Risk Factors Comparison 2023-12-18 to 2022-12-06 Form: 10-K

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The following discussion of risk factors contains forward- looking statements. These risk factors may be important for understanding any statement in this Form 10- K or elsewhere. The following information should be particularly read in conjunction with Part I, Item I, " Business " and Part II, Item 7, " Management' s Discussion and Analysis of Financial Condition and Results of Operations " and the Consolidated Financial Statements and related notes in Part II, Item 8, " Financial Statements and Supplementary Data " of this Form 10- K. The risks we describe in this Form 10- K or in our other SEC filings or additional risks and uncertainties not presently known to us or that we currently believe to be immaterial could, in ways we may not be able to accurately predict, recognize or control, have a material adverse effect on our business, reputation, financial position, results of operations, cash flows and stock price, and they could cause our future results to be materially different than we presently anticipate. MACROECONOMIC, INDUSTRY AND FINANCIAL RISKS ~~Global, regional and local economic~~ **Economic** weakness and uncertainty ~~could~~ **is expected to continue to** adversely affect ~~our~~ demand for our products and services and our business and financial performance. Our business and financial performance ~~depends~~ - **depend** on worldwide economic conditions and the demand for our products and services ~~in the markets in which we compete~~. Ongoing economic weakness, including an economic slowdown or recession, uncertainty in markets throughout the world and other adverse economic conditions, including inflation, changes in monetary policy ~~and~~ **,** increased interest rates, **tariffs, exchange rates and an evolving global trade environment,** have resulted **in** , and may **continue to** result in ~~the future~~ , ~~in~~ decreased demand for our products and services and **challenges** ~~increased expenses and difficulty~~ in managing inventory levels and accurately forecasting revenue, gross margin, cash flows and expenses. For example, ~~in part due to ongoing economic~~ **during fiscal 2023 we observed continued market** uncertainty, ~~we observed a decline in~~ **cautious commercial spending on information technology hardware, lower discretionary** consumer **spending** ~~demand beginning in the third quarter of fiscal 2022~~ , ~~particularly with respect to Consumer PCs~~ **inflationary pressures, and foreign currency fluctuations** . **Changes in** ~~Ongoing U. S. federal~~ government spending limits may continue to reduce demand for our products and services from organizations that receive **government** funding ~~from the~~ **. Moreover,** U. S. government **contracts are subject to congressional funding** , **which may be unavailable or delayed** ~~and could negatively affect macroeconomic conditions in the United States~~ , which could **impact** ~~further reduce demand for~~ our **business** ~~products and services~~ . Prolonged or more severe economic weakness and uncertainty could also cause our expenses to vary materially from our expectations. ~~Any financial~~ **Financial** turmoil affecting the banking system and financial markets or ~~any~~ significant financial services institution failures could negatively impact our treasury operations **or** ~~, as the~~ **those** ~~financial condition~~ of ~~such parties may deteriorate~~ **our suppliers, vendors or customers,** rapidly and without notice. Poor financial performance of asset markets and the adverse effects of fluctuating ~~currency~~ exchange rates could lead to higher pension and post- retirement benefit expenses. Interest and other expenses could vary materially from expectations depending on ~~changes in~~ interest rates, borrowing costs, ~~currency~~ exchange rates, costs of hedging ~~activities~~ and the fair value of derivative instruments. Economic downturns also may lead to future restructuring actions and associated expenses. Due to the international nature of our business, geopolitical or economic changes or events, uncertainty or other factors could harm our business and financial performance. **Approximately** ~~More than~~ 65 % of our net revenue for fiscal year ~~2022~~ **2023** came from outside the United States. In addition, **we operate** ~~a portion of our business activity is being conducted~~ in emerging markets **, which can be more volatile** . Our future business and financial performance could suffer due to a variety of international factors, including: • ~~ongoing~~ instability ~~or changes~~ in a country' s or region' s economic, regulatory or political conditions, including inflation, recession, interest rate fluctuations, changes or uncertainty in fiscal or monetary policy, actual or anticipated military or political conflicts (including the Russian invasion of Ukraine **,** ~~and its regional and global ramifications and~~ tensions across the Taiwan Strait **, the Israel- Hamas conflict and other hostilities in the Middle East**), health emergencies or pandemics ~~(such as the COVID- 19 pandemic) or Brexit and its impact~~ ; • the imposition by governments of additional taxes, tariffs or other restrictions on foreign trade or changes in restrictions on trade between the United States and other countries, including China and Russia; • trade **sanctions,** ~~(including trade~~ embargoes ~~)~~ **, country localization requirements** and other policies ~~, laws~~ and regulations affecting production, shipping, pricing and marketing of products, including policies adopted by **any** ~~the United States or other countries~~ **country** that may ~~champion or otherwise~~ favor domestic companies and technologies over foreign competitors ~~or other country localization requirements~~ ; • political ~~or nationalist~~ sentiment impacting global trade, including the willingness of non- U. S. consumers to purchase ~~goods or services~~ from U. S. corporations; • ~~managing a geographically dispersed workforce and~~ local labor conditions and regulations, including labor issues faced by ~~specific~~ suppliers and Original Equipment Manufacturers (" OEMs "), or ~~changes to~~ immigration and labor ~~law~~ **laws** which may adversely impact our access to technical and professional talent; • changes or uncertainty in ~~the~~ international, national or local ~~regulatory and~~ legal environments, including tax ~~laws~~ **, data handling, privacy, intellectual property, consumer protection, environmental** and antitrust laws; • ~~differing technology standards, customer requirements or levels of protection of intellectual property; •~~ import, export or other business licensing requirements or requirements relating to making foreign direct investments, which could increase our cost of doing business ~~in certain jurisdictions~~ , prevent us from shipping products ~~to particular countries or markets~~ , affect our ability to obtain favorable terms for components, increase our operating costs or lead to penalties or restrictions; • compliance with the U. S. Foreign Corrupt Practices Act, U. S. export control and trade sanction laws, and similar anti- corruption and international trade laws, and adverse consequences, ~~such as fines or other penalties,~~ for any failure to comply, including compliance by **recently** ~~Poly or other~~ acquired companies, which may have less robust internal compliance procedures; and • fluctuations in freight costs, limitations on shipping and receiving capacity, and other disruptions in the transportation and shipping infrastructure at important geographic points for our products and shipments. The factors described above also could disrupt our product and component manufacturing and key suppliers located outside of the United States and our supply chain. For example, we rely on manufacturers in Taiwan **to produce** ~~for the production of~~ notebook computers and other suppliers in Asia for product assembly and manufacture **and have manufacturing operations in Israel which support our Industrial Graphics business** . In addition, the impact of **certain geopolitical conflicts, such as** the Russian invasion of Ukraine **or the Israel- Hamas conflict** (including any escalation or expansion) **,** and ~~the~~ **any broadening of** ancillary geopolitical, economic, and other effects **could** ~~of that invasion can~~ also heighten the other risks identified in this report. ~~Our business, results of operations, cash flows and financial condition have been, and could continue to be, affected by the COVID- 19 pandemic. The COVID- 19 pandemic has significantly increased economic and demand uncertainty. While COVID- 19 positively impacted demand for some of our products and services, these trends and consumer behavior have started to change as a result of macroeconomic factors, and we are not experiencing a continuation of such increased demand. In addition, consumer behavior and the worldwide economic environment remains uncertain. COVID- 19 continues to impact the global supply chain causing disruptions to service providers, logistics and the flow and availability of supplies and products. Our manufacturing sites, as well as those of our channel partners, suppliers and outsourcing partners, and our supply chain have been adversely and may continue to be adversely impacted as a result of restrictions and logistics and operational challenges related to COVID- 19, including zero- COVID policies and lockdowns in China or elsewhere. These disruptions have resulted and may continue to result in supply shortages and delays impacting sales worldwide for both Personal Systems and Print, as well as incremental costs. We may experience further disruptions to our manufacturing operations, supply chain and / or distribution channels in the future, and these disruptions may be prolonged. COVID- 19 may also affect our business and financial results in ways that are not presently known to us or that we do not currently consider as significant. The ultimate impact depends on many factors that are not within our control, including: the duration, scope and severity of the pandemic, variants and resurgences; governmental, business and individuals' actions that have been and continue to be taken in response to the pandemic (including closures, quarantines, and similar actions); general economic uncertainty in global markets and financial market volatility; and global economic conditions and levels of economic growth.