Risk Factors Comparison 2024-02-07 to 2023-02-10 Form: 10-K

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

Our business is subject to numerous risks and uncertainties. These risks include, but are not limited to, the following: Risks Related to the Merger • The announcement of our entry into the Merger Agreement and pendency of the Merger may result in disruptions to our business, and the Merger could divert management' s attention, disrupt our relationships with third parties and employees, and result in negative publicity, customer concerns, or legal proceedings, any of which could negatively impact our operating results and ongoing business. • Completion of the Merger is subject to the conditions contained in the Merger Agreement, including receipt of regulatory approvals, which may not be received, may take longer than expected or may impose conditions that are not presently anticipated or that cannot be met, and if these conditions are not satisfied or waived, the Merger will not be completed. • Litigation may arise in connection with the Merger, which could be costly, prevent or delay consummation of the Merger, divert management' s attention, and otherwise materially harm our business. Risks Related to Our Business Strategy and Industry • Our quarterly results are unpredictable and subject to substantial fluctuations; as a result, we may fail to meet the expectations of securities analysts and investors. • We expect our gross margins and operating margins to vary over time. • Our backlog may not be an accurate indicator of our level and timing of future revenues. • We derive a material portion of our revenues from a limited number of our customers. • If we are unable to compete effectively, our business and financial results could be harmed. • Fluctuating economic conditions make it difficult to predict revenues and gross margin for a particular period and a shortfall in revenues or increase in costs of production may harm our operating results. • Our success depends upon our ability to effectively plan and manage our resources and scale and restructure our business. • Our acquisitions or divestitures of businesses could disrupt our business and harm our financial condition and stock price, and equity issued as consideration for acquisitions may dilute the ownership of our stockholders. • Long sales and implementation cycles for our products and customer urgency related to ship dates to fill large orders may cause our revenues and operating results to vary significantly from quarter- to- quarter. • Our ability to recognize revenue in a particular period is contingent on the timing of product orders and deliveries and / or our sales of certain software, subscriptions, and professional support and maintenance services. Risks Related to Our Technology and Business Operations • If the demand for network and IP systems does not continue to grow, our business, financial condition, and results of operations could be adversely affected. • Issues in the development and use of artificial intelligence may result in reputational harm or liability. • If we do not anticipate technological shifts, market needs and opportunities, we may not be able to compete effectively and our ability to generate revenues will suffer. • Our strategy to expand our software business could adversely affect our competitive position. • If our products do not interoperate with our customers' networks, installations will be delayed or cancelled and could harm our business. • Our products incorporate and rely upon licensed third- party technology. • We may face difficulties enforcing our proprietary rights, which could adversely affect our ability to compete. • We depend on contract manufacturers and original design manufacturers as well as single- source and limited source suppliers, including for key components such as semiconductors. • We face significant risks to our business and operations due to political and economic tensions between China and Taiwan. • System security risks, data protection breaches, and cyberattacks could compromise our and our customers' proprietary information, disrupt our internal operations, and harm public perception of our products. • Disruption in our distribution channels could seriously harm our future revenue and financial condition and increase our costs and expenses. • We rely on the performance of our business systems and third- party systems and processes. • Our ability to develop, market, and sell products could be harmed if we are unable to retain or hire key personnel. • Our business could be negatively impacted by oversight of ESG matters and / or our reporting of ESG matters. Legal, Regulatory, and Compliance Risks • We are a party to lawsuits, investigations, and other disputes. • Non-standard contract terms with telecommunications, cable, and cloud service provider companies, and other large customers, including large enterprise customers, could have an adverse effect on our business or impact the amount of revenues to be recognized. • Regulations of our industry or of our customers could harm our operating results and future prospects. • Governmental regulations, economic sanctions and other legal restrictions that affect international trade or affect movement and disposition of our products and component parts could negatively affect our revenues and operating results. • Our actual or perceived failure to adequately protect personal data could adversely affect our business, financial condition, and results of operations. Financial Risks • Our financial condition and results of operations could suffer if there is an impairment of goodwill or purchased intangible assets. • Changes in effective tax rates, the adoption of new U. S. or international tax legislation, or adverse outcomes resulting from examination of our income or other tax returns could adversely affect our results. • We are subject to risks arising from our international operations, which may adversely affect our business, financial condition, and results of operations. • There are risks associated with our outstanding and future indebtedness. • Our investments are subject to risks, which may cause losses and affect the liquidity of these investments. General Risk Factors • Failing to adequately evolve our financial and managerial control and reporting systems and processes, or any weaknesses in our internal controls may adversely affect investor perception, and our stock price. • Our amended and restated bylaws provide that the Court of Chancery of the State of Delaware will be the sole and exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum. Factors That May Affect Future Results

We operate in rapidly changing economic and technological environments that present numerous risks, many of which are driven by factors that we cannot control or predict. Some of these risks are highlighted in the following discussion, and in Management' s Discussion and Analysis of Financial Condition and Results of Operations and Quantitative and Qualitative Disclosures About Market Risk. Investors should carefully consider all relevant risks before investing in our securities. The occurrence of any of these risks or additional risks and uncertainties not presently known to us or that we currently believe to be immaterial could materially and adversely affect our business, financial condition, operating results, and stock price **. RISKS RELATED TO THE MERGER The announcement of our entry into the Merger Agreement and pendency of the Merger may result in disruptions to our business, and the Merger could divert management' s attention, disrupt our relationships with third parties and employees, and result in negative publicity, customer concerns, or legal proceedings, any of which could negatively impact our operating results and ongoing business. On January 9, 2024, we entered into the Merger Agreement with HPE and Merger Sub, providing for the acquisition of Juniper by HPE. Completion of the Merger, which is currently expected in late calendar year 2024 or early calendar year 2025, is subject to the satisfaction or waiver of certain closing conditions, including: (1) the adoption of the Merger Agreement by the affirmative vote of the holders of a majority of the outstanding shares of our common stock, (2) the expiration or early termination of the applicable waiting period under the Hart- Scott- Rodino Antitrust Improvements Act of 1976, as amended, and certain other approvals, clearances or expirations of waiting periods under other antitrust laws and foreign investment laws, (3) the absence of any order, injunction, or other order or law prohibiting the Merger or making the closing of the Merger illegal, (4) the accuracy of each party' s representations and warranties, subject to certain standards set forth in the Merger Agreement, (5) the performance and compliance in all material respects of each party' s agreements and covenants under the Merger Agreement, and (6) in the case of the obligations of HPE and Merger Sub to effect the Merger, no Material Adverse Effect (as defined in the Merger Agreement) with respect to Juniper, having occurred and that is continuing as of the closing. There is no assurance that all of the conditions will be satisfied or waived, or that the Merger will be completed on the proposed terms, within the expected timeframe, or at all. Furthermore, there are additional inherent risks in the Merger, including, but not limited to, the risks detailed below. During the period prior to the closing of the Merger, our business is exposed to certain inherent risks due to the effect of the announcement or pendency of the Merger on our business relationships, financial condition, operating results, and business, including: • potential uncertainty in the marketplace, which could result in current and prospective customers, resellers, and distributors to purchase products and services from our competitors or reduce, delay or cancel purchasing from us; • the possibility of disruption to our business and operations, including diversion of management attention and resources; • the inability to attract and retain key personnel (including as a result of solicitation by our competitors or others), and the possibility that our current employees could be distracted, and their productivity decline as a result, due to uncertainty regarding the Merger; • the inability to pursue alternative business opportunities or make changes to our business and other restrictions on our ability to conduct our business, pending the completion of the Merger; • our inability to solicit other acquisition proposals during the pendency of the Merger; • the amount of the costs, fees, expenses, and charges related to the Merger Agreement and the Merger; and • other developments beyond our control, including, but not limited to, changes in domestic or global economic or political conditions that may affect the timing or success of the Merger. The Merger may be delayed, and may ultimately not be completed, due to a number of factors, including: • the failure to obtain the approval of the adoption of the Merger Agreement by our stockholders; • the failure to obtain regulatory approvals from certain governmental entities (or the imposition of any conditions, limitations or restrictions on such approvals); • potential future stockholder litigation and other legal and regulatory proceedings, which could delay or prevent the Merger; and • the failure to satisfy the other conditions to the completion of the Merger, including the possibility that a continuing Material Adverse Effect on our business would permit HPE not to close the Merger. If the Merger does not close, our business and stockholders would be exposed to additional risks, including: • to the extent that the current market price of our common stock reflects an assumption that the Merger will be completed, the price of our common stock could decrease if the Merger is not completed; • investor confidence could decline, stockholder litigation could be brought against us, relationships with existing and prospective customers, resellers, distributors, manufacturers, service providers, investors, lenders, and other business partners may be adversely impacted, we may be unable to hire or retain key personnel, and profitability may be adversely impacted due to costs incurred in connection with the pending Merger; • the requirement that we pay a customary termination fee of $ 407. 5 million if the Merger Agreement is terminated in certain circumstances, including by us in order to accept a superior proposal or by HPE because the Board of Directors of Juniper withdraws its recommendation in favor of the Merger. Even if successfully completed, there are certain additional risks to our stockholders from the Merger, including: • the amount of cash to be paid under the Merger Agreement is fixed and will not be adjusted for changes in our business, assets, liabilities, prospects, outlook, financial condition, or operating results or in the event of any change in the market price of, analyst estimates of, or projections relating to, our common stock; • the fact that receipt of the all- cash per share merger consideration under the Merger Agreement is taxable to stockholders that are treated as U. S. holders for U. S. federal income tax purposes; and • the fact that, if the Merger is completed, our stockholders will forego the opportunity to realize the potential long- term value of the successful execution of our current strategy as an independent company, and will be affected by the ability of HPE to integrate and implement its plans, forecasts and other expectations with respect to our business and realize additional opportunities for growth and innovation. Any of the foregoing, individually or in combination, could materially and adversely affect our business, our financial condition, and our results of operations and prospects. Completion of the Merger is subject to the conditions contained in the Merger Agreement, including receipt of regulatory approvals, which may not be received, may take longer than expected**

