Risk Factors Comparison 2024-02-16 to 2023-02-17 Form: 10-K

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The following is a summary of some of the risks and uncertainties as of the date of the filing of this Annual Report on Form 10-K that could materially adversely affect our business, financial condition and results of operations. You should read this summary together with the more detailed description of each risk factor contained below. Risks Related to our Business, Industry and Operations • **Helping** ~~If we do not effectively manage~~ our ~~sales~~ channel **partners optimize their** inventory **levels** and product mix **within the current environment is challenging** , **and** we **have, and** may **in the future,** incur costs associated with excess inventory, or lose sales from having too few products **. • To remain competitive and stimulate consumer and business demand, we must successfully manage new product introductions and transitions of products and services. • Investment in new business strategies could disrupt our ongoing business, present risks not originally contemplated and materially adversely affect our business, reputation, results of operations and financial condition** . • We rely on a limited number of traditional and online retailers, wholesale distributors and service provider customers for a substantial portion of our sales, and our net revenue could decline if they refuse to pay our requested prices or reduce their level of purchases, if there are unforeseen disruptions in their businesses, or if there is significant consolidation in our customer base that results in fewer customers for our products. • We obtain several key components from limited or sole sources. • We depend substantially on our sales channels, and our failure to maintain and expand our sales channels would result in lower sales and reduced net revenue. • We depend on a limited number of third- party manufacturers for substantially all of our manufacturing needs. • ~~If disruptions in our transportation network continue to occur or our shipping costs substantially increase again in the future, we may be unable to sell or timely deliver our products, and our net revenue and gross margin could decrease. • To remain competitive and stimulate consumer demand, we must successfully manage new product introductions and transitions of products and services. •~~ Some of our competitors have substantially greater resources than we do, and to be competitive we may be required to lower our prices or increase our sales and marketing expenses. • Our sales and operations in international markets have exposed us to and may in the future expose us to operational, financial and regulatory risks ~~. • Our business, financial condition and results of operations have been, and could in the future be, materially adversely affected by the ongoing COVID- 19 pandemic~~ . • We depend on large, recurring purchases from certain significant customers, and a loss, cancellation or delay in purchases by these customers could negatively affect our revenue. • The average selling prices of our products typically decrease rapidly over the sales cycle of the product, which may negatively affect our net revenue and gross margins. • If we fail to overcome the challenges associated with managing our broadband service provider sales channel, our net revenue and gross profit will be negatively impacted. • We expect our operating results to fluctuate on a quarterly and annual basis, which could cause our stock price to fluctuate or decline. • **If disruptions in our transportation network continue to occur or our shipping costs substantially increase, we may be unable to sell or timely deliver our products, and our net revenue and gross margin could decrease. •** Changes in trade policy in the United States and other countries ~~, including the imposition of tariffs and the resulting consequences,~~ may adversely impact our business, results of operations and financial condition. • Expansion of our operations and infrastructure may strain our operations and increase our operating expenses. • As part of growing our business, we have made and expect to continue to make acquisitions. If we fail to successfully select, execute or integrate our acquisitions, then our business and operating results could be harmed and our stock price could decline. • We invest in companies primarily for strategic reasons but may not realize a return on our investments. Risks Related to Our Products, Technology and Intellectual Property • We rely upon third parties for technology that is critical to our products, and if we are unable to continue to use this technology and future technology, our ability to develop, sell, maintain and support technologically innovative products would be limited. • Product security vulnerabilities, system security risks, data protection breaches ~~and~~ **,** cyber- attacks **and improper use of artificial intelligence (" AI") tools,** could disrupt our products, services, internal operations or information technology systems, and any such disruption could increase our expenses, damage our reputation, harm our business and adversely affect our stock price **. • We make substantial investments in software research and development and unsuccessful investments could materially adversely affect our business, financial condition and results of operations** . • If our products contain defects or errors, we could incur significant unexpected expenses, experience product returns and lost sales, experience product recalls, suffer damage to our brand and reputation, and be subject to product liability or other claims. • Our user growth, engagement, and monetization of our subscription services on mobile devices depend upon effective operation with mobile operating systems, networks, technologies, products, and standards that we do not control. • ~~We make substantial investments in software research and development and unsuccessful investments could materially adversely affect our business, financial condition and results of operations. •~~ If we are unable to secure and protect our intellectual property rights, our ability to compete could be harmed. Financial, Legal, Regulatory and Tax Compliance Risks, Including Recent Impairment Charges • We are currently involved in numerous litigation matters and may in the future become involved in additional litigation. • We have been exposed to and may in the future be exposed to adverse currency exchange rate fluctuations in jurisdictions where we transact in local currency, which could harm our financial results and cash flows. • We are exposed to the credit risk of some of our customers and to credit exposures in weakened markets. • Changes in tax laws or exposure to additional income tax liabilities could affect our future profitability. • We are subject to, and must remain in compliance with, numerous laws and governmental regulations. • We must comply with indirect tax laws in multiple jurisdictions, as well as complex customs duty regimes worldwide. Audits of our compliance with these rules may result in additional liabilities for taxes, duties, interest and penalties related to our international operations which would reduce our profitability. • We are exposed to credit risk and fluctuations in the market values of our investment portfolio. • Governmental regulations of imports or exports affecting Internet security could affect our net revenue. • If our goodwill ~~and intangible assets become~~ **becomes** impaired, as occurred in 2022, we may be required to record a significant charge to earnings. General Risk Factors **• If we lose the services of our key personnel, we may not be able to execute our business strategy effectively.** • Global economic conditions could materially adversely affect our revenue and results of operations. • ~~If we lose the services of our Chairman and Chief Executive Officer, Patrick C. S. Lo, or our other key personnel, we may not be able to execute our business strategy effectively. •~~ Political events, war, terrorism, public health issues, natural disasters, sudden changes in trade and immigration policies, and other circumstances could materially adversely affect us. • Our stock price has experienced recent volatility and may be volatile in the future and your investment in our common stock could suffer a decline in value. • We are required to evaluate our internal controls under Section 404 of the Sarbanes- Oxley Act of 2002 and any adverse results from such evaluation ~~, including restatements of our issued financial statements,~~ could impact investor confidence in the reliability of our internal controls over financial reporting. Additional factors that could affect our businesses, results of operations and financial condition are discussed in Forward- Looking Statements in MD & A. However, other factors not discussed below or elsewhere in this Annual Report on Form 10- K could also adversely affect our businesses, results of operations and financial condition. Therefore, the risk factors below should not be considered a complete list of potential risks that we may face. Any risk factor described in this Annual Report on Form 10- K or in any of our other SEC filings could by itself, or together with other factors, materially adversely affect our liquidity, competitive position, business, reputation, results of operations, capital position or financial condition, including by materially increasing our expenses or decreasing our revenues, which could result in material losses. Item 1. Business We are a global company that turns ideas into innovative, high- performance, and premium networking products that connect people, power businesses and ~~service providers~~ **advance the way we live** . We operate and report in two segments: Connected Home, and **NETGEAR for Business (formerly known as** Small and Medium Business ~~(“~~ **, or** SMB ~~”~~). The Connected Home segment focuses on consumers and provides high- performance, dependable and easy- to- use premium WiFi ~~internet~~ networking solutions such as WiFi 6 ~~and~~ **,** WiFi 6E **and WiFi 7** Tri- band and Quad- band mesh systems ~~,~~ **and** routers, 4G / 5G mobile products, smart devices such as Meural digital ~~canvasses~~ **displays** , and subscription services that provide consumers a range of value- added services focused on performance, security, privacy and premium support. The ~~SMB~~ **NETGEAR for Business** segment focuses on ~~small and medium sized~~ businesses and provides solutions for business networking, wireless local area network (“ LAN ”), audio and video over Ethernet for Pro AV applications, security and remote management providing enterprise- class functionality at an affordable price. We conduct business across three geographic territories: Americas; Europe, Middle East and Africa (“ EMEA ”); and Asia Pacific (“ APAC ”). In the years ended December 31, **2023,** 2022, **and** 2021 ~~, and 2020~~ , we generated net revenue of $ **740. 8 million, $** 932. 5 million, **and** $ 1. 17 ~~billion, and $ 1. 26~~ billion, respectively. Markets Our mission is to be the innovative leader in connecting the world to the internet by providing advanced, high- performance and premium networking technologies and internet- connected products for consumers, businesses and service providers. There are a number of factors that are driving today' s demand for products within these markets. As consumer behavior **has** ~~shifts~~ **shifted** to **do** ~~doing even~~ more online, including shopping, **hybrid** work **, fitness, and college curriculum, as well as a shift from cable TV to streaming** - **including live sports** , **we see high** ~~fitness- and schooling- from- home, the~~ demand for high- performance, dependable and secure WiFi ~~continues~~ **continuing** to increase. The growing need for always on, secure high speed internet connectivity anywhere and everywhere has become a greater priority for ~~households~~ **consumers** and businesses. ~~The~~ **As homes get smarter with the** ever- growing number of internet- connected devices, such as security cameras, ~~heating~~ **smart TVs, appliances, doorbells, lighting** and **more** ~~air conditioning systems~~ , increasing internet speeds available to homes, new WiFi standards (the transition from WiFi 5 and 6 to WiFi 6E and ~~the anticipated~~ WiFi 7) and the growth of bandwidth- hungry applications such as 8K video streaming and gaming, **real time streaming of entertainment and cultural events** as well as ~~anticipated~~ augmented reality (“ AR ”) ~~or~~ **and** virtual reality (“ VR ”) and ~~Metaverse~~ **applications** have all increased the need for more robust networking solutions. Over the last decade, technology transformation has driven a need for constant connectivity. Consumers, ~~small~~ businesses and service providers demand networking products, incorporating the latest technology, that fit their specific needs and budgets. In particular, ~~high- income~~ consumers with large numbers of connected devices and fast broadband subscriptions are investing in premium home WiFi solutions, such as our Orbi WiFi ~~6~~ **6E** and WiFi ~~6E~~ **7** Tri- band and Quad- band Mesh products. While there is always a need for point solutions that enhance or extend the functionality provided by internet service providers (“ ISPs ”), there is also a growing demand for premium WiFi ~~devices and networks~~ **networking products** that combine the newest WiFi standards with elegant design **, comprehensive security** and a seamless app experience to accommodate the end- to- end networking needs of homes that are becoming increasingly smarter. And **,** in an environment that makes it possible for people to work or learn from anywhere, digital nomads, road warriors, vacationers, even those living in rural areas without access to reliable wired broadband **,** need robust, secure mobile solutions to support their online lives. End users desiring faster WiFi speeds, capacity for more devices and lower latency than ever before also often lack the technical skills or resources to fully realize these capabilities, making “ plug and play ” setup and ease of use priorities. Consumers and businesses also prefer the convenience of obtaining networking solutions from a single company and a positive customer experience has shown to produce brand loyalty. We recognize that customers see reliability, usability, security and performance as key factors when purchasing products and services. To provide desirable products and services at attractive prices, we focus on the unique requirements of these markets, and exercise strong operational discipline. Sales Channels We sell our products through multiple sales channels worldwide, including wholesale distributors, traditional and online retailers, direct market resellers (“ DMRs ”), value- added resellers (“ VARs ”), broadband service providers and through our direct online store at www. netgear. com. Wholesale Distributors. Our distribution channel supplies our products to retailers, e- commerce resellers, DMRs, VARs and broadband service providers. We sell directly to our distributors, the largest of which are Ingram Micro, Inc., TD Synnex, and D & H Distributing Company. Retailers. Our retail channel primarily supplies products that are sold into the consumer market. However, increasingly we are seeing products designed for ~~small and medium- sized~~ businesses move through these channels. We sell directly to, or enter into consignment arrangements with, a number of our traditional retailers, increasingly leveraging their online presence in addition to their in- store space and online retailers. The remaining traditional retailers, as well as our online retailers, are fulfilled through wholesale distributors. We work directly with our retail channels on market development activities, such as co- advertising, online promotions and video demonstrations, instant rebate programs, event sponsorship and sales associate training. Our largest retailers include Amazon. com, Inc ~~.~~, Best Buy Co., Inc., Wal- Mart Stores, Inc. and their respective affiliates. DMRs and VARs. We sell into the business marketplace through an extensive network of DMRs and VARs. Our DMRs include companies such as CDW Corporation and Insight Corporation. VARs include our network of registered NETGEAR Solution Partners. DMRs and VARs may receive sales incentives, marketing support and other program benefits from us. Our DMRs and VARs generally purchase our products through our wholesale distributors and audio- visual manufacturers that purchase our switches to include in their complete solutions. Broadband Service Providers. We also supply directly to broadband service providers in the United States and internationally providing DSL, WiFi and 4G / 5G mobile broadband products. Service providers supply our products to their business and home subscribers. Our largest broadband service providers include AT & T and Telstra. Direct Online Store. We sell directly online at www. netgear. com in the United States and internationally to consumers and businesses. Through our direct online store, we provide high- performance and premium networking and internet connected products and subscription services, some of which are only available at www. netgear. com. The direct online store also allows us to deliver curated rich content to supplement the purchase journey of customers, in addition to establishing a direct relationship with our customers. **NETGEAR. com is a destination where we deliver to early tech adopters and inexperienced audiences alike a premium and comprehensive product and brand experience.