or our manufacturers may not be able to negotiate commercially reasonable terms and sufficient quantities of component supplies with component and materials suppliers to meet our manufacturing needs because our purchase volumes may be too low for us to be considered a priority customer for securing supplies, particularly when there are shortages or limited availability of key components and materials. As a result, suppliers could stop selling to us and our manufacturers at commercially reasonable prices, or at all. ~~We~~ **While we** have worked to mitigate the cost impact of recent price increases, ~~but~~ those efforts may not be successful. Any such interruption or delay may force us and our manufacturers to seek components or materials from alternative sources, which may not be available, or result in higher prices. Switching suppliers could also force us to redesign our products to accommodate new components and could require us to re-qualify our products with our customers, which would be costly and time consuming. A significant interruption in manufacturing or supply availability for any of these reasons would reduce supply to our customers, which would result in lost revenue and harm our customer relationships. • Ability to forecast and manage inventory liability with vendors. We have experienced ~~unanticipated~~ increases in demand from **many** customers, in part as a result of higher consumer demand for internet services and improved Wi- Fi; in turn, this has resulted in our shipments being delayed. If we underestimate product demand from our customers, our manufacturers may have inadequate component inventory to meet our demand. If we are not able to adequately anticipate demand, this could interrupt our product manufacturing, increase our cost of revenue associated with expedite fees and air freight and / or result in delays or cancellation of customer orders. If we are unable to deliver products timely to our customers, we may lose customer goodwill or our customers may choose to purchase from other vendors, all of which may have a material negative impact on our revenue and operating results. If we overestimate our product demand, our third- party manufacturers may purchase excess components and build excess inventory, and we could be required to pay for these excess parts or products and their storage costs. **For example, as of December 31, 2023, we had inventory deposits totaling $ 78. 1 million.** Long lead times for component supply, which have been ~~magnified~~ **exacerbated** by ~~factory closures and shortages due to the COVID- 19 pandemic as well as~~ higher demand for certain components, and ~~unanticipated~~ demand for our products **has** ~~have in the past~~ and ~~are~~ **is** expected to continue to impact our ability to accurately forecast our production requirements. We may incur liabilities for certain component inventory purchases that have been rendered excess or obsolete, which may have an adverse effect on our gross margin, financial condition and results of operations. **For example, during the fourth quarter of 2023, we wrote down excess and obsolete inventory and accrued a liability for components at suppliers primarily related to the wind down of our legacy product family that existed before our shift to an all- platform model. Cyberattacks or other** ~~Security~~ **security** ~~breaches and~~ **incidents that disrupt our operations or compromise** data ~~loss~~ **,** may expose us to liability, harm our reputation ~~and~~ **or otherwise** adversely affect our business. ~~As~~ **We rely on hardware, software, technology infrastructure, data centers, digital networks and online sites and services for both internal and customer- facing operations that are critical to our business, or collectively, IT Systems. In addition, as** part of our business operations, we collect, store, process, use and / or disclose **information, including** sensitive data relating to our business **and personal information about individuals such as our employees and our customers' subscribers, or collectively, Confidential Information. We process Confidential Information to operate our business** , including in connection with the provision of our cloud services and ~~in~~ **by relying on** our ~~information~~ **and our providers' IT** ~~systems~~ **Systems** and data centers ~~(~~ **,** including third- party data centers ~~)~~. We also engage third- party providers to support various internal functions, such as human resources, finance, information technology and electronic communications, as well as the development and delivery of our **customer-facing** products and cloud services, which includes collecting, handling, processing and / or storage of data on our behalf. These internal and external functions involve an array of software and systems ~~(~~ **,** including cloud- based ~~)~~ **,** that enable us to conduct, monitor and / or protect our business, operations, systems and information technology assets. Our cloud- based solutions enable us to host our customers' subscriber data in third- party data centers. **We face evolving cybersecurity risks that threaten the confidentiality, integrity and availability of our IT Systems and Confidential Information, including from diverse threat actors such as state- sponsored organizations, opportunistic** ~~Hackers~~ **hackers and hacktivists, as well as through diverse attack vectors such as social engineering / phishing, malware (including ransomware), malfeasance by insiders, human or technological error and, as a result of bugs, misconfigurations or exploited vulnerabilities in software or hardware. Threat actors** could steal **Confidential** ~~proprietary or personal information~~ **Information** related to our business, products, employees ~~and~~ **,** customers **and our** ~~, including information related to~~ customers **' subscribers** ~~of our customers~~ ; hold data ransom; **and /** or **disrupt** ~~otherwise interrupt~~ our systems and services or those of our supply chain partners, vendors, customers or others. **We expect** ~~There have been increasing instances of~~ cybersecurity attacks and security breaches **to accelerate in the future** , including sophisticated supply chain attacks. As we and our third- party providers continue to increase our reliance on virtual environments and communications systems and cloud- based solutions to support our work- from- anywhere culture and overall business needs, our exposures to third- party vulnerabilities and security risks also increase. **Because threat actors** ~~Despite our on- going enhancement of security precautions, hackers~~ are increasingly ~~more~~ sophisticated and aggressive, ~~and~~ our efforts may be inadequate to prevent **, detect** ~~all incidents of data breach~~ or ~~theft~~ **recover from future attacks** due, for example, to the increased use by attackers of tools and techniques **(including artificial intelligence)** that are specifically designed to circumvent controls, to avoid detection, and to remove or obfuscate forensic evidence **. We may also experience security**

breaches that may remain undetected for an extended period . We and certain of our third- party providers have ~~in the past~~ been subject to cyberattacks and **other** security incidents **, and we expect such attacks and incidents to continue in varying degrees** . ~~The~~ **There** ~~theft, loss~~ **can be no assurance that** ~~or~~ **our cybersecurity risk management program and** ~~misuse of proprietary or personal data collected, stored or processed~~ **processes** ~~by us~~ **, including** ~~or~~ **our policies, controls** ~~our~~ - **or** ~~service providers to run~~ **procedures, will be fully implemented, complied with** ~~our~~ - **or** ~~business~~ **effective in protecting our IT Systems and Confidential Information. Accordingly, while to date no cybersecurity incidents have had a material impact on our operations or financial results, we cannot guarantee that material incidents will not occur in the future. A cyberattack or incident that affects the confidentiality, integrity or availability of our IT Systems or Confidential Information** could result in significant **investigative,** security and remediation costs, regulatory fines and penalties ~~,~~ and / or litigation costs **and other liability** . Even if we and our third- party providers allocate, implement and manage reasonable security and data protection measures, we could **still** experience **significant** data loss, unauthorized data disclosure or a breach of our **IT** ~~systems~~ **Systems** , products or those of our third- party **providers (for example,** data centers **)** that materially impact our business. The continued growth of our cloud- based platform and managed services portfolio and increased reliance on third- party development partners and third- party software and cloud- based solutions ~~,~~ increases the likely risks arising from security breaches or data loss. Any data loss or compromise of our systems that collect and process personal information (including personal information of **our** customers **' subscribers** ~~of our customers~~), or third- party data centers where that personal information is stored, could result in loss of confidence in the security of our offerings and loss of customers or customer goodwill. ~~Such losses also~~ **Further, security incidents** could **subject us** ~~damage our reputation, lead~~ to **obligations under** ~~liability given the increasing development of strict~~ privacy and data security laws and regulations around the world **(including to notify governmental authorities** , **regulatory bodies and / or affected individuals), lead to liability given the increasing development of such strict laws and regulations, increase the risk of litigation and governmental or regulatory investigation, require us to notify our customers or other counterparties in relation to such incidents, damage our reputation** and adversely affect our business, financial condition, operating results and cash flows. Although we maintain insurance that may apply to cybersecurity risks and liabilities, there can be no guarantee that any or all costs or losses incurred will be partially or fully insured **.** If we do not successfully increase our sales through adoption of our new platform and managed service offerings,our operating results,financial condition,cash flows and long- term growth may be negatively impacted.We have platform and managed service offerings that are new and early in their life cycles and subject to uncertain market demand.If our customers are unwilling to adopt these new offerings,install our new products or deploy our new services,or if we are unable to achieve market acceptance of our products and platform,our business and financial results may be harmed.Moreover,adoption of our cloud product offerings,such as our Revenue EDGE,is dependent upon the success of our customers in investing,marketing,selling and deploying broader services — including managed services — to their subscribers,and our ability to differentiate our products from competing or substitutive product and service offerings.For example,our managed services include managed Wi- Fi,network security,parental controls and an ecosystem of services from partners ~~,~~ including Arlo,Bark and Servify.However,if subscriber demand for such services does not grow as expected or declines,or our customers are unable or unwilling to invest in our platform to deploy and market these services,demand for our products may not grow at rates as we anticipate . Changing market and customer requirements may adversely affect the valuation of our inventory as well as our supplier purchase commitments. Customer demand for our products can change rapidly in response to market and technology developments. We may, from time to time, adjust inventory valuations downward or end of life certain of our products in response to our assessment of our business strategy as well as consideration of demand from our customers for specific products or product lines. We also periodically evaluate our supplier purchase commitments ~~, which have increased significantly~~ due to extended lead- times ~~in~~ **as a result of** the ~~current~~ **global pandemic- induced demand pulse and corresponding impact on the** supply- chain environment. We record a liability for excess and obsolete components based on our estimated future demand for our products, potential obsolescence of technology and product life cycles. If we fail to accurately plan our inventory levels, which becomes more challenging as component lead times increase, we may have to **increase** write ~~off~~ **offs for** excess or obsolete inventory, or accrue ~~a~~ **additional** ~~liability~~ **liabilities** for component inventory held by our suppliers, both of which could have a material adverse effect on our financial condition and results of operations. **For example, during the fourth quarter of 2023, we wrote down obsolete inventory and accrued a liability for components at suppliers, totaling $ 28. 