~~ We are exposed to fluctuations in ~~foreign~~ currency exchange rates, which could adversely impact our results. Currencies other than the U. S. dollar, including the euro, the British pound, Chinese yuan (renminbi) and the Japanese yen, can have an impact on our results as expressed in U. S. dollars. Global events, ~~including the Russian invasion of Ukraine,~~ trade disputes, economic sanctions, inflation, increasing interest rates and emerging market volatility, and the resulting uncertainty, may cause currencies to fluctuate, which may contribute to variations in **our** sales ~~of our products and services~~ in impacted jurisdictions. Because **most** ~~a majority~~ of our revenues are generated outside the United States, fluctuations in ~~foreign~~ currency exchange rates have adversely affected, and could in the future adversely affect, our net revenue growth. In addition, currency variations can adversely affect margins on sales of our products in countries outside of the United States and products that include components obtained from suppliers located outside of the United States, as well as our ability to ~~implement price increases~~ - **increase prices** . From time to time, we may use derivative contracts designated as cash flow hedges to protect against foreign currency exchange rate risks. ~~Our~~ **However, our** hedging strategies may be ineffective, may not offset any or more than a portion of the adverse financial impact resulting from currency variations, or may result in losses. Business ~~disruptions~~ - **disruption events, including global pandemics or other public health crises,** could seriously harm our future revenue, cash flows and financial condition and increase our costs and expenses. Our worldwide operations could be disrupted by ~~earthquakes~~ **natural disasters** , telecommunications failures, manufacturing equipment failures, ~~cybersecurity attacks, data breaches,~~ power or water shortages ~~,~~ ~~natural disasters~~ , fires, extreme weather conditions ~~(whether as a result of climate change~~ **, and other disasters or catastrophic events,** ~~or~~ **for which we are predominantly self** ~~otherwise) such as those described in " Climate change may have a long - term impact on~~ **insured. Terrorist acts** ~~our~~ - **or armed conflicts** ~~business " below~~ , ~~medical epidemics or~~ **for which we are predominantly uninsured, may also disrupt our operations. Global** pandemics ~~(~~ **,** such as COVID- 19 ~~) and~~ **, or** other ~~natural~~ **public health crises may adversely affect, among other things,** ~~or~~ **our** ~~man- made disasters~~ **supply chain and associated costs; demand** ~~or~~ **for** ~~catastrophic~~ **our products and services; our operations and sales, marketing and distribution efforts; our research and development capabilities; our engineering, design, and manufacturing processes; and other important business activities. These** events ~~, for which we are predominantly self- insured. Terrorist acts, conflicts or wars, for which we are predominantly uninsured, may also disrupt our worldwide operations. The occurrence of any of these business disruptions~~ could result in significant losses, adversely affect our competitive position, increase our costs ~~and expenses~~ , require substantial expenditures and recovery time ~~in order to fully resume operations~~ , make it difficult or impossible to provide services or deliver products to our customers or to receive components from our suppliers, create delays and inefficiencies in our supply chain and ~~/ or~~ result in the need to impose employee travel restrictions. Our operations and those of our ~~significant~~ suppliers and distributors could be adversely affected if manufacturing, logistics, or other operations in key locations, ~~including logistics hubs in Asia,~~ are disrupted for any reason, such as those described above or other economic, business, labor, environmental, public health, regulatory or political reasons. In addition, even if our operations are unaffected or recover quickly, if our customers cannot timely resume their own operations ~~due to a catastrophic event~~ , they may reduce or cancel their orders, or these events could otherwise result in a decrease in demand for our products. Climate change **and associated regulatory and market impacts** may have **an adverse effect** ~~a long- term impact~~ on our business. There are ~~inherent~~ climate- related risks wherever our business is conducted. Global climate change is resulting, and is projected to continue to result, in ~~certain~~ natural disasters and adverse weather, such as drought, wildfires, storms, sea- level rise, flooding, heat waves, and cold waves, occurring more frequently or with greater intensity. Such extreme **climate related** events are driving changes in market dynamics, stakeholder expectations, local, national and international climate change policies and regulations could result in disruptions to us, our suppliers, vendors, customers and logistics hubs and impact employees' abilities to commute or to work from home effectively. These disruptions could make it more difficult and costly for us to deliver our products and services, obtain components or other supplies through our supply chain, maintain or resume operations or perform other critical corporate functions, and could reduce customer demand for our products and services. **Furthermore, climate change may reduce the availability or increase the cost of insurance for these negative impacts of natural disasters and adverse weather conditions by contributing to an increase in the incidence and severity of such natural disasters.** The increasing concern over climate change ~~could also~~ **has resulted, and we expect will continue to** result **,** in transition risks such as shifting customer preferences and regulations ~~. Changing customer preferences may result in increased demands regarding our solutions, products, and services~~ , including **with regard to** ~~the use of packaging materials and other components in~~ our products and their environmental impact. These demands ~~may~~ **have, and we expect will continue to,** cause us to incur additional costs ~~or~~ **and** make other changes to ~~other~~ **our** operations ~~to respond to such demands, which could adversely affect our financial results~~ . If we fail to manage transition risks ~~, including such demands, in an effective~~ **effectively** ~~manner~~ , customer demand for our ~~solutions,~~ products ~~,~~ and services could diminish, and our profitability **and cash flow** could suffer ~~. Concerns over climate change, as well as the adoption of new laws or regulations, may also impact market dynamics and may result in shifts in customer expectations, preferences or requirements, which may require us to change our practices or incur increased costs or adversely impact customer demand for our products and services~~ . Additionally, concerns over climate change have resulted in, and are expected to continue to result in, the adoption of ~~legal and~~ regulatory requirements designed to address climate change, **such** as ~~well as legal and regulatory~~ **imposing a price on carbon emissions,** requirements ~~requiring certain~~ **of increased circularity in products, product efficiency and environmental certification requirements and** climate- related disclosures. **As a result** ~~Where new laws or regulations are more stringent than current legal or regulatory requirements~~ , we may experience **market access issues, restrictions on our ability to sell products to certain customers,** increased compliance burdens and costs ~~to meet such obligations. Ultimately~~ , **increased indirect costs resulting from our suppliers passing on compliance costs to us, and certain of our products may be rendered obsolete or financially unviable. Further,** ~~the~~ **there are an increasing number of anti- ESG government initiatives that may conflict with other regulatory requirements or our stakeholders' expectations. The** impacts of climate change, whether involving physical risks ~~(such as disruptions resulting from climate- related events or rising sea levels)~~ or transition risks ~~(such as regulatory changes~~ , ~~changes in market dynamics or increased operating costs, including the cost of insurance)~~ are expected to be widespread ~~and unpredictable~~ and may materially adversely affect our business and financial results. Failure to maintain our credit ratings could adversely affect our liquidity, capital position, borrowing costs and access to capital markets **, as well as our subscription based offerings** . Our credit risk is evaluated by the major independent rating agencies. A downgrade of our current credit rating could increase the cost of borrowing under our credit facilities, reduce access to capital markets and / or market capacity for our commercial paper or require the posting of additional collateral under some of our derivative contracts **. In addition, a downgrade of our credit rating could have an adverse impact on our contractual business and our strategy to increase our contractual business due to higher borrowing costs and customer preferences when deciding to purchase our subscription based offerings** . We cannot be assured that we will be able to maintain our current credit ratings, and any additional actual or anticipated changes or downgrades in our credit ratings, including any announcement that our ratings are under further review for a downgrade, may impact us in a similar manner and ~~may~~ have a negative impact on our liquidity, capital position ~~and~~ **,** access to capital markets **and our subscription based offerings** . Our debt obligations could adversely affect our business and financial condition. In addition to our current ~~total~~ debt, we may also incur additional indebtedness ~~in the future~~ . Our debt level and related debt service obligations could have the effect, among other things, of reducing our flexibility to respond to changing business and economic conditions, and reducing funds available for working capital, capital expenditures, dividends, **stock repurchases,** acquisitions, and other general corporate purposes ~~. Our indebtedness increases our vulnerability to general adverse economic and industry conditions~~ . We may also be required to raise additional financing for working capital, capital expenditures, debt service obligations, debt refinancing, future acquisitions or for other general corporate purposes, which will depend on, among other factors, our financial position and performance, as well as prevailing market conditions and other factors beyond our control ~~, and could be adversely impacted by our debt level~~ . Consequently, we may not be able to obtain additional financing or refinancing on terms acceptable to us, or at all, which could adversely impact our ability to service our outstanding indebtedness or to repay our outstanding indebtedness as it becomes due and could adversely impact our business and financial condition. Additionally, further indebtedness may increase the risk of a future downgrade in our credit ratings, which could increase future debt costs ~~and~~ **,** limit the future availability of debt financing **and adversely affect our subscription based business** . The amount and frequency of our share repurchases and dividends are affected by a number of factors and may fluctuate. Although historically we have announced regular cash dividend payments and we have adopted a share repurchase program, we are not obligated to pay cash dividends or to repurchase a specified number or dollar value of shares under our share repurchase program or at all. The declaration and payment of any future dividends is at the discretion of our Board of Directors. The level of dividends and amount, timing, and purchases under our share repurchase program, if any, are influenced by many factors and may fluctuate based on our operating results, cash flows, and priorities for the use of cash ~~and because of changes in tax laws~~ , ~~and~~ the market price of our common stock **, and, with respect to share repurchases, our possession of potentially material nonpublic information** . In addition, we cannot guarantee that our share repurchase program will be fully consummated or that it will enhance long- term shareholder value. We make estimates and assumptions in connection with the preparation of our financial statements, and any changes to those estimates and assumptions could adversely affect our results of operations, cash flows and financial condition. In connection with the preparation of our financial statements, we use certain estimates and assumptions based on historical experience and other factors. Our most critical accounting estimates are described in the section entitled " Management' s Discussion and Analysis of Financial Condition and Results of Operations " in Item 7 of this report. For example, we make significant estimates and assumptions when accounting for revenue recognition ~~,~~ **and** taxes on earnings ~~and restructuring and other charges~~ , and when including decisions related to provisions for legal proceedings and other contingencies. We also estimate sales and marketing program incentives based on a number of factors including historical experience, expected customer behavior and market conditions. These estimates and assumptions are subject to significant uncertainties, some of which are beyond our control. Should any of these estimates and assumptions change or prove to have been incorrect, it could adversely affect our results of operations, cash flows and financial condition **. We have identified material weaknesses in our internal control over financial reporting that could, if not remediated, result in material misstatements in our financial statements and cause us to fail to meet our reporting and financial obligations. As more fully disclosed in Item 9A, " Controls and