** The largest portion of our net revenues was derived from the Americas, representing approximately **68 %,** 66 % and 67 % of net revenue in the years ended December 31 **, 2023** , 2022 and 2021, respectively. We have continuously committed resources to our international operations and sales channels. Accordingly, we are subject to a number of risks related to international operations such as macroeconomic and microeconomic conditions, geopolitical instability, governmental regulations, preference for locally branded products, exchange rate fluctuations, increased difficulty in managing inventory, challenges of staffing and managing foreign operations, the effect of international sales on our tax structure, and changes in local tax laws. For further information regarding these risks, refer to Item 1A, Risk Factors, of Part I of this Annual Report on Form 10- K. For information regarding our significant customers, refer to Note 11, Segment Information, in Notes to Consolidated Financial Statements in Item 8 of Part II of this Annual Report on Form 10- K. Product Offerings Our products are designed to simplify and improve people' s lives. Our goal is to enable people to collaborate and connect to a world of information and entertainment at or outside of the home. We are dedicated to delivering innovative and highly differentiated, connected solutions ranging from easy- to- use premium WiFi solutions, security and support services to protect and enhance home networks, to switching and wireless solutions to augment business networks and audio and video over Ethernet for Pro AV applications. Our products and services are built on a variety of technologies such as wireless (WiFi and 4G / 5G mobile), Ethernet and powerline, with a focus on reliability and ease- of- use. Additionally, we continually invest in research and development to create new technologies and services and to capitalize on technological inflection points and trends, such as **multi- Gigabit internet service to homes,** WiFi 7, audio and video over Ethernet, non- fungible token (" NFT ") artwork, and future technologies. Our product line consists of devices that create and extend wired and wireless networks, devices that attach to the network, such as smart digital ~~canvasses~~ **displays** as well as services that complement and enhance our product line offerings. These products are available in multiple configurations to address the changing needs of our customers in each geographic region. Connected Home. Includes premium connectivity solutions that create and extend wired and wireless networks in homes and small businesses to connect devices to the internet, enable connection to broadband networks and a suite of valuable subscription services enhancing such networks. These products meet the growing needs of the premium customer for always on, secure **,** highspeed internet connectivity for all of their devices anywhere in and around the home and on the road. They are sold primarily via our direct online store as well as traditional retailers, increasingly leveraging their online presence, in addition to their brick- and- mortar stores, and service provider channels and include: • WiFi routers and home WiFi Mesh Systems, which create a local area network (" LAN ") for home or office computer, mobile and smart devices to connect and share a broadband internet connection; • WiFi Hotspots, which create mobile WiFi Internet access that utilizes 4G / 5G mobile and 5G data networks for **secure** use on the go, and at home in place of traditional wired broadband ~~Internet~~ **internet** access; • Value- added service offerings such as security and privacy, technical support, and parental controls for consumers; • Digital ~~Canvasses~~ **Displays** , which enable users to ~~display~~ **showcase** digital art and photos, including non- fungible token (" NFT ") artwork by supporting the most popular crypto wallets. • Broadband modems, which are devices that convert the broadband signals into Ethernet data that feeds ~~Internet~~ **internet** into homes and offices. We provide modems that connect to DOCSIS 3. x, xDSL, and 4G / 5G mobile; • WiFi Gateways, which are WiFi routers with an integrated broadband modem, for broadband ~~Internet~~ **internet** access; • WiFi range extenders, which extend the range of an existing WiFi network to eliminate WiFi dead spots; • Powerline adapters, which extend wired and WiFi ~~Internet~~ **internet** connections to any AC outlet using existing electrical wiring; and • WiFi network adapters, which enable computing devices to be connected to the network via WiFi. **NETGEAR for** ~~Small and Medium business~~ **Business** solutions. These products and services are sold into the ~~small and medium~~ business marketplace through an extensive network of DMRs and VARs, NETGEAR. com, and through brick- and- mortar retail and e- commerce channels and include: • Pro AV Solutions, which include high- performance **,** flexible **Ethernet** switches that are engineered for **easy configuration of** AV over IP for both ~~enterprise~~ **commercial** and ~~home~~ **high- end residential** ~~installation~~ **installations ; • Pro Routers, which provide the internet gateway for businesses and combine with access points, Ethernet switches, and our Insight cloud management software to create a Total Network Solution for businesses** ; • Enterprise **-** grade **,** Cloud managed or standalone **Pro WiFi** access points, which are ~~devices~~ used to ~~manage~~

provide wide coverage areas and ~~control~~ **fast** WiFi on a campus, ~~a facility~~ **boutique hotel** , or an office **,** providing **secure** WiFi connections to smart phones, tablets, laptops and other computing devices; • **General purpose** Ethernet switches, **in a wide range of sizes** which are ~~multiple port network devices~~ used to connect devices ~~using IP protocols~~ **that are networked together for exchanging information including IoT devices** ; ~~and~~ • NETGEAR Insight ~~services~~ **remote management software** , which help **VARs and** small businesses ~~to~~ remotely deploy, monitor, manage and secure their networks easily and seamlessly **; and • NETGEAR Engage Controller which provides quick, profile- based configuration for audio and video signals over a network to integrate our products with those from a myriad of AV end point manufacturers for fast, easy deployments that help eliminate cost and complexity** . Our products and services are designed to meet the specific needs of the consumer, business and service provider markets. We tailor various elements of the software interface, product design, including component specification, physical characteristics such as casing, design and coloration, and specific user interface features to meet the needs of these markets. We also leverage many of our technological developments, high volume manufacturing, technical support and engineering infrastructure across our markets to maximize business efficiencies. In our Connected Home business, our core long- term strategy focuses on the premium and higher- margin segments of the market, where we demonstrate our highly differentiated technology leadership. Our products that target the business market are generally designed with an industrial appearance, including metal cases and, for some product categories, the ability to mount the product within standard data networking racks as well as unique mounting solutions for other uses. These products typically include higher port counts, higher data transfer rates and other performance characteristics designed to meet the needs of a modern business. For example, our business products provide data transfer rates up to ~~ten~~ **100** gigabits per second to meet the higher capacity requirements. Our newest Power over Ethernet (" PoE ") switches, including cloud managed and unmanaged ~~PoE~~ switches, provide elevated power budgets and uninterrupted PoE power for businesses of all sizes to address the growing need for deployment of multiple PoE devices with more power, due to the widespread adoption of IP communication, security cameras, WiFi access points, proximity sensors, and various other new applications. Some of these products are also designed to support transmission modes such as fiber optic cabling, which is common in more sophisticated business environments. As a result of the **hybrid work model** ~~COVID- 19 pandemic~~ , there continues to be a shift in the demand and use cases for ~~SMB~~ **NETGEAR for Business** products as more small businesses ~~are~~ now ~~running~~ **run** out of homes **or remote offices** . This shift has contributed to growing the market for lower port count switches and our ~~SMB~~ **NETGEAR for Business** wireless offerings. In addition, we continue to see a shift from traditional AV applications utilizing HDMI technology to Ethernet switching driven by a transition from the 1080p to 4K to 8K **resolution** video, and broadcast moving towards multicast streaming. IP provides an economical path to building high performance, scalable AV networks. Security requirements within our products for business broadband access include firewall and VPN capabilities that allow for secure interactions between remote offices and business headquarter locations over the internet. Our connectivity product offerings for the business market include enhanced security and remote configurability often required in a business setting. Our vision for the home network is about intelligently controlling and monitoring all devices connected to the home network at all times, thus creating a Smart Environment. Our Connected Home business continues to make progress on our core long- term strategy of focusing on the premium and higher- margin segments of the market, where we demonstrate highly differentiated technology. Our focus is to continue to introduce new products and services **that are high margin, technologically differentiated, software rich with IP unique to or patented by NETGEAR** into growth areas that form the basis of smart homes. Our vision for the business network is to increase the effectiveness, efficiency and supportability of the hybrid cloud access network. We believe ~~small and medium- sized~~ enterprises will continue to move into cloud- based applications, such as: Salesforce. com, Ring Central, Zoom video conferencing, SAP SuccessFactors, Workday, and others. In addition, we believe these enterprises will move into utility- like on- demand computing power supplied by third- party data centers. With the increased adoption of hybrid and fully remote work environments, along with increases in new businesses being established at home, we see a need for greater networking capabilities as workforces become more dispersed. We believe that the need for cost efficient and easy- to- use video surveillance by small businesses and corporate offices will continue to grow and fuel the growth of our PoE (/) market, with its ability to power 4K cameras. These trends will place a greater demand on business networks. To meet this demand, we are introducing next- generation technology, such as: PoE switches, Multi- gigabit Ethernet switches, small to medium capacity campus wireless LAN, audio and AV over IP for Pro AV applications in both commercial and residential applications. In addition, our Insight line of cloud- connected networking devices can be managed remotely and securely via mobile apps or browser interfaces, providing continuous monitoring and instantaneous fault notification. Competition The consumer, business and service provider markets are intensely competitive and subject to rapid technological change. We expect competition to continue to intensify. Our principal competitors include: • within the consumer markets, companies such as ARRIS, ASUS, AVM, Devolo, D- Link, Eero (owned by Amazon), Linksys (owned by Foxconn), Minim (Motorola licensee), Google WiFi, Samsung, and TP- Link; • within the business markets, companies such as Allied Telesys, Barracuda, Buffalo, Cisco Systems, Dell, D- Link, Extreme, Fortinet, Hewlett- Packard Enterprise, Palo Alto Networks, QNAP Systems, SonicWall, Snap AV, Synology, TP- Link, Ubiquiti, and WatchGuard; and • within the service provider markets, companies such as Actiontec, Airties, Arcadyan, ARRIS, ASUS, AVM, Compal Broadband, D- Link, Eero (owned by Amazon), Franklin, Google, Hitron, Huawei, Inseego, Nokia, Plume, Sagem, Sercomm, SMC Networks, TechniColor, TP- Link, Ubee, ZTE and ZyXEL. Other competitors include numerous local vendors such as Xiaomi in China, AVM in Germany and Buffalo in Japan. Our potential competitors include other consumer electronics vendors, including Apple, Lifelock, LG Electronics, McAfee, Microsoft, Panasonic, Sony, Toshiba and Vizio, who could integrate networking and streaming capabilities into their line of products, such as televisions, set top boxes and gaming consoles, and our channel customers who may decide to offer self- branded networking products. We also face competition from ISPs who may bundle a free networking device with their broadband service offering, which would reduce our sales if we were not the supplier of choice to those service providers. In the service provider space, we also face significant and increased competition from original design manufacturers (" ODMs ") and contract manufacturers (" CMs ") who are selling and attempting to sell their products directly to service providers around the world. Many of our existing and potential competitors have longer operating histories, greater name recognition and substantially greater financial, technical, sales, marketing and other resources. As a result, they may have more advanced technology, larger distribution channels, stronger brand names, better customer service and access to more customers than we do. For example, Hewlett- Packard Enterprise has significant brand name recognition and has an advertising presence substantially greater than ours. Similarly, Cisco Systems is well recognized as a leader in providing networking products to businesses, while Google and Amazon compete in the consumer WiFi product market, and both have substantially greater financial resources than we do. Several of our competitors, such as TP- Link, offer a range of products that directly compete with most of our product offerings. Several of our other competitors compete in a more limited manner. For example, Dell sells networking products primarily targeted at larger businesses or enterprises while Google and Amazon primarily only sell WiFi mesh systems. The competitive environment in which we operate changes rapidly due to technological reasons and other factors outside of our control, such as new entrants to the market and the ability of market participants to adapt to changing environments ~~, such as the lingering impact from the COVID- 19 pandemic~~ . Other companies with significant resources could also become direct competitors, either through acquiring a competitor or through internal efforts. We believe that the principal competitive factors in the consumer, business and service provider markets for networking products include product breadth, price points, size and scope of the sales channel, brand name, timeliness of new product introductions, product availability, performance, features, functionality and reliability, ease- of- installation, maintenance and use, security and privacy, and customer service and support. We believe our products are competitive in these markets based on these factors. To remain competitive, we believe we must continue to aggressively invest resources in highly differentiated, premium connectivity solutions, complemented by valuable subscription services, expanding our sales channels including our direct- to- consumer capabilities, increasing engagement with our customers and maintaining customer satisfaction worldwide. Our investments reflect our enhanced focus on the security of our products and systems, as the threat of cyber- attacks and exploitation of potential security vulnerabilities in our industry is on the rise and is increasingly a significant consumer concern. Research and Development Our success depends on our ability to develop products that meet changing user needs and to anticipate and proactively respond to evolving technology in a timely and cost- effective manner. Accordingly, we have made investments in our research and development department in order to effectively evaluate existing and new third- party technologies, develop existing and new in- house technologies, and develop and test new products and services. Our research and development employees work closely with our technology and manufacturing partners to bring high quality new products and services to market in a timely and cost- efficient manner. We identify, qualify and create new technologies to develop products using one or both of the methodologies described below. Under both ODM and In- House development, we develop portions of the software on some products, including embedded firmware or components of firmware, mobile applications, and cloud software. ODM. Under the ODM methodology, we define the product concept and specifications and recommend the technology selection. We then coordinate with our technology suppliers as they develop the product, meeting our specifications, while our internal software engineering team typically works with our service partners to develop the software services that run on these devices. On certain new products, one or more subsystems of the design can be done in- house and then integrated with the remaining design pieces from the ODM. Once prototypes are completed, we work with our partners to complete the debugging and systems integration and testing. After completion of the final tests, agency approvals and product documentation, the product is released for production and shipment. In- House Development. Under the in- house development model, one or more subsystems of the product are designed and developed utilizing the NETGEAR engineering team. Under this model, some of the primary technology is developed in- house. We then work closely with either an ODM or a Joint Development Manufacturer (" JDM ") to complete the development of the entire design, perform the necessary testing, and obtain regulatory approvals before the product is released for production and shipment. Manufacturing Our primary manufacturers are Cloud Network Technology (more commonly known as Hon Hai Precision or Foxconn Corporation), Delta Electronics Incorporated, ~~Wistron NeWeb Corporation~~ **Senao Networks, Inc.