7 million, primarily related to the wind down of our legacy product family that existed before our shift to an all- platform model.** Business and operational risks associated with expanding our international operations could harm our business. We are subject to business and operational risks associated with our international operations, including our global supply- chain operations **,** and our international offices located in Nanjing, China and Bangalore, India **as well as dependence upon our international sales operations** . In addition, we are exposed to risk arising from dependence upon third- party development contractors in India ~~and our growing Bangalore staff, and, to a lesser extent, dependence upon our international sales operations~~ . The risks associated with our international operations also include costs of complying with differing and changing laws and regulatory requirements, tariffs, export quotas, custom duties and other trade restrictions; effects of inflation, currency controls and / or fluctuations in currency exchange rates; limited, inadequate or non- existent IP protection; and uncertainties associated with political conflicts and instabilities, variable economic conditions, terrorist attacks or acts of war. Our development operations and activities in China and India involve these and other significant risks, including: local labor conditions and regulations; knowledge transfer related to our technology and exposure to misappropriation of IP or confidential information, including information that is proprietary to us, our customers and third parties; heightened exposure to changes in the economic, security, political and pandemic conditions; international trade agreements and U. S. tax provisions that could adversely affect our international operations; complexities of managing development timelines and deliverables from abroad; and differences in local business practices and customs that may not align with our expectations and standards. Along with the foregoing risks, our international sales operations involve risks associated with greater costs and complexity localizing and supporting our products and platform in local markets; evolving privacy regulations, trade regulations, compliance requirements and incremental costs applicable to the qualification, production, sale and delivery of our products; longer collection periods, financial instability and other difficulties impacting collection of accounts receivable in certain jurisdictions; more intense competition including from local equipment suppliers; and our reliance on value added resellers to sell and support our products in international markets given our limited presence and infrastructure outside the U. S. To expand our international operations, we will need to invest resources to attract key talent, build operational infrastructure, execute on our international strategy and drive international market demand for our products. If we invest substantial resources to expand our international operations and are unable to do so successfully and in a timely manner, our financial condition and results of operations may suffer. If we do not successfully execute our business strategy to increase our sales to new and existing BSPs, our operating results, financial condition, cash flows and long- term growth may be negatively impacted. Our growth depends upon our ability to increase sales to existing and new service providers of all types and sizes, and the execution of our strategy to increase sales to BSPs involves significant risk. The majority of our revenue is not recurring, and our customers generally have no committed purchase requirements, may cancel orders or cease purchasing our products at any time. If our customers stop purchasing our products for any reason, our business and results of operations would be harmed. If we are unable to increase our sales to new and existing BSPs, our operating results, financial condition, cash flows and long- term growth may be negatively impacted. Our strategy includes investing in regional sales teams and select channel partners to sell to smaller regional BSPs. A large portion of our current sales are to customers with smaller regional networks and limited capital expenditure budgets. The spending patterns of many of these customers are generally less formal than larger service providers and often characterized by small and sporadic purchases, and the potential revenue from any one of these customers is limited. We rely primarily on channel partners, including value added resellers, internationally and for certain U. S. markets. We face fierce competition for business with key channel partners. If we are unable to engage channel partners ~~that~~ **,** we ~~believe are key to our strategy, we~~ may fail to grow our sales ~~as planned~~ **, or our sales may be reduced** . Furthermore, we rely on our channel partners to promote and sell our products. The loss of a key channel partner or the failure of our partners to provide adequate services could have a negative effect on customer satisfaction and could cause harm to our business. Our selling efforts to larger BSPs require substantial investments of technical, marketing and sales resources through lengthy equipment qualification and sales cycles without any assurance of generating sales. We may be required to invest in costly upgrades to meet more stringent performance criteria and interoperability requirements, develop new customer- specific features or adapt our products to meet required standards. We have invested and expect to continue to invest considerable time, effort and expenditures, including investment in product research and development, related to these opportunities without any assurance that our efforts will result in revenue. The quality of our support and services offerings is important to sustain and increase our sales to new and existing customers. Our services to customers **include services** ~~have increasingly broadened~~ to help them deploy our products within their networks. Once our products are deployed within our customers' networks, they depend on our **customer success, customer** support **and research and development** ~~organization~~ **organizations** to resolve any issues relating to those products. If we do not effectively assist our customers in deploying our products, succeed in helping them quickly resolve post- deployment issues **, effectively utilize features or enhancements** or provide effective support, it could adversely affect our ability to sell our products to existing customers and harm our reputation with potential new customers. As a result, our failure to maintain high quality support and services could result in the loss of customers, which would harm our business . If we do not successfully increase...... not grow at rates as we anticipate . We may have difficulty evolving and scaling our business and operations to meet customer and market demand, which could result in lower profitability or cause us to fail to execute on our business strategies. In order to grow our business, we will need to continually evolve and scale our business and operations to meet customer and market demand. Evolving and scaling our business and operations places increased demands on our management as well as our financial and operational resources to effectively manage organizational change; design scalable processes; accelerate and / or refocus research and development activities; expand our manufacturing, supply chain and distribution capacity; increase our sales and marketing efforts; broaden our customer ~~-~~ **success,** support and services capabilities; maintain or increase operational efficiencies; scale support operations in a cost- effective manner; implement appropriate operational and financial systems; and maintain effective financial disclosure controls and procedures. If we cannot evolve and scale our business and operations effectively, we may not be able to execute our business strategies in a cost- effective manner and our business, financial condition, profitability and results of operations could be adversely affected. Our business and results of operations have been, and may continue to be, negatively affected by ~~the on- going effects of the COVID- 19 pandemic and related severe impacts on the~~ global ~~economy. For over~~ **macroeconomic conditions and supply chain constraints, and** ~~three~~ -- **the** ~~years~~ **demand for broadband products may not be sustained. Global macroeconomic** , **financial and supply chain disruptions have** ~~the COVID- 19 pandemic has severely~~ impacted **most regions in which we sell our products** ~~the global economy, disrupting financial markets, global manufacturing activities, customer purchasing patterns~~ and ~~general~~ **services and conduct our** business operations ~~, resulting in business closures, significant unemployment rates and substantial and prolonged government restrictions on business, travel and personal activities. These measures have disrupted our global supply chain activities, including our third- party manufacturers, logistics providers and suppliers, and significantly limited our business travel, customer engagements and normal business activities, all of which heighten our business and operational risks. Although global economic conditions have generally improved with the rollout of COVID- 19 vaccines, business activity may not recover as quickly as anticipated, including as a result of inflationary pressures and the responses by central banking authorities to control such inflation, rising interest rates, debt and equity market fluctuations, diminished liquidity and credit availability, increased unemployment rates, decreased investor and consumer confidence, political turmoil and supply- chain challenges. As the effects of the pandemic persist, we may continue to experience a sustained shortage of components and materials, which~~