or may impose conditions that are not presently anticipated or that cannot be met, and if these conditions are not satisfied or waived, the Merger will not be completed. Before the Merger may be completed, various consents, clearances, approvals, authorizations and declarations of non- objection, or expiration of waiting periods (or extensions thereof), must be obtained from certain regulatory and governmental authorities in the U. S., in the European Union, and in numerous other jurisdictions. In addition, the Merger may be reviewed under antitrust statutes or foreign direct investment regimes of other governmental authorities. In deciding whether to grant the required regulatory approval, consent or clearance, the relevant governmental entities will consider the effects of the Merger on competition within their relevant jurisdiction. Regulatory and governmental entities may impose conditions on their respective approvals, in which case lengthy negotiations may ensue among such regulatory or governmental entities, HPE and us. Such conditions, any such negotiations and the process of obtaining regulatory approvals could have the effect of delaying or preventing consummation of the Merger. Subject to the terms of the Merger Agreement, we have agreed to use our reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, and to assist and cooperate with the other parties in doing, all things necessary, proper, or advisable under applicable laws to consummate and make effective the transactions contemplated by the Merger Agreement, including the Merger, as soon as reasonably practicable; provided, however, HPE is not required, and we are not permitted, to take any action that would result in a Burdensome Condition (as defined in the Merger Agreement). Satisfaction of many of the closing conditions is not within our control. For example, we cannot be certain that required regulatory clearances and approvals will be obtained in a timely manner or at all, or that the granting of these regulatory clearances and approvals will not involve the imposition of regulatory remedies on the completion of the Merger. If any of the closing conditions are not satisfied or waived prior to January 9, 2025, which deadline may be automatically extended to October 9, 2025, under certain circumstances, it is possible that the Merger Agreement will be terminated. Litigation may arise in connection with the Merger, which could be costly, prevent or delay consummation of the Merger, divert management' s attention, and otherwise materially harm our business. It is possible that litigation against us or our directors may be filed in the future as securities class action lawsuits and derivative lawsuits are often brought against public companies that have entered into acquisition, merger, or other business combination agreements like the Merger Agreement. The outcome of any such litigation is uncertain, and any litigation related to the Merger could delay or prevent the consummation of the proposed Merger. Regardless of the outcome of any future litigation related to the Merger, such litigation may be time- consuming and expensive and may distract our management from running the day- to- day operations of our business. The litigation costs and diversion of management' s attention and resources to address the claims and counterclaims in any litigation related to the Merger may materially negatively impact our business, results of operations, prospects, cash flows, and financial condition. If the Merger is not consummated for any reason, litigation could be filed in connection with the failure to consummate the Merger. Any litigation related to the Merger may result in negative publicity or an unfavorable impression of us, which could negatively affect the price of our common stock, impair our ability to recruit or retain employees, damage our relationships with our customers, resellers, distributors, and other business partners, or otherwise materially harm our operations and financial performance. Further, one of the conditions to the completion of the Merger is that no restraining order, preliminary or permanent injunction, or other order issued by any court of competent jurisdiction will be in effect which prevents the consummation of the Merger. As such, if any such order or injunction preventing the consummation of the Merger is obtained, that order or injunction may prevent the proposed Merger from becoming effective or from becoming effective within the expected timeframe . RISKS RELATED TO OUR BUSINESS STRATEGY AND INDUSTRY Our quarterly results are unpredictable and subject to substantial fluctuations; as a result, we may fail to meet the expectations of securities analysts and investors. Our revenues and operating results may vary significantly from quarter- to- quarter due to a number of factors, many of which are outside of our control. If our quarterly financial results or our predictions of future financial results fail to meet the expectations of securities analysts and investors, the trading price of our securities could be negatively affected. Our operating results for prior periods may not be effective predictors of our future performance. Factors associated with our industry, the operation of our business, and the markets for our products and services that may cause our quarterly results to fluctuate, include, but are not limited to: • unpredictable ordering patterns and limited visibility into our customers' spending plans and associated revenue; • changes in our customer mix, the mix of products and services sold, and the geographies in which our products and services are sold; • changes in the demand for our products and services, including seasonal fluctuations in customer spending; • changing market and economic conditions, including rising interest rates, recessionary cycles, and inflationary pressures, that could make our solutions more expensive or could increase our costs for materials, supplies, and services; • ability to fulfill orders received in a timely manner due to disruptions and shortages in our global supply chain; • **changes in ordering patterns from** increased advance ordering by customers of our products due to industry- wide supply chain concerns and our increased lead times **, followed by decreased ordering by our customers as they consume advance orders as supply normalizes** ; • price and product competition; • ineffective legal protection of our intellectual property rights in certain countries; • how well we execute on our strategy and business model; • financial stability of our customers, including the solvency of private sector customers **,** ~~; • authority for customers to purchase goods~~ and **the impact of adverse developments affecting the financial** services **industry** ; • executive orders, tariffs, governmental sanctions, changes in laws or regulations and accounting rules, or interpretations thereof **; • the impact of a U. S federal government shutdown or sovereign debt default on the U. S. economy, capital markets, our customers, our suppliers, and our business, including any adverse effects due to limited federal government services, such as import and export clearance, or visa processing** ; • regional economic and political conditions, which may be aggravated by unanticipated global events; and • disruptions in our business operations or target markets caused by, among other things, terrorism or other intentional acts, armed conflicts (such as the ongoing conflict between Russia and Ukraine as well as governmental sanctions imposed in response **, the Israel- Hamas war, and conflicts related to the attacks on cargo ships in the Red Sea**), cyberwarfare, an escalation of political tensions, outbreaks of disease, ~~such as~~ **including global health emergencies and** pandemics, earthquakes, floods, fires, or other natural disasters, including catastrophic events, and other unanticipated extraordinary externalities, including extreme weather conditions due to climate change that increase both the frequency and severity of natural disasters and may cause derivative disruptions such as impacts to our physical infrastructure or those of our customers, manufacturers, and suppliers. We believe that quarter- to- quarter comparisons of operating results are not necessarily a good indication of what our future performance will be. In some prior periods, our operating results have been below our guidance, our long- term financial model **,** or the expectations of securities analysts or investors. This may happen again, and the price of our common stock may decline. In addition, our failure to pay quarterly dividends to our stockholders or the failure to meet our commitments to return capital to our stockholders could have a material adverse effect on our stock price. We expect our gross margins and operating margins to vary over time. Our product and service gross margins are expected to vary, and may be adversely affected in the future by numerous factors, including, but not limited to, customer, vertical, product and geographic mix shifts, an increase or decrease in our software sales or **the** services we provide, increased price competition in one or more of the markets in which we compete, modifications to our pricing strategy to gain **or retain** footprint in markets or with customers, currency fluctuations that impact our costs or the cost of our products and services to our customers, inflation, increases in material, labor, logistics, warranty costs, or inventory carrying costs, excess product component or obsolescence charges ~~from our contract manufacturers~~ , issues with manufacturing or component availability, issues relating to the distribution of our products and provision of our services, quality or efficiencies, increased costs due to changes in component pricing or charges incurred due to inaccurately forecasting product demand, warranty related issues, the impact of tariffs, or our introduction of new products and enhancements, or entry into new markets with different pricing and cost structures. We have seen, and may continue to see, our gross margins negatively impacted by ~~continued~~ increases in component costs **, logistics costs, elevated inventory balances,** and inflationary pressures. Failure to sustain or improve our gross margins reduces our profitability and may have a material adverse effect on our business and stock price. **Our backlog may not be an accurate indicator of our level and timing of future revenues. Our backlog may not be a reliable indicator of future operating results. For example, as a result of product order volume growth in prior periods and industry- wide supply challenges due to both constrained manufacturing capacity as well as shortages of component parts, our backlog grew significantly in 2021 and 2022 and remained elevated throughout 2023. As customer buying patterns normalize, order growth declines, and supply chain conditions improve, we expect our backlog to reduce to approximate historical levels. Further, customer behaviors have been changing as a result of worldwide macroeconomic factors, which has reduced demand and may continue to reduce demand for certain of our products and services. If we are not able to respond to and manage the impact of these and other events effectively, or if the macroeconomic conditions of the general economy or the industries in which we operate worsen from present levels, our business, operating results, financial condition, and cash flows could be adversely affected.** We derive a material portion of our revenues from a limited number of our customers ~~, and our customers compete in industries that continue to experience consolidation~~ . A material portion of our net revenues, across each customer vertical, depends on sales to a limited number of customers. The concentration of our customer base increases risks related to the financial condition of our customers, and the deterioration in financial condition of a single customer or the failure of a single customer to perform its obligations could have a material adverse effect on our results of operations and cash flow. If any such customers change their business requirements or focus, vendor selection, project prioritization, or purchasing behavior, or are parties to consolidation transactions, they may delay, suspend, reduce **,** or cancel their purchases of our products or services and our business, financial condition, and results of operations may be adversely affected. In addition, major customers may also seek more favorable pricing, payment, intellectual property- related, or other commercial terms that are less favorable to us, which may have a negative impact on our business, cash flow, revenue, and gross margins. If we are unable to compete effectively, our business and financial results could be harmed. The markets that we serve are rapidly evolving and highly competitive and include several well- established companies. We also compete with other ~~public and private~~ companies that are developing technologies that compete with our products. In addition, actual or speculated consolidation among competitors, or the acquisition by, or of, our partners and / or resellers by competitors can increase the competitive pressures faced by us as customers may delay spending decisions or not purchase our products at all. Our partners and resellers generally sell competing products on a non- exclusive basis and consolidation could delay spending or require us to increase discounts to compete, which could also adversely affect our business. Several of our competitors have substantially greater resources and can offer a wider range **or greater depth** of products and services for the overall network equipment market than we do. Other competitors have become more integrated, including through consolidation and vertical integration, and offer a broader range of products and services, which could make their solutions more attractive to our customers. Many of our competitors also sell networking products as bundled solutions with other IT products. If we are unable to compete effectively ~~against existing or future competitors~~ , we could experience a loss in market share and a reduction in revenues and / or be required to reduce prices, which could reduce our gross margins and materially and adversely affect our business, financial condition, and results of operations. Fluctuating economic conditions make it difficult to predict revenues and gross margin for a particular period and a shortfall in revenues or increase in costs of production may harm our operating results. Our revenues and gross margin depend significantly on general economic conditions and the demand for products in the markets in which we compete. Economic weakness or uncertainty, customer financial difficulties, and constrained spending on network expansion and enterprise infrastructure have ~~in the past~~ resulted in, and may in the future result in, decreased revenues and earnings. Such factors could make it difficult to accurately forecast revenues and operating results and could negatively affect our ability to provide accurate forecasts to our contract manufacturers, manage our contract manufacturer relationships and other expenses **,** and to make decisions about future investments. In addition, economic instability or uncertainty, inflationary pressures, continued turmoil in the geopolitical environment in many parts of the world and other events beyond our control, such as the ~~COVID- 19 pandemic and~~ **remaining effects of global health emergencies,** the ongoing conflict between Russia and Ukraine **, and the Israel- Hamas war** , have, and