Procedures, " under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures and internal control over financial reporting. Based on that evaluation, we have concluded that our disclosure controls and procedures were not effective as of October 31, 2023 due to a material weakness in internal control over financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in our internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company' s annual or interim financial statements will not be prevented or detected on a timely basis. We identified a material weakness in internal control over financial reporting that resulted from undue reliance on information generated from certain software solutions affecting net revenue without effectively designed information technology general controls, specifically around user access and change management. Information generated from these software solutions is used by management in accounting for net revenue, including estimating variable consideration, and certain of these software solutions are used in the processing of revenue related- transactions. This material weakness did not result in any errors. While this material weakness did not result in a material misstatement of our financial statements, this control deficiency was not remediated as of October 31, 2023 and there is a reasonable possibility that it could have resulted in a material misstatement in the Company' s annual or interim consolidated financial statements that would not be detected. Accordingly, we have determined that this control deficiency constituted a material weakness. While the Company' s management, under the oversight of the Audit Committee, has taken steps to implement our remediation plan as described more fully in Item 9A, " Controls and Procedures, " the material weakness will not be considered remediated until the enhanced controls operate for a sufficient period of time and management has concluded, through testing, that the related controls are effective. Furthermore, we can give no assurance that the measures we take will remediate the material weakness. Additionally, as described more fully in Item 9A, " Controls and Procedures, " we executed a remediation plan with respect to certain other material weaknesses and, as a result determined that, as of October 31, 2023, such material weaknesses have been remediated. Completion of remediation does not provide assurance that our remediation or other controls will continue to operate properly or remain adequate. We can give no assurance that additional material weaknesses will not arise in the future. Any failure to remediate the material weakness, or the development of new material weaknesses in our internal control over financial reporting, could result in material misstatements in our financial statements and cause us to fail to meet our reporting and financial obligations, which in turn could have a negative impact on our financial condition, results of operations or cash flows, restrict our ability to access the capital markets, require significant resources to correct the material weaknesses or deficiencies, subject us to fines, penalties or judgments, harm our reputation or otherwise cause a decline in investor confidence and cause a decline in the market price of our stock. Ineffective internal controls could impact our business and operating results. Our internal control over financial reporting may not prevent or detect misstatements because of its inherent limitations, including the possibility of human error, failure or interruption of information technology systems, the circumvention or overriding of controls, or fraud. Even effective internal controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements. If we fail to maintain the adequacy of our internal controls, including any failure to implement required new or improved controls, or if we experience difficulties in their implementation, our business and operating results could be harmed and the company could fail to meet its financial reporting obligations** . STRATEGIC AND OPERATIONAL RISKS We are heavily dependent on third- party suppliers and supply chain issues have adversely affected, and could ~~continue to~~ adversely affect **in the future** , our financial results. We have ~~been operating~~ **at times operated** in a supply- constrained environment and ~~are facing~~ **have faced** , and may ~~continue to~~ face **in the future** , component shortages, logistics challenges and manufacturing disruptions that impact our revenues, profitability and cash flows. We are heavily dependent on third- party suppliers and their ability to deliver sufficient ~~quantities of~~ key components, products and services at reasonable prices and in time for us to meet schedules for the delivery of our products and services. In addition, our operations depend on our ability to anticipate and our suppliers' ability to fulfill, our needs for sufficient ~~quantities of~~ key components, products and services (including sourcing matched sets). Given the wide variety of products and services we offer, the large and diverse distribution of our suppliers and contract manufacturers, and the long lead times required to manufacture, assemble and deliver certain components and products, problems have and could continue to arise in production, planning and inventory management ~~, and regulatory compliance that could seriously harm our business~~ . Third- party suppliers may have limited financial resources to withstand challenging business conditions, particularly as a result of increased interest rates or emerging market volatility, and our business could be negatively impacted if key suppliers are forced to cease or limit their operations. **Any changes** ~~Due to the international nature of our~~ - **or additions to** ~~third- party supplier network, our financial results may also be negatively impacted by increased trade barriers, increased tariffs and localization requirements, which could increase the cost or~~ **our supply chain require considerable time** ~~availability of certain components, products~~ and **resources and involve significant risks and uncertainties** ~~services that we may not be able to offset~~ . We also have experienced, and may experience in the future, gross margin declines in certain businesses, reflecting the effect of ~~items such as~~ competitive pricing pressures and increases in component and manufacturing costs resulting from higher labor and material costs borne by our manufacturers and suppliers that we are unable to pass on to our customers. Our business may be disrupted if we are unable to obtain equipment, parts or components from our suppliers — and our suppliers from their suppliers — due to the insolvency of key suppliers or the inability of key suppliers to obtain credit, or if any of our distributors lack sufficient financial resources to withstand economic weakness. In addition, our ongoing efforts to optimize the efficiency of our supply chain for cost or redundancy could cause supply disruptions and be more expensive, time- consuming and resource-intensive than expected. Furthermore, certain of our suppliers and Outsourced Manufacturers (“ OMs ”) may decide to discontinue business with us or limit the allocation of products to us, which could result in our inability to fill our supply needs, jeopardizing our ability to fulfill our contractual obligations, which could in turn, result in a decrease in sales, profitability and cash flows, contract penalties or terminations, and damage to customer relationships. Other supplier problems that we could face include component shortages, excess supply, risks related to the terms of our contracts with suppliers, ~~risks associated with~~ contingent workers, ~~risks related to~~ supply chain working conditions, human rights and materials sourcing, and ~~risks related to~~ our relationships with single- source suppliers, each of which is described below. • Component shortages. We have **at times experienced** and may ~~continue to~~ **in the future** experience a shortage of, or a delay in receiving, certain components as a result of strong demand, capacity constraints, supplier financial weaknesses, ~~the inability of suppliers to borrow funds,~~ disputes with suppliers (some of whom are also our customers), disruptions in the operations of component suppliers, **supplier ability to demonstrate regulatory compliance,** other problems experienced by suppliers or problems we face during the transition to new suppliers. For example, a market shortage of integrated circuits and panels and other component supply has **at times** affected, and may affect in the future, lead times, the cost of that supply, and our ability to meet customer demand for our products. Additionally, our Personal Systems business relies heavily upon OMs to manufacture our products and we are therefore dependent upon the continuing operations of those OMs ~~to manufacture our products to fulfill demand~~ . We represent a substantial portion of the business for certain OMs, and ~~any~~ changes to the nature or volume of our business transactions with a particular OM could adversely affect the ~~operations and financial condition of the~~ OM and lead to shortages or delays in receiving component products from that OM. **Increased demand for particular components due to industry trends, such as components required for the operation of artificial intelligence (“ AI ”), may lead to shortages, delays, and price increases, and may result in us purchasing components in greater volumes and on earlier schedules in order to secure an adequate supply.** If shortages or delays in component products ~~persist~~ **occur** , the price of certain components may increase ~~further~~ , we may be exposed to quality issues, or the components may not be available at all. We may not be able to secure enough components at reasonable prices or of acceptable quality to build products or provide services in a timely manner in the quantities needed or according to our specifications. Accordingly, we may lose time- sensitive sales, incur additional freight costs or be unable to pass on price increases to our customers due to such component shortages or delays. If we cannot adequately address a component supply issue, we may have to re- engineer some product or service offerings, which could result in further costs and delays. • Excess supply. In order to secure components for our products or services, we have and may continue to make advance payments to suppliers or enter into non- cancelable commitments with vendors. In addition, we have and may continue to strategically purchase components in advance of demand to take advantage of favorable pricing or to address concerns about future availability. If we fail to anticipate customer demand ~~properly~~ , **an** ~~a temporary~~ oversupply could result in excess or obsolete components. • Contractual terms. As a result of binding long- term price or purchase commitments with vendors, we may be obligated to purchase components or services at prices that are higher than those available in the current market and may be limited in our ability to respond to changing market conditions. If we commit to purchasing components or services for prices in excess of the then- current market price, we may be at a disadvantage to competitors who have access to components or services at lower prices, our gross margin could suffer, and we could incur additional charges relating to inventory obsolescence. In addition, many of our competitors obtain products or components from the same OMs and suppliers that we utilize. Our competitors may obtain better pricing, more favorable contractual terms and conditions, or more favorable allocations of products and components ~~during periods of limited supply~~ , and our ability to engage in relationships with certain OMs and suppliers could be limited. The practice employed by our Personal Systems business of purchasing product components and transferring those components to OMs may create large supplier receivables with the OMs that, depending on the financial condition of the OMs, may create collectability risks. In addition, ~~in order~~ to secure components, we may accept contractual terms and conditions that are less favorable to