~~may have a material negative impact on our ability to supply products to meet customer requirements and could materially adversely affect our business and results of operations. Although demand for our products has been strong in the short- term as subscribers seek more bandwidth and better Wi- Fi at home for work and entertainment, as the pandemic appears to be subsiding, the future of broadband expansion is unclear~~ . For example, BSPs may not invest in our platform or delay infrastructure improvements due to ~~the~~ uncertainty in the global economy. ~~A prolonged~~ **There are no assurances that the demand for our products will remain strong. To the extent we experience a renewed or worsening** disruption to our business and operations and other adverse residual impacts of **a** ~~the COVID- 19~~ pandemic or further future disruptions **, it** could have a material adverse effect on our business, results of operations and financial condition. ~~With the increased availability of vaccines in the U. S., we reopened our offices in July 2021 for fully- vaccinated employees who choose to work at the office and resumed business travel with safety precautions. We continue to monitor evolving pandemic conditions and focus on the safety, well- being and productivity of our workforce. The rapid emergence and subsidence of multiple COVID- 19 variants and sub- variants suggest that effects of current and potential future COVID- 19 variants on our business will continue to make planning responses to new outbreaks an on- going challenge. There are no assurances that the global economy will recover from the on- going effects of the pandemic quickly or at all, or that impacted areas will be able to adequately contain COVID- 19 infections. We could become subject to litigation~~ **Litigation** ~~that~~ **and regulatory proceedings** could harm our business or negatively impact our results of operations. In the ordinary course of business, we are subject to legal claims ~~and~~ **,** litigation ~~,~~ and ~~may become involved in~~ regulatory proceedings ~~,~~ related to disputes over commercial, competition, IP, labor and employment and other matters. Regardless of the merits of any such claims, litigation and regulatory proceedings are inherently uncertain, and can be costly, disruptive to our business and operations, harmful to our reputation ~~,~~ and distracting to management. In particular, as a technology company, we **are** ~~may be~~ subject to IP claims asserting patent, copyright, trademark and / or other infringement claims that are costly to defend and could limit our ability to use some technologies in the future. The risk of such claims is heightened as we expand our products and services and ~~increasingly~~ rely on more technologies, including third- party IP rights that we license and incorporate into our products and services. Third parties from whom we license IP may be unable or unwilling to indemnify us for such claims or offer any other remedy to us. ~~Increasingly, patent~~ **Patent** infringement claims ~~are~~ **may be** asserted by patent assertion entities and non- practicing entities, or NPEs, that do not conduct business as an operating company and hold and own patents only for the purpose of aggressively pursuing royalties through infringement assertions or patent infringement litigation. Further, in our industry, the number of assertions by NPEs **has** ~~continues~~ **continued** to increase due in part to patent sales by operating companies to NPEs and availability of litigation financing. We have received and expect to continue to receive assertions from NPEs and other third parties alleging that we may be infringing their patents or other IP rights; offering licenses to such IP; and / or threatening litigation. If our products are found to infringe, these claims could also result in the suspension of our ability to import, market and sell our products and services, product shipment delays or requirements to modify our products or enter into costly settlements or licensing agreements. Such royalty or licensing agreements, if required, may not be available to us on acceptable terms, if at all. Furthermore, we may additionally be financially responsible for claims made against our customers, including costs of litigation and damages awarded, under indemnity obligations which could further negatively impact our results of operations. Protracted litigation could cause us to incur significant defense costs, which would negatively impact our results of operations. We have a history of fluctuations in our gross margin and operating results, which can make it difficult to predict our future performance and could cause the market price of our stock to decline. We have a history of fluctuations in our quarterly and annual gross margin and operating results, including fluctuations due to factors outside of our control. Factors that impact variability of our operating results include our ability to predict our revenue and reduce and control our costs, our ability to predict product functions and features desired by our customers, the impact of global economic conditions, our ability to effectively manage our global supply chain operations, our ability to effectively manage third parties upon whom we depend to conduct our business, our customers' spending patterns and purchasing decisions, the impact of competition, customer adoption of our products, our ability to manage our legal, contractual and regulatory obligations and liabilities ~~,~~ and other risk factors identified in ~~the lead- in to~~ " Management' s Discussion and Analysis of Financial Condition and Results of Operations " ~~above~~ and in this " Risk Factors " section. Our gross margin is further impacted by customer, geographic and product mix, the impact of competition on our prices, our ability to manage our costs associated with components and materials, excess and obsolescence, expedite fees and logistics- related activities, contractual commitments and other product costs. Fluctuating results make it difficult to predict our future performance and could cause the market price of our stock to decline. We expect to continue to incur significant expenses and cash outlays as we **seek to** expand our business and operations and target new customer opportunities. Given our ~~anticipated~~ growth **objectives** and the intense competitive pressures we face, **our operating expenses may increase at unexpected levels, and** we may be unable to ~~adequately control our operating expenses or~~ maintain positive operating income. Comparing our operating results on a period- to- period basis may not be meaningful, and you should not rely on our past results as an indication of our future performance. If our revenue or operating results fall below the expectations of investors or securities analysts, or below any guidance we may provide to the market, the market price of our stock would likely decline. We are exposed to customer credit risks that could adversely affect our operating results and financial condition. We generally extend credit terms for sales to our customers which exposes us to credit risk. If we are unable to collect our accounts receivable balances as anticipated, our operating results and financial condition will be harmed. A number of factors contribute to this risk, including our ability to adequately assess a customer' s creditworthiness and financial condition, changes in a customer' s financial condition and / or liquidity, our ability to timely collect our accounts receivable from customers, disagreements with customers on invoiced balances and economic downturns or other unanticipated events impacting a customer' s ability to pay. Furthermore, some of our international customers operate in countries with developing economies, volatile financial markets or currency regulations that impact their ability to make payments in U. S. dollars. While we take measures to pursue collections on our accounts receivable, we have from time to time written down accounts receivable and written off doubtful accounts and may need to do so in future periods. The determination of allowances for doubtful accounts involves significant judgment, and if we underestimate our allowance for doubtful accounts, we will have to make further write- downs. Such write- downs or write- offs could negatively affect our operating results for the period in which they occur and could harm our cash flow or our financial condition. If we lose any of our key personnel, or are unable to attract, train and retain qualified personnel, our ability to manage our business and continue our growth would be negatively impacted. Our success depends, in large part, on the continued contributions of our key personnel who are highly skilled and would be difficult to replace. Competition for skilled personnel, particularly in software and cloud development and engineering, is intense. We cannot be certain that we will be successful in attracting and retaining qualified personnel, or that newly hired personnel will function effectively, both individually and as a group. If we are unable to effectively recruit, hire and utilize new employees to align with our company objectives, execution of our business strategy and our ability to react to changing market conditions may be impeded, and our business, financial condition and results of operations may suffer. We ~~have operated~~ **operate** using a " work- from- anywhere " model ~~since the first half of 2020~~, and if we do not continue to effectively manage our distributed workforce, we could face challenges maintaining our corporate culture, which could increase attrition or limit our ability to attract personnel. None of our key personnel are bound by a written employment contract to remain with us for a specified period. In addition, we do not currently maintain key person life insurance covering our key personnel. If we lose the services of any key personnel, our business, financial condition and results of operations may suffer. If we experience disruptions with our enterprise resource planning system, we may not be able to effectively transact business or produce financial statements, which would adversely affect our business, results of operations and cash flows. In January 2020, we migrated our Oracle enterprise resource planning, or ERP, system to Oracle' s cloud platform. In 2022, we implemented a software billing application on Salesforce. com. With these implementations, we are highly dependent upon Oracle and Saleforce. com to host, manage and maintain our ERP system and supporting applications. Any disruptions to their business or processes, or delays in their ability to provide services to us, may in turn disrupt our business operations or increase costs. Furthermore, we receive quarterly system updates and enhancements on the cloud platform according to Oracle' s release timeline and change management processes, which if not managed properly may disrupt our business operations and delay our ability to process transactions and produce reports necessary to conduct our business. We are highly dependent upon our ERP system for critical business functions, including order processing and management, supply chain and procurement operations, financial planning, accounting and reporting; accordingly, protracted disruption in functionality or processing capabilities of the ERP system could materially impair our ability to process transactions timely or produce accurate financial statements on a timely basis. If our systems suffer prolonged interruption, our results of operations and cash flows would be adversely affected. ~~As a public company we are subject to significant accounting, legal and regulatory requirements; our failure to comply with these requirements may adversely affect our operating results and financial condition. We are subject to significant accounting, legal and regulatory requirements, including requirements and rules under the Sarbanes- Oxley Act, or SOX, and the Dodd- Frank Wall Street Reform and Consumer Protection Act, or Dodd- Frank, among other rules and regulations implemented by the SEC, as well as listing requirements of the New York Stock Exchange, or NYSE. We incur significant accounting, legal and other expenses and must invest substantial time and resources to comply with public company reporting and compliance requirements, including costs to ensure we have adequate internal controls over accounting and financial reporting, proper documentation and testing procedures among other requirements. We cannot be certain that the actions we have taken to implement internal controls over financial reporting will be sufficient. We have in the past discovered, and may in the future discover, areas of our internal financial and accounting controls and procedures that need improvement, particularly as we enhance, automate and improve functionality of our processes and internal applications. New laws and regulations as well as changes to existing laws and regulations affecting public companies, including the provisions of SOX and Dodd- Frank and rules adopted by the SEC and the NYSE, would likely result in increased costs to us as we respond to their requirements. We continue to invest resources to comply with evolving laws and regulations, and this investment may result in increased general and administrative expense. If we fail to maintain proper and effective internal controls, our ability to produce accurate financial statements on a timely basis could be impaired, which would adversely affect our operating results and our stock price. Our management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements in accordance with U. S. generally accepted accounting principles. Our management does not expect that our internal control over financial reporting will prevent or detect all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system' s objectives will be met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within our company will have been detected. If we are unable to produce accurate financial statements on a timely basis, investors could lose confidence in the reliability of our financial statements, which could cause the market price of our common stock to decline and make it more difficult for us to finance our operations and growth.