** , and Pegatron Corporation, all of which are headquartered in Taiwan. We also manufacture in Haiphong, Vietnam at a facility owned by Shenzhen Gongjin Electronics Co., Ltd. (more commonly known as T & W), which is headquartered in China. We manufacture US bound products in Vietnam, Thailand, Indonesia, and Taiwan, with a limited number of legacy products produced in China. We distribute our manufacturing among a limited number of key suppliers and seek to avoid excessive concentration with any one single supplier. Any disruptions from natural disasters, health epidemics and political, social and economic instability would affect the ability of our manufacturers to manufacture our products. If our manufacturing or warehousing facilities are disrupted or destroyed, we would not have readily available alternatives for manufacturing our products and our business would be significantly impacted. In addition to their responsibility for the manufacturing of our products, our manufacturers typically purchase all necessary parts and materials to produce finished goods. Our own product quality organization based in Singapore and Taiwan is responsible for auditing and inspecting product quality on the premises of our ODMs to maintain quality standards for our suppliers. We obtain several key components from limited or sole sources. These include many of the semiconductors used in our products, which are designed specifically for the products and obtained from sole source suppliers on a purchase order basis like switching fabric semiconductors used in our Ethernet switches and internet gateway products; wireless local area network chipsets used in our wireless products and mobile network chipsets which are used in our wireless gateways and hotspots. We also have limited sources for components including connector jacks, plastic casings and physical layer transceivers. Our third- party manufacturers generally purchase these components on our behalf on a purchase order basis. If these sources fail to satisfy our supply requirements or component lead times deviate from expectations, our ability to meet scheduled product deliveries would be harmed and we may lose sales and experience increased costs to procure supply. For instance, for much of 2022, we experienced supply shortages for core networking semiconductor components, and additionally power IC and voltage regulator chipsets due to high demand, resulting in elongated manufacturing timelines. We currently outsource warehousing and distribution logistics to four main third- party providers who are responsible for warehousing, distribution logistics and order fulfillment. In addition, these parties are also responsible for some configuration and re- packaging of our products including bundling components to form kits, inserting appropriate documentation, disk drive configuration, and adding power adapters. APL Logistics Americas, Ltd. in City of Industry, California ~~and Flexe Inc. in Lathrop, California serve~~ **serves** the Americas region, Kerry Logistics Ltd. in Singapore serves the Asia Pacific region, DSV Solutions B. V. Netherlands serves the EMEA region, and Likewize Logistics Pty Ltd. in Melbourne, VIC, Australia serves Australia and New Zealand. Sales and Marketing We work directly with our retail partners on market development activities, such as co- advertising, online promotions and video demonstrations, live and virtual event sponsorships and sales associate training. We also participate in major industry trade shows and marketing events. Our marketing department is comprised of our channel marketing, product marketing and corporate marketing groups. Our channel marketing team focuses on working with the sales teams to maximize our participation in channel partner marketing activities and merchandise our products both online and in store. Our product marketing group focuses on product and service strategy, product and service development roadmaps, the new product introduction process, product lifecycle management, demand assessment and competitive analysis. The group works closely with our sales and research and development groups to align our product development roadmap to meet customer technology demands from a strategic perspective. The group also ensures that product and services development activities, product and services launches, and ongoing demand and supply planning for our products occur in a well- managed, timely manner in coordination with our development, manufacturing, and sales groups, as well as our ODM and sales channel partners. Our corporate marketing group is responsible for defining and building our corporate brand, supporting the business units with creative marketing strategies and driving ~~traffic to~~ **awareness, education and demand for our products by way of** our online and in- app platforms. The group focuses on defining our brand promise and marketing messages on a worldwide basis. This group is also responsible for targeted full- funnel marketing, including paid, earned and owned channels; delivering a seamless purchase journey **reaching** and **acquiring new customers as well as** leveraging our loyal customers to advocate for the NETGEAR brand. Marketing tactics include driving the social media and online marketing strategy, public relations, installed base marketing programs, community engagement programs, sponsorships and events, and corporate websites worldwide, as well as creative production for all product categories. We conduct most of our international sales and marketing operations through wholly- owned subsidiaries, which operate via sales and marketing subsidiaries and branch offices worldwide. Customer Support We design our products with ease- of- use top of mind. We respond globally to customer inquiries through a variety of channels including phone, chat, community, social media, and email. Customers can also get self- help service through the comprehensive ~~knowledgebase~~ ---- **knowledge base, chatbot** and ~~the~~ user forums on our website. Customer support is provided through a combination of a limited number of permanent employees and use of subcontracted, out- sourced resources. Our permanent employees design our technical support model and process and are responsible for training and managing our outsourced sub- contractors. They also handle escalations from the outsourced resources. We utilize the information gained from customers by our customer support organization to enhance our product offerings, including further simplifying the installation process. We believe that our continued success will depend primarily on the technical expertise, speed of technology implementation, creative skills and management abilities of our officers and key employees, plus ownership of a limited but important set of copyrights, trademarks, trade secrets and patents. We primarily rely on a combination of copyright, trademark, trade secret, and patent laws, nondisclosure agreements with employees, consultants and suppliers and other contractual provisions to establish, maintain and protect our proprietary rights. We hold approximately ~~222~~ **225** issued United States patents that expire between years ~~2023~~ **2024** and 2040 and 36 foreign patents that expire between 2024 and 2035. **No single patent is solely responsible for protecting the Company' s products and services.** In addition, we currently have approximately ~~24~~ **21** pending United States and foreign patent applications related to technology and products offered by us. We also rely on third- party licensors for patented hardware and software license rights in technology that are incorporated into and are necessary for the operation and functionality of our products. Our success will depend in part on our continued ability to have access to these technologies. We have trade secret rights for our products, consisting mainly of product design, technical product documentation and software. We also own, or have applied for registration of trademarks, in connection with our products in the United States and internationally, including NETGEAR, NETGEAR Armor, NETGEAR Insight, NPG, NPG logo, Orbi, Nighthawk, FASTLANE3, Meural, Trueart, Digital Canvas, and ProSafe. We have registered a number of internet domain names that we use for electronic interaction with our customers including dissemination of product information, marketing programs, product registration, sales activities, and other commercial uses. Seasonal Business We have historically experienced increased net sales in our third and fourth fiscal quarters as compared to the first and second quarters in our fiscal year due to seasonal demand from consumer markets primarily relating to the beginning of the school year and the holiday season. ~~This pronounced seasonality has been previously offset by irregular and significant purchases from customers in other markets, such as the service provider market.~~ In ~~2022~~ **2023** , we had a flatter trend than we historically observe ~~as we experienced~~ **mainly driven by channel inventory compression driven by the uncertain macroeconomic environment and** a contraction of the U. S. **retail** ~~consumer WiFi~~ market ~~and supply chain constrains that limited our ability to meet the demand for certain products~~ . Governmental Regulations Environmental Laws Our products and manufacturing process are subject to numerous governmental regulations, which cover both the use of various materials as well as environmental concerns. Environmental issues such as pollution and climate change have had significant legislative and regulatory effects on a global basis, and there are expected to be additional changes to the regulations in these areas. These changes could directly increase the cost of energy, which may have an impact on the way we manufacture products or utilize energy to produce our products. In addition, any new regulations or laws in the environmental area might increase the cost of raw materials we use in our products and the cost of compliance. Other regulations in the environmental area may require us to continue to monitor and ensure proper disposal or recycling of our products. To the best of our knowledge, we maintain compliance with all current government regulations concerning our production processes ~~for all~~ **and product disposal in the** locations **where** ~~in which~~ we operate **and sell**. Since we operate on a global basis, this is a complex process that requires continual monitoring of regulations and compliance efforts to ensure that we, and our suppliers, are in compliance with all existing regulations. Other Regulations As a company with global operations, we are subject to complex foreign and U. S. laws and regulations, including trade regulations, tariffs, import and export regulations, anti- bribery and corruption laws, antitrust or competition laws, data privacy laws, such as the EU General Data Protection Regulation (the " GDPR "), and environmental regulations, among others. We have policies and procedures in place to promote compliance with these laws and regulations. To date, our compliance actions and costs relating to these laws, rules and regulations have not resulted in a material cost or effect on our capital expenditures, earnings or competitive position. Government regulations are subject to change, and accordingly we are unable to assess the possible effect of compliance with future requirements or whether our compliance with such regulations will materially impact our business in the future. For further discussion of how government regulations may affect our business, see the related discussion in " Risk Factors – Financial, Legal, Regulatory and Tax Compliance Risks, Including Recent Impairment Charges **.** " ~~.~~ Human Capital As of December 31, ~~2022~~ **2023**, we had ~~691~~ **635** full- time employees, with ~~229~~ **210** in sales, marketing and technical support, ~~252~~ **228** in research and development, ~~84~~ **77** in operations, and ~~126~~ **120** in finance, information systems and administration. We also utilize a number of temporary staff to supplement our workforce. We have never had a work stoppage among our employees, no personnel are represented under collective bargaining agreements, and we consider our relations with our employees to be good. Culture and Engagement ~~Our mission~~ **We seek** to ~~connect the world using~~ **foster a diverse working environment, representing a broad spectrum of backgrounds and cultures that promotes** innovative ~~networking~~ **ideas and** products ~~cannot be achieved~~ **. We believe that it takes true diversity and inclusion to unleash the power of each of our employees' fullest potential. We are committed to promoting a culture that welcomes and celebrates everyone** without **bias** ~~employing imaginative~~, **reflecting** ~~talented and committed individuals from around~~ the **importance of** ~~world. We strive to foster a diverse~~ **diversity** ~~and~~ **in our communities. As part of our commitment to building a more** inclusive environment ~~that both attracts and retains team members who align with our core values of: achievement~~, **we work to enrich our** ~~simplicity, people, innovation, results, and ethics. As a truly~~ global ~~enterprise, we~~ **community through charitable contributions and community engagement initiatives. We** work every day to ~~go beyond accepting~~ **support and cultivate** diversity ~~- we celebrate it, we support it, and we cultivate it~~. We offer ongoing development programs, **such as** ~~including CEO Action for Diversity & Inclusion and~~ Employee Resource Groups (ERG): the Black Employee Resource Group, and Women in the Workplace Resource Group. **In addition, we are a member of CEO Action for Diversity and Inclusion.