us. • Contingent workers. We also rely on third- party suppliers for the provision of contingent workers, and our failure to effectively manage this workforce could adversely affect our financial results. Our ability to manage the costs associated with engaging a contingent workforce may be impacted by evolving local labor rights laws. • Working conditions, human rights and materials sourcing. Our brand perception, customer loyalty and legal compliance could be adversely impacted by a supplier’ s improper practices or failure to comply with our requirements for environmentally, socially or legally responsible practices and sourcing. • Single- source suppliers. We obtain a significant number of components from a single source due to technology, availability, price, quality or other considerations. For example, we rely on Canon for certain laser printer engines and laser toner cartridges and certain key suppliers for application specific integrated circuits (“ ASICs ”). We also rely on both Intel and AMD to provide us with a sufficient supply of processors for the majority of our PCs and workstations. Some of those processors may be customized for our products. New products that we introduce may utilize custom components obtained initially from only one source until we have determined whether there is a need for additional suppliers. Replacing a single- source supplier could delay production of some products as replacement suppliers may be subject to capacity constraints or other output limitations. For some components, alternative sources may not exist or may be unable to produce the quantities of those components necessary to satisfy our production requirements. In certain circumstances, we purchase components from single- source suppliers under short- term agreements that contain favorable pricing and other terms, but that may be unilaterally modified or terminated by the supplier with limited notice and with little or no penalty. The performance of single- source suppliers under those agreements (and the renewal or extension of those agreements upon similar terms) may affect the quality, quantity and price of our components. The loss of, deterioration of our relationship with, or limits in allocation by, a single- source supplier, or any unilateral modification to the contractual terms under which we are supplied components by a single- source supplier could adversely affect our business and financial performance. **• Geographic concentration. Our manufacturing facilities and suppliers have historically been, and continue to be, geographically concentrated in certain regions, which could exacerbate the risks noted above. While we are undertaking initiatives to diversify our manufacturing and supply chain footprint, such initiatives require significant investment and can be subject to regulatory, continuity, and other hurdles, and there can be no assurance that these initiatives will be successful.** If we cannot successfully execute our strategy and continue to develop, manufacture and market innovative products, services and solutions, our business and financial performance may suffer. Our strategy is to strengthen our core businesses, innovate and develop new products, services and solutions, expand into adjacencies, and grow organically and inorganically. To execute our strategy, we must, among other things, optimize our cost structure, make long- term investments, develop or acquire and appropriately protect intellectual property, commit significant research and development and other resources, evolve our go- to- market strategy and business model to meet changing market dynamics, forces and demand. In addition, we need to innovate, develop and execute on evolutionary strategies in a rapidly changing and increasingly hybrid environment, seize on disruptive opportunities and effectively respond to secular trends and shifts in customer preferences. Our financial performance will depend in part on our ability to remain competitive in offerings geared towards **new or emerging market trends, such as** hybrid consumption **and artificial intelligence** . For example, we believe we and others in our industry face long- term challenges related to, among other things, decreased demand for printing products and solutions as a result of increased digitization and hybrid work, and increasing competition from generic alternatives. ~~We~~ **Our efforts to mitigate the impact of these challenges, such as by seeking to drive demand to HP enabled and profit upfront units, may not be successful. In addition, we** may be unable to successfully execute our strategy, sufficiently invest in, prioritize research and development, ~~or~~ market and scale **, or accurately project the financial performance of our key growth areas or other** strategic growth ~~areas~~ **initiatives** , accurately predict technological or business trends or control costs. Moreover, the process of developing new high- technology products, services and solutions and enhancing existing products, services and solutions **, including through the introduction of AI capabilities,** is complex, costly and uncertain, and we may be unable to anticipate or respond to customers’ changing needs **,** ~~(or the timing of those needs) or~~ accurately identify emerging technological trends ~~. In addition, our~~ **or accurately project the demand, pricing, or other market dynamics of such trends. Our** ability to successfully offer our products, services and solutions in this rapidly evolving market requires an effective planning, forecasting, and management process to enable us to effectively calibrate and adjust our business and business models in response to fluctuating market opportunities and conditions. In addition, we may be unable to appropriately prioritize and balance our initiatives or effectively manage change throughout our organization. Our industry is subject to rapid and substantial innovation, technological change and customer preferences. Even if we successfully develop new products and technologies, future products and technologies, including those created by our competitors, may eventually supplant ours if we are unable to keep pace with technological advances and end- user requirements and preferences and timely enhancement of our existing products and technologies or develop new ones. As a result, we could **lose** ~~fail to maintain~~ market ~~leadership in~~ **share and** certain ~~of our products, such as commercial PCs and notebooks, and any~~ of our products and technologies may be rendered uneconomical or obsolete. After we develop a product, we must be able to quickly manufacture appropriate volumes while also managing costs and preserving or improving margins. To accomplish this, we must accurately forecast volumes, mixes of products and configurations that meet customer requirements, and we may not succeed in doing so within a given product’ s lifecycle or at all. Any delay in the development, production or marketing of a new product, service or solution could result in us not being among the first to market, which could further harm our competitive position. Moreover, new products and services may not be profitable, and even if they are profitable, the operating margins may not be as high as the historical or anticipated margins. We operate in an intensely competitive industry......, lost customers or reputational damage. Our business and financial performance could suffer if we do not manage the risks associated with our services businesses properly. The success of our services business (such as our managed print services, digital services **, consumer subscriptions** and other workforce ~~solutions~~ **services** in both Printing and Personal Systems) depends to a significant degree on attracting, retaining, and maintaining or increasing the level of revenues from our customers. Our standard services agreements are generally renewable at a customer’ s option and / or subject to cancellation rights ~~, with or without penalties for early termination~~ . We may not be able to retain or renew services contracts with our customers, or our customers may reduce the scope of the services **for which** they contract ~~for~~ . Factors that may influence contract termination, non- renewal or reduction include business downturns, dissatisfaction with our services or products, our retirement or lack of support for our services, our customers selecting alternative technologies, the cost of our services as compared to our competitors, general market conditions, **a lower than investment grade credit rating** or other reasons. We may not be able to replace the revenue and earnings from lost customers or reductions in services. While our services agreements may include penalties for early termination, these penalties may not fully cover our investments in these businesses. Our customers could also delay or terminate implementations or use of our services or choose not to invest in additional services from us in the future. In addition, the pricing and other terms of certain services agreements require us to make estimates and assumptions at the time we enter into these contracts that could differ from actual results. Any increased or unexpected costs or unanticipated delays in connection with the performance of these contracts, which may increase as services become more customized, could make these agreements less profitable or unprofitable. **In addition, from time to time we offer new services for which customer demand and adoption rates are difficult to predict, and we may not be able to scale these services as we expect.** As a result, we may not generate the revenues, profits or cash flows we may have anticipated from our services business within the expected timelines, if at all ~~.~~ We operate in an intensely competitive industry and competitive pressures could harm our business and financial performance.We encounter aggressive competition **from competitors** in all areas of our business,and our competitors have targeted and are expected to continue targeting our key market segments.We compete on the basis of our technology,innovation,performance,price,quality,reliability,brand,reputation,distribution,range of products and services,ease of use,account relationships,customer training,service and support,security,availability of application software and internet infrastructure offerings,and our sustainability performance.We have faced,and may continue to face,declines in market share for our products **,including in Personal Systems** .If our products,services,support and cost structure do not enable us to compete successfully,our results of operations,cash flows and business prospects could be affected.We have a large portfolio of products and must allocate our financial,personnel and other resources across **all of** our products while competing with companies that have smaller portfolios or specialize in one or more of our product lines.Because of the size and scope of our portfolio,we may invest a greater percentage of our revenues,including on research and development,than some of our competitors.As a result,we may invest less in certain areas of our business than our competitors,and our competitors may have greater financial,technical and marketing resources available for their products and services compared to the resources allocated to our competing products and services or greater economies of scale,which could in turn result in our ~~loss of~~ **inability to maintain** market ~~share~~ **leadership in certain of our products,such as commercial PCs and notebooks** .In addition,if we cannot proportionately decrease our cost structure on a timely basis in response to competitive price pressures,our gross margin,profitability and cash flows could be adversely affected.Our alliance partners in certain areas may be or may become our competitors in others.In addition,these partners also may acquire or form alliances with our competitors,which could reduce their business with us.We have faced and expect to continue to face aggressive price competition and have lowered and may in the future need to lower the prices of many of our products and services to stay competitive,while at the same time trying to maintain or improve our market share,revenue and gross margin.Competitors