may continue to, put pressure on economic conditions, including global and regional financial markets, which has led and could lead, to reduced demand for our products, delays or reductions in network expansions or infrastructure projects, and / or higher costs of production. Future or continued economic weakness, failure of our customers and markets to recover from such weakness, customer financial difficulties, increases in costs of production, and reductions in spending on network maintenance and expansion could result in price concessions in certain markets or have a material adverse effect on demand for our products and consequently on our business, financial condition, and results of operations. Our ~~business operations have been impacted by the ongoing COVID- 19 pandemic, and the impact on our future results of operations and financial performance remains uncertain. We continue to monitor and evaluate the impact of the COVID- 19 pandemic on our business operations on a regional, national, and global basis. In 2022, we reopened our facilities world- wide for office- based employees in a new office / hybrid collaboration model. If the ongoing COVID- 19 pandemic, corresponding governmental regulations, or our return to the office process have a substantial impact on the health, attendance or productivity of our employees, partners, or customers, our results of operations and overall financial performance may be adversely impacted. For example, the COVID- 19 pandemic has caused us to experience supply constraints due to both constrained manufacturing capacity as well as shortages of component parts as our component vendors have experienced manufacturing challenges. We continue to experience extended lead- times to our customers and increased logistics and elevated component costs, which has negatively impacted our ability to recognize revenue and decreased our gross margins for these periods, and may impact our ability to convert backlog into revenue. Our backlog may not be a reliable indicator of future operating results because a customer may place orders early in an effort to secure supply when needed and then cancel an order without significant penalty. Further, customer behaviors have started to change as a result of global macroeconomic factors, and we may not continue to experience a continuation of such demand. Challenges to our supply chain due to the impact of the pandemic remain dynamic, including ongoing shortages of component parts, and we continue to experience increased logistics costs due to air travel and transport restrictions that limit the availability of flights on which we are able to ship products. Additionally, cost increases and extended shipping times for ocean transit have increased our dependence on higher- cost air freight. The ultimate impact from the COVID- 19 pandemic on our business depends on future developments that cannot be accurately forecasted at this time, such as the transmission rate and geographic spread of the disease and its variants, and the impact of these and other factors on our employees, customers, partners, and vendors. If we are not able to respond to and manage the impact of such events effectively and if the macroeconomic conditions of the general economy or the industries in which we operate worsen from present levels, our business, operating results, financial condition and cash flows could continue to be adversely affected. Our~~ success depends upon our ability to effectively plan and manage our resources and scale and restructure our business. Our ability to successfully offer our products and services and execute on our growth strategy in a rapidly evolving market requires an effective planning, forecasting, and management process to enable us to effectively scale and adjust our business and business models in a cost- effective manner. From time to time, we have increased investment in our business by increasing headcount, acquiring companies, and increasing our investment in research and development, sales and marketing, and other parts of our business. Conversely, **from time to time** ~~in the last few years~~ , we have initiated restructuring plans to realign our workforce as a result of organizational and leadership changes, which resulted in restructuring charges. Our ability to achieve the anticipated cost savings and other benefits from these initiatives is subject to many estimates and assumptions, which are subject to uncertainties. If our estimates and assumptions are incorrect, if we are unsuccessful at implementing changes, if we cannot evolve and scale our business and operations effectively, or if other unforeseen events occur, our business, financial condition **,** and results of operations could be adversely affected. Our acquisitions or divestitures of businesses could disrupt our business and harm our financial condition and stock price, and equity issued as consideration for acquisitions may dilute the ownership of our stockholders. We have made, and may continue to make, acquisitions to enhance our business and invest significant resources to integrate the businesses we acquire. The success of each acquisition depends in part on our ability to realize ~~the~~ business opportunities and manage ~~numerous~~ risks, including, but not limited to: problems combining the purchased **business** operations, technologies or products, unanticipated costs, higher operating expenses, liabilities, litigation, diversion of management' s time and attention, adverse effects on existing business relationships with suppliers and customers, risks associated with entering markets in which we have no or limited prior experience, and where competitors in such markets have stronger market positions, initial dependence on unfamiliar supply chains, failure of our due diligence processes to identify significant problems, liabilities **,** or other challenges of an acquired company or technology **, including risks that arise due to incomplete assimilation of acquired companies' information systems and use by acquired companies of technology managed outside the scope of our information technology organization resulting in incomplete coverage by our cybersecurity threat risk management tools** , and the potential loss of key employees, customers, distributors, vendors, and other business partners of the companies we acquire. Acquisitions of high- technology companies are inherently risky and subject to **uncertainties, including** many factors outside of our control. **As a result,** ~~There can be no assurance that~~ our previous or future acquisitions ~~will~~ **may not** be successful ~~or that we will~~ **. We may not** be able to successfully integrate any businesses, products, technologies, or personnel that we ~~might~~ acquire or ~~that~~ the transaction ~~will~~ **may not** advance our business strategy **as expected** . Further, we may not realize anticipated revenues or other benefits associated with our acquisitions. In addition, we have divested, and may in the future divest, businesses, product lines, or assets. These ~~initiatives~~ **transactions** may also require significant separation activities that could result in the diversion of management' s time and attention, loss of employees, substantial separation costs, and accounting charges for asset impairments. **Any** ~~No assurance can be given that any~~ acquisitions or divestitures **may** ~~will not~~ materially adversely affect our business, operating results, or financial condition. In connection with certain acquisitions, we may agree to issue common stock, or assume equity awards, ~~that~~ **which would** dilute the ownership of our current stockholders; use a substantial portion of our cash resources; assume liabilities (both known and unknown); incur tax expenses; record goodwill and amortizable intangible assets as well as restructuring and other related expenses. We may incur additional acquisition- related debt, which could increase our leverage and potentially negatively affect our credit ratings resulting in more restrictive borrowing terms or increased borrowing costs, thereby limiting our ability to borrow. Any of the foregoing ~~, and other~~ factors ~~,~~ could harm our ability to achieve anticipated levels of profitability or other financial benefits from our acquired or divested businesses, product lines or assets or to realize other anticipated benefits of divestitures or acquisitions. Long sales and implementation cycles for our products and customer urgency related to ship dates to fill large orders may cause our revenues and operating results to vary significantly from quarter- to- quarter. We experience lengthy sales cycles because our customers' decisions to purchase certain of our products, particularly new products, involve a significant commitment of their resources and a lengthy evaluation and product qualification process. Customers design and implement large network deployments following lengthy procurement processes, which may impact expected future orders. Following a purchase, customers may also deploy our products slowly and deliberately. Customers with large networks often expand their networks in large increments on a periodic basis and place large orders on an irregular basis. These sales and implementation cycles, as well as our expectation that customers will place large orders with urgent ship dates, may cause our revenues and operating results to vary significantly from quarter- to- quarter. Our ability to recognize revenue in a particular period is contingent on the timing of product orders and deliveries and / or our sales of certain software, subscriptions, and professional support and maintenance services. In some of our businesses, our quarterly sales have periodically reflected a pattern in which a disproportionate percentage of each quarter' s total sales occurs towards the end of the quarter. Further, we build certain products only when orders are received. Since the volume of orders received late in any given fiscal quarter remains unpredictable, if orders for custom products are received late in any quarter, we may not be able to recognize revenue for these orders in the same period or meet our expected quarterly revenues. Similarly, if we were to take actions or events occur ~~,~~ which encourage customers to place orders or accept deliveries earlier than anticipated ~~or our customers were to continue to accelerate ordering of our products in response to global supply constraints, extended lead times or other market pressures~~ , our ability to meet our expected revenues in future quarters could be adversely affected. We also determine our operating expenses based on our anticipated revenues and technology roadmap and a high percentage of our expenses are fixed in the short and medium term. Any failure or delay in generating or recognizing revenue could cause significant variations in our operating results and operating margin from quarter- to- quarter. In addition, services revenue, including SaaS revenue, accounts for a significant portion of our revenue, comprising **35 %,** 33 %, **and** 35 % ~~, and 36 %~~ of total revenue in **2023,** 2022, **and** 2021 ~~, and 2020~~ , respectively. We expect our sales of new or renewal professional services, support, maintenance, and SaaS contracts to fluctuate due to end- customers' level of satisfaction with our products and services, the prices of our products and services or those offered by our competitors, and reductions in our end- customers' spending levels. We recognize professional services when delivered, and we recognize support, maintenance, and SaaS revenue periodically over the term of the relevant service period. Further, we recognize certain software revenues periodically over the term of the relevant use or subscription periods and as a result, the related software and support and maintenance revenue we report each fiscal quarter is derived from the recognition of deferred revenue from contracts entered into during previous fiscal quarters. Any fluctuation in such new or renewed contracts in any one fiscal quarter may not be fully or immediately reflected in revenue and could negatively affect our revenue in future fiscal quarters. RISKS RELATED TO OUR TECHNOLOGY AND BUSINESS OPERATIONS If the demand for network and IP systems does not continue to grow, our business, financial condition, and results of operations could be adversely affected. A substantial portion of our business and revenues depends on the growth of secure IP infrastructure as well as customers that depend on the continued growth of IP services to deploy our products in their networks and IP infrastructures. As a result of changes in the economy, capital spending, or the building of network capacity in excess of demand (all of which have, in the past, particularly affected telecommunications service providers), spending on IP infrastructure can vary, which could have a material adverse effect on our business, financial condition, and results of operations. In addition, a number of our existing customers are evaluating the build- out of their next generation networks. During the decision- making period when our customers are determining the design of those networks and the selection of the software and equipment they will use in those networks, such customers may greatly reduce or suspend their spending on secure IP infrastructure. Any reduction or suspension of spending on IP infrastructure is difficult to predict, and may be due to events beyond our control. This, in turn, can make it more difficult to accurately predict revenues from customers, can cause fluctuations in the level of spending by customers and, even where our products are ultimately selected, can have a material adverse effect on our business, financial condition, and results of operations. **Issues in the development and use of artificial intelligence may result in reputational harm or liability. We incorporate AI capabilities into certain of our offerings, and this technology is a significant element of our business. As with many developing technologies, AI presents risks and challenges, and may result in unintended consequences that could affect its further development, adoption, and use, and therefore our business. Deficiencies or other failures of AI systems could subject us to competitive harm, regulatory action, penalties, legal liability, or brand or reputational harm. AI is an emerging technology for which the legal and regulatory landscape is not fully developed, including potential liability for breaching intellectual property or privacy regulations. While laws and regulations applicable to AI are emerging and evolving, including the EU' s provisional AI Act, what these legal frameworks will look like remains uncertain and they may be inconsistent from jurisdiction to jurisdiction. We may not always be able to anticipate how to respond to these legal frameworks, and our obligation to comply with them could entail significant costs, negatively affect our business, or entirely limit our ability to incorporate certain AI capabilities into our offerings. Additionally, leveraging AI capabilities to potentially improve internal functions and operations presents further risks, costs, and challenges. We aim to use AI ethically and attempt to identify and mitigate ethical or legal issues presented by its use. However, we may be unsuccessful in identifying or resolving ethical or legal issues presented by the use of AI. The use of AI to support business operations may carry**