** We conduct ~~regular~~ **employee** engagement surveys every two years ~~to increase and monitor employee engagement~~. The surveys help us to identify areas where we can improve our policies, maximizing the engagement and performance of our employees. Since initiating the surveys in 2014, we have never fallen below a 95 % participation rate. Our most recent employee ~~experience~~ **engagement** survey was conducted in ~~2021~~ **2023** and had a ~~99~~ **97** % participation rate. **Providing** ~~Diversity and Inclusion We believe that our employee population should reflect the communities where we live and serve. We are committed to promoting and cultivating an inclusive and diverse culture that welcomes and celebrates everyone without bias. We seek to foster a diverse working environment, representing a broad spectrum of backgrounds and cultures that promotes innovative ideas and products. To foster a culture of respect within our workplace, we provide~~ employees with training on Diversity, Equity ~~,~~ and Inclusion (DEI) ~~topics. Our Diversity and Inclusion course~~ is **a key component of fostering a culture of respect within** ~~required by all employees and helps to ensure that they understand~~ our **workplace** ~~diversity and inclusion goals, from recruitment to team development~~. We educate employees on belongingness, empathy, and on our internal efforts toward a more diverse workforce. ~~Our~~ **For example, our Diversity and Inclusion course, required by all employees, helps to ensure that all personnel understand NETGEAR' s diversity and inclusion philosophy, from recruitment to team development. In addition, our** Reflection on Bias course helps employees ~~to~~ recognize, deal with, and prevent bias through understanding the needs of diverse groups at NETGEAR. **Equipping** ~~These training courses help equip~~ our employees with the ~~skillset~~ **tools** they need to be an ally **brings** ~~, taking~~ us ~~one step~~ closer to **our goal of a** more inclusive ~~operations~~ **operation**. We demonstrate diversity, equity, and inclusion at the highest levels of our company. As of December 31, ~~2022~~ **2023**, 57 % of our independent directors were female, and approximately ~~55~~ **60** % of our executive management team self- identify as an underrepresented minority, in terms of race, ethnicity, or gender. In addition, women represented approximately ~~22~~ **21** % of technical positions worldwide and approximately ~~36~~ **38** % of leadership roles worldwide. Recruitment and Retention We recognize that attracting, motivating and retaining talent at all levels is vital to continuing our success. By improving employee retention and engagement, we also improve our ability to support our customers and protect the long- term interests of our stakeholders and stockholders. We invest in our employees through high- quality benefits and various health and wellness initiatives, and offer competitive compensation packages, ensuring fairness in internal compensation practices. To further engage and incentivize our workforce, we offer a wide range of programs and avenues for support, motivation, and professional recognition. We provide training courses to ensure the professional development of our employees and we have a Management Development Program, a series of courses that all people managers are required to complete. We offer compelling global incentives to reinforce our performance- driven culture and attract and reward leading talent. We offer global competitive and meaningful total rewards programs that meet the diverse needs of our employees, while also reflecting local market practices. Our total rewards approach is designed to deliver cash, equity, and benefit programs that are competitive with those offered by comparable companies in the technology industry and reflect anticipated local market demands and evolving business needs. Other than the base salary program, all of our cash and equity programs are dependent upon the achievement of individual and company performance. In addition to competitive salaries and bonuses, we grant equity- based compensation to a significant portion of our employees and our employees are eligible to participate in our Employee Stock Purchase Plan. Equity serves as a key component in attracting, retaining, and motivating our employees. We also provide the opportunity for equity ownership through our employee stock purchase plan. We provide competitive benefits that include retirement planning, health care, parental leave, flexible time away, and appreciation events for employees. In addition, we offer benefits to support our employees' physical and mental health. Employee Health and Safety ~~The health~~ **Health** and safety of our employees ~~are~~ **a top priority at NETGEAR. Providing a safe and clean environment is** critical to ~~our~~ **the** success ~~and thus one~~ of our ~~top priorities~~ **employees and business overall** . We ~~frequently~~ **consistently** monitor **our** workplace ~~cleanliness~~ **with the lens of Health** and ~~safety~~ **Safety** ~~in~~ **to maintain a clean environment, practice emergency preparedness, minimize injury** ~~an~~ **and** ~~effort to~~ **illness,** promote **industrial** hygiene **, provide ergonomic training** and ~~minimize injuries~~ **equipment, machine safeguarding, and more** . Our Corporate Emergency Response Team and Business Continuity Program equip employees with essential knowledge and supplies in case of emergencies. We periodically examine various Health and Safety aspects such as safe and clean workplaces, emergency preparedness, injury and illness, industrial hygiene, ergonomics, machine safeguarding, and more. We are also dedicated to maintaining updated safety guidelines for all of our products. Health and safety are covered under our Responsible Business Alliance (RBA) guided audit program and corporate facilities ~~COVID- 19 response In response to the COVID- 19 outbreak, we implemented significant changes that we determined were in the best interest of our employees, as well as the communities in which we operate, in compliance with government regulations~~ . **Since** ~~This includes that during the first quarter of 2020~~ **2022 after** ~~, we transitioned to have~~ the ~~vast majority of our employees work from home and implemented additional safety measures for employees continuing critical on- site work, such as engineering. As~~ COVID- 19 restrictions ~~have~~ eased ~~in 2022~~ , some of our offices, including our San Jose headquarters, **moved** ~~have transitioned~~ to hybrid work ~~. We continue to actively monitor the situation and will continue to adapt our business operations as necessary~~ . The flexible work experiences have enabled our teams to remain connected with each other and with our customers while maintaining and enhancing productivity, operational excellence and innovation. Available Information Our Annual Report on Form 10- K, Quarterly Reports on Form 10- Q, Current Reports on Form 8- K, and amendments to reports filed pursuant to Sections 13 (a) and 15 (d) of the Securities Exchange Act of 1934, as amended (the " Exchange Act "), are filed with the Securities Exchange Commission (the " SEC "). Our website address is www. netgear. com. Our website provides a link to our SEC filings, which are available free of charge on the same day such filings are made. The specific location on the website where these reports can be found is http: / / investor. netgear. com / sec. cfm. Our website also provides a link to Section 16 filings which are available free of charge on the same day as such filings are made. Information contained on these websites is not a part of this Annual Report on Form 10- K. Information About Our Executive Officers The following table sets forth the names, ages and positions of our executive officers as of February ~~10~~ **9** , ~~2023~~ **2024** . Name Age Position **Charles (CJ) Prober Chief Executive Officer** Bryan D. Murray Chief Financial Officer Heidi B. Cormack Chief Marketing Officer Michael F. Falcon Chief Operations Officer David J. Henry President and General Manager of Connected Home Products and Services Andrew W. Kim Chief Legal Officer Vikram Mehta Senior Vice President, ~~SMB~~ **NETGEAR for Business** Products and Services ~~Mark G. Merrill Chief Technology Officer~~ Tamesa T. Rogers Chief People Officer Michael A. Werdann Chief Revenue Officer Martin D. Westhead Chief Technology Officer, Software **Charles (CJ) Prober** ~~Patrick C. S. Lo is our co-founder and~~ has served as our ~~Chairman and~~ Chief Executive Officer **and a member of the board of directors** since ~~March~~ **January** ~~2002~~ **2024 . Prior to joining the Company, Mr. Prober served as President of Life360, Inc. (" Life360"), a technology platform company, from January 2022 to July 2023** . He **joined Life360 via the acquisition of Tile, Inc. (" Tile"), a technology company, in January 2022 and served as the Chief Executive Officer of Tile from September 2018 to January 2022. Mr. Prober also** previously served as **a member** ~~interim general manager~~ of ~~our former retail business unit and~~ **Tile' s board of directors from February 2018 to January 2022, including** as **its Executive Chairman from February 2018 to September 2018** ~~interim general manager of our former service provider business unit~~ . **Before** ~~Patrick founded NETGEAR with Mark G. Merrill with the~~ **then** ~~singular vision of providing the appliances to enable everyone in the world to connect to the high speed Internet for information~~ , ~~communication, business transactions, education, and entertainment. From 1983 until 1995, Mr. Lo worked at Hewlett- Packard Company, where~~ he served **as** ~~in various management positions in sales, technical support, product management, and marketing in~~ the ~~U~~ **Chief Operating Officer of GoPro, Inc** . ~~S.~~ **from January 2017 to February 2018** and ~~Asia~~ **its Senior Vice President of Software and Services from June 2014 to December 2016** . **Prior thereto,** Mr. ~~Lo~~ **Prober held executive leadership roles at Electronic Arts Inc., and prior to his executive leadership roles, Mr. Prober** was ~~named the Ernst~~ **a consultant with McKinsey** & ~~Young National Technology Entrepreneur of the Year in 2006~~ **Company and a corporate attorney with Wilson Sonsini Goodrich & Rosati** . Mr. ~~Lo~~ **Prober currently serves on the boards of directors of Life360 and Glorious Gaming, a private company. Mr. Prober** received **his Bachelor of Commerce** ~~a B. S. degree in electrical engineering~~ from ~~Brown~~ **the University of Manitoba and a Bachelor of Laws from McGill** University. Bryan D. Murray has served as our Chief Financial Officer since August 2018. He has been with NETGEAR since November 2001, serving in various management roles within the finance organization. Prior to assuming the role of CFO, he served as NETGEAR' s Vice President of Finance and Corporate Controller since June 2011. Before joining NETGEAR in 2001, he worked in public accounting at Deloitte and Touche LLP. He holds a B. A. from the University of California, Santa Barbara, and is licensed as a Certified Public Accountant (inactive). Heidi B. Cormack has served as our Chief Marketing Officer since July 2021. She has been with NETGEAR since July 2009, serving in various management roles within the marketing organization. Prior to assuming the role of Chief Marketing Officer, Ms. Cormack served as NETGEAR' s Senior Vice President of Global Marketing, Vice President of Corporate Marketing, and as our Director of Regional Marketing prior to that. Before joining NETGEAR, Ms. Cormack held positions at Virgin Mobile (Australia) PTY Limited, Red Bull Gmbh and Sony Computer Entertainment, Inc. in various marketing roles and completed business studies at the Sunshine Coast Business Academy in Australia. Michael F. Falcon has served as our Chief Operations Officer since November 2017. Previously, Mr. Falcon served as our Senior Vice President of Worldwide Operations and Support from January 2009 to November 2017, Senior Vice President of Operations from March 2006 to January 2009, and as our Vice President of Operations from November 2002 to March 2006. Prior to joining us, Mr. Falcon was at Quantum Corporation, where he served as Vice President of Operations and Supply Chain Management from September 1999 to November 2002, Meridian Data (acquired by Quantum Corporation), where he served as Vice President of Operations from April 1999 to September 1999, and Silicon Valley Group, where he served as Director of Operations, Strategic Planning and Supply Chain Management from February 1989 to April 1999. Prior to February 1989, Mr. Falcon served in management positions at SCI Systems, an electronics manufacturer, Xerox Imaging Systems, a provider of scanning and text recognition solutions, and Plantronics, Inc., a provider of lightweight communication headsets. Mr. Falcon received a B. A. degree in Economics with honors from the University of California, Santa Cruz and has completed coursework in the M. B. A. program at Santa Clara University. David J. Henry has served as our President and General Manager of Connected Home Products and Services since July 2021. He has been with NETGEAR since July 2004, most recently serving as our Senior Vice President of Connected Home Products and Services from January 2017 to July 2021, Senior Vice President of Home Networking from January 2016 to December 2016, Vice President of Product Management of our retail business unit from March 2011 to January 2016 and as our Senior Director of Product Marketing from October 2010 to March 2011. Prior to NETGEAR, Mr. Henry was a senior product manager for the high technology vertical application at Siebel Systems (acquired by Oracle Corporation). His professional experience also includes business process and information technology consulting with Deloitte Consulting. Mr. Henry received a B. S. degree in Electrical Engineering, with an emphasis on Signal Processing, from the University of Washington and an M. B. A. from the Stanford Graduate School of Business. Andrew W. Kim has served as our Chief Legal Officer since July 2021. Previously, Mr. Kim served as our Senior Vice President of Corporate Development, General Counsel and Corporate Secretary from July 2013 to July 2021, Vice President, Legal and Corporate Development and Corporate Secretary from October 2008 to July 2013, and as our Associate General Counsel from March 2008 to October 2008. Prior to joining NETGEAR, Mr. Kim served as Special Counsel in the Corporate and Securities Department of Wilson Sonsini Goodrich & Rosati, a private law firm, where he represented public and private technology companies in a wide range of matters, including mergers and acquisitions, debt and equity financing arrangements, securities law compliance and corporate governance from 2000 to 2003 and 2006 to 2008. In between his two terms at Wilson Sonsini Goodrich & Rosati, Mr. Kim served as Partner in the Business and Finance Department of the law firm Schwartz Cooper Chartered in Chicago, Illinois, and was an Adjunct Professor of Entrepreneurship at the Illinois Institute of Technology. Mr. Kim holds a J. D. from Cornell Law School, and received a B. A. degree in history from Yale University. Vikram Mehta has served as our Senior Vice President of ~~SMB~~ **NETGEAR for Business** Products and Services since January 2020 and previously served as our consultant from July 2019 to December 2019. From May 2015 to January 2020, Mr. Mehta served as Managing Director of Pacific Venture Advisors, a technology and management consulting company. Prior to that, from October 2013 to April 2015, he served as President and Chief Executive Officer at Kaazing Corporation, a venture funded IoT software company. Prior to Kaazing and subsequent to IBM' s acquisition of BLADE Network Technologies, Inc. (" BLADE "), Mr. Mehta served as Vice President of System Networking, STG, at IBM, from January 2011 to April 2013. Mr. Mehta served as Founder, President and Chief Executive Officer of BLADE, a networking company, from its inception in February 2006 to its acquisition by IBM in December 2010. Prior to that, Mr. Mehta worked at a number of technology companies, including Hewlett- Packard Company, where he served in various management positions in sales, marketing, and General Management in the U. S., Asia, and Australia, Nortel Networks, Alteon WebSystems (acquired by Nortel Networks) and Ensim Corporation (acquired by Ingram Micro). Mr. Mehta received a B. S. degree in Electrical Engineering from Birla Institute of Technology ~~.