who have a greater presence in some of the lower- cost markets in which we compete,or who can obtain better pricing,more favorable contractual terms and conditions,and / or more favorable allocations of products and components **during periods of limited supply** ,have been able to offer and may continue to be able to offer lower prices than we are able to offer.Price competition often increases during periods of lower demand,including as a result of declining macroeconomic conditions.The sales prices for our products may also decline as a result of discounts,a change in or mix of products and services,anticipation of the introduction of new products and services by us or by our competitors,promotional programs,product and related warranty costs or broader macroeconomic factors.We may also provide pricing discounts to large **end** customers,which may result in lower margins for the period in which the sales occur ~~.In addition,currency fluctuations,particularly weakness in the Japanese Yen,has and may continue to exacerbate pricing competition for our print products and services~~ .Industry consolidation may also affect competition by creating larger,more homogeneous and potentially stronger competitors in the markets in which we operate.Our competitors may also affect our business by entering into exclusive arrangements with our existing or potential customers or suppliers.Furthermore,non- original supplies (including imitation,refill or remanufactured alternatives),which are often available at lower prices,compete with our Printing Supplies business ~~.We~~ **and we** may not be able to prevent the use of imitation print supplies with our printers using technological protection measures ~~,including due to regulatory issues or other legal challenges~~ .In addition,online and omnichannel retailers,resellers and distributors often sell our products alongside competing products,including non- original supplies,or they may highlight the availability of lower cost non- original supplies.We expect this competition will continue.If we cannot continue to produce high- quality and secure products and services,our reputation,business and financial performance may suffer.In the course of conducting our business,we must address quality and security issues associated with our products and services,including potential flaws in our engineering,design and manufacturing processes,unsatisfactory performance under service contracts,and unsatisfactory performance or malicious acts by third- parties.Many of our products are dependent on third- party software,including from Microsoft and Google,to function as intended,and product issues also sometimes result from the interaction between our products and third- party products and software.Our business is also exposed to the risk of defects in third- party components or materials included in our products,including security vulnerabilities.The products and services that we offer are complex,and our regular testing and quality control efforts may not be completely effective in controlling or detecting all quality and security issues or errors,particularly with respect to undiscovered defects or security vulnerabilities in components manufactured by third parties.If we are unable to determine the cause or find an effective solution to address quality or security issues with our products,we may delay shipment to customers,which would delay revenue recognition and receipt of customer payments.We have and may again in the future write off some or all of the value of non- performing inventory.In addition,after products are delivered,quality and security issues may require us to repair or replace such products.Addressing these issues can be expensive and may result in additional warranty,repair,replacement and other costs.In the event of security vulnerabilities or other issues with third- party components,we may have to rely on third parties to provide mitigation,which may be ineffective.Quality and security issues,including those resulting from defects or security vulnerabilities in third- party components,can impair our relationships with new or existing customers and adversely affect our brand and reputation. ~~The proliferation of social media may increase the likelihood,speed,and magnitude of negative brand and reputation events.We expect the proliferation of AI to have a significant impact on our industry and the markets in which we compete,and the development and use of AI presents competitive,reputational,and liability risks.We believe the proliferation of AI,especially as it relates to our product and solutions offerings,will have a significant impact on customer preferences and market dynamics in our industry,and our ability to effectively compete in this space will be critical to our financial performance.We also believe that the effective use of AI in our internal operations is important to our long- term success.We are working to incorporate AI capabilities into certain of our products and solutions and apply AI in our own internal operations,and our research into and continued development of such technologies remain ongoing.As with many innovations,AI presents risks,challenges,and unintended consequences that could affect its rate and success of adoption,and therefore our business.We may be unable to bring~~

~~AI- enabled products and solutions to market as effectively,or with the same speed or in the same volumes,as our competitors,which may hurt our competitive position.In addition,AI algorithms may be flawed.Datasets may be insufficient or contain biased information.Ineffective or inadequate AI development or deployment practices by us or others we rely on or partner with could result in incidents that impair the acceptance of AI solutions or cause harm to individuals or society.These deficiencies and other failures of AI systems could subject us to competitive harm,regulatory action,legal liability,including under new proposed legislation regulating AI in jurisdictions such as the European Union,new applications of existing data protection,privacy,intellectual property,and other laws,and brand or reputational harm.Some AI capabilities present ethical issues,and we may be unsuccessful in identifying or resolving issues before they arise.If we enable or offer AI products or solutions or implement AI capabilities in our internal operations that are controversial because of their impact on human rights,privacy,employment,or other social,economic,or political issues,we may experience brand or reputational harm or greater employee attrition.~~ Our operating results have historically varied and may not be indicative of future results.Our net revenue,gross margin,profit and cash flow generation vary among our portfolio of products and services,customer groups and geographic markets and therefore will likely vary in future periods.Overall gross margins and profitability in any given period are dependent on the product,service,customer and geographic mix reflected in that period' s net revenue,which in turn depends on the overall demand for our products and services.We have experienced and may **continue to** ~~in the future~~ experience delays or reductions in spending by our customers or potential customers,which could have a material adverse effect on demand for our products and services and could result in a significant decline in net revenue. ~~For example,we observed continued market uncertainty,cautious commercial spending on information technology hardware,lower discretionary consumer spending,inflationary pressures,and foreign currency fluctuations.~~ In addition,net revenue declines in some of our businesses may affect net revenue in our other businesses,as we may lose cross- selling opportunities.Moreover,newer geographic markets can be relatively less profitable due to our investments associated with entering those markets and local pricing pressures,as well as difficulty establishing and maintaining the operating infrastructure necessary to support the high growth rate associated with some of those markets. **Market trends,industry shifts,competitive pressures,commoditization of products,increased component or shipping costs,increased tariffs,regulatory impacts and other factors may result in reductions in revenue or pressure on gross margins in a given period,which may lead to adjustments to our operations.** Our efforts to address the challenges facing our business could increase the level of variability in our financial results because the rate at which we are able to realize the benefits from those efforts may vary from period to period.These factors could also make it difficult to accurately forecast revenues and operating results and could negatively affect our ability to provide accurate forecasts to suppliers and manufacturers,manage our relationships and other expenses and to make decisions about future investments.If we fail to manage the distribution of our products and services properly,our business and financial performance could suffer.We use a variety of distribution methods to sell our products and services around the world,including third- party resellers and distributors and both direct and indirect sales to enterprise accounts and consumers.Successfully managing our global,multi- tier distribution network including the interaction of our direct sales and indirect channel sales efforts to reach potential customer segments for our products and services is a complex process.Moreover,since each distribution method has distinct risks and gross margins ~~,~~ **and** we may fail to implement the most advantageous balance in the delivery model for our products and services.Conflicts might arise between our various distribution channels,we may experience the loss or deterioration of an alliance or distribution arrangement or a reduced assortments of our products,we may not ~~be~~ able to limit the potential misuse of pricing programs by our channel partners and we may fail to optimize the use of our pricing programs.Moreover,some of our channel partners and distributors may have insufficient financial resources and may not be able to withstand changes in business conditions,including economic weakness,industry consolidation and market trends.They may also have difficulty selling our products under new business models.Many of our significant distributors operate on narrow margins and have been negatively affected by business pressures in the past.Trade receivables that are not covered by collateral or credit insurance are outstanding with our distribution and retail channel partners.Net revenue from indirect sales could suffer,and we could experience disruptions in distribution,if our distributors' financial conditions,abilities to borrow funds or operations weaken or if our distributors cannot successfully compete in the online or omnichannel marketplace.Our inventory management is complex,as we continue to sell a significant mix of products through distributors.We must manage both owned and channel inventory effectively,particularly with respect to sales to distributors,which involves forecasting demand and pricing (and factoring in supply chain challenges and order cancellations).Our forecasts may not accurately predict demand,and distributors have and may continue to increase orders during periods of product shortages,cancel orders if their inventory is too high or delay orders in anticipation of new products.Distributors also may adjust their orders in response to the supply of our products and the products of our competitors and seasonal fluctuations in end- user demand.Our reliance upon indirect distribution methods,including a multi- tiered channel,may reduce our visibility into inventories,demand and pricing trends,and may therefore make forecasting and managing multi- tiered channel inventory more difficult.If we were to expand direct distribution initiatives,channel and indirect distributors could consider such initiatives in conflict with their business interests and reduce their investment in the distribution and sale of our products,or cease all sales of our products.Sales of our products by channel partners to unauthorized resellers or unauthorized resale of our products has and could continue to make our forecasting and channel inventory management more difficult