inherent risks related to data privacy and security, such as intended or unintended transmission of personal data or proprietary or sensitive information, as well as challenges related to implementing and maintaining AI tools. Increased use of AI by third parties may also increase these risks. Further, reliance on AI could introduce operational vulnerabilities and impact our relationships with customers, partners, and suppliers. If we do not anticipate technological shifts, market needs and opportunities, we may not be able to compete effectively and our ability to generate revenues will suffer. If we are unable to anticipate future technological shifts, market needs, requirements or opportunities, or fail to develop and introduce new products, product enhancements **,** or business strategies to meet those requirements or opportunities in a timely manner or at all, it could cause us to lose customers, substantially decrease or delay market acceptance and sales of our products and services, and significantly harm our business, financial condition, and results of operations. In addition, if we invest in developing products for a market that does not develop, it could significantly harm our business, financial condition, and results of operations. Even if we are able to anticipate, develop, and commercially introduce new products, enhancements or business strategies, **any** ~~there can be no assurance that~~ such products, enhancements **,** or business strategies ~~will~~ **may not** achieve market acceptance. Our strategy to expand our software business could adversely affect our competitive position. The success of our strategy to expand our software business is subject to a number of risks and uncertainties, including, but not limited to: • the additional development efforts and costs required to create new software products and to make our products compatible with multiple technologies; • the possibility that our software products may not achieve widespread customer adoption; • the possibility that our strategy could erode our revenue and gross margins; • the impact on our financial results of longer periods of revenue recognition for certain types of software products and changes in tax treatment associated with software sales; • the additional costs associated with both domestic and international regulatory compliance, data protection, privacy and security laws, industry data security standards, and changes we need to make to our distribution chain in connection with increased software sales; **• issues related to cloud- specific and AI- specific regulatory requirements in certain countries including the U. S., U. K., EU, and APAC countries.** • the ability of our disaggregated hardware and software products to operate independently and / or to integrate with current and future third- party products; and • issues with third- party technologies used with our software products, which may be attributed to us. If any of our software products or business strategies do not gain market acceptance or meet our expectations for growth, our ability to meet future financial targets may be adversely affected and our competitive position and our business and financial results could be harmed. If our products do not interoperate with our customers' networks, installations will be delayed or cancelled and could harm our business. Our products are designed to interface with our customers' existing networks, each of which have different specifications and utilize multiple protocol standards and products from other vendors. Many of our customers' networks contain multiple generations of products that have been added over time as these networks have grown and evolved. Our products must interoperate with many or all of the products within these networks as well as future products to meet our customers' requirements. If we find errors in the existing software or defects in the hardware used in our customers' networks, we may need to modify our software or hardware to fix or overcome these errors so that our products will interoperate and scale with the existing software and hardware, which could be costly and could negatively affect our business, financial condition, and results of operations. In addition, if our products do not interoperate with those of our customers' networks, demand for our products could be adversely affected or orders for our products could be canceled. This could hurt our operating results, damage our reputation, and seriously harm our business and prospects. Our products incorporate and rely upon licensed third- party technology. We integrate licensed third- party technology into certain of our products. From time to time, we may be required to renegotiate our current third- party licenses or license additional technology from third parties to develop new products or product enhancements or to facilitate new business models. Third- party licenses may not be available or continue to be available to us on commercially reasonable terms and some of our agreements with our licensors may be terminated for convenience by them. In addition, we cannot be certain that our licensors are not infringing on the intellectual property rights of third parties or that our licensors have sufficient rights to the licensed intellectual property in all jurisdictions in which we may sell our products. Third- party technology we incorporate into our products that is deemed to infringe on the intellectual property of others may result, and in some cases has resulted, in limitations on our ability to source technology from those third parties, restrictions on our ability to sell products that incorporate the infringing technology, increased exposure to liability that we will be held responsible for incorporating the infringing technology in our products, and increased costs involved in removing that technology from our products or developing substitute technology. Our inability to comply with, maintain or re- license any third- party licenses required in our products or our inability to obtain third- party licenses necessary to develop new products and product enhancements, could require us to develop substitute technology or obtain substitute technology of lower quality or performance standards or at a greater cost, any of which could delay or prevent product shipment and harm our business and results of operations. We may face difficulties enforcing our proprietary rights, which could adversely affect our ability to compete. We rely on a combination of patents, copyrights, trademarks, trade secret laws, and contractual restrictions on disclosure of confidential and proprietary information, to protect our proprietary rights. ~~There can~~ **We may not** be ~~no assurance that any of~~ **able to protect our proprietary rights, products, or, in fact, provide competitive advantages to us or to our technology if** our patent applications ~~will~~ **do not** result in issued patents with the scope of the claims we seek or ~~that any of~~ our patents or other proprietary rights **are** ~~will not be~~ challenged, invalidated, infringed, or circumvented ~~or that our rights will, in fact, provide competitive advantages to us or protect our technology~~. Further, we cannot be certain that we were the first to make the inventions claimed in our pending patent applications or that we were the first to file for patent protection, which could prevent our patent applications from ~~issuing~~ **being issued** as patents or invalidate our patents following issuance, which in turn may prevent us from incorporating our inventions into our products. If we cannot protect our intellectual property rights, we could incur costly product redesign efforts, discontinue certain product offerings, and experience other competitive harm. Unauthorized parties may also attempt to copy aspects of our products or obtain and use our proprietary information. We generally enter into confidentiality or license agreements with our employees, consultants, vendors, and customers, and generally limit access to and distribution of our proprietary information. However, we cannot ensure that we have entered into confidentiality or license agreements with all parties who may have or have had access to our confidential information or that these agreements will not be breached. We cannot guarantee that any of the measures we have taken will prevent misappropriation of our technology. We are also vulnerable to third parties who illegally distribute or sell counterfeit, stolen, or unfit versions of our products, which has happened in the past and could happen in the future, and could have a negative impact on our reputation and business. In addition, the laws of some foreign countries may not protect our proprietary rights to the same extent as do the laws of the U. S. If we are unable to protect our proprietary rights, we may be at a competitive disadvantage to others who need not incur the substantial expense, time, and effort required to create innovative products that have enabled our success. We depend on contract manufacturers and original design manufacturers as well as single- source and limited source suppliers, including for key components such as semiconductors. Our operations depend on our ability to anticipate our needs for components, products and services, as well as the ability of our manufacturers, original design manufacturers, and suppliers to deliver sufficient quantities of quality components, products and services at reasonable prices and in time for us to meet critical schedules for the delivery of our own products and services. Given the wide variety of solutions that we offer, the large and diverse distribution of our manufacturers and suppliers, and the long lead times required to manufacture, assemble and deliver certain products, problems ~~could arise~~ in production, planning and inventory management ~~that~~ could seriously harm our business ~~. For example~~ , **and** ~~there~~ -- **the** ~~is currently a worldwide~~ shortage of key components ~~, such as semiconductor products, that~~ has ~~caused us~~ **previously resulted in a significant disruption** to ~~experience~~ **our production schedule and resulted in** increased prices and extended lead times ~~. The shortage of semiconductors has caused a significant disruption to our production schedule and may give rise to a substantial adverse effect on our financial condition or results of operations~~ . Any delay in our ability to produce and deliver our products could cause our customers to purchase alternative products from our competitors. In addition, our ongoing efforts to optimize the efficiency of our supply chain could cause supply disruptions and be more expensive, time- consuming **,** and resource- intensive than expected. Other manufacturing and supply problems that we could face are described below. • Manufacturing Issues. We may experience supply shortfalls or delays in shipping products to our customers if our manufacturers experience delays, disruptions, or quality control problems in their manufacturing operations, or if we have to change or add manufacturers or contract manufacturing locations. **We** ~~Although we~~ have contracts with our manufacturers that include terms to protect us in the event of an early termination, **yet** we may not have adequate time to transition all of our manufacturing needs to an alternative manufacturer under comparable commercial terms. We have experienced in the past and may experience in the future an increase in the expected time required to manufacture our products or ship products. Moreover, a significant portion of our manufacturing is performed in foreign countries and is therefore subject to risks associated with doing business outside of the U. S., including import restrictions, export restrictions, government sanctions, disruptions to our supply chain, cyberattacks, cyberwarfare, pandemics, regional **health emergencies, regional** climate- related events, or regional conflicts. • Single- Source Suppliers. We rely on single or limited sources for many of our components due to technology, availability, price, quality, scale or customization needs. Any supplier ~~of such components~~ could discontinue **manufacturing** components **that we** ~~used~~ - **use** in our products, which may cause us to either **suspend delivery of certain products to our customers,** discontinue certain products **,** or incur additional costs to redesign our products that incorporate discontinued components. In addition, there has been consolidation among certain suppliers of our components. Consolidation among suppliers can result in the reduction of the number of independent suppliers of components available to us, which could negatively impact our ability to access certain component parts or the prices we have to pay for such parts and may impact our gross margins. • Supply Chain Disruption. Any disruptions to our supply chain, significant increase in component costs or logistics, or shortages of critical components, could decrease our sales, earnings, and liquidity or otherwise adversely affect our business and result in increased costs. Such a disruption could occur as a result of any number of events, including, but not limited to: an extended closure of or any slowdown at our suppliers' plants or shipping delays, market shortages due to the surge in demand from other purchasers for critical components, increases in prices, including fuel prices and increases in prices due to inflation, the imposition of regulations, quotas or embargoes or tariffs on components ~~or our products themselves~~ , labor stoppages, transportation delays, including due to labor strikes, or failures affecting the supply chain and shipment of materials and finished goods, third- party interference in the integrity of the products sourced through the supply chain, cyberattacks, the unavailability of raw materials, severe weather conditions, adverse effects of climate change, natural disasters, geopolitical developments, war or terrorism and disruptions in utilities and other services. In addition, the development, licensing, or acquisition of new products in the future may increase the complexity of supply chain