~~ ~~Mark G. Merrill is our co- founder and has served as our Chief Technology Officer since March 2015. Previously, Mr. Merrill served as our Senior Vice President of Advanced Engineering from February 2013 to February 2015 and as our Chief Technology Officer from January 2003 to April 2013. From September 1999 to January 2003, he served as our Vice President of Engineering and as our Director of Engineering from September 1995 to September 1999. Mr. Merrill received both a B. S. degree and an M. S. degree in Electrical Engineering from Stanford University~~ . Tamesa T. Rogers has served as our Chief People Officer since July 2021. Previously, Ms. Rogers served as our Senior Vice President, Human Resources from July 2013 to July 2021, Vice President, Human Resources from January 2009 to July 2013, Director, Worldwide Human Resources from September 2006 to January 2009 and as our Senior Human Resources Manager from December 2003 to September 2006. From March 2000 to December 2003, Ms. Rogers worked at TriNet Employer Group, a professional employer organization, as a Human Resources Manager, providing HR consulting to technology companies throughout Silicon Valley. Prior to TriNet, Ms. Rogers served in various human resources functions in several Northern California companies. Ms. Rogers received a B. A. in Communication Studies from the University of California, Santa Barbara and an M. S. in Counseling from California State University, Hayward. Michael A. Werdann has served as our Chief Revenue Officer since July 2021. Previously, Mr. Werdann served as our Senior Vice President of Worldwide Sales from October 2015 to July 2021, Worldwide Senior Vice President of Sales for Consumer Products from March 2015 to October 2015 and as our Vice President of Americas Sales from December 2003 to March 2015. Since joining us in 1998, Mr. Werdann has served as our United States Director of Sales, E- Commerce and DMR from December 2002 to December 2003 and as our Eastern Regional Sales Director from October 1998 to December 2002. Prior to joining us, Mr. Werdann worked for three years at Iomega Corporation, a computer hardware company, as a Sales Director for the value added reseller sector. Mr. Werdann holds a B. S. Degree in Communications from Seton Hall University. Martin D. Westhead, Ph. D. has served as our Chief Technology Officer of Software since December 2019. Prior to joining NETGEAR, Dr. Westhead was with Groupon from March 2014, where he became VP Engineering for Consumer Engineering team, responsible for the company' s end- to- end customer experience on mobile and web. Prior to Groupon, Dr. Westhead led several software organizations, including at Ning, a social network startup and Avaya a telephony company, and founded two companies in network management tools. He lectured for Stanford' s Continuing Studies Business Department. Dr. Westhead received his B. S. and Ph. D. degrees from the Department of AI and Computer Science in the University of Edinburgh, U. K. Item 1A. Risk Factors Investing in our common stock involves a high degree of risk. The risks described below are not exhaustive of the risks that might affect our business. Other risks, including those we currently deem immaterial, may also impact our business. Any of the following risks could materially adversely affect our business operations, results of operations and financial condition and could result in a significant decline in our stock price. Before deciding to purchase, hold or sell our common stock, you should carefully consider the risks described in this section. This section should be read in conjunction with the consolidated financial statements and accompanying notes thereto, and Management' s Discussion and Analysis of Financial Condition and Results of Operations included in this Annual Report on Form 10- K. If we are unable to properly monitor and ~~manage~~ **help** our ~~sales~~ channel **partners to optimize their** inventory **levels** and maintain an appropriate level and mix of products with our retail partners and wholesale distributors and within our sales channels, we may incur increased and unexpected costs associated with this inventory. **In 2022** ~~We generally allow wholesale distributors~~ and ~~traditional~~ **the first half of 2023, many of our** ~~retailers~~ --- **retail** ~~to return a limited amount of~~ **and service provider partners began significantly reducing their target inventory levels which adversely affected** our ~~products in exchange~~ **results of operations. While we see signs of the retail networking market stabilizing, the uncertain macroeconomic environment and high interest rates are also putting pressure on our NETGEAR** for ~~other products~~ **Business channel partners** . **For example** ~~Under our price protection policy~~ , ~~if we reduce the list price of a product, we are often required to issue a credit~~ in ~~an amount equal to the reduction for each~~ **2023, we experienced lower revenue as a result** of ~~the products held in inventory by~~ our **channel partners lowering** ~~wholesale distributors and retailers. If our wholesale distributors and retailers are unable to sell~~ their inventory ~~in a timely manner~~ **levels. We expect to continue to experience NETGEAR for Business channel inventory compression at least for the next one to two fiscal quarters. Low channel inventory levels increase the likelihood that our sales channel customers may not be able to fulfill end user demand** , ~~we might~~ **leading to delayed or lost sales, unhappy customers and potential impacts to our brand and reputation. Inadequate stock levels could also hinder our ability to fulfill large orders or take advantage of unexpected demand spikes, thereby limiting revenue growth opportunities. Moreover, reductions in target inventory levels put pressure on our ability to accurately forecast customer demand and inventory requirements and increases the likelihood that the accuracy of such forecasts would be** lower ~~the price of the products, or these parties may exchange the products for newer products or decrease their purchases of our products in subsequent periods. Also, during the transition from an existing product to a new replacement product, we must accurately predict the demand for the existing and the new product~~ . We determine production levels based on our forecasts of demand for our products. Actual demand for our products depends on many factors, which makes it difficult to forecast. We have experienced differences between our actual and our forecasted demand in the past and expect differences to arise in the future. If we improperly forecast demand for our products **and channel inventory levels** , we could end up with too many products and be unable to sell the excess inventory in a timely manner, if at all, or, alternatively we could end up with too few products and not be able to satisfy demand. This problem is exacerbated because we attempt to closely match inventory levels with product demand leaving limited margin for error. **Also, during the transition from an existing product to a new replacement product, we must accurately predict the demand for the existing and the new product.** If we improperly forecast demand for our products **and channel inventory levels** , we could incur increased expenses associated with writing off excessive or obsolete inventory, lose sales, incur penalties for late delivery or have to ship products by air freight to meet immediate demand incurring incremental freight costs above the sea freight costs ~~, a preferred method,~~ and suffering a corresponding decline in gross margins. For example, in 2022, demand for our Connected Home products turned out to be lower than we previously forecasted ~~,~~ and resulted in our revenue for our Connected Home products to come in lower than expected, as our channel partners in the U. S. ~~are expected to replenish~~ **replenished** inventory slower than they **sold** ~~sell it~~ through to end users to right size their inventory carrying position based on the lower demand levels than were previously expected. In addition, ~~beginning~~ **we generally allow wholesale distributors and traditional retailers to return a limited amount of our products** in ~~2022~~ **exchange for other products. Under our price protection policy** , **if we reduce the list price of a product, we are often required to issue a credit in an amount equal to the reduction for each of the products held in inventory by our wholesale distributors and retailers. If our wholesale distributors and retailers are unable to sell their inventory in a timely manner, we might lower the price of the products, or these parties** ~~many~~ - **may** ~~of~~ **exchange the products for newer products** ~~our~~ - **or** ~~retail~~ **decrease their purchases of our products in subsequent periods, which would adversely affect our revenue and results of operations. We operate in a highly competitive, quickly changing environment, and our future success depends on our ability to develop or acquire and introduce new products and services, enhance existing products and services, effectively stimulate customer and business demand for new and upgraded products and services, and successfully manage the transition to these new and upgraded products and services. Our future success will depend in large part upon our ability to identify demand trends in the consumer, business** and service ~~partners announced reductions~~ **provider markets, and to quickly develop or acquire, manufacture and market and sell products and services that satisfy these demands** in ~~service provider markets,and to quickly develop or acquire,manufacture and market and sell products and services that satisfy these demands in~~ a cost- effective manner.In order to differentiate our products from our competitors' products,we must continue to increase our focus and capital investment in research and development and marketing and sales,including software development for our products and complementary services and applications.For example,we have **made a strategic shift to focus on premium,higher margin products and have** committed a substantial amount of resources to the development,manufacture, **branding,** marketing and sale of our Nighthawk mobile hotspot products ~~and~~ **,** Orbi WiFi ~~system~~ **systems and ProAV managed switches** ,and to introducing additional and improved models **and services** in these lines. **In the** ~~their~~ - **third** ~~target~~ **quarter of 2023** ~~services and applications.For example~~ ,we ~~have committed a substantial amount of resources to~~ **launched our first WiFi 7 products,namely** the **Orbi 97X mesh system** ~~development,manufacture,marketing~~ and **the** ~~sale of our~~ Nighthawk **RS700 router** ~~mobile hotspot products and Orbi WiFi system~~ ,and **will continue** to **invest** ~~introducing additional and improved models~~ in ~~these~~ **a strong pipeline of WiFi 7 introductions in 2024 across all our major product** lines.The success of new ~~product~~ **products** and services ~~depend~~ **depends** on a number of factors,including timely and successful development either through rapid innovation or acquisition,market acceptance,our ability to manage the risks and costs,such as investment costs and marketing costs,associated with development and introduction of new products and services,the effective management of purchase commitments and ~~inventory~~ **channel** inventory levels ~~beyond what~~ **in line with anticipated product demand, availability of products in appropriate quantities and at expected costs to meet anticipated demand,** ~~they~~ - **the** ~~had previously communicated,~~ **risk that new products** and ~~they~~ **services** may ~~continue~~ **have delays, quality or other defects or deficiencies and our ability** to **effectively** manage marketing and reviews of our products and services.In addition,we have acquired companies and technologies in the past and as a result,have introduced new product lines in new markets.We may not be able to successfully manage integration of the new product lines with our existing products.Selling new product lines in new markets will require our management to learn different strategies in order to be successful.We may be unsuccessful in launching a newly acquired product line in new markets which requires management of new suppliers,potential new customers and new business models.Our management may not have the experience of selling in these new markets and we may not be able to grow our business as planned.For example,in August 2018,we acquired Meural Inc.,a leader in digital platforms for visual art,to enhance our Connected Home product and service offerings.If we are unable to effectively and successfully ~~further~~ further **develop these new product lines, we may not be able to increase or maintain our sales and our gross margins may be adversely affected. Accordingly, if we cannot properly drive customer and business demand, manage future introductions and transitions of products and services, this could result in: • loss of or delay in revenue and loss of market share; • negative publicity and damage to our reputation and brand; • a decline in the average selling price of our products; • adverse reactions in our sales channels, such as** ~~reduce~~ **reduced** ~~their target~~ **shelf space, reduced channel** inventory levels, ~~which~~ **reduced online product visibility, or loss of sales channels; and • increased levels of product returns. In addition, if we are unable to successfully introduce or acquire new products with higher gross margins, or enhance and improve our services and subscription offerings for customer retention or service revenue growth, or if we are unable to improve the margins on our previously introduced and rapidly growing product and services lines, our net revenue and overall gross margin would likely decline. We have invested, and in the future** may ~~lead to lower revenue~~ **invest, in new business strategies. Such endeavors may involve significant risks** and ~~profitability~~ **uncertainties, including distraction of management from current operations, greater- than- expected liabilities and expenses, economic, legal and regulatory challenges, inadequate return on capital, potential impairment of tangible and intangible assets, and significant write-offs. New business strategies are inherently risky and may not be successful. The failure of any significant investment could materially adversely affect our business, reputation, results of operations and financial condition. For example, as mentioned in the risk factor above " To remain competitive and stimulate consumer and business demand, we must successfully manage new product introductions and transitions of products and services ", we have made a strategic shift to focus on premium, higher margin products and services. We continue to hire in key areas and invest in these premium, higher margin products and services, such as ProAV managed switches, premium Orbi WiFi mesh systems, 5G mobile hotspots, and subscription services; however, such investments may not prove to be successful. If we fail to develop premium user experience, elevate marketing and branding** for ~~the Connected Home~~ **customer acquisition, expand our sales channels or otherwise successfully execute on our** business **strategies, our business, financial condition, results of operations and reputation could be materially adversely affected** . We sell a substantial portion of our products through traditional and online retailers, including Best Buy Co., Inc., Amazon. com, Inc. and their affiliates, wholesale distributors, including Ingram Micro, Inc. and TD Synnex, and service providers, such as AT & T. We expect that a significant portion of our net revenue will continue to come from sales to a small number of customers for the foreseeable future. In addition, because our accounts receivable are often concentrated with a small group of purchasers, the failure of any of them to pay on a timely basis, or at all, would reduce our cash flow. We are also exposed to increased credit risk if any one of these limited numbers of customers fails or becomes insolvent. We generally have no minimum purchase commitments or long- term contracts with any of these customers. These purchasers could decide at any time to discontinue, decrease or delay their purchases of our products. If our customers increase the size of their product orders without sufficient lead- time for us to process the order, our ability to fulfill product demands would be compromised. These customers have a variety of suppliers to choose from and therefore can make substantial demands on us, including demands on product pricing and on contractual terms, which often results in the allocation of risk to us as the supplier. Accordingly, the prices that they pay for our products are subject to negotiation and could change at any time. For example, as mentioned below in the risk factors " If disruptions in our transportation network continue to occur or our shipping costs substantially increase again in the future, we may be unable to sell or timely deliver our products, and net revenue and our gross margin could decrease " and " We obtain several key components from limited or sole sources, and if these sources fail to satisfy our supply requirements or we are unable to properly manage our supply requirements with our third- party manufacturers, we may lose sales and experience increased component costs ", we ~~have~~ **had previously** experienced high freight costs and component costs **and had issued** ~~. We continue to provide notices of~~ price increases to our customers ~~, which may impact end user demand for our products and place us at a disadvantage to our competitors~~ . Our ability to maintain strong relationships with our principal customers is essential to our future performance. If any of our major customers reduce their level of purchases or refuse to pay the prices that we set for our products, our net revenue and operating results could be harmed. Furthermore, some of our customers are also our competitors in certain product categories, which could negatively influence their purchasing decisions. For example, Amazon owns Eero, one of our competitors in the mesh WiFi systems product category. Our traditional retail customers have faced increased and significant competition from online retailers, and some of these traditional retail customers have increasingly become a smaller portion of our business. If key retail customers continue to reduce their level of purchases, our business could be harmed. Similarly, we sell products and services directly to consumers from our own e- commerce platforms and expect these revenues to grow proportionate to overall revenue.