~~ Risks Related to Our Products Our products are highly technical and may contain undetected hardware or software defects or software bugs, which could harm our reputation and adversely affect our business. Our products, including our platform (cloud, software and systems) and managed services, are highly technical and, when deployed, are critical to the operation of many networks. Our products have contained and ~~may contain undetected~~ **are subject to** defects, bugs or security vulnerabilities, which risks may be exacerbated as we continue to expand our cloud and software portfolio and include services from third- party partners. Some defects in our products may only be discovered after a product has been installed and used by customers and may in some cases only be detected under certain circumstances or after extended use. Any errors, bugs, defects or security vulnerabilities discovered in our products after commercial release could result in loss of revenue or delay in revenue recognition, loss of customers and increased service and warranty and retrofit costs, any of which could adversely affect our business, operating results and financial condition. In addition, we ~~could face~~ **are subject to** claims for security and data breach, product liability, tort or breach of warranty. Our contracts with customers contain provisions relating to warranty disclaimers and liability limitations, which may not be upheld. Defending a lawsuit, regardless of its merit, is costly and may divert management' s attention and adversely affect the market' s perception of us and our products. In addition, if our business liability insurance coverage proves inadequate or future coverage is unavailable on acceptable terms or at all, our business, operating results and financial condition could be adversely impacted. If we are unable to ensure that our products interoperate properly and as required within our customers' networks, our business will be harmed. Our products must interoperate with our customers' existing and planned networks, which often have varied and complex specifications, utilize multiple protocol standards, include software applications and customizations and products from multiple vendors and contain multiple generations of products that have been added over time. As a result, we must continually ensure that our products interoperate properly with these existing and planned networks. To meet these requirements, we must undertake development efforts, including test protocols, that require substantial capital investment and employee resources. We may not accomplish these development goals quickly or cost- effectively, if at all. If we fail to maintain interoperability, we may face substantially reduced demand for our products, which would reduce our revenue opportunities and market share. We rely upon interoperability arrangements with equipment and software vendors for the use or integration of their technology with our products. If these relationships fail, we may have to devote substantially more resources to developing alternative products and processes and our efforts may not be as effective as the combined solutions under our current arrangements. In some cases, these other vendors are either direct competitors or companies that have extensive relationships with our existing and potential customers and influence the purchasing decisions of those customers. Some of our competitors have stronger relationships with some of our interoperability partners, and as a result, our ability to have successful interoperability arrangements with these companies may be harmed, which in turn may harm our ability to successfully sell and market our products. Our estimates regarding warranty or product obligations are highly subjective. If our estimates change, the liability for warranty or product obligations may be increased, impacting future cost of revenue. Our products are highly complex, and our product testing may not be adequate to detect all defects, errors, failures and quality issues. Accordingly, our estimates regarding future warranty or product obligations are highly subjective, and if our estimates change, the liability for warranty or product obligations may be increased, impacting future cost of revenue. Quality or performance problems for products covered under warranty could adversely impact our reputation and negatively affect our operating results and financial position. The development and production of new products with high complexity often involves problems with software, components and manufacturing methods. ~~If~~ **Any** significant warranty or other product obligations ~~arise~~ due to reliability or quality issues arising from defects in software, faulty components or improper manufacturing methods ~~,~~ **could negatively impact** our operating results and financial position **due to** ~~could be negatively impacted by cost~~ **costs** associated with fixing software or hardware defects; high service and warranty expenses; high inventory obsolescence expense; delays in collecting accounts receivable; payment of liquidated damages for performance failures; and loss of customer goodwill and future sales. Our business and operations depend on proprietary technologies, and our financial performance may suffer if we cannot protect and enforce our IP rights. Our success and ability to compete depend on proprietary technology. We rely significantly upon patent, copyright, trademark, trade secret and other IP laws, IP registration rights and agreements with our employees, customers, partners, suppliers and other parties, to establish and maintain IP rights necessary for our business and operations. U. S. IP laws afford us only limited protection, and the laws of some foreign countries do not protect proprietary rights to the same extent or at all. Our patent applications may not result in issued patents, and our issued patents may not be enforceable. Our IP rights could be challenged, invalidated, infringed or circumvented, any of which could impair or harm our business and operations and be costly to defend. Our failure to adequately protect our IP rights could result in our competitors offering similar products, resulting in the loss of our competitive advantage and decreased sales. We and our third- party providers may be unable to adequately prevent unauthorized third- party copying or use of our IP. For example, contractual provisions protecting our IP ~~could be~~ **are subject to** ~~breached~~ -- **breach** , ~~or~~ **and** our IP ~~could be~~ **is subject to** reverse ~~engineered~~ **engineering** ~~or~~ **and** ~~unlawfully~~ -- **unlawful** ~~distributed~~ **distribution** . It may become more difficult to adequately protect our IP as we expand our reliance on third parties for the design, development and / or manufacture of our products. In addition, we may become subject to increased risks arising from or related to security breaches, data loss or theft of our data or our IP, and have greater difficulty protecting our IP as our work- from- anywhere workforce and work product become more distributed. Policing the unauthorized use and distribution of our IP is difficult and costly. Litigation, which could result in substantial costs, diversion of resources and harm to our business, may be necessary to enforce our IP rights, protect our trade secrets or determine the validity and scope of proprietary rights. If we are unable to obtain third- party technology licenses needed for our products and platform solutions, our business and operations will be impaired, and our operating results could be adversely affected. We increasingly rely on technology licensed from third parties for our products and platform solutions. We may not be able to secure or maintain necessary technology licenses from these third parties on commercially reasonable terms or at all. Third parties may also choose to not renew licenses with us, demand unreasonable license fees or cease to offer technologies that we require. The inability to obtain necessary third- party licenses or to secure reasonable license terms at a cost acceptable to us could harm the competitiveness of our products and solutions, result in lost revenue and adversely affect our operating results. For example, we may be forced to forego product features or platform offerings, including features and offerings we believe are critical to our strategy, accept substitute technology of lower quality or performance standards or incur higher costs, or the time- to- market of our products or product features could be delayed. Furthermore, our ability to utilize third- party technology may be disrupted by disputes over IP rights, including claims of IP infringement, which could prevent us from offering or selling the products that utilize the disputed technology and adversely affect our operating results. Our use of open- source software could impose limitations on our ability to commercialize our products. We incorporate open- source software into our products. The terms of many open- source software licenses have not been interpreted by the courts, and there is a risk that such licenses could be construed in a manner that could impose unanticipated conditions or restrictions on our ability to sell our products. In such event, we could be required to make our proprietary software generally available to third parties, including competitors, at no cost, to seek licenses from third parties in order to continue offering our products, to re- engineer our products or to discontinue the sale of our products in the event re- engineering cannot be accomplished on a timely basis or at all, any of which could adversely affect our revenue and operating expenses. Macroeconomic and Industry Risks Adverse global economic, market and industry conditions, geopolitical issues and other conditions that impact our increasingly global operations could have a negative effect on our business, results of operations and financial condition and liquidity. As a global company, our performance is affected by global economic, market and industry conditions ~~(including the current inflationary economic environment and rising interest rates)~~ as well as geopolitical issues and other conditions with global reach. In recent years, concerns about the global economic outlook **, inflation and increased interest rates** have adversely affected market and business conditions in general. Macroeconomic weakness and uncertainty make it more difficult for us to manage our operations and accurately forecast revenue, gross margin and operating expenses. **Further, bank failures and other adverse developments that affect financial institutions, transactional counterparties, or other third parties, or concerns or rumors about these events, have led to market- wide liquidity problems.