management. Failure to effectively manage the supply of components and products would adversely affect our business. • Component Supply Forecast. We provide demand forecasts for our products to our manufacturers, who order components and plan capacity based on these forecasts. If we overestimate our requirements, our manufacturers may assess charges, or we may have liabilities for excess inventory or raw materials, each of which could negatively affect our gross margins. If we underestimate our requirements, our contract manufacturers may have inadequate time, materials, and / or components required to produce our products. This could increase costs or delay or interrupt **the** manufacturing of our products, resulting in delays in shipments and deferral or loss of revenues and could negatively impact customer satisfaction. Any future spike in growth in our business, in the use of certain components we share in common with other companies, in IT spending, or in the economy in general, is likely to create greater short- term pressure on us and our suppliers to accurately forecast overall component demand and to establish optimal component inventories. If shortages or delays persist, we may not be able to secure enough components at reasonable prices or of acceptable quality to build and deliver products in a timely manner, and our revenues, gross margins **,** and customer relationships could suffer. • Alternative Sources of Supply. The development of alternate sources for components is time- consuming, difficult, and costly. In the event of a component shortage, supply interruption or significant price increase from these suppliers (such as with the current worldwide shortage of semiconductor products ~~or due to the impact of the war between Ukraine and Russia~~), we may not be able to locate alternative sources in a timely manner ~~. In addition, certain raw materials used in our industry' s extended supply chain come from Ukraine or Russia, such as neon, palladium, cobalt, and others. Poor relations between the U. S. and Russia, sanctions by the U. S., EU, and other countries against Russia, the response by Russia and other countries to these sanctions, and any escalation of political tensions or economic instability in the region could have an adverse impact on us and our suppliers. Further, our suppliers may have staff, operations, materials or equipment located in Ukraine or Russia, which could impact our supply chain or services being provided to us~~ . If we are unable to buy ~~these~~ components in quantities sufficient to meet our requirements on a timely basis, we will not be able to deliver products and services to our customers, which would seriously affect present and future sales, and would, in turn, adversely affect our business, financial condition, and results of operations. • ~~COVID- 19~~ Impact **due to Global Health Emergencies** . Delays in production ~~or~~ **and** in product deliveries due to ~~the COVID- 19~~ **global health emergencies or** ~~pandemic~~ **pandemics** have adversely affected **our business** and may ~~continue to~~ adversely affect our business, financial condition, and results of operations **in** ~~. For example, we have experienced supply constraints due to both constrained manufacturing capacity, as well as component parts shortages as our component vendors were also facing supply constraints, and increased logistics costs due to air travel and transport restrictions that limited~~ the **future** ~~availability of flights on which we ship our products. Additionally, cost increases and extended shipping times for ocean transit have increased our dependence on higher- cost air freight~~ . These challenges have resulted in extended lead- times to our customers and have had a negative impact on our ability to recognize associated revenue and has **previously** resulted in and may ~~continue to~~ **in the future** result in an increase in accelerated ordering for certain of our products ~~. We continue to work with government authorities and implement safety measures to help ensure that we are able to continue manufacturing and distributing our products during the ongoing COVID- 19 pandemic; however, we could still experience an unforeseen disruption to our supply chain that could impact our operations~~ . We face significant risks to our business and operations due to political and economic tensions between China and Taiwan. We have significant business operations in Taiwan, and some of our manufacturing partners and suppliers have facilities in Taiwan. As a result, our operations and our supply chain could be materially and negatively impacted by adverse changes in China- Taiwan relations, which have become increasingly frayed in recent years. Accordingly, further deterioration in military, political and economic relations between China and Taiwan, as well as the ongoing geopolitical and economic uncertainty between the U. S. and China, the unknown impact of current and future U. S. and Chinese trade regulations and other geopolitical risks with respect to China and Taiwan, may cause disruptions in the markets and industries we serve, including decreased demand from customers for products using our solutions, our supply chain, or other disruptions which may, directly or indirectly, materially harm our business, financial condition, results of operations, and the market price of our stock. System security risks, data protection breaches, and cyberattacks could compromise our and our customers' proprietary information, disrupt our internal operations **,** and harm public perception of our products. In the ordinary course of business, we store sensitive data, including intellectual property, personal data, our proprietary business information and that of our employees, contractors, customers, suppliers, vendors, and other business partners on our networks. In addition, we store sensitive data through cloud- based services that may be hosted by third parties and in data center infrastructure maintained by third parties. Secure maintenance of this information is critical to our operations and business strategy. We have been, and expect to be, subject to cyberattacks, and may be subject to ransomware and distributed denial- of- service attacks, spearfishing attacks and other attempted intrusions on our networks and systems by a wide range of actors, including, but not limited to, nation states, criminal enterprises, terrorist organizations, and other organizations or individuals, as well as errors, wrongful conduct or malfeasance by employees and third- party service providers (collectively, " malicious parties "). We expect our third- party vendors to be subject to similar cyberattacks, ransomware and distributed denial- of- service attacks, spearfishing attacks and other attempted intrusions. The increasing occurrence of high- profile data breaches and ransomware attacks ~~in addition to geopolitical unrest,~~ provides evidence of an environment increasingly hostile to information security. Despite our security measures, and those of our third- party vendors, our information systems, infrastructure, and data have experienced security incidents and breaches and may be subject to or vulnerable to breaches or attacks, including ransomware and distributed denial- of- service attacks. If any breach or attack compromises our networks or those of our vendors, creates system disruptions or slowdowns, or exploits security vulnerabilities or critical security defects of our products and services, the information stored on our networks or the networks of our customers, suppliers or business partners could be accessed and modified, publicly disclosed, lost, destroyed or stolen, and we may be subject to claims for contractual, tort, or equitable liability and suffer reputational and financial harm. In addition, malicious parties may compromise our software, including the open- source software used in our products, or our manufacturing supply chain to embed malicious hardware, components, and software that are designed to defeat or circumvent encryption and other cybersecurity measures to interfere with the operation of our networks, expose us or our products to cyberattacks, or gain unauthorized access to our or our customers' systems and information. If such actions are successful, they could diminish customer trust in our products, harm our business reputation, and adversely affect our business and financial condition. Because techniques used by malicious parties to access or sabotage networks are sophisticated, change frequently, and generally are not recognized until after they are used, we may be unable to anticipate or immediately detect these techniques or the vulnerabilities they have caused or other potential vulnerabilities or security defects. **Our logging of security incidents may also not be sufficient to identify or fully investigate a cybersecurity incident.** Further, when vulnerabilities are discovered, we evaluate the risk, prioritize our responses, apply patches or take other remediation actions and notify customers, business partners, and suppliers, as appropriate. Exploitation of vulnerabilities and critical security defects, prioritization errors in remedying vulnerabilities or security defects, failure of third- party providers to remedy vulnerabilities or security defects, or customers not deploying security releases or deciding not to upgrade products, services or solutions, could, in each case, result in claims of liability against us, damage our reputation or otherwise harm our business. All of this requires significant resources and attention from management and our employees, and the economic costs to us to eliminate or alleviate these issues could be significant and may be difficult to anticipate or measure. The market perception of the effectiveness of our products and our overall reputation could also be harmed as a result of any actual or perceived breach of security that occurs in our network or in the network of a customer of our products, regardless of whether the breach is attributable to our products, the systems of other vendors and / or to actions of malicious parties. This could impede our sales, manufacturing, distribution , or other critical functions, which could have an adverse impact on our financial results. Additionally, we could be subject to measures that regulate the security of the types of products we sell. Such regulations may result in increased costs and delays in product releases and changes in features to achieve compliance, which may impact customer demand for our products, and result in regulatory investigations, potential fines, and litigation in connection with a compliance concern, security breach or related issue, and potential liability to third parties arising from such breaches. Further, in response to actual or anticipated cybersecurity regulations or contractual security requirements negotiated with our customers, we may need to make changes to existing policies, processes, and supplier relationships that could impact product offerings, release schedules and service response times, which could adversely affect the demand for and sales of our products and services. We maintain product liability insurance, but there is no guarantee that such insurance will be available or adequate to protect against all such claims. If our business liability insurance coverage is inadequate, or future coverage is unavailable on acceptable terms or at all, our financial condition and results of operations could be harmed. Disruption in our distribution channels could seriously harm our future revenue and financial condition and increase our costs and expenses. The majority of our revenues are derived through value- added resellers and distributors, most of which also sell our competitors' products, and some of which sell their own competing products. The loss of or reduction in sales to our resellers or distributors could materially reduce our revenues. Our competitors may in some cases be effective in leveraging their market share positions or in providing incentives to ~~current or potential~~ resellers and distributors to favor their products or to prevent or reduce sales of our products. If we are unable to develop and maintain relationships with our partners, develop new relationships with value- added resellers and distributors in new markets, expand the number of distributors and resellers in existing markets, manage, train or motivate existing value- added resellers and distributors effectively, or if these partners are not successful in their sales efforts, sales of our products may decrease, and our business, financial condition, and results of operations would suffer. We recognize a portion of our revenues at the time we sell products to our distributors. If these sales are made based on inaccurate or untimely information, the amount or timing of our revenues could be adversely impacted. Further, our distributors may increase orders during periods of product shortages, cancel orders if their inventory is too high, or delay orders in anticipation of new products. They also may adjust their orders in response to the supply of our products and the products of our competitors that are available to them, and in response to seasonal fluctuations in end- user demand. To develop and expand our distribution channel, we continue to offer attractive channel programs to potential partners and have previously entered into OEM agreements with partners to rebrand and resell our products as part of their product portfolios. These relationships require processes and procedures that may be costly or challenging to implement, maintain, and manage. Our failure to successfully manage and develop our distribution channel could adversely affect our ability to generate revenues from the sale of our products. We also depend on our global channel partners to comply with applicable legal and regulatory requirements. Any failure by our partners to comply with these requirements, could have a material adverse effect on our business, operating results, and financial condition. We rely on the performance of our business systems and third- party systems and processes. Some of our business processes depend upon our IT systems, the IT systems and processes of third parties, and the interfaces between the two, as well as hosted SaaS applications from third parties. For example, we receive a broad range of information technology services, such as applications, including support, development and maintenance; infrastructure management and support, including for server storage and network devices; and end user support. Some of these services are provided to us through cloud providers, third party providers, and off- site facilities that may be vulnerable to damage or interruption, including performance problems from earthquakes, hurricanes, floods, fires, power