Some of our customers, such as Amazon and Best Buy, may consider this to be competitive with their own businesses, which could negatively influence their purchasing decisions with respect to our products. ~~Also~~ **Furthermore** , **we** ~~during the COVID-19 pandemic, some channel partners~~ have **experienced a** ~~prioritized the sale and delivery of other categories of products ahead of ours. Further, we believe the COVID- 19 pandemic has led to an acceleration of the~~ shift **towards** ~~to a greater percentage of~~ products being bought and sold online. If we are unable to adjust to this shift **and effectively manage our business and inventory requirements amongst our online customers and traditional retail customers** , this may lead to lower market share and lower revenues for us, and our net revenue and operating results could be harmed. In addition, adverse changes in economic conditions or unforeseen disruptions in the businesses of any of our key customers could adversely impact the sale of our products to end users and the quantity of products our customers decide to purchase from us. For example, as mentioned above in the risk factor “ **Accurately managing** ~~If we do not effectively manage~~ our sales channel inventory and product mix **within the current environment is challenging** , **and** we **have, and** may **in the future,** incur costs associated with excess inventory, or lose sales from having too few products, ” many of our retail and service provider customers have **and continue to** ~~reduced~~ - **reduce** their target inventory levels. This shift may have a longer- term impact on the inventory levels our customers choose to carry. Additionally, concentration and consolidation among our customer base may allow certain customers to command increased leverage in negotiating prices and other terms of sale, which could adversely affect our profitability. If, as a result of increased leverage, customer pressures require us to reduce our pricing such that our gross margins are diminished, we could decide not to sell our products to a particular customer, which could result in a decrease in our revenue. Consolidation among our customer base may also lead to reduced demand for our products, elimination of sales opportunities, replacement of our products with those of our competitors and cancellations of orders, each of which would harm our operating results. Consolidation among our service provider customers worldwide may also make it more difficult to grow our service provider business, given the fierce competition for the already limited number of service providers worldwide and the long sales cycles to close deals. If consolidation among our customer base becomes more prevalent, our operating results may be harmed. We obtain several key components from limited or sole sources, and if these sources fail to satisfy our supply requirements or we are unable to properly manage our supply requirements with our third- party manufacturers, we may lose sales and experience increased component costs. Any shortage or delay in the supply of key product components, or any sudden, unforeseen price increase for such components, would harm our ability to meet product deliveries as scheduled or as budgeted. Many of the semiconductors used in our products are obtained from sole source suppliers on a purchase order basis. In addition, some components that are used in all our products are obtained from limited sources. We also obtain switching fabric semiconductors, which are used in our Ethernet switches and Internet gateway products, and WiFi chipsets, which are used in all of our wireless products, from a limited number of suppliers. We also use Cable Modem chipsets and Mobile chipsets in our cable and mobile products. Semiconductor suppliers have experienced and continue to experience component shortages themselves, such as with lead- frames and substrates used in manufacturing chipsets, which in turn adversely impact our ability to procure semiconductors from them in sufficient quantities and in a timely manner. For example, we had previously experienced certain chipset shortages for some of our switching products from two of our semiconductor suppliers who did not have enough wafer capacity to satisfy our demand, and this shortage continued for several quarters. Our third- party manufacturers generally purchase these components on our behalf on a purchase order basis, and we do not have any guaranteed supply arrangements with our suppliers. If demand for a specific component increases, we may not be able to obtain an adequate number of that component in a timely manner, and prices to obtain such components may increase. In addition, if worldwide demand for the components increases significantly, the availability of these components could be limited and prices for such components may increase. For example, as the demand for ~~automobiles has~~ **Artificial Intelligence chips** ~~increased~~ - **increase** ~~significantly over the last~~ **, semiconductor production capacity may be shifted to** ~~three~~ - **these** ~~years,~~ **specific components thereby constraining supply of** ~~our~~ - **or increasing cost on chips** ~~supplier of micro controller units, which are~~ used in ~~both automobile production and~~ our ~~power over ethernet switches, has been forced to prioritize supply to the automobile industry, leaving us short of supply on these key components and affecting our ability to produce~~ **products** ~~enough power over ethernet switches to meet our forecasted demand in a timely manner. This has resulted in our ODM partners re- designing our products to accept second source components which provide more flexibility but increases the overall cost. In addition, Taiwan Semiconductor Manufacturing Company has been periodically announcing price increases on its chips, which has led to some of our chip suppliers correspondingly increasing the cost of their chips to us~~ . Further, dependence on a sole source for certain key components of our products may allow such sole source suppliers to command increased leverage in negotiating prices and other terms of sale, which could adversely affect our profitability. As a result, we may be left with little choice but to accept such higher prices or other fees for key components in order to ensure continuity of supply. This could affect our profitability or if we choose to push back against more onerous terms, could lead to inadequate supply, which could materially adversely affect our business. Our suppliers may also experience financial or other difficulties as a result of uncertain and weak worldwide economic, geopolitical conditions, trade disputes or public health issues. Other factors which may affect our suppliers’ ability or willingness to supply components to us include internal management product allocation decisions or reorganizational issues, such as roll- out of new equipment which may delay or disrupt supply of previously forecasted components, or industry consolidation and divestitures, which may result in changed business and product priorities among certain suppliers. Also, many standardized components used broadly in electronic devices are manufactured in significant quantities in concentrated geographic regions, particularly in Greater China. As a result, protracted crises, such as the COVID- 19 pandemic, geopolitical unrest and uncertain economic conditions, could lead to eventual shortages of necessary components sourced from impacted regions or increased component costs. Additionally, government intervention to curb the consumption of electricity in China could have a disruptive impact on component production and supply availability. It could be difficult, costly and time consuming to obtain alternative sources for these components, or to change product designs to make use of alternative components. In addition, difficulties in transitioning from an existing supplier to a new supplier could create delays in component availability that would have a significant impact on our ability to fulfill orders for our products. We provide our third- party manufacturers with a rolling forecast of demand and purchase orders, which they use to determine our material and component requirements. Lead times for ordering materials and components vary significantly and depend on various factors, such as the specific supplier, contract terms and demand and supply for a component at a given time. Some of our components have long lead times, such as WiFi chipsets, switching fabric chips, physical layer transceivers, and logic, power, analog and RF chipsets. If our forecasts are not timely provided or are less than our actual requirements, our third- party manufacturers may be unable to manufacture products in a timely manner. If our forecasts are too high, our third- party manufacturers will be unable to use the components they have purchased on our behalf. Historically, the cost of the components used in our products tends to drop rapidly as volumes increase and the technologies mature. Therefore, if our third- party manufacturers are unable to promptly use components purchased on our behalf, our cost of producing products may be higher than our competitors due to an oversupply of higher- priced components. Moreover, if they are unable to use components ordered at our direction, we will need to reimburse them for any losses they incur, which could be material. For example, during the course of the COVID- 19 pandemic, we experienced an elongation of the time from order placement to production primarily due to increased demand and the resulting component shortages and supply chain disruption. We have, at times, responded by extending our ordering horizon to as long as 18 months. When this occurs, our exposure to the foregoing risks is greater and our potential liability for losses is greater relative to our more typical ordering horizon of up to 6 to 9 months. If we are unable to obtain a sufficient supply of components, or if we experience any interruption in the supply of components, our product shipments could be reduced or delayed or our cost of obtaining these components may increase. Component shortages and delays affect our ability to meet scheduled product deliveries, damage our brand and reputation in the market, and cause us to lose sales and market share. For example, component shortages and disruptions in supply related to the COVID- 19 induced lockdowns in Shenzhen, China and Shanghai, China ~~have~~ **previously had** limited our ability to supply all the worldwide demand for our ~~SMB~~ **NETGEAR for Business** switch products, and our revenue and profitability **was** ~~has been and continue to be~~ affected. At times we have elected to purchase components on the spot market or to use more expensive transportation methods, such as air freight, to make up for manufacturing delays caused by component shortages, which reduces our margins. To maintain and grow our market share, net revenue and brand, we must maintain and expand our sales channels. Our sales channels consist of traditional retailers, online retailers, DMRs, VARs, and broadband service providers. Some of these entities purchase our products through our wholesale distributor customers. We generally have no minimum purchase commitments or long- term contracts with any of these third parties. Traditional retailers have limited shelf space and promotional budgets, and competition is intense for these resources. If the networking sector does not experience sufficient growth, retailers may choose to allocate more shelf space to other consumer product sectors and may choose to reduce their inventory levels. A competitor with more extensive product lines and stronger brand identity may have greater bargaining power with these retailers. Any reduction in available shelf space or inventory levels or increased competition for such shelf space would require us to increase our marketing expenditures simply to maintain current levels of retail shelf space and inventory levels, which would harm our operating margin. **In addition, reduction in inventory levels puts pressure on our ability to accurately forecast customer demand. A failure to accurately predict high demand for a product could result in lost sales or higher product costs if we meet demand by paying higher costs for materials, production and delivery. We could also frustrate our customers and lose further shelf space and market share. A failure to predict low demand for a product could result in excess inventory, further reductions in target inventory levels, lower cash flows and lower margins if we are required to reduce product prices in order to reduce inventories.** Our traditional retail customers have faced increased and significant competition from online retailers. Further, **we have experienced** ~~the COVID- 19 pandemic has accelerated~~ the shift to a greater percentage of purchases taking place online versus traditional retail customers. If we cannot effectively manage our business **and inventory requirements** amongst our online customers and traditional retail customers, our business would be harmed. The recent trend in the consolidation of online retailers and DMR channels has resulted in intensified competition for preferred product placement, such as product placement on an online retailer' s Internet home page. Expanding our presence in the VAR channel may be difficult and expensive. We compete with established companies that have longer operating histories and longstanding relationships with VARs that we would find highly desirable as sales channel partners. In addition, our efforts to realign or consolidate our sales channels may cause temporary disruptions in our product sales and revenue, and these changes may not result in the expected longer- term benefits. **We also** ~~Recently, we have begun to~~ sell products and services directly to consumers from our own e- commerce platforms. This ~~has required~~ **requires** ~~a~~ material investment in capital, time and resources and carries the risk that it may not achieve the expected return on investment that we are expecting, and that it may adversely affect our relationships with our existing channel partners, which ultimately may materially and adversely affect our results of operations. We also sell products to broadband service providers. Competition for selling to broadband service providers is fierce and intense. Penetrating service provider accounts typically involves a long sales cycle and the challenge of displacing incumbent suppliers with established relationships and field- deployed products. If we are unable to maintain and expand our sales channels, our growth would be limited and our business would be harmed. We must also continuously monitor and evaluate emerging sales channels. If we fail to establish a presence in an important developing sales channel, such as sales directly to consumers from our own e- commerce platforms, our business could be harmed. We depend on a limited number of third- party manufacturers for substantially all of our manufacturing needs. If these third- party manufacturers experience any delay, disruption or quality control problems in their operations, we could lose revenue and our brand may suffer. All of our products are manufactured, assembled, tested and generally packaged by a limited number of third- party manufacturers, including original design manufacturers, or ODMs, as well as their sub- contract manufacturers. In most cases, we rely on these manufacturers to procure components and, in some cases, subcontract engineering work. Some of our products are manufactured by a single manufacturer. We do not have any long- term contracts with any of our third- party manufacturers. Some of these third- party manufacturers produce products for our competitors or are themselves competitors in certain product categories. Due to uncertain and changing economic and geopolitical conditions, the viability of some of these third- party manufacturers may be at risk. The loss of the services of any