** Geopolitical issues, such as the Russian invasion of Ukraine, **armed conflict in the Middle East,** relations between the ~~United States~~ **U. S.** and China, tariff and trade policy changes, and increasing potential of conflict involving countries in Asia that are critical to our supply- chain operations, such as Taiwan and China, have resulted in increasing global tensions and create uncertainty for global commerce. ~~The on- going global impact of the COVID- 19 pandemic continues to create shortages in component and supplies and otherwise disrupt and delay our global supply- chain operations.~~ In addition, ~~rising~~ inflation in the United States has affected businesses across many industries, including ours, by increasing the costs of labor, employee healthcare, components and freight and shipping, which may further constrain our customers' or prospective customers' budgets. To the extent there is a sustained general economic downturn, and our platform and services are perceived by customers or potential customers as costly, or too difficult to deploy or migrate to, our revenue may be disproportionately affected by delays or reductions in spending. Sustained or worsening of global economic conditions and geopolitical issues may increase our cost of doing business, materially disrupt our supply chain operations, cause our customers to reduce or delay spending and intensify pricing pressures. We cannot predict the timing, strength or duration of any economic slowdown, instability or recovery, generally or within any particular industry. If the economic conditions of the general economy or markets in which we operate worsen from present levels, demand for our products, and our business, financial condition and results of operations, could be adversely affected. We face intense competition that could reduce our revenue and adversely affect our financial results. The market for our products is highly competitive, and we expect competition from both established and new companies to increase. Our ability to compete successfully depends on a number of factors, including our ability to successfully develop new products and solutions that anticipate BSP and market requirements and changes in technology and industry standards; BSP acceptance and adoption of our products and solutions; our ability to differentiate our products from our competitors' offerings based on performance, features, cost- effectiveness or other factors; our product capabilities to meet customer network requirements and preferences; and our success in marketing and selling our products and platform solutions. Many of our current or potential competitors have longer operating histories, greater name recognition, broader product lines, larger customer bases and significantly greater financial, technical, sales, marketing and other resources than we do and are better positioned to acquire and offer complementary products and services. As the broadband access equipment market has undergone and continues to undergo consolidation, our competitors have merged, grown and been able to offer more comprehensive solutions than they individually had offered. Potential customers may also prefer to purchase from their existing suppliers rather than a new supplier, regardless of product performance or features, because the products that we and our competitors offer require a substantial investment of time and funds to qualify and install. The demand on network capacity due to ~~the shift towards a~~ remote ~~workforce~~ **workforces** may attract new market entrants with competitive or substitutive products, which may lead to increased sales cycles, cause pricing pressure and impact adoption of our platform due to the broader availability of product offerings. Some of our competitors may offer substantial discounts or rebates to win or retain customers. If we are forced to reduce prices to retain existing customers or win new customers, we may be unable to sustain gross margin at desired levels or profitability. Competitive pressures could result in increased pricing pressure, reduced profit margin, increased sales and marketing expenses and failure to increase, or the loss of, market share, any of which could reduce our revenue and adversely affect our financial results **Historically,our customer** base has been concentrated,and the loss of any of our key customers may adversely impact our revenue and results of operations,and any delays in payment by a key customer could negatively impact our cash flows and working capital. **Historically** ~~Although we have not had a greater- than- 10 %- of- revenue customer in the past three years~~ ,a large portion of our sales has been,and in the future may be,to a limited number of **large** customers.Changes in the BSP market,such as financial difficulties,spending cuts or corporate consolidations that impact purchasing decisions by these customers have and may again negatively impact our revenue,and as a result,revenue from such customers may remain flat or **continue to** decline. ~~There are no assurances~~ **For example,sales to Lumen,our only greater than 10 % customer in 2020,declined in 2021 and sales to other BSP customers increased such** that **Lumen was not a 10 %** ~~the demand for our products will remain strong from our key customers~~ **customer** ~~,and any~~ **in 2021 or 2022.Any** decrease or delay in purchases of any of our key customers,particularly if prolonged or sustained,or our inability to grow our sales with them,may have a material negative impact on our revenue and results of operations ~~.As of December 31,2023,two customers accounted for 19 % and 14 % of accounts receivable~~ .In addition,some larger customers may demand discounts and rebates or desire to purchase their access systems and software from multiple providers.As a result of these factors,our future revenue opportunities may be limited,and we may face pricing pressures,which in turn could adversely impact our gross margin and our profitability.The loss of,reduction in,or pricing discounts associated with orders from any larger customer could significantly reduce our revenue and harm our business.Furthermore,delays in payment and / or extended payment terms from any of our larger customers could have a material negative impact on **our cash flows and working capital to support our business operations.** . Our industry is characterized by rapid technological ~~advance~~ **advancements** , and if we fail to develop new products or enhancements that meet changing BSP requirements, we could experience lower sales. Our industry is characterized by rapid technological change, changing needs of BSPs, evolving industry standards and frequent introductions of new products and platform offerings. We invest significant amounts to pursue innovative technologies that we believe will be adopted by BSPs. For example, we have invested and **plan to** continue to invest resources in our platform offerings. In addition, on an ongoing basis, we expect to reposition our product and service offerings and introduce new offerings as we encounter rapidly changing BSP requirements and increasing competitive pressures. If we cannot increase sales of our new platform and services, keep pace with rapid technological developments to meet customer needs and compete with evolving standards or if the technologies we choose to invest in fail to meet customer needs or are not adopted by customers in the timeframes that we expect, our financial condition and results of operations would be adversely affected. Developing our products is complex and involves uncertainties, including pricing risks for key materials, component shortages and limited suppliers. We may experience design, manufacturing, software development quality, support, marketing and other difficulties that could delay or prevent the development, introduction or marketing of new products and enhancements. If we fail to meet our development targets, demand for our products will decline. If we are unable to anticipate and develop new products or enhancements to our existing products on a timely and cost- effective basis, our products may become technologically obsolete more rapidly than anticipated over time, resulting in lower sales which would harm our business. Furthermore, the introduction of new or enhanced products also requires that we manage the transition from older products in accordance with customer requirements. If we fail to maintain compatibility requirements in our customers' networks, demand for our products would decline, which would reduce our revenue opportunities and market share. We use third- party development partners both for their key skills and to augment our employee developers. Using third- party development partners for our broadband platform and managed services allow us to accelerate development and leverage the third parties' expertise, but increases our risks due to reduced direct control over the third party' s work. This product development approach may cause unforeseen issues in product design, as well as challenges arising from integration and support of third- party features in our products. In addition, our revenue based on the third parties' product development work may take several years to cover our out- of- pocket expenses, if ever. Our sales cycles can be long and unpredictable, and our sales efforts require considerable time and expense. As a result, our sales are difficult to predict and may vary substantially, which may cause our operating results to fluctuate significantly. The timing of our revenue is difficult to predict. Our sales efforts often involve educating BSPs about the use and benefits of our platform (cloud, software and systems) and managed services. BSPs typically undertake a significant evaluation process, which frequently involves not only our platform and managed services, but also those of our competitors and results in a lengthy sales cycle. Sales cycles for larger customers are relatively longer and require considerably more time and expense. We spend substantial time, effort and money in our sales efforts without any assurance that our efforts will produce sales. In addition, product purchases are frequently subject to budget constraints, multiple approvals and unplanned administrative, processing and other delays. The timing of revenue related to sales of products and services that have installation requirements may be difficult to predict due to interdependencies that may be beyond our control, such as BSP testing and turn- up protocols or other vendors' products, services or installations of equipment upon which our products and services rely. Such delays may result in fluctuations in our quarterly revenue. If sales expected from a specific customer for a particular quarter are not realized in that quarter or at all, we may not achieve our revenue forecasts, and our financial results would be adversely affected. Our business depends upon the capital spending patterns and decisions of BSPs, and any decrease or delay in capital spending by BSPs due to the timing and availability of capital and other causes would reduce our revenue and harm our business. Demand for our products depends on the magnitude and