loss, telecommunications failures, equipment failures, adverse events caused by operator error, cybersecurity attacks, pandemics, and similar events. In addition, because we lease, rather than own, off- site data center facilities, we cannot be assured that we will be able to expand our data center infrastructure to meet user demand in a timely manner, or on favorable financial terms. If we have issues receiving and processing data, this may delay our ability to provide products and services to our customers and business partners and damage our business. We also rely upon the performance of the systems and processes of our contract manufacturers to build and ship our products. If those systems and processes experience interruption or delay, the manufacture and shipment of our products in a timely manner may be impaired. Since IT is critical to our operations, in addition to the risks outlined above, problems with any of the third parties we rely on for our IT systems and services, could result in liabilities to our customers and business partners, lower revenue and unexecuted efficiencies, and impact our results of operations and our stock price. We could also face significant additional costs or business disruption if our arrangements with these third parties are terminated or impaired and we cannot find alternative services or support on commercially reasonable terms or on a timely basis or if we are unable to hire new employees in order to provide these services in- house. Our ability to develop, market, and sell products could be harmed if we are unable to retain or hire key personnel ~~or if our existing personnel are harmed by COVID- 19~~ . Our ~~future~~ success and ability to maintain a technology leadership position depends upon our ability to recruit and retain key management, engineering, technical, sales, marketing, and support ~~personnel, as well as our ability to maintain the health of our~~ personnel. The supply of highly qualified individuals with technological and creative skills, in particular engineers, in specialized areas with the expertise to develop new products and enhancements for our current products, and provide reliable product maintenance, as well as the number of salespeople with industry expertise, is limited. Competition for people with the specialized technical skills we require is significant and may cause us to incur increased compensation expenses to attract and retain employees with the skills to support our business needs. None of our officers or key employees is bound by an employment agreement for any specific term. If we fail to attract new personnel or retain and motivate our current personnel, the development and introduction of new products could be delayed, our ability to market, sell, or support our products could be impaired, and our business, results of operations **,** and future growth prospects could suffer. A number of our team members are foreign nationals who rely on visas and entry permits in order to legally work in the U. S. and other countries. In recent years, the U. S. has increased the level of scrutiny in granting H- 1B, L- 1, and other business visas. Compliance with new and unexpected U. S. immigration and labor laws could also require us to incur additional unexpected labor costs and expenses or could restrain our ability to retain and attract skilled professionals. ~~Additionally, circumstances related to or in response to pandemics, such as the COVID- 19 pandemic, may interfere with our ability to hire or retain personnel.~~ Any of these restrictions could have a material adverse effect on our business, results of operations **,** and financial conditions. Our business could be negatively impacted by **oversight of** ESG matters and / or our reporting of ~~such~~ **ESG** matters. There is an increasing focus from U. S. and foreign government agencies, ~~certain~~ investors, customers, consumers, employees, and other stakeholders concerning environmental, social, and governance (" ESG ") matters **, including sustainable products. These changing rules, regulations and stakeholder expectations have resulted in, and are likely to continue to result in, increased general and administrative expenses and increased management time and attention spent complying with or meeting such regulations and expectations. For example, developing and acting on ESG initiatives, and collecting, measuring, and reporting ESG information and metrics can be costly, difficult and time consuming and is subject to evolving reporting standards, including the SEC' s proposed climate- related reporting requirements, the recently adopted California climate reporting rules and, to the extent applicable, the Corporate Sustainability Reporting Directive** . We may communicate certain initiatives and goals, regarding environmental matters, diversity, responsible sourcing and social investments and other **related** ~~corporate social responsibility and ESG~~ matters, in our Corporate Social Responsibility Report, on our website, in our SEC filings, and elsewhere. These initiatives and goals could be difficult and expensive to implement, ~~and we could~~ **the technologies needed to implement them may not** be ~~criticized for~~ **cost effective and may not advance at a sufficient pace, and ensuring** the accuracy, adequacy, or completeness of the disclosure of our ESG initiatives **can be costly, difficult, and time- consuming. Further, statements about our ESG initiatives and goals, and progress against those goals, may be based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve, and assumptions that are subject to change** . We could **also face scrutiny from certain stakeholders for the scope or nature of such initiatives or goals, or for any revisions to these goals. If our ESG- related data, processes and reporting are incomplete or inaccurate, if we** fail ~~,~~ **to achieve progress with respect to** ~~or~~ **our ESG goals on a timely basis, or at all, or if we were to** be ~~perceived~~ **subject** to **litigation from stakeholders** ~~fail, in our achievement of these initiatives and goals~~ as a result of **our** ~~rapidly evolving~~ ESG ~~definitions~~ **initiatives** , ~~rules, and regulations, including the SEC' s proposed rules related to emissions disclosures and other ESG matters, such as internal planning issues and factors that are beyond~~ our ~~control~~ **business** , **financial performance and growth** ~~including those involving third parties. In addition, we~~ could be ~~criticized for the scope or nature of such initiatives or goals, or for any revisions to these goals. Our reputation or other aspects of our business could be negatively impacted by all such matters, with potential material adverse~~ **adversely** ~~effects~~ **affected** . LEGAL, REGULATORY, AND COMPLIANCE RISKS We are a party to lawsuits, investigations, and other disputes. We have been named a party to litigation involving a broad range of matters, including commercial transactions, employment matters, patent infringement, copyrights, trademarks, and other rights to technologies and related standards that are relevant to our products, as well as governmental claims, and securities laws, and we may be named in additional litigation and / or governmental claims. For example, ~~certain~~ U. S. ~~governmental~~ -- **government** agencies previously conducted investigations into possible violations by us of the U. S. Foreign Corrupt Practices Act, or the FCPA, which ultimately resulted in the Company entering into a settlement with the SEC that involved, among other things, the Company making a payment of $ 11. 8 million in August 2019. Future claims or initiated litigation may include claims against us or our manufacturers, suppliers, partners, or customers. Future claims asserted and / or litigation may be initiated by third parties, including whistleblowers, and may relate to infringement of proprietary rights, issues arising under the False Claims Act, compliance with securities laws, or other matters. The expense of initiating and defending, and in some cases settling, such litigation and investigations may be costly, and may cause us to suffer reputational harm, divert management' s attention from day- to- day operations of our business, and may require us to implement certain remedial measures that could disrupt our business, operations, results of operations, financial condition, or cash flows. In addition, if we fail to comply with the terms of any settlement agreement, we could face more substantial penalties. An unfavorable resolution of one or more of these matters could have a material adverse effect on our business, results of operations, financial condition, or cash flows. Further, increased patent litigation brought by non- practicing entities may result, and in some cases has resulted, in our customers requesting or requiring us to absorb a portion of the costs of such litigation or providing broader indemnification for litigation, each of which could increase our expenses and negatively affect our business, financial condition, and results of operations. Regardless of the merit of these claims, they may require us to develop alternative technologies, enter into license agreements, or cease engaging in certain activities or offering certain products or services. Furthermore, even arguably unmeritorious claims may be settled at significant costs to us because of the potential for high awards of damages or injunctive relief. If any infringement or other intellectual property claim made against us or anyone we are required to indemnify is successful and we are required to pay significant monetary awards or damages to settle litigation, enter into royalty or licensing arrangements, or we fail to develop non- infringing technology and we incorporate infringing technology in our products, our business, financial condition, and results of operations could be materially and adversely affected. Non- standard contract terms with telecommunications, cable, and cloud service provider companies, and other large customers, including large enterprise customers, could have an adverse effect on our business or impact the amount of revenues to be recognized. Telecommunications, cable, and cloud service provider companies, and other large companies, including large enterprise customers, generally have greater purchasing power than smaller entities and often request and receive more favorable terms from suppliers. As one such supplier, we may be required to agree to such terms and conditions, which may include terms that affect the amount or timing of or our ability to recognize revenue, increase our costs, and have an adverse effect on our business, financial condition, and results of operations. Consolidation among such large customers can further increase their buying power and ability to require onerous terms from us. Regulations of our industry or of our customers could harm our operating results and future prospects. We are subject to laws, regulations, and policies affecting the sale of our products in a number of areas. For example, some governments have regulations prohibiting customers (both government and commercial) from purchasing products that do not meet country- specific safety, conformance, or security certification criteria or in- country test requirements. Other regulations that may negatively impact our business include local content or local manufacturing requirements most commonly applicable for government, state- owned enterprise, or regulated industry procurements. **The rapid development and deployment of tools that leverage AI is also causing governments to consider regulation of AI, even for AI that does not pertain to personal data.** These types of regulations are in effect or under consideration in several jurisdictions where we do business **. For example, in December 2023, the EU agreed upon a legal framework on AI: the AI Act. It is expected that the text of the AI Act will be negotiated and adopted in 2024. If adopted, the AI Act will ban certain AI systems, regulate general purpose AI, impose heavy obligations on high- risk AI systems, subject to high fines, and support innovation through regulatory " sandboxes. " This framework, as currently proposed, may impact our products and services deployed in the EU** . The SEC requires us, as a public company that uses certain raw materials considered to be " conflict minerals " in our products, to report publicly on the extent to which " conflict minerals " are in our supply chain. As a provider of hardware end- products, we are several steps removed from the mining, smelting, or refining of any conflict minerals. Accordingly, our ability to determine with certainty the origin and chain of custody of these raw materials is limited. Our relationships with customers, suppliers, and investors could suffer if we are unable to describe our products as " conflict- free. " We may also face increased costs in complying with conflict minerals disclosure requirements. Environmental laws and regulations relevant to electronic equipment manufacturing or operations, including laws and regulations governing the hazardous material content of our products and the collection of and recycling of electrical and electronic equipment, may adversely impact our business and financial condition. In particular, we face increasing complexity in our product design and procurement operations as we adjust to new and **expected** future requirements relating to the chemical and material composition of our products, their safe use, the energy consumption associated with those products, climate change laws, and regulations and product take- back legislation, which could require us to cease selling non- compliant products and to reengineer our products to use compliant components, which could result in additional costs to us, disrupt our operations, and result in an adverse impact on our operating results. ~~If~~ **In addition, if** we were to violate or become liable under environmental laws or if our products become non- compliant with environmental laws, our customers may refuse to purchase our products and we could incur substantial costs or face other sanctions, which may include restrictions on our products entering certain jurisdictions. The amount and timing of costs to comply with environmental laws are difficult to predict. In addition, as a contractor and subcontractor to the U. S. government, ~~we~~ **our IT systems** are subject to federal regulations ~~pertaining to our IT systems~~ that require compliance with ~~certain~~ security and privacy controls. Failure to comply with these requirements could result in a loss of federal government business, subject us to claims or other remedies for non- compliance, or negatively impact our business, financial condition, and results of operations. Further, some government customers have