of our primary third- party manufacturers could cause a significant disruption in operations and delays in product shipments. Qualifying a new manufacturer and commencing volume production is expensive and time consuming. Ensuring that a manufacturer is qualified to manufacture our products to our standards is time consuming. In addition, there is no assurance that a manufacturer can scale its production of our products at the volumes and in the quality that we require. In addition, as we recently have transitioned a substantial portion of our manufacturing facilities to different regions, we are subject to additional significant challenges in ensuring that quality, processes and costs, among other issues, are consistent with our expectations. For example, while we expect our manufacturers to be responsible for penalties assessed on us because of excessive failures of the products, there is no assurance that we will be able to collect such reimbursements from these manufacturers, which causes us to take on additional risk for potential failures of our products. Our reliance on third- party manufacturers also exposes us to the following risks over which we have limited control: • unexpected increases in manufacturing and repair costs; • inability to control the quality and reliability of finished products; • inability to control delivery schedules; • potential liability for expenses incurred by third- party manufacturers in reliance on our forecasts that later prove to be inaccurate, including the cost of components purchased by third- party manufacturers on our behalf, which may be material; • potential lack of adequate capacity to manufacture all or a part of the products we require; and • potential labor unrest affecting the ability of the third- party manufacturers to produce our products. All of our products must satisfy safety and regulatory standards and some of our products must also receive government certifications. Our third- party manufacturers are primarily responsible for conducting the tests that support our applications for most regulatory approvals for our products. If our third- party manufacturers fail to timely and accurately conduct these tests, we would be unable to obtain the necessary domestic or foreign regulatory approvals or certificates to sell our products in certain jurisdictions. As a result, we would be unable to sell our products and our sales and profitability could be reduced, our relationships with our sales channel could be harmed, and our reputation and brand would suffer. Specifically, substantially all of our manufacturing and assembly occurs in the Asia Pacific region, and any disruptions due to natural disasters, climate change, health epidemics and political, social and economic instability in the region would affect the ability of our third- party manufacturers to manufacture our products. For example, in late August 2021, heavy rains caused our manufacturer in Thailand to become flooded and created a one- month delay in manufacturing and required us to move some non- U. S. manufacturing back to China. ~~Moreover~~ **Furthermore** , **if** ~~during the course of the COVID- 19 pandemic there has been temporary closures of many factories, businesses, schools and public spaces, as well as travel restrictions impacting the movement of people and goods. If these closures or similar restrictions continue to occur, they may disrupt important elements of our supply chain, including the operation of our third- party manufacturing facilities and other key service providers, the availability of labor, and the supply of necessary components. If~~ the cost of production charged by our third- party manufacturers increases, it may affect our margins and ability to lower prices for our products to stay competitive. Labor unrest in Southeast Asia, China or other locations where components and our products are manufactured may also affect our third- party manufacturers as workers may strike and cause production delays. If our third- party manufacturers fail to maintain good relations with their employees or contractors, and production and manufacturing of our products is affected, then we may be subject to shortages of products and quality of products delivered may be affected. Further, if our manufacturers or warehousing facilities are disrupted or destroyed, we would have no other readily available alternatives for manufacturing and assembling our products and our business would be significantly harmed. In our typical ODM arrangement, our ODMs are generally responsible for sourcing the components of the products and warranting that the products will work against a product' s specification, including any software specifications. If we needed to move to a contract manufacturing arrangement, we would take on much more, if not all, of the responsibility around these areas. If we are unable to properly manage these risks, our products may be more susceptible to defects and our business would be harmed . The transportation network is subject to...... and overall gross margin would likely decline . Some of our competitors have substantially greater resources than we do, and to be competitive we may be required to lower our prices or increase our sales and marketing expenses, which could result in reduced margins or loss of market share and revenue. We compete in a rapidly evolving and fiercely competitive market, and we expect competition to continue to be intense, including price competition. Our principal competitors in the consumer market include ARRIS, ASUS, AVM, Devolo, D- Link, Eero (owned by Amazon), Linksys (owned by Foxconn), Minim (Motorola licensee), Google WiFi, Samsung, and TP- Link. Our principal competitors in the business market include Allied Telesys, Barracuda, Buffalo, Cisco Systems, Dell, D- Link, Extreme, Fortinet, Hewlett- Packard Enterprise, Palo Alto Networks, QNAP Systems, SonicWall, Snap AV, Synology, TP- Link, Ubiquiti and WatchGuard. Our principal competitors in the service provider market include Actiontec, Airties, Arcadyan, ARRIS, ASUS, AVM, Compal Broadband, D- Link, Eero (owned by Amazon), Franklin, Google, Hitron, Huawei, Inseego, Nokia, Plume, Sagem, Sercomm, SMC Networks, TechniColor, TP- Link, Ubee, ZTE and Zyxel. Other competitors include numerous local vendors such as Xiaomi in China, AVM in Germany and Buffalo in Japan. In addition, these local vendors may target markets outside of their local regions and may increasingly compete with us in other regions worldwide. Our potential competitors also include other consumer electronics vendors, including Apple, LG Electronics, Microsoft, Panasonic, Sony, Toshiba and Vizio, who could integrate networking and streaming capabilities into their line of products, such as televisions, set top boxes and gaming consoles, and our channel customers who may decide to offer self-branded networking products. We also face competition from service providers who may bundle a free networking device with their broadband service offering, which would reduce our sales if we were not the supplier of choice to those service providers. In the service provider space, we also face significant and increased competition from original design manufacturers, or ODMs, and contract manufacturers who sell and attempt to sell their products directly to service providers around the world. Many of our existing and potential competitors have longer operating histories, greater name recognition and substantially greater financial, technical, sales, marketing and other resources. These competitors may, among other things, undertake more extensive marketing campaigns, adopt more aggressive pricing policies, obtain more favorable pricing from suppliers and manufacturers, and exert more influence on sales channels than we can. Certain of our significant competitors also serve as key sales and marketing channels for our products, potentially giving these competitors a marketplace advantage based on their knowledge of our business activities and / or their ability to negatively influence our sales opportunities. For example, Amazon provides an important sales channel for our products, but it also competes with us in the mesh WiFi systems product category through its subsidiary Eero. In addition, certain competitors may have different business models, such as integrated manufacturing capabilities, that may allow them to achieve cost savings and to compete on the basis of price. Other competitors may have fewer resources but may be more nimble in developing new or disruptive technology or in entering new markets. We anticipate that current and potential competitors will also intensify their efforts to penetrate our target markets. For example, in the past certain network security companies such as Symantec have introduced security routers for the home consumer market to compete with us and we believe that other network security companies may also seek to do the same. Also, due to our recent success in the audio visual over IP market, some of our competitors may seek to enter this market as well. Price competition is intense in our industry in certain geographical regions and product categories. Many of our competitors in the service provider and retail spaces price their products significantly below our product costs in order to gain market share. Certain substantial competitors have business models that are more focused on customer acquisition and access to customer data rather than on financial return from product sales, and these competitors have the ability to provide sustained price competition to many of our products in the market. Average sales prices have declined in the past and may again decline in the future. These competitors may have more advanced technology, more extensive distribution channels, stronger brand names, greater access to shelf space in retail locations, bigger promotional budgets and larger customer bases than we do. In addition, many of these competitors leverage a broader product portfolio and offer lower pricing as part of a more comprehensive end- to- end solution which we may not have. These companies could devote more capital resources to develop, manufacture and market competing products than we could. Our competitors may acquire other companies in the market and leverage combined resources to gain market share. In some instances, our competitors may be acquired by larger companies with additional formidable resources, such as the purchase of ARRIS by CommScope, Eero by Amazon and Linksys by Foxconn. Additionally, in the case of Linksys, Foxconn is one of our main third- party manufacturing partners, which presents an additional risk if Foxconn decides to prioritize its interest in Linksys over its relationship with us. If any of these companies are successful in competing against us, our sales could decline, our margins could be negatively impacted and we could lose market share, any of which could seriously harm our business and results of operations. International sales comprise a significant amount of our overall net revenue. International sales were approximately ~~36~~ **34** % of overall net revenue in fiscal ~~2022~~ **2023** and approximately ~~35~~ **36** % of overall net revenue in fiscal ~~2021~~ **2022** . We continue to be committed to growing our international sales, and while we have committed resources to expanding our international operations and sales channels, these efforts may not be successful. For example, in fiscal 2022 **,** we experienced the strengthening of the U. S. dollar, which had a meaningful negative impact on our international revenue and our profitability. International operations are subject to a number of other risks, including: • exchange rate fluctuations and inflation; • geopolitical and economic tensions, such as **in the Middle East,** between China / Taiwan, international terrorism and anti- American sentiment, particularly in emerging markets; • potential for violations of anti- corruption laws and regulations, such as those related to bribery and fraud; • preference for locally branded products, and laws and business practices favoring local competition; • changes in local tax and customs duty laws or changes in the enforcement, application or interpretation of such laws (including potential responses to the higher U. S. tariffs on certain imported products implemented by the U. S.); • increased difficulty in managing inventory and reduced inventory level targets; • delayed revenue recognition; • unpredictable judicial systems, which may unfairly favor domestic plaintiffs over foreign corporations, or which may more easily impose harsher penalties such as import injunctions; • less effective protection of intellectual property; • stringent consumer protection and product compliance regulations, including but not limited to the Restriction of Hazardous Substances directive, the Waste Electrical and Electronic Equipment directive and the European Ecodesign directive, or EuP, that are costly to comply with and may vary from country to country; • difficulties and costs of staffing and managing foreign operations; and • business difficulties, including potential bankruptcy or liquidation, of any of our worldwide third- party logistics providers. While we believe we generally have good relations with our employees, employees in certain jurisdictions have rights which give them certain collective rights. If management must expend significant resources and effort to address and comply with these rights, our business may be harmed. We are also required to comply with local environmental legislation and our customers rely on this compliance in order to sell our products. If our customers do not agree with our interpretations and requirements of new legislation, they may cease to order our products and our revenue would be harmed. The ~~COVID- 19 global pandemic and related mitigation measures taken by many countries have materially adversely affected and could in the future materially adversely impact our business. During the course of the pandemic, we have experienced significant disruptions to the supply chain and transportation network, including lockdowns, port closures and congestion, reduced availability of air and ground transport labor and vehicles, increased border controls or closures, schedule changes, shipping delays and shortages in freight capacity, and similar disruptions could occur in the future. These disruptions have led to significant limitations on the availability of key transportation resources and has negatively impacted our ability to ship volume predictably and on a lower cost basis, particularly when we experienced significant increases in the cost of ocean freight and air freight due to the pandemic. For example, in 2022, the COVID- 19 outbreak and subsequent lockdowns in parts of China had a disruptive impact on material flow from Southern China to our manufacturers in Vietnam and Thailand and led to a material shortfall in our revenue and profitability. A large concentration of electrical and mechanical components that go into our products are manufactured in China and when factory lockdowns occurred in China, it has materially and adversely affected our manufacturing partners and component suppliers in that area and negatively impacts our profitability as we seek to transport an~~