timing of capital spending by BSPs as they construct, expand, upgrade and maintain their access networks as well as BSPs' adoption of our platform and managed services. Capital spending is cyclical in our industry, sporadic among individual BSPs and can change on short notice, which gives us little visibility into changes in spending behavior in any particular quarter. Capital spending for network infrastructure projects could be delayed or canceled in response to factors outside our control, such as reduced consumer spending, challenging capital markets or declining liquidity trends. BSP spending is also affected by reductions in budgets, including as a result of a general economic downturn, delays in purchasing cycles, access to government funding programs or capital markets, and seasonality and delays in capital allocation decisions. Historically, our customers may spend less or have less deployments in the first quarter due to pending annual budgets or, in certain regions, due to weather conditions that inhibit outside fiber deployment, resulting in weaker demand for our products in the first quarter. Softness in demand in any of our customer markets, including due to ~~macro- economic~~ **macroeconomic** conditions beyond our control or uncertainties associated with regulatory reforms, has ~~in the past~~ and could in the future lead to unexpected decline or slowdown in customer capital ~~expenditure~~ **expenditures** . Further, BSPs may pursue capital investment in network technologies other than those offered by us or may choose not to adopt our products and platform solutions in their networks. Reductions in capital expenditures by BSPs would have a material negative impact on our revenue and results of operations and slow our rate of revenue growth. As a consequence, our results for a particular period may be difficult to predict, and our prior results are not necessarily indicative of results in future periods. Historically, our customer base has been...... capital to support our business operations. Government- sponsored programs and U. S. federal government shutdowns could impact the timing and buying patterns of BSPs, which may cause fluctuations in our operating results. We sell to BSPs, including U. S.- based IOCs, which rely significantly upon interstate and intrastate access charges and federal and state subsidies in the form of grants and other funding **,** such as the Federal Communications Commission' s, or FCC' s, Rural Digital Opportunity Fund, the CARES Act **, Enhanced Alternative Connect America Cost Model,** or the American Rescue Plan Act. The FCC and some states may change such payments and subsidies, which could reduce IOC revenue. Furthermore, many IOCs use or expect to use government- supported loan programs or grants, such as **U. S. Department of Agriculture' s** Rural Utility Service **or the U. S. Department of Commerce National Telecommunications and Information Administration' s, or NTIA' s, Broadband Equity, Access and Deployment, or BEAD, Program** loans and grants, to finance capital spending. These government- supported loan programs and grants generally include conditions such as deployment criteria, domestic preference provisions and other requirements that apply to the project and selected equipment as conditions for funding. For example, the U. S. government recently ~~introduced legislation imposing domestic content requirements for~~ **passed The Infrastructure Investment Jobs Act, which charged the NTIA with establishing the BEAD Program and ensuring that BEAD- funded** infrastructure ~~programs that receive~~ **projects comply with the Buy America Domestic Content Procurement Preference, or Buy America Preference, of the Build America, Buy America Act, or BABA. In accordance with BABA, the U. S. Department of Commerce has proposed to issue a limited, general applicability, nonavailability waiver of the Buy America Preference to recipients of** ~~federal~~ **Federal** ~~funding~~ **financial assistance under the NTIA' s BEAD Program** . Changes to the terms or administration of these programs, including uncertainty from government and administrative change, increasing focus on domestic requirements by the U. S. that may require re- assessment of compliance, potential funding limitations that impact our ability to meet program requirements or delays due to U. S. federal government shutdowns could reduce the ability of IOCs to access capital or secure funding **under** these programs to purchase our products and services and thus reduce our revenue opportunities **. In addition, compliance with these requirements may significantly increase our record- keeping, accounting and production costs. As a result of these risks, the domestic content requirements may have a material adverse impact on our U. S. sales, business and results of operations** . Customers may curtail purchases if they receive less funding than planned, are negatively impacted by federal government shutdowns or changes in government regulations and subsidies, or as funding winds down, any of which could have an adverse effect on our operating results and financial condition. Government and Regulatory Risks ~~Increasing~~ **Actual or perceived failure to comply with applicable** data privacy **and security laws,** regulations **and standards** could impact our business **, operations,** and expose us to increased liability. Government authorities in the United States and around the world have implemented and are continuing to implement broader and more stringent laws and regulations concerning data protection. The interpretation and application of these data protection laws and regulations are often uncertain and changing, and it is possible that they may be interpreted and applied in a manner that is inconsistent with our data practices. For example, **in the U. S., certain states have adopted privacy and security laws and regulations which govern the privacy, processing and protection of personal information. Such laws and regulations will be subject to interpretation by various courts and** ~~the~~ **other governmental authorities, thus creating potentially complex compliance issues for us and our future customers and strategic partners. For example, the California Consumer Privacy Act of 2018, or CCPA, went into effect on January 1, 2020. The CCPA creates individual privacy rights for California consumers and increases the privacy and security obligations of entities handling certain personal information. The CCPA provides for civil penalties for violations, as well as a private right of action for data breaches that has increased the likelihood of, and risks associated with data breach litigation. Further, the California Privacy Rights Act, or CPRA, generally went into effect on January 1, 2023, and significantly amends the CCPA. It imposes additional data protection obligations on covered businesses, including additional consumer rights processes, limitations on data uses, new audit requirements for higher risk data, and opt outs for certain uses of sensitive data. It also created a new California data protection agency authorized to issue substantive regulations and could result in increased privacy and information security enforcement. Additional compliance investment and potential business process changes may also be required. Similar laws have been passed in other states, and are continuing to be proposed at the state and federal level, reflecting a trend toward more stringent privacy legislation in the United States. Most of the new or proposed laws include restrictions on processing consumer information for targeted advertising, which could negatively affect our marketing cloud products. The enactment of such laws could have potentially conflicting requirements that would make compliance challenging. In the event that we are subject to or affected by the CCPA, the CPRA or other domestic privacy and data protection laws, any liability from failure to comply with the requirements of these laws could adversely affect our financial condition. Furthermore, the Federal Trade Commission, or FTC, and many state Attorneys General continue to enforce federal and state consumer protection laws against companies for online collection, use, dissemination and security practices that appear to be unfair or deceptive. For example, according to the FTC, failing to take appropriate steps to keep consumers' personal information secure can constitute unfair acts or practices in or affecting commerce in violation of Section 5 (a) of the Federal Trade Commission Act. The FTC expects a company' s data security measures to be reasonable and appropriate in light of the sensitivity and volume of consumer information it holds, the size and complexity of its business, and the cost of available tools to improve security and reduce vulnerabilities. The** General Data Protection Regulation, or EU GDPR, adopted by the European Union, or EU, and the UK General Data Protection Regulation, or UK GDPR, adopted by the United Kingdom, or UK, (the EU GDPR and UK GDPR hereinafter referred to as the GDPR) and national data protection supplementing laws in these jurisdictions impose specific duties and requirements upon companies that **are subject to their provisions and** collect, process or control personal data of individuals ~~located in the EU / UK~~ , including a principle of accountability and the obligation to demonstrate compliance through policies, procedures, training and audit. Although we currently do not have material operations or business in the EU or the UK, we are in the process of expanding in these jurisdictions, and we have incurred and will continue to incur substantial costs in this respect. Furthermore, the GDPR imposes significant penalties for noncompliance ~~of at least~~ **which can amount to** € 20 million (for the EU GDPR) or £ 17. 5 million (for the UK GDPR), or **in the case of an undertaking,** up to 4 % of **the total** ~~a company' s~~ worldwide ~~revenue~~ **annual turnover of the preceding financial year, whichever is higher** ; thus, any non- compliance with the GDPR could result in a material adverse effect on our business, financial condition and results of operations. ~~Twice~~ **The EU GDPR and UK GDPR regulate cross- border transfers of personal data out of the European**