implemented and could continue to implement procurement policies that impact our profitability. Procurement policies favoring more non- commercial purchases, different pricing, or evaluation criteria or government contract negotiation offers based upon the customer' s view of what our pricing should be, could affect the margins on such contracts or make it more difficult to compete on certain types of programs. Moreover, the failure to comply with government contracting provisions could result in penalties or the ineligibility to compete for future contracts. Government customers are continually evaluating their contract pricing and financing practices, and we have no assurance regarding what changes will be proposed, if any, and their impact on our financial position, cash flows, or results of operations. Moreover, our commercial customers ~~in the telecommunications industry~~ may be subject to regulations and our business and financial condition could be adversely affected by changes in such regulations ~~affecting our customers~~ . Further, we could be affected by new laws or regulations on access to or commerce on IP networks in jurisdictions where we market our solutions. Regulations governing the range of services and business models that can be offered by service providers or cloud provider companies could adversely affect those customers' needs for products. Also, many jurisdictions have or are evaluating regulations relating to cybersecurity, supply chain integrity, privacy and data protection, any of which can affect the market and requirements for networking and security equipment. Additionally, certain countries where our customers operate may require that our products sold in that country be made locally or made in particular geographies, or satisfy local regulations for critical infrastructure projects, either of which could impact our ability to compete in those markets and may also negatively impact our margins due to the costs incurred to comply with these requirements. The ~~adoption and~~ implementation of additional regulations could reduce demand for our products, increase the cost of building and selling our products, result in product inventory write- offs, impact our ability to ship products into affected areas and recognize revenue in a timely manner, require us to spend significant time and expense to comply with, and subject us to fines and civil or criminal sanctions or claims if we were to violate or become liable under such regulations. Any of these impacts could have a material adverse effect on our business, financial condition, and results of operations. Governmental regulations, economic sanctions and other legal restrictions that affect international trade or affect movement and disposition of our products and component parts could negatively affect our revenues and operating results. The U. S. and other governments have imposed restrictions on the import and export of, among other things, certain telecommunications products and components, particularly those that contain or use encryption technology. Most of our products are telecommunications products that contain or use encryption technology and, consequently, are subject to restrictions. The scope, nature, and severity of such controls vary widely across different countries and may change frequently over time. In many cases, these government restrictions require a license prior to importing or exporting a good. Such licensing requirements can introduce delays into our operations as we or our channel partners must apply for the license and wait for government officials to process it or perform pre- shipment inspections; it is possible that lengthy delays will lead to the cancellation of orders by customers. Moreover, if we, our suppliers, or our channel partners fail to obtain necessary licenses prior to importing or exporting covered goods, we can be subject to government sanctions, including monetary penalties, conditions, and restrictions. Such license requirements, and any fines or other sanctions imposed for their violation could negatively affect our revenues and operating results. In addition, the U. S. and other governments have especially broad sanctions and embargoes prohibiting provision of goods or services to certain countries, territories, sanctioned governments, businesses, and individuals. We have implemented systems to detect and prevent sales into restricted countries or to prohibited entities or individuals, but there can be no assurance that our third party, downstream resellers, and distributors will abide by these restrictions or have processes in place to ensure compliance. Certain governments also impose special local content, certification, testing, source code review, escrow, and governmental recovery of private encryption keys, or other cybersecurity feature requirements to protect network equipment and software procured by or for the government. Similar requirements also may be imposed in procurements by state owned entities or even private companies forming part of " critical network infrastructure " or supporting sensitive industries. In recent years, U. S. government officials have had concerns with the security of products and services from certain telecommunications and video providers based in China, Russia, and other regions. As a result, the U. S. government has imposed bans on the use of certain Chinese- origin and Russian- origin components or systems either in items sold to the U. S. government or in the internal networks of government contractors and subcontractors (even if those networks are not used for government- related projects). U. S. regulations also permit the U. S. government to investigate and possibly mandate the unwinding of commercial transactions between U. S. companies and foreign suppliers. This introduces uncertainty into our supply chain, our imports of end products and our overall operational planning. In May 2021, the U. S. President issued an executive order on cybersecurity that signals the U. S. government' s interest in developing standards and guidelines pertaining to Information and Communication Technology supply chains, government network capabilities and requirements, and cyber threat and vulnerability remediation. ~~Any or all of these~~ **These** standards and guidelines could impact how we develop hardware and software, what features our products have, and our role in helping the U. S. government respond to cyber threats and vulnerabilities. In response to Russia' s invasion of Ukraine in February 2022, the U. S. and certain allies ~~have~~ imposed sanctions against the Russian government and other entities, which led to our suspension of operations in Russia, Belarus, and in the Donetsk, Luhansk, and Crimea regions of Ukraine. Accordingly, we are not able to sell or deliver our products or provide ongoing support services to our customers in Russia, Belarus, and in the Donetsk, Luhansk, and Crimea regions of Ukraine. The response by Russia and other countries to these sanctions could lead to an escalation of political tensions, economic instability in the area, and cyberwarfare. These actions, as well as the effect of such actions on macroeconomic conditions, could have an adverse impact on our business and operations. Our actual or perceived failure to adequately protect personal data could adversely affect our business, financial condition, and results of operations. A wide variety of provincial, state, national, foreign, and international laws and regulations apply to the collection, use, retention, protection, disclosure, transfer, and other processing of personal data. These privacy and data protection- related laws and regulations are evolving, extensive, and complex. Compliance with these laws and regulations can be costly and can delay or impede the development and offering of new products and services. In addition, the interpretation and application of privacy and data protection- related laws in some cases is uncertain, and our legal and regulatory obligations are subject to frequent changes, including the potential for various regulator or other governmental bodies to enact new or additional laws or regulations, to issue rulings that invalidate prior laws or regulations, or to increase penalties. Moreover, there are a number of other legislative proposals worldwide, including in the U. S. at both the federal and state level, that could impose additional and potentially conflicting obligations in areas affecting our business. Examples of recent and anticipated developments that have impacted or could impact our business include the following: • The EU General Data Protection Regulation (" GDPR") imposes stringent data protection requirements and provides significant penalties for noncompliance. As GDPR enforcement evolves, we may find it necessary to make further changes to our handling of personal data of residents of the European Economic Area (" EEA "). The regulatory environment applicable to the handling of EEA residents' personal data, and our actions in addressing such environment, may cause us to assume additional liabilities or incur additional costs and could result in our business, operating results, and financial condition being harmed. In addition, we and our customers may face a risk of enforcement actions by data protection authorities in the EEA relating to personal data transfers to us and by us from the EEA. Any such enforcement actions could result in substantial costs and diversion of resources, distract management and technical personnel, and negatively affect our business, operating results, and financial condition. • Data protection legislation is also becoming increasingly common in the U. S. at both the federal and state level. State laws that are being enacted may require us to modify our data processing practices and policies, adapt our goods and services, and incur substantial costs and expenses to comply. Some state laws impose civil penalties on violators and authorize private rights of action, both of which might lead to an increase in the frequency and cost associated with data breach litigation. • The Federal Trade Commission and many state attorneys general are interpreting federal and state consumer protection laws to impose standards for the online collection, use, dissemination, and security of data. • We may be or become subject to data localization laws mandating that data collected in a foreign country be processed and stored within that country. • Both U. S. federal and state, and non- U. S. governments are considering laws and regulations governing ~~artificial intelligence ("~~ AI ~~")~~ and machine learning tools that leverage commercial and consumer data, such as the EU' s **provisional AI** ~~draft Artificial Intelligence~~ Act. ~~If finalized, these~~ **These** laws may impact some of our products and services, ~~which~~ **internal business processes and applications, and procurement of vendor solutions. This** may **increase our liability risks and** cause us to incur **additional** costs and expenses in order to comply. • Among other emerging global privacy laws, India has ~~released~~ **adopted** its ~~draft~~ Digital Personal Data Protection ~~Bill~~ **Act of** ~~2022~~ **2023 (" DPDP Act")** . Given our significant employee and operational presence in India, passage of the ~~bill~~ **DPDP Act** may cause us ~~to incur increased costs in order~~ to implement new processes **and policies** necessary to comply with the new regulation **and incur related additional**

costs . Our actual or perceived failure to comply with applicable laws and regulations or other obligations to which we may be subject relating to personal data, or to protect personal data from unauthorized access, use, or other processing, could result in enforcement actions and regulatory investigations against us, claims for damages by customers and other affected individuals, fines, damage to our reputation, and loss of goodwill, any of which could have a material adverse effect on our operations, financial performance, and business. Further, evolving and changing definitions of personal data and personal information, within the EU, the U. S., **the** U. K., and elsewhere, including the classification of IP addresses, machine identification information, location data, and other information, may limit or inhibit our ability to operate or expand our business, including limiting business relationships and partnerships that may involve the sharing or uses of data, and may require significant costs, resources, and efforts in order to comply. FINANCIAL RISKS Our financial condition and results of operations could suffer if there is an impairment of goodwill or purchased intangible assets. As of December 31, ~~2022~~ **2023** , our goodwill was $ 3, 734. 