and impact pricing in the market.For example,in the past we have had channel partners sell products outside of their agreed territory,and misrepresent sales to unauthorized resellers as sales to end- users,frustrating our efforts to estimate channel inventory or maintain consistent pricing,and negatively impacting gross margins.Moreover,our use of indirect distribution channels may limit our willingness or ability to adjust prices quickly and otherwise to respond to pricing changes by competitors.In addition,factors in different markets may cause differential discounting among the geographies where our products are sold,which makes it difficult to achieve global consistency in pricing and creates the opportunity for grey marketing.In addition,our global channel partners may fail to comply with applicable legal and regulatory requirements.Our uneven sales cycle makes planning and inventory management difficult and future financial results less predictable.Our quarterly sales often have reflected a pattern in which a disproportionate percentage of each quarter' s total sales occurs towards the end of the quarter.This uneven sales pattern makes predicting net revenue,earnings,cash flow from operations and working capital for each financial period difficult,increases the risk of unanticipated variations in our quarterly results and financial condition,and places pressure on our inventory management and logistics systems.If ~~orders fall short of~~ predicted demand **is substantially greater than orders** , ~~this results in~~ **there may be** excess inventory.Alternatively,if orders **substantially** exceed predicted demand,we may not be able to fulfill all of the orders received in each quarter and such orders may be canceled by the customer.Depending on when they occur in a quarter,developments such as a systems failure,component pricing movements,component shortages,supply disruptions,logistics challenges or declines in demand could adversely impact our inventory levels,our results of operations and cash flows in a manner that is disproportionate to the number of days in the quarter affected.We experience seasonal trends in the sale of our products that may produce variations in our quarterly results and financial condition.For example,sales to governments (particularly,sales to the U.S.government) are often stronger in the third calendar quarter,and many customers whose fiscal year is the calendar year spend their remaining capital budget authorizations in the fourth calendar quarter.Consumer sales are often higher in the fourth calendar quarter due in part to seasonal holiday demand,and typically it has been our strongest quarter by revenues.European sales are often weaker during the summer months.Demand during the spring and early summer may also be adversely impacted by market anticipation of seasonal trends.However,historical seasonal patterns may not continue in the future and such patterns have been and may **continue to** be impacted by supply constraints,macroeconomic conditions,such as an economic slowdown or inflationary pressures,shifts in customer behavior and the **evolving** impacts of **the COVID- 19** ~~pandemics~~ - **pandemic** ~~or other public health crises~~ .Moreover,to the extent that we introduce new products in anticipation of seasonal demand trends,our discounting of existing products may adversely affect our gross margins.Many of the factors that create and affect seasonal trends are beyond our control.We may not be able to execute acquisitions,divestitures and other significant transactions successfully and we may have difficulty or fail to successfully integrate acquired companies.As part of our business strategy,we may acquire companies or businesses **(such as our recent acquisition of Poly)** ,divest businesses or assets,enter into strategic alliances and joint ventures,and make investments to further our business.Risks associated with these transactions include the following:• We may not fully realize the anticipated benefits of any particular transaction,in the timeframe we expected or at all,such transaction may be less profitable than anticipated or unprofitable,we may not identify all factors to estimate accurately our costs,timing or other matters,and realizing the benefits of a particular transaction may depend upon competition,market trends,additional costs or investments and the actions of advisors,suppliers or other third parties.• Certain transactions have resulted,and in the future may result,in significant costs and expenses,including those related to compensation and benefit costs,goodwill and impairment charges,charges from elimination of duplicative facilities and contracts,inventory adjustments,assumed litigation and other liabilities,advisory fees,and payments to executive officers and key employees under retention plans.• Our due diligence **process** may fail to identify significant issues with the target' s product quality,financial disclosures,accounting practices or internal controls,including as a result of being dependent on the veracity and completeness of statements and disclosures made or actions taken by third parties.• In order to finance a transaction,we may issue common stock (potentially creating dilution) or take on additional debt.• These transactions could adversely impact our effective tax rate.• An acquisition target may have differing or inadequate cybersecurity and data protection controls.• These transactions may lead to litigation.In addition,if we fail to identify,successfully complete and integrate transactions that further our strategic objectives,we may be required to expend resources to develop products,services and technology internally,which may put us at a competitive disadvantage.Furthermore,if there are future decreases in our stock price or significant changes in the business climate or results of operations of our reporting units,we may incur additional charges,which may include impairment charges.In the case of a divestiture,we may have difficulty finding buyers or alternative exit strategies on acceptable terms in a timely manner.We may also dispose of a business at a price or on terms that are less desirable than we had anticipated.In addition,we may experience fewer benefits than expected,and the impact of the divestiture on our ~~financial performance~~ **revenue growth** may be larger than projected.The business combination and investment transactions in which we engage may be large or complex,and we must manage post-closing issues such as the integration of acquired businesses,products,services or employees.Integrations involve significant challenges and are often time- consuming and expensive and could significantly disrupt our business and the acquired business.These challenges include successfully combining product and service offerings;entering or expanding into markets;retaining key employees;integrating employees,facilities,technology,products,processes,operations (including supply and manufacturing operations),sales and distribution channels,business models and business systems;and retaining customers and distributors.We may not achieve some or all of the expected benefits of our restructuring plans and our restructuring may adversely affect our business.We have undertaken and may undertake in the future restructuring plans in order to realign our cost structure and to achieve operating efficiencies that we expect to reduce costs,including the plan announced November 2022.Implementation of any restructuring plan may be costly and disruptive to our business,and we may not be able to obtain the anticipated cost savings,operational improvements and estimated workforce reductions within the projected timing or at all.Additionally,as a result of restructuring initiatives,we may experience a loss of continuity,loss of accumulated knowledge and / or inefficiency,loss of key employees and / or other retention issues during transitional periods.Restructuring can require a significant amount of time and focus,which may divert attention from operating and growing our business. ~~Moreover,projections of any cost savings or other benefits associated with our restructuring plans are based on current business operations and market dynamics,and could be significantly impacted by various factors,including but not limited to our evolving business models,future investment decisions,market environment and technology landscape.~~ For more information about our restructuring plans,see Note 3 to our Consolidated Financial Statements in Item 8.Our financial performance may suffer if we cannot develop,obtain,license or enforce the intellectual property rights on which our businesses depend.We rely upon patent,copyright,trademark,trade secret and other intellectual property (" IP ") laws in the United States,similar laws in other countries,and agreements with our employees,customers,suppliers and other parties,to establish and maintain IP rights in the products and services we sell,provide or otherwise use in our operations.However,our IP rights could be challenged,invalidated,infringed or circumvented,or such IP rights may not be sufficient to permit us to take advantage of current market trends or to otherwise provide competitive advantages,either of which could result in costly product redesign efforts,discontinuance of certain product offerings or other harm to our competitive position.In addition,we may choose to not apply for patent protection or may fail to apply for patent protection in a timely fashion.Further,the laws of certain countries do not protect proprietary rights to the same extent as the laws of the United States.Therefore,in certain jurisdictions we may be unable to protect our proprietary technology adequately against unauthorized third- party copying or use,which could adversely affect our ability to sell products or services and our competitive position.In addition,certain of our businesses and products rely on key technologies developed or licensed by third parties.We may not be able to obtain or continue to obtain licenses and technologies from these third parties at all or on reasonable terms,or such third parties may demand cross- licenses to our IP.Third- party components may become obsolete,defective or incompatible with future versions of our products,our relationship with the third party may deteriorate,or our agreements may expire or be terminated.We may face legal or business disputes with licensors that may threaten or lead to the disruption of inbound licensing relationships.In order to remain in compliance with the terms of our licenses,we must monitor and manage our use of third- party components,including both proprietary and open source license terms that may require the licensing or public disclosure of our IP without compensation or on undesirable terms.Some of these licenses may not be available to us in the future on terms that are acceptable or that allow our product offerings to remain competitive.In addition,it is possible that as a consequence of a merger or acquisition,third parties may obtain licenses to some of our IP rights or our business may be subject to certain restrictions that were not in place prior to such transaction.Because the availability and cost of licenses from third parties depends upon the willingness of third parties to deal with us on the terms we request,there is a risk that third parties who license to our competitors will either refuse to license to us or refuse to license to us on terms equally favorable to those granted to our competitors.Consequently,we may lose a competitive advantage with respect to these IP rights or we may be required to enter into costly arrangements in order to terminate or limit these rights.Finally,we may rely on third parties to enforce certain IP rights.Third- party claims of IP infringement are commonplace in our industry and may limit or disrupt our ability to sell our products and services. ~~We are subject to third~~ **Third** ~~party~~ **parties have in the past claimed,and may in the future** ~~claims~~ - **claim,** that we or customers indemnified by us are infringing upon **their** ~~such parties'~~ IP rights.We have seen an increasing trend of patent assertion entities engaging in claims of infringement and assertion of patents to extract settlements ~~,including the assertion of patents related to standardized technologies,such as Wi- Fi or video~~ .If we cannot or do not license allegedly infringed IP at all or on reasonable terms,or if we are required to substitute technology from another source,our operations could be adversely affected.Even if we believe that IP claims are without merit,they can be time- consuming and costly to defend against and may divert management' s attention and resources away from our business.Claims of IP infringement also might require us to redesign affected products,enter into costly settlements or license agreements,pay damage awards,or face a temporary or permanent injunction prohibiting us from importing,marketing or selling certain products.Additionally,claims of IP infringement may adversely impact our brand and reputation and imperil new and existing customer relationships.In certain countries (primarily in Europe),proceedings are ongoing or have been concluded in which groups representing copyright owners seek to impose upon and collect from us levies upon IT equipment (such as PCs and printers).There have also been efforts to introduce,modify or extend existing levy schemes and to increase the amount of the levies that can be collected from us.The total amount of the copyright levies depends on several factors,and could be substantial.The ultimate impact of these copyright levies or similar fees,and our ability to recover such amounts through increased prices,remains uncertain.System security risks,data protection breaches,cyberattacks,system outages and systems integration issues could disrupt our internal operations or services provided to customers,and could reduce our revenue,increase our expenses,damage our reputation and adversely affect our cash flows and stock price.We are exposed to cyberattacks **from individuals and organizations,including malicious computer programmers and hackers,state-sponsored organizations,nation- states or other bad actors,** seeking to penetrate our network security and misappropriate or compromise our confidential information or that of third parties,create system disruptions or cause shutdowns.Such attacks may involve the deployment of **viruses,worms,** ransomware and other malicious software programs that attack our products or otherwise exploit security vulnerabilities,or attempt to fraudulently induce our employees,customers,or others to disclose passwords,other sensitive information or provide access to our systems or data.Such risks extend not only to our own products,services,systems and networks,but also to those of customers,suppliers,contractors,business partners,vendors,and other third parties,particularly as all parties increasingly digitize their operations. ~~We engage a significant number of these third parties to assist us with various business functions that require the use,storage,processing and deletion of data.While we make efforts to assess and validate the implementation of cybersecurity requirements and controls by these third parties with respect to the services provided and the data handled on our behalf,there remains a risk of misappropriation,compromise or breach of data outside of our direct control.~~ In addition, **sophisticated** hardware and operating system software and applications that we produce or procure from third parties may contain defects or vulnerabilities in design or manufacture,including " bugs " that could unexpectedly interfere with the operation of the product.Breaches of our facilities,network,or data security could disrupt the security of our systems and business applications,impair our ability to provide services to our customers and protect the privacy of their data,result in product development delays,compromise confidential or technical business information,harm our reputation or competitive position,result in theft or misuse of our IP or other assets,require us to allocate more resources to improve technologies,or otherwise adversely affect our business ~~and financial results~~ .Additionally,the costs to combat cyber or other security threats can be significant,and our efforts to address these problems may not be successful and could result in interruptions,delays,cessation of service and loss of existing or potential customers that may impede our sales,manufacturing,distribution or other critical functions.Media or other reports of perceived **security** vulnerabilities in our network security,regardless of their immediacy or accuracy,could adversely impact our brand and reputation and materially affect our business ~~and financial results~~ .While we have **developed and** implemented security measures and internal controls designed to protect against cyber and other security threats,such measures cannot provide absolute security and may not be successful in preventing future security breaches.Moreover,these threats are constantly evolving,thereby making it more difficult to successfully defend against them or to implement adequate preventative measures. **We may not have the current capability to detect** ~~Certain~~ **certain** vulnerabilities **,which may allow those vulnerabilities to persist in our systems over long periods of time.In the past,we have experienced data security incidents resulting from unauthorized access to or use of our systems or those of third parties,which to date,have not had a material impact on our operations;however,there is no assurance that such impact will not be material in the future.As a result of the COVID- 19 pandemic,remote work and remote access to our systems has increased significantly,which also increases our cybersecurity attack surface.We have also seen an increase in cyberattack volume,frequency,and sophistication driven by the global enablement of remote workforces.Geopolitical tensions or conflicts,such as Russia' s invasion of Ukraine,may further heighten the risk of cybersecurity attacks.While we carry cyber insurance,we cannot be certain that our coverage will be adequate for liabilities actually incurred,that insurance will continue to be available to us on economically reasonable terms,or at all,or that any insurer will not deny coverage as to any future claim.Because we process proprietary information and sensitive or confidential data relating to our business and our customers,breaches of our security measures or accidental loss,inadvertent disclosure or unapproved dissemination of such data can expose us,our customers,or the individuals affected to a risk of loss,alteration or misuse of such information.A breach could also damage our brand and reputation or otherwise harm our business,and could result in government enforcement actions,litigation and potential liability for us.We** are **subject to federal,state,and international laws relating to data protection,particularly in the U.S.,European Union,and China (such as the European Union' s General Data Protection Regulation (" GDPR ")),and governmental agencies are increasingly proposing regulatory requirements relating to data protection.These laws and regulations continue to evolve,are increasing in complexity and number and increasingly conflict among the various countries in which we operate,which has resulted in greater compliance risk and cost for us.In addition,the cost and operational consequences of implementing new data protection measures could be significant.Portions of our IT infrastructure,including those provided by third parties,may experience interruptions,outages,delays or cessations of service or may produce errors in connection with systems integrations,migration work or other causes,which could result in business disruptions and the process of remediating them could be more expensive,time- consuming,disruptive and resource intensive than planned.Such disruptions could adversely impact our ability to fulfill orders and respond to customer requests and interrupt other processes,resulting in delayed sales,lower margins,lost customers or reputational damage.** . In order to be successful, we must attract, retain, train, motivate, develop and transition key employees, and failure to do so could seriously harm us. In order to be successful, we must attract, hire, retain, train, motivate, develop, and deploy qualified executives, engineers, technical staff and other key employees. Identifying, developing internally or hiring externally, training and retaining qualified executives, engineers and qualified sales representatives are critical to our future, and competition for experienced employees in the technology industry can be intense. Equity- based compensation is essential for attracting and retaining qualified employees and lack of positive performance in our stock price may adversely affect our ability to attract or retain key employees. In addition, workforce dynamics are constantly evolving and we may not be able to manage changing workforce dynamics successfully. Moreover, changes in immigration policies may impair our ability to recruit and hire technical and professional talent globally. Further, changes in our management team may be disruptive to our business, and we may be unable to successfully transition and assimilate key new hires or promoted employees or successfully execute succession plans. Some anti- takeover provisions contained in our certificate of incorporation and bylaws, as well as provisions of Delaware law, could impair a takeover attempt. Certain provisions in our certificate of incorporation and bylaws and the Delaware General Corporation Law may discourage, delay or prevent changes of control of HP judged as undesirable by our Board of Directors. These provisions include: authorizing blank check preferred stock, which we could issue with voting, liquidation, dividend and other rights superior to our common stock; limiting the liability of, and providing indemnification to, our directors and officers; specifying that our stockholders may take action only at a duly called annual or special meeting of stockholders and otherwise in accordance with our bylaws and limiting the ability of our stockholders to call special meetings; requiring advance notice of proposals by our stockholders for business to be conducted at stockholder meetings and for nominations of candidates for election to our Board of Directors; and controlling the procedures for our Board of Directors and stockholder meetings, and election, appointment and removal of our directors. These provisions could deter or delay hostile takeovers, proxy contests and changes in control or our management or limit the opportunity for our stockholders to receive a premium for their shares of our stock. Our aspirations and disclosures related to environmental, social and governance (" ESG ") matters expose us to risks that could adversely affect our reputation and performance. We have established and publicly announced ESG goals, including our commitments to address climate change, human rights, and digital equity. These statements reflect our current plans and aspirations and are not guarantees that we will be able to achieve them. Our failure to adequately update, accomplish or accurately track and report on these goals on a timely basis, or at all, could adversely affect our reputation, financial performance and growth, and expose us to increased scrutiny from the investment community, special interest groups and enforcement authorities. **In addition, there exists certain " anti- ESG " sentiment among some individuals and government institutions, and we may also face scrutiny, reputational risk, lawsuits or market access restrictions from these parties regarding our ESG initiatives.