Economic Area , **or the EEA, and the UK. Case law from** the Court of Justice of the European Union, or the CJEU, ~~has invalidated regulations designed to facilitate the transfer of data from European countries to the United States, and in July 2020, the CJEU~~ held that transfers must be assessed on a case- by- case basis and reliance on standard contractual clauses (a standard form of contract approved by the European Commission as an adequate mechanism for personal data transfers) may not be sufficient in all circumstances. ~~In March~~ **On October 7,** 2022, **President Biden signed** ~~the U. S. and~~ - **an** ~~EU announced a~~ **Executive Order on Enhancing Safeguards for United States Intelligence Activities. This introduced** new **binding safeguards** ~~regulatory regime intended~~ to ~~replace~~ **address** the ~~invalidated~~ **concerns raised by the CJEU in** ~~regulations~~ --- **relation** ~~; however, this~~ **to data transfers from the EEA to the United States and formed the basis of the** new EU- US Data Privacy Framework **, or DPF, which was released on December 13, 2022. The European Commission adopted its Adequacy Decision in relation to the DPF on July 10, 2023, rendering it effective** ~~has~~ - **as** ~~not yet been implemented beyond~~ an ~~executive order signed by President Biden~~ **EU GDPR transfer mechanism to U. S. entities self- certified under the DPF; further,** on October ~~7~~ **12** , ~~2022~~ **2023** ~~on Enhancing Safeguards for United States Signals Intelligence Activities~~ **, the UK Extension to the DPF came into effect (as approved by the UK Government), as a UK GDPR data transfer mechanism to U. S. entities self- certified under the UK Extension to the DPF** . We currently rely on the standard contractual clauses and the UK International Data Transfer Agreement (or Addendum) to transfer personal data outside the **EEA** ~~European Economic Area~~ and the UK respectively, including to the **U** ~~United States~~ . ~~As the~~ **S. The data transfers** enforcement landscape **and the DPF' s longer term stability remain uncertain and we expect the existing legal complexity and uncertainty regarding international personal data transfers to continue. As the regulatory guidance and enforcement landscape in relation to data transfers** further develops, **our business, operations** and **financial condition could be adversely affected** ~~supervisory authorities issue further guidance on – and revised standard contractual clauses for – international data transfers~~ . Our current contracts may not be sufficient, and we could suffer additional costs, complaints and / or regulatory investigations or fines ~~; we~~ **. We** may **also** have to stop using certain tools and vendors and make other operational changes ~~; we~~ **. We** have had to and will have to implement ~~revised~~ standard contractual clauses **and / or the UK equivalent mechanism** for ~~existing~~ intragroup, customer and vendor arrangements **. Further,** ~~within required time frames;~~ our customers may not use our services in a manner that is compliant with applicable data privacy laws and regulations ~~;~~ **and** our services may not be competitive in certain markets ~~; and / or it could otherwise affect the manner in which we provide our services, and could adversely affect our business, operations and financial condition~~ . We and / or our customers are also subject to evolving EU and UK privacy laws on cookies, tracking technologies, e- marketing and electronic communications. Recent European court and regulator decisions are driving increased attention to cookies and tracking technologies. If the trend of increasing enforcement by regulators of the strict approach to opt- in consent for all but essential use cases, as seen in recent guidance and decisions continues, this could lead to substantial costs, require significant systems changes, limit the effectiveness of marketing activities conducted on behalf of our customers, divert the attention of our technology personnel, adversely affect our margins, and subject us to additional liabilities. In addition, new security regulations, such as the EU' s Network and Information Security 2 Directive (NIS2) and the UK' s Telecommunications (Security) Act 2021 together with its implementing regulations ~~(currently in draft form) imposes~~ - **impose** further security obligations **, including** on electronic communications networks **and services** . We may be required to implement (and contractually commit to) additional security measures to remain a competitive vendor, as customers will need to ensure ~~its~~ **their** vendors are able to meet the obligations that they are themselves subject to, or customers may choose different vendors due to our security measures. This could result in additional costs and require operational changes which could adversely affect our business, operations and financial condition. In light of the complex and evolving nature of EU, EU Member State and UK privacy **and security** laws, there can be no assurances that we will be successful in our efforts to comply with such laws; violations of such laws could result in regulatory investigations, fines, orders to cease / change our use of technologies **and / or our processing activities, enforcement notices and assessment notices (for a compulsory audit)** , as well as lead to civil claims including class actions, and reputational damage ~~. Since 2020, a number of U. S. states, including California, Colorado, Utah and Virginia, have enacted laws and regulations to protect consumers' personal information, and efforts to enact a comprehensive federal privacy law have intensified. Most of the new or proposed laws include restrictions on processing consumer information for targeted advertising, which could negatively affect our marketing cloud product~~ . Complying with new and changing laws could cause us to incur substantial costs in order to market and sell our cloud- based solutions in the U. S. and internationally, deter customers from adopting our cloud- based solutions or require us to redesign our platform in order to meet customer requirements related to such laws. Regulatory actions or claims involving our practices in the collection, storage, processing, use or disclosure of consumer information or other personal data, even if unfounded, could damage our reputation and adversely affect our operating results. The failure or perceived failure to comply may result in government or civil proceedings or actions against us, or could cause us to lose customers, which could have an adverse effect on our business. If we fail to comply with evolving industry standards, sales of our products would be adversely affected. Our products are subject to a significant number of domestic and international standards, which evolve as new technologies are developed and deployed. As we expand into new global markets, we are likely to encounter additional standards. Our products must comply with these standards in order to be widely marketable. In some cases, we are required to obtain certifications or authorizations before our products can be introduced, marketed or sold in new markets or to new customers. For example, our ability to maintain Operations System Modification for Intelligent Network Elements certification for our products will affect our ongoing ability to continue to sell our products to large BSPs. In addition, our ability to expand our international operations may be limited by standards in countries or may require us to redesign our products or develop new products to meet local standards. We may not be able to design our products to comply with local requirements, which would impede or prevent our ability to grow our business in those locations. Moreover, as we expand our business and operations globally, we must increase investments to maintain compliance with evolving standards across all of our markets. The costs of complying with evolving standards or failure to obtain timely authorizations or certification could prevent us from selling our products where these standards or regulations apply, which would result in lower revenue and lost market share. Our failure or the failure of our manufacturers to comply with environmental and other legal regulations could adversely impact our results of operations. The manufacture, assembly and testing of our products may require the use and disposal of hazardous materials that are subject to environmental, health and safety regulations, or materials subject to laws restricting the use of conflict minerals. We substantially depend upon our third- party manufacturers to comply with these requirements. Any failure by us or our third-party manufacturers to comply with these requirements could result in regulatory penalties, legal claims or disruption of production of our products. In addition, any failure to properly manage the use, transportation, emission, discharge, storage, recycling or disposal of hazardous materials could subject us to increased costs or liabilities. Existing and future environmental regulations and other legal requirements may restrict our use of certain materials to manufacture, assemble and test products. Any of these consequences could adversely impact our results of operations by increasing our expenses and / or requiring us to alter our manufacturing processes. We are subject to governmental export and import controls that could subject us to liability or impair our ability to compete in additional international markets. Our products are subject to U. S. export and trade controls and restrictions. International shipments of certain of our products may require export licenses or are subject to additional export requirements. In addition, the import laws of other countries may limit our ability to distribute our products, or our customers' ability to buy and use our products, in those countries. Changes in our products or changes in export and import regulations or duties may create delays in the introduction of our products in international markets, prevent our customers with international operations from deploying our products or, in some cases, prevent the export or import of our products to certain countries altogether. Any change in export or import regulations, duties or related legislation, shift in approach to the enforcement or scope of existing regulations, or change in the countries, persons or technologies targeted by such regulations, could negatively impact our ability to sell, profitably or at all, our products to existing or potential international customers. Regulatory and physical impacts of climate change and other natural events may affect our customers and our manufacturers, resulting in adverse effects on our operating results. As emissions of greenhouse gases continue to alter the composition of the atmosphere, affecting large- scale weather patterns and the global climate, any new regulation of greenhouse gas emissions may result in additional costs to our customers and our manufacturers. In addition, the physical impacts of climate change and other natural events, including changes in weather patterns, drought, rising ocean and temperature levels, earthquakes and tsunamis may impact our customers, suppliers and manufacturers ~~,~~ and our operations. These potential physical effects may adversely affect our revenue, costs, production and delivery schedules, and cause harm to our results of operations and financial condition. Our customers are subject to government regulation, and changes in current or future laws or regulations that negatively impact our customers could harm our business. ~~The~~ **Many of our customers are subject to state and federal regulation of their businesses, and adoption of regulations that affect providers of broadband Internet access services could impede the penetration of our customers into certain markets. For example, the** FCC has jurisdiction over **many of** our U. S. customers, and FCC regulatory policies that create disincentives for investment in access network infrastructure or impact the competitive environment in which our customers operate may harm our business. ~~For example, adoption of regulations that affect providers of broadband Internet access services could impede the penetration of our customers into certain markets or affect the prices they may charge in such markets. Similarly, changes to regulatory tariff requirements or other regulations relating to pricing or terms of carriage on communication networks could slow the development or expansion of network infrastructures, which could adversely affect the sale of our products and services. Many of our customers are subject to FCC rate regulation of interstate telecommunications services and are recipients of government stimulus payments. Limits or restrictions on access to these programs could affect the ability of IOCs to access capital, which would in turn reduce our revenue opportunities. In addition, many of our customers are subject to state and federal regulation of their businesses, including rates for such services, and may also receive funding from state universal service funds. Changes in state or federal rate regulations or universal service funding rules could adversely affect our customers' revenue and capital spending plans.