4 million, and our purchased intangible assets were $ ~~160~~ **91** . ~~5~~ **8** million. We are required to test intangible assets with indefinite lives, including goodwill, annually or, in certain instances, more frequently, and may be required to record impairment charges, which would reduce any earnings or increase any loss for the period in which the impairment was determined to have occurred. Our goodwill impairment analysis is sensitive to changes in key assumptions used in our analysis. If the assumptions used in our analysis are not realized, it is possible that an impairment charge may need to be recorded in the future. We cannot accurately predict the amount and timing of any impairment of goodwill or other intangible assets. However, any such impairment would have an adverse effect on our results of operations. Changes in effective tax rates, the adoption of new U. S. or international tax legislation, or adverse outcomes resulting from examination of our income or other tax returns could adversely affect our results. Our future effective tax rates and the amount of our taxable income could be subject to volatility or adversely affected by the following: earnings being lower than anticipated in countries where we have lower statutory rates and higher than anticipated earnings in countries where we have higher statutory rates; changes in the valuation of our deferred tax assets and liabilities; changes in the research and development (“ R & D ”) tax laws applicable to us; transfer pricing adjustments related to certain acquisitions, including the license of acquired intangibles under our intercompany R & D cost sharing arrangement; costs related to intercompany restructuring; tax effects of share- based compensation; challenges to our methodologies for valuing developed technology or intercompany arrangements; limitations on the deductibility of net interest expense; or changes in tax laws, regulations, accounting principles, or interpretations thereof. Our future effective tax rate may be impacted by judicial decisions, changes in interpretation of regulations, as well as additional legislation and guidance. Proposals to reform U. S. and foreign tax laws could significantly impact how U. S. multinational corporations are taxed on foreign earnings and could increase the U. S. corporate tax rate. **Several of** ~~Although we cannot predict whether or in what form these~~ -- **the** proposals **currently being** ~~may become law, several of the proposals~~ considered, if enacted into law, could have an adverse impact on our effective tax rate, income tax expense, and cash flows ~~. In August 2022, the U. S. enacted both the Inflation Reduction Act (“ IRA ”) and the CHIPS and Science Act into law. The former includes a corporate alternative minimum tax and an excise tax on stock buybacks. While we are awaiting further guidance from the U. S. Treasury, we have assessed preliminary guidance and do not expect either the IRA or the CHIPS and Science Act to have a material impact~~ . Further, the Organisation for Economic Co- operation and Development (the “ OECD ”), an international association of 38 countries, including the U. S., has issued guidelines that change long- standing tax principles. The OECD guidelines may introduce tax uncertainty as countries amend their tax laws to adopt certain parts of the guidelines. Some countries have enacted, and others have proposed, taxes based on gross receipts applicable to digital services, regardless of profitability. Substantially all member countries of the OECD / G20 Inclusive Framework agreed to certain tax principles, including a global minimum tax of 15 %. In December 2022, the EU reached unanimous agreement, in principle, to implement the global minimum tax. EU members **initiated legislation** ~~will be required~~ to ~~institute local laws~~ **adopt global minimum tax provisions** in 2023, which are intended to be effective for tax years beginning after 2023. Additional changes to global tax laws are likely to occur, and such changes may adversely affect our tax liability. In addition, we are generally subject to the continuous examination of our income tax returns by the Internal Revenue Service, and other tax authorities. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes, but the determination of our worldwide provision for income taxes and other tax liabilities requires significant judgment by management, and there are transactions where the ultimate tax determination is uncertain. **The** ~~Although we believe that our estimates are reasonable, the~~ ultimate tax outcome may differ from the amounts recorded in our consolidated financial statements and may materially affect our financial results in the period or periods for which such determination is made. We are subject to risks arising from our international operations, which may adversely affect our business, financial condition, and results of operations. We derive a substantial portion of our revenues from our international operations, and we plan to continue expanding our business in international markets. We conduct significant sales and customer support operations directly and indirectly through our distributors and value- added resellers in countries throughout the world and depend on the operations of our contract manufacturers and suppliers that are located outside of the U. S. In addition, a portion of our R & D and our general and administrative operations are conducted outside the U. S. As a result of our international operations, we are affected by economic, business, regulatory, social, and political conditions in foreign countries, including the following: • changes in general IT spending; • global macroeconomic conditions, including recessionary cycles; • the ~~impact of the ongoing COVID- 19 pandemic, and any other adverse public health developments, epidemic disease or other pandemic in the countries in which we operate or where our customers are located; • the~~ imposition of government controls, inclusive of critical infrastructure protection; • changes in trade controls, economic sanctions, or other international trade regulations, **which have in general recently trended toward increasing breadth and complexity of controls, and** which may affect our ability to import or export our products to or from various countries; • laws that restrict sales of products that are developed, manufactured, or incorporate components or assemblies sourced from certain countries or suppliers to specific customers and industry segments, or for particular uses; • varying and potentially conflicting laws and regulations, changes in laws and interpretation of laws, misappropriation of intellectual property and reduced intellectual property protection; • political uncertainty, including demonstrations, that could have an impact on product delivery; • impact of geopolitical tensions, challenges, and uncertainties as a result of armed conflicts **(such as the Israel- Hamas war, and conflicts related to the attacks on cargo ships in the Red Sea)** and resulting sanctions imposed by the U. S. and other countries against governmental or other entities, that may lead to disruption, instability, and volatility in global and regional financial markets, as well as higher inflation, increases in prices of commodities, and disruptions to supply chains; • increased tensions among the U. S., the North Atlantic Treaty Organization, and Russia that could increase the threat of armed conflict, cyberwarfare and economic instability and could disrupt or delay operations or resources in Ukraine or Russia, disrupt or delay communication with such resources or the flow of funds to support operations, or otherwise render our resources unavailable; • fluctuations in local economies, including inflationary conditions that could make our solutions more expensive or could increase our costs of doing business in certain countries; • fluctuations in currency exchange rates (see Quantitative and Qualitative Disclosures about Market Risk for more information); • tax policies, treaties, or laws that could have an unfavorable business impact; • the negotiation and implementation of free trade agreements between the U. S. and other nations; • data privacy rules and other regulations that affect cross border data flow; **• the impact of adverse public health emergencies, such as the COVID- 19 pandemic or other pandemics, in the countries in which we operate or where our customers are located;** and • theft or unauthorized use or publication of our intellectual property and other confidential business information. Any or all of these factors has or could have an adverse impact on our business, financial condition, and results of operations. Moreover, local laws and customs in many countries differ significantly from or conflict with those in the U. S. or in other countries in which we operate. In many foreign countries, it is common for others to engage in business practices that are prohibited by our internal policies and procedures or U. S. regulations. Certain countries (such as Russia, China, and EU member nations with regard to Iran trade) prohibit individuals and companies resident in or operating within their borders to comply with foreign sanctions imposed on such countries themselves or on third countries. **Our** ~~There can be no assurance that our~~ employees, contractors, channel partners, and agents ~~will not take actions~~ **may fail to comply with U. S. and foreign laws and policies** in violation of our policies and procedures, which are designed to help ensure compliance with U. S. and foreign laws and policies. Violations of laws or key control policies by our employees, contractors, channel partners, or agents could result in termination of our relationship, financial reporting problems, fines, and / or penalties for us, or prohibition on the importation or exportation of our products and could have a material adverse effect on our business, financial condition, and results of operations. There are risks associated with our outstanding and future indebtedness. As of December 31, ~~2022~~ **2023** , we had $ 1, 700. 0 million in aggregate principal amount of outstanding senior notes, which we refer to collectively as the " Notes ". In ~~April 2019~~ **June 2023** , we entered into a **new** credit agreement (the " Credit Agreement ") with certain institutional lenders that provides for a five- year $ 500. 0 million unsecured revolving credit facility **, with an option to increase the credit facility by up to an additional $ 200. 0 million, subject to the lenders' approval** . We may not be able to generate sufficient cash flow to enable us to satisfy our expenses, make anticipated capital expenditures or service our indebtedness, including the Notes. Our ability to pay our expenses, satisfy our debt obligations, refinance our debt obligations and fund planned capital expenditures is dependent upon our future performance **, restrictions imposed on the Company by the Merger Agreement during the interim period between the signing of the Merger Agreement** and **the closing of the Merger, and our ability to manage these risks in addition to** other factors discussed in this section ~~. However, there can be no assurance that we will be able to manage any of these risks successfully~~ . The indenture that governs the Notes contains various covenants that limit our ability and the ability of our subsidiaries to, among other things: ~~incur~~ **grant** liens, incur sale and leaseback transactions, and consolidate or merge with or into, or sell substantially all of our assets to another person. Further, the Credit Agreement contains ~~two~~ **one** financial ~~covenants~~ - **covenant** along with customary affirmative and negative covenants that include the following: • maintenance of a leverage ratio no greater than 3. 0x (provided that if a material acquisition has been consummated, we are permitted to maintain a leverage ratio no greater than 3. 5x for up to four quarters) ~~and an interest coverage ratio no less than 3. 0x~~ ; and • covenants that limit or restrict the ability of the Company and its subsidiaries to, among other things, grant liens, merge or consolidate, dispose of all or substantially all of its assets, change their accounting or reporting policies, change their business and incur subsidiary indebtedness, in each case subject to customary exceptions for a credit facility of this size and type. As a result of these covenants, we are limited in the manner in which we can conduct our business, and we may be unable to engage in favorable business activities or finance future operations or capital needs. Accordingly, these restrictions may limit our ability to successfully operate our business. In addition, under applicable U. S. tax laws and regulations, there are limitations on the deductibility of net business interest expenses. As a result, if our taxable income were to decline, we may not be able to fully deduct our net interest expense, which could have a material impact on our business. Further, we receive debt ratings from the major credit rating agencies in the U. S. Factors that influence our credit ratings include **HPE' s rating and outlook and our** financial strength **,** as well as **our** transparency with rating agencies and timeliness of financial reporting. **We may** ~~There can be no~~ **not** ~~assurance that we will~~ be able to maintain our credit ratings and failure to do so could adversely affect our cost of funds and related margins, liquidity, competitive position and access to capital markets. Our investments are subject to risks, which may cause losses and affect the liquidity of these investments. We have substantial investments in asset- backed and mortgage- backed securities, certificates of deposit, commercial paper, corporate debt securities, foreign government debt securities, money market funds, mutual funds, time deposits, U. S. government agency securities, and U. S. government securities. We also have investments in privately- held companies **, including equity and debt securities** . Certain of our investments are subject to general credit, liquidity, market, sovereign debt, and interest rate risks. Our future investment income may fall short of expectations due to changes in interest rates **,** or if the decline in fair value related to creditworthiness of our publicly traded debt investments is judged to be material **, or due to certain inherent risks involved in investments in early- stage privately- held companies. For example, we have recognized and may in the future recognize additional losses on an investment, if we**

determine that an investment without readily determinable fair value is not likely to be recovered . In addition, should financial market conditions worsen in the future, investments in some financial instruments may be subject to risks arising from market liquidity and credit concerns, which could have a material adverse effect on our liquidity, financial condition, and results of operations. GENERAL RISK FACTORS Failing to adequately evolve our financial and managerial control and reporting systems and processes, or any weaknesses in our internal controls may adversely affect investor perception, and our stock price. We will need to continue to improve our financial and managerial control and our reporting systems and procedures to manage and grow our business effectively in the future. We are required to assess the effectiveness of our internal control over financial reporting annually and to disclose in our filing if such controls were unable to provide assurance that a material error would be prevented or detected in a timely manner. If in the future, our internal controls over financial reporting are determined to not be effective, resulting in a material weakness, investor perceptions regarding the reliability of our financial statements may be adversely affected, which could cause a decline in the market price of our stock and otherwise negatively affect our liquidity and financial condition. Our amended and restated bylaws provide that the Court of Chancery of the State of Delaware will be the sole and exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum. The exclusive forum provisions in our bylaws may limit a stockholder' s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our current or former directors, officers, or other employees, which may discourage such lawsuits against us and our current or former directors, officers, and other employees. **These provisions do not apply to suits brought to enforce a duty or liability created by the Securities Act of 1933, as amended, or the Exchange Act or any other claim for which the federal courts have exclusive or concurrent jurisdiction.** Alternatively, if a court were to find the exclusive forum provisions contained in our bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could have a material and adverse impact on our business.