** Our ability to achieve any ESG objective is subject to numerous risks, ~~many~~ **some** of which are outside of our control. Examples of such risks include the availability and cost of low- or non- carbon- based energy sources, the evolving regulatory requirements affecting product circularity, ESG standards or disclosures, the evolving consumer protection laws applicable to ESG matters ~~and~~ **,** the availability of materials and suppliers that can meet our sustainability, diversity and other ESG goals **and the availability of funds to invest in ESG initiatives in times where we are seeking to reduce costs** . Standards for tracking and reporting ESG matters continue to evolve. Our selection of voluntary disclosure frameworks and standards, and the interpretation or application of those frameworks and standards, may change from time to time or differ from those of others. Methodologies for reporting ESG data may be updated and previously reported ESG data may be adjusted to reflect improvement in availability and quality of third- party data, changing assumptions, changes in the nature and scope of our operations and other changes in circumstances. Our processes and controls for reporting ESG matters across our operations and supply chain are evolving along with multiple disparate standards for identifying, measuring, and reporting ESG metrics, including ESG- related disclosures that may be required by the SEC, European and other regulators, and such standards may change over time, which could result in significant revisions to our current goals, reported progress in achieving such goals, or ability to achieve such goals in the future. If our ESG practices do not meet evolving investor or other stakeholder expectations and standards, then our reputation or our attractiveness as an investment, business partner, acquiror, service provider or employer could be negatively impacted. LEGAL AND REGULATORY RISKS Our business is subject to various federal, state, local and foreign laws and regulations that could adversely affect our business and results of operations and cash flows. We are subject to various federal, state, local and foreign laws and regulations. There can be no assurance that such laws and regulations will not be interpreted and changed in ways that will require us to modify our business models and objectives or affect our returns on investments by restricting existing activities and products, subjecting them to escalating costs or increased restrictions or prohibiting them outright. In particular, we face increasing complexity in our product design and procurement operations as we adjust to new and future requirements relating to the composition of our products, their safe use, the energy consumption associated with those products, climate change laws and regulations, and product repairability, reuse **, recyclability** and take- back legislation. In addition, there are existing and proposed legislation related to **human rights,** environmental and social responsibility (including **tracing requirements related to** forced labor **prohibitions** ~~tracing requirements~~) for our operations, supply chain partners, and our products and services. Moreover, we ~~are expected~~ -- **expect** to become increasingly subject to laws, regulations and international treaties relating to climate change, such as carbon pricing or product energy efficiency requirements or more prescriptive reporting requirements **. Additionally, the rapid evolution and increased adoption of artificial intelligence technologies and our obligations to comply with emerging laws and regulations may require us to develop additional artificial intelligence- specific governance programs** . As these new laws, regulations, treaties and similar initiatives and programs are adopted and implemented, we will be required to comply or potentially face market access limitations or restrictions on our products entering certain jurisdictions, sanctions or other penalties, including fines. Such burdens or costs may result in an adverse effect on our financial condition, results of operations and cash flows. We could also face significant compliance and operational burdens and incur significant costs in our efforts to comply with or rectify non- compliance with these laws or regulations. Our potential exposure also includes third- party property damage, personal injury claims and clean- up costs. Further, liability under some environmental laws relating to contaminated sites can be imposed retroactively, on a joint and several basis, and without any finding of noncompliance or fault. We are subject to risks associated with litigation and regulatory proceedings. We face legal claims or regulatory matters involving stockholder, consumer, competition, commercial, IP, employment, and other issues on a global basis. There is an increasingly active litigation and regulatory environment, including but not limited to employment and patent- monetization claims in the United States **, Germany and Brazil,** and litigation and regulatory matters focused on consumer protection, privacy, and competition regulation globally **. Patent monetization campaigns have become increasingly aggressive, including those by patent holders for standardized technology, such as WiFi and video, who have sued in venues that allow injunctions despite commitments to license patents on fair and reasonable terms. If we are unsuccessful in defending against such claims, we may be exposed to exorbitant licensing demands in order to avoid potential disruptions to our business** . As described in Note 14, " Litigation and Contingencies " to the Consolidated Financial Statements in Item 8, we are engaged in a number of litigation and regulatory matters that may have a material adverse impact on our business, financial condition, cash flows or results of operations, if decided adversely to or settled by us. Litigation and regulatory proceedings are inherently uncertain, and adverse rulings have occurred and may occur, including awards of monetary damages, imposition of fines, issuance of injunctions or cease- and- desist orders directing us to cease engaging in certain business practices, cease manufacturing or selling certain products, requiring the compulsory licensing of patents, or requiring other remedies. In addition, regardless of the outcome, litigation and regulatory proceedings can be costly, time- consuming, disruptive to our operations, and distracting to management. Failure to comply with our customer and partner contracts or government contracting regulations could adversely affect our business and financial performance. Our contracts with our customers may include unique and specialized performance requirements. In particular, our contracts with federal, state, provincial and local governmental customers are subject to procurement regulations, contract provisions and other specific requirements relating to their formation, administration and performance. In addition, contracts with customers may also include a requirement to comply with customer codes of conduct, which may have terms that conflict with our code of conduct, business policies and strategic objectives. Any failure by us to comply with the specific provisions in our customer contracts or any violation of government contracting regulations could result in loss of business or the imposition of civil and criminal penalties, which may include termination of contracts, forfeiture of profits, suspension of payments and, in the case of our government contracts, fines and suspension from future government contracting. Such failures could also cause reputational damage to our business and affect our ability to compete for new contracts. If our customer contracts are terminated, if we are suspended or disbarred from government work, or if our ability to compete for new contracts is adversely affected, our financial performance could suffer. Our partner contracts also contain terms relating to new partner business models and tools creation that could raise issues for which laws or regulations are currently changing or emerging. This could affect us in ways that are not currently fully

known or measurable. Changes in our tax provisions, adverse tax audits, the adoption of new tax legislation, or exposure to additional tax liabilities could have a material impact on our financial performance. We are subject to income and other taxes in the United States and approximately 60 other countries, and we are subject to routine corporate income tax audits in many of these jurisdictions. We believe that the positions taken on our tax returns are fully supported, but tax authorities may challenge these positions, and our positions may not be fully sustained on examination by the relevant tax authorities. We regularly assess the likely outcomes of these audits in order to determine the appropriateness of our tax provision, and, we believe we have provided adequate reserves for all tax deficiencies or reductions in tax benefits that could reasonably result from an audit. Our accrual for uncertain tax positions is attributable primarily to uncertainties concerning the tax treatment of our domestic operations, including the allocation of income among different jurisdictions, intercompany transactions, pension and related interest. We adjust our uncertain tax positions to reflect the impact of negotiations, settlements, rulings, advice of legal counsel, and other information and events pertaining to a particular audit. Determining the appropriate provision for potential deficiencies or reductions in in tax benefits that could reasonably result from an audit requires management judgments and estimates, and income tax audits are inherently unpredictable. We may not accurately predict the outcomes of these audits, and the amounts ultimately paid upon resolution of audits could be materially different from the amounts previously included in our income tax provision and, therefore, could have a material impact on our income tax provision, net income and cash flows. Our effective tax rate in the future could be adversely affected by changes to our operating structure, changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, or changes in tax laws or in their interpretation or enforcement. In addition, changes in tax law and regulation in the U. S. or elsewhere could significantly impact our tax rate, the carrying value of deferred tax assets, or our deferred tax liabilities. For example, the U. S. Congress has advanced a variety of tax legislation proposals, and while the final form of any legislation is uncertain, the current proposals, if enacted, could have a material effect on the Company' s effective tax rate. ~~Our~~ **In addition, our** effective tax rate could also be materially affected by the Organization for Economic Co- operation and Development' s **(the " OECD ")** , the European Commission' s and other certain major jurisdictions' heightened interest in and taxation of large multi- national companies. ~~In addition~~ **For instance** , ~~we continue to monitor the Inflation Reduction Act of 2022 and related regulatory developments to evaluate their~~ -- **the** ~~potential impact~~ **OECD has enacted model rules for a new global minimum tax framework (" BEPS Pillar Two "), and various governments around the world have enacted, or are in the process of enacting, legislation** on ~~our business~~ **these rules** , **which could adversely affect our effective** tax rate ~~and financial results~~ .
RISKS RELATED TO THE SEPARATION We continue to face risks related to the Separation, including failure to perform under the transaction agreements executed as part of the Separation and related to shared use of certain intellectual property rights. In connection with the Separation, we and Hewlett Packard Enterprise entered a separation and distribution agreement and various other agreements. The separation and distribution agreement provides for cross- indemnities between HP and Hewlett Packard Enterprise for liabilities allocated to the respective party pursuant to the terms of such agreement. If Hewlett Packard Enterprise or its successor entities (including spun off businesses to which obligations have been transferred) are unable to satisfy their obligations under these agreements, we could incur operational difficulties or losses. In addition, the terms of the Separation include licenses and other arrangements to provide for certain ongoing use of intellectual property in the operations of both businesses. For example, through a joint brand holding structure, both Hewlett Packard Enterprise and we retain the ability to make ongoing use of certain variations of the legacy Hewlett- Packard and HP branding, respectively. As a result of this continuing shared use of the legacy branding there is a risk that conduct or events adversely affecting the reputation of Hewlett Packard Enterprise could also adversely affect our reputation.