~~increased number of products from manufacturing locations in Asia to other markets around the world as quickly as possible. As the COVID- 19 pandemic continues to evolve, together with shifting measures taken by countries in response, it is difficult to predict how the supply chain and transportation network will be impacted. If worker illnesses, government shutdowns or other workforce interruptions occur and cause disruptions to our supply chain and transportation network, our business could be materially adversely impacted. The COVID- 19 pandemic has also increased demand uncertainty, which has led to unexpected results of operations. At the beginning of the COVID- 19 pandemic, we experienced a significant increase in demand for our Connected Home products due to consumers responding to work- from- home and shelter- in- place measures and a decrease in demand for our SMB products as businesses reacted to the uncertainty caused by the pandemic and placed projects on hold. As vaccines became widely available and consumers returned to work or school, we saw decreases in demand for our Connected Home products and increases in demand for our SMB products. This demand uncertainty has put pressure on our ability to accurately forecast and increased the likelihood that the accuracy of such forecasts would be lower. In addition, unanticipated increases and decreases in demand have put strains on our manufacturing partners, suppliers and logistics partners to produce and deliver a sufficient number of products to meet such demand. For example, the limited and delayed availability of certain key components for our products, such as specialized WiFi 6 chipsets, microcontrollers, power over ethernet chipsets and power integrated circuits, significantly constrains our ability to meet the increased demand and over the course of the pandemic, and we have seen lead times for some of these key components increase dramatically from as low as 8 weeks to up to 52 weeks, which have adversely affected our financial results. In addition, the COVID- 19 pandemic has also negatively impacted global economic activity, including increased disruption and volatility in capital markets and credit markets. As the COVID- 19 pandemic continues to evolve, together with shifting measures taken by countries in response, we cannot predict how or whether the pandemic and any related measures taken, will impact demand for our products or shift consumer spending habits in general. The significant economic uncertainty and volatility created by the pandemic adds to the difficulty in predicting the nature and extent of impacts on demand for our products. If we continue to experience weakened demand in either our Connected Home or SMB business segments that is not in line with our forecasts, our revenue, profitability and other financial results could be materially adversely impacted. The COVID- 19 pandemic has also affected our workforce and operations, the operations of our customers, and those of our vendors, suppliers and manufacturing partners. Work- from- home and other measures introduced additional operational risks, including cybersecurity risks, and have affected the way we conduct our product development, testing, customer support, and other activities. For example, we have significant vendor relationships with third party information technology and software development providers and rely on third- party laboratories to test and certify our products. If these service providers close or reduce staffing due to illness and workforce disruptions, it could delay our product development efforts and harm our ability to perform critical functions. The COVID- 19 pandemic has had, and continues to have, impact around the world, at times, prompting governments and businesses to take unprecedent measures in response and has resulted in widespread uncertainty and volatility in financial markets. The extent to which the COVID- 19 pandemic will continue to affect our business, results of operation and financial condition is uncertain, difficult to predict and depends on numerous evolving factors, many factors outside the Company' s control, including the timing, extent, trajectory and duration of the pandemic; spikes in cases in various geographic regions; the resurgence of infections and / or emergence of new variants; the development, availability, distribution and effectiveness of vaccines and treatments; government responses and other actions to limit the spread of the virus or to mitigate resulting negative economic effects; and the short- and long- term impact to the global economy and demand for consumer products and services. Although some pandemic- related impacts on our business have abated, they may emerge or intensify again given the uncertain course of the pandemic and its effects, which could materially and adversely affect our business, results of operations, financial position, and cash flow. Should the COVID- 19 situation or global economic slowdown not improve or worsen, or if our attempts to mitigate its impact on our operations and costs are not successful, our business, results of operations, financial condition and prospects may be adversely affected. The~~ loss of recurring orders from any of our more significant customers could cause our revenue and profitability to suffer. Our ability to attract new customers will depend on a variety of factors, including the cost- effectiveness, reliability, scalability, breadth and depth of our products. In addition, a change in the mix of our customers, or a change in the mix of direct and indirect sales, could adversely affect our revenue and gross margins. Although our financial performance may depend on large, recurring orders from certain customers and resellers, we do not generally have binding commitments from them. For example: • our reseller agreements generally do not require substantial minimum purchases; • our customers can stop purchasing and our resellers can stop marketing our products at any time; and • our reseller agreements generally are not exclusive. Further, our revenue may be impacted by significant one- time purchases which are not contemplated to be repeatable. While such purchases are reflected in our financial statements, we do not rely on and do not forecast for continued significant one- time purchases. As a result, lack of repeatable one- time purchases will adversely affect our revenue. Because our expenses are based on our revenue forecasts, a substantial reduction or delay in sales of our products to, or unexpected returns from, customers and resellers, or the loss of any significant customer or reseller, could harm or otherwise have a negative impact to our operating results. Although our largest customers may vary from period to period, we anticipate that our operating results for any given period will continue to depend on large orders from a small number of customers. This customer concentration increases the risk of quarterly fluctuations in our operating results and our sensitivity to any material, adverse developments experienced by our customers. Our products typically experience price erosion, a fairly rapid reduction in the average unit selling prices over their respective sales cycles. In order to sell products that have a falling average unit selling price and maintain margins at the same time, we need to continually reduce product and manufacturing costs. To manage manufacturing costs, we must collaborate with our third- party manufacturers to engineer the most cost- effective design for our products. In addition, we must carefully manage the price paid for components used in our products. We must also successfully manage our freight and inventory costs to reduce overall product costs. We also need to continually introduce new products with higher sales prices and gross margins in order to maintain our overall gross margins. If we are unable to manage the cost of older products or successfully introduce new products with higher gross margins, our net revenue and overall gross margin would likely decline. We sell a significant number of products through broadband service providers worldwide. However, the service provider sales channel is challenging and exceptionally competitive. Difficulties and challenges in selling to service providers include a longer sales cycle, more stringent product testing and validation requirements, a higher level of customization demands, requirements that suppliers take on a larger share of the risk with respect to contractual business terms, competition from established suppliers, pricing pressure resulting in lower gross margins, and irregular and unpredictable ordering habits. For example, rigorous service provider certification processes may delay our sale of new products, or our products ultimately may fail these tests. In either event, we may lose some or all of the amounts we expended in trying to obtain business from the service provider, as well as lose the business opportunity altogether. In addition, even if we have a product which a service provider customer may wish to purchase, we may choose not to supply products to the potential service provider customer if the contract requirements, such as service level requirements, penalties, and liability provisions, are too onerous. Accordingly, our business may be harmed and our revenues may be reduced. We have, in exceptional limited circumstances, while still in contract negotiations, shipped products in advance of and subject to agreement on a definitive contract. We do not record revenue from these shipments until a definitive contract exists. There is risk that we do not ultimately close and sign a definitive contract. If this occurs, the timing of revenue recognition is uncertain and our business would be harmed. In addition, we often commence building custom- made products prior to execution of a contract in order to meet the customer' s contemplated launch dates and requirements. Service provider products are generally custom- made for a specific customer and may not be scalable to other customers or in other channels. If we have pre- built custom- made products but do not come to agreement on a definitive contract, we may be forced to scrap the custom- made products or re- work them at substantial cost and our business would be harmed. Further, successful engagements with service provider customers requires a constant analysis of technology trends. If we are unable to anticipate technology trends and service provider customer product needs, and to allocate research and development resources to the right projects, we may not be successful in continuing to sell products to service provider customers. In addition, because our service provider customers command significant resources, including for software support, and demand extremely competitive pricing, certain ODMs have declined to develop service provider products on an ODM basis. Accordingly, as our ODMs increasingly limit development of our service provider products, our service provider business will be harmed if we cannot replace this capability with alternative ODMs or in- house development. Orders from service providers generally tend to be large but sporadic, which causes our revenues from them to fluctuate and challenges our ability to accurately forecast demand from them. In particular, managing inventory **, inventory levels** and production of our products for our service provider customers is a challenge and may be further exacerbated by current macroeconomic uncertainties and geopolitical instability. Many of our service provider customers have irregular purchasing requirements. These customers may decide to cancel orders for customized products specific to that customer, and we may not be able to reconfigure and sell those products in other channels. These cancellations could lead to substantial write- offs. In addition, these customers may issue unforecasted orders for products which we may not be able to produce in a timely manner and as such, we may not be able to accept and deliver on such unforecasted orders. In certain cases, we may commit to fixed- price, long term purchase orders, with such orders priced in foreign currencies which could lose value over time in the event of adverse changes in foreign exchange rates. Even if we are selected as a supplier, typically a service provider will also designate a second source supplier, which over time will reduce the aggregate orders that we receive from that service provider. Further, as the technology underlying our products deployed by broadband service providers matures and more competitors offer alternative products with similar technology, we anticipate competing in an extremely price sensitive market and our margins may be affected. If we are unable to introduce new products with sufficiently advanced technology to attract service provider interest in a timely manner, our service provider customers may then require us to lower our prices, or they may choose to purchase products from our competitors. If this occurs, our business would be harmed and our revenues would be reduced. If we were to lose a service provider customer for any reason, we may experience a material and immediate reduction in forecasted revenue that may cause us to be below our net revenue and operating margin expectations for a particular period of time and therefore adversely affect our stock price. For example, many of our competitors in the service provider space aggressively price their products in order to gain market share. We may not be able to match the lower prices offered by our competitors, and we may choose to forgo lower- margin business opportunities. Many of the service provider customers will seek to purchase from the lowest cost provider, notwithstanding that our products may be higher quality or that our products were previously validated for use on their proprietary network. Accordingly, we may lose customers who have lower, more aggressive pricing, and our revenues may be reduced. In addition, service providers may choose to prioritize the implementation of other technologies or the roll out of other services than home networking. Weakness in orders from this industry could have a material adverse effect on our business, operating results, and financial condition. We have seen slowdowns in capital expenditures by certain of our service provider customers in the past and believe there may be potential for similar slowdowns in the future. Any slowdown in the general economy, over supply, consolidation among service providers, regulatory developments and constraint on capital expenditures could result in reduced demand from service providers and therefore adversely affect our sales to them. If we do not successfully overcome these challenges, we will not be able to profitably manage our service provider sales channel and our financial results will be harmed. Our operating results are difficult to predict and may fluctuate substantially from quarter- to- quarter or year- to- year for a variety of reasons, many of which are beyond our control. If our actual results were to fall below our estimates or the expectations of public market analysts or investors, our quarterly and annual results would be negatively impacted and the price of our stock could decline. Other factors that could affect our quarterly and annual operating results include those listed in the risk factors section of this report and others such as: • operational disruptions, such as transportation delays or failure of our order processing system, particularly if they occur at the end of a fiscal quarter; • component supply constraints, including specialized WiFi 6 **or WiFi 7** chipsets, or sudden, unforeseen price increases from our manufacturers, suppliers and vendors; • unanticipated increases in costs, including air and ocean freight, associated with shipping and delivery of our products; • the inability to maintain stable operations by our suppliers, distribution centers and other parties with which we have commercial relationships ~~; • the duration and impact of the COVID- 19 pandemic and macroeconomic conditions, particularly on our supply chain, our channel partners and our end market sales~~ ; • seasonal shifts in end market demand for our products, particularly in our Connected Home business segment; • our inability to accurately forecast product demand or optimal product mix such as the proportion of lower- priced products versus premium products resulting in increased inventory exposure and / or lost sales; • unfavorable **or compressed** level of inventory and turns; • changes in or consolidation of our sales channels and wholesale distributor relationships or failure to manage our sales channel inventory and warehousing requirements; • unanticipated decreases, reduced inventory targets or delays