~~ Moreover, various international regulatory bodies have jurisdiction over certain of our customers outside the U. S. Changes in any of these standards, laws and regulations, or judgments in favor of plaintiffs in lawsuits against BSPs based on changed standards, laws and regulations could adversely affect the development of broadband networks and services. This, in turn, could directly or indirectly adversely impact the ~~communications industry~~ **industries** in which our customers operate. Risks Related to Ownership of Our Common Stock and Other Risks Our stock price may continue to be volatile, and the value of an investment in our common stock may decline. The trading price of our common stock has been, and is likely to continue to be, volatile, which means that it could decline substantially within a short period of time and could fluctuate widely in response to various factors, some of which are beyond our control. These factors include those discussed above and others such as quarterly variations in our results of operations or those of our competitors; failure to meet any guidance that we have previously provided regarding our anticipated results; changes in earnings estimates or recommendations by securities analysts; failure to meet securities analysts' estimates; announcements by us or our competitors of new products, significant contracts, commercial relationships, acquisitions or capital commitments; developments with respect to IP rights; our ability to develop and market new and enhanced products on a timely basis; our commencement of, or involvement in, litigation and developments relating to such litigation; changes in governmental regulations; and a slowdown in the communications industry or the general economy. **The** ~~Recently, the~~ stock market in general, and the market for technology companies in particular, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of those companies. Broad market and industry factors may seriously affect the market price and volatility of our common stock, regardless of our actual operating performance. Historically, following periods of volatility in the market price of a company' s securities, there is increased risk that stockholders may initiate securities class action litigation against the company. Such litigation, if instituted against us, could result in substantial costs and a diversion of our management' s attention and resources. Provisions in our charter documents and under Delaware law could discourage a takeover that stockholders may consider favorable and may lead to entrenchment of our management and Board of Directors. Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that could have the effect of delaying or preventing changes in control or changes in our management or our Board of Directors. These provisions include: (1) a classified Board of Directors with three- year staggered terms, which may delay the ability of stockholders to change the membership of a majority of our Board of Directors; (2) no cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates; (3) the exclusive right of our Board of Directors to elect a director to fill a vacancy created by the expansion of the Board of Directors or the resignation, death or removal of a director, which prevents stockholders from being able to fill vacancies on our Board of Directors; (4) the ability of our Board of Directors to issue shares of preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer; (5) a prohibition on stockholder action by written consent, which forces stockholder action to be taken at an annual or special meeting of our stockholders; (6) the requirement that a special meeting of stockholders may be called only by the chairman of the Board of Directors, the chief executive officer or the Board of Directors, which may delay the ability of our stockholders to force consideration of a proposal or to take action, including the removal of directors; and (7) advance notice procedures that stockholders must comply with in order to nominate candidates to our Board of Directors or to propose matters to be acted upon at a stockholders' meeting, which may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer' s own slate of directors or otherwise attempting to obtain control of us. We are also subject to certain anti- takeover provisions under Delaware law, which prohibits a corporation, in general, from engaging in a business combination with any holder of 15 % or more of its capital stock unless the holder has held the stock for three years or, among other things, the Board of Directors has approved the transaction. We may need additional capital in the future to finance our business. While our working capital needs to support our business operations and growth have been funded from operating cash flows in the near term, we may need additional capital if our current plans and assumptions change. ~~In January 2022, we terminated our loan and security agreement with Bank of America, N. A.~~ If our financial position deteriorates, we may not be able to secure a ~~similar~~ source of financing to support our working capital needs on acceptable terms or at all. If future financings involve the issuance of equity securities, our then- existing stockholders ~~would~~ **will** suffer dilution. If we raise ~~additional~~ debt financing, we may be subject to restrictive covenants that limit our ability to conduct our business. If we are unable to sustain positive operating income and cash flows from operations, our liquidity, results of operations and financial condition may be adversely affected. Furthermore, if we are unable to generate sufficient cash flows to support our operational needs, we may need to cease our **common stock** repurchase program or seek additional sources of liquidity, including borrowings, to support our working capital needs, even if we believe we have generated sufficient cash flows to support our operational needs. There is no assurance that any other sources of liquidity may be available to us on acceptable terms or at all. If we are unable to generate sufficient cash flows or obtain other sources of liquidity, we will be forced to limit our development activities, reduce our investment in growth initiatives and institute cost- cutting measures, all of which would adversely impact our business and growth. We do not currently intend to pay dividends on our common stock and, consequently, our stockholders' ability to achieve a return on their investment will depend on appreciation in the price of our common stock. We do not currently intend to pay a cash dividend on our common stock for the foreseeable future. We currently intend to invest our future earnings, if any, to fund our growth. Therefore, our stockholders are not likely to receive any dividends on our common stock for the foreseeable future. Our failure to adequately address and resolve risks and uncertainties associated with acquisitions could have a material adverse impact on our financial condition and results of operations. We may ~~in the future~~ acquire businesses, products or technologies to expand our product offerings and capabilities, customer base and business. We have evaluated and expect to continue to evaluate a wide array of potential strategic transactions. Such investments may involve significant risks and uncertainties, including distraction of management from current operations, unanticipated costs, and legal and regulatory challenges, all of which could have a material adverse impact on our financial condition and results of operations. In addition, the anticipated benefit of any acquisition may never materialize or the process of integrating acquired businesses, products or technologies may create unforeseen operating difficulties and expenditures. We cannot guarantee that our stock repurchase program will be utilized to the full value approved or that it will enhance long- term stockholder value. Repurchases we consummate could increase the volatility of the price of our common stock and could have a negative impact on our available cash balance. **We have** ~~In July 2022, our Board of Directors authorized~~ a **common** ~~one- year~~ stock repurchase program **of which** ~~for up to~~ $ ~~100~~ **113. 6** million **was available as** of ~~our common stock~~ **December 31, 2023** . Under the repurchase program, repurchases can be made from time to time using a variety of methods, which may include open market purchases, privately negotiated transactions or otherwise, all in accordance with the rules of the SEC and other applicable legal requirements. The specific timing, price and size of the purchases will depend on prevailing stock prices, general economic and market conditions, and other considerations consistent with our capital allocation strategy. Stock repurchases could have an impact on our common stock trading prices, increase the volatility of the price of our common stock, or reduce our available cash balance such that we will be required to seek financing to support our operations. The repurchase program does not obligate us to acquire a particular amount of common stock, and the repurchase program may be suspended or discontinued at any time at our discretion, which may result in a decrease in the trading prices of our common stock. Even if our share repurchase program is fully implemented, it may not enhance long- term stockholder value. **General Risks As a public company, we are subject to significant accounting, legal and regulatory requirements; our failure to comply with these requirements may adversely affect our operating results and financial condition. We are subject to significant accounting, legal and regulatory requirements, including requirements and rules under the Sarbanes- Oxley Act, or SOX, and the Dodd- Frank Wall Street Reform and Consumer Protection Act, or Dodd- Frank, among other rules and regulations implemented by the SEC, as well as listing requirements of the New York Stock Exchange, or NYSE. We incur**

significant accounting, legal and other expenses and must invest substantial time and resources to comply with public company reporting and compliance requirements, including costs to ensure we have adequate internal controls over accounting and financial reporting, proper documentation and testing procedures among other requirements. We cannot be certain that the actions we have taken to implement internal controls over financial reporting will be sufficient. We have in the past discovered, and may in the future discover, areas of our internal financial and accounting controls and procedures that need improvement, particularly as we enhance, automate and improve functionality of our processes and internal applications. New laws and regulations as well as changes to existing laws and regulations affecting public companies would likely result in increased costs to us as we respond to their requirements. We continue to invest resources to comply with evolving laws and regulations, and this investment may result in increased general and administrative expense. If we fail to maintain proper and effective internal controls, our ability to produce accurate financial statements on a timely basis could be impaired, which would adversely affect our operating results and our stock price. Our management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements in accordance with U. S. generally accepted accounting principles. Our management does not expect that our internal control over financial reporting will prevent or detect all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system' s objectives will be met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within our company will have been detected. If we are unable to produce accurate financial statements on a timely basis, investors could lose confidence in the reliability of our financial statements, which could cause the market price of our common stock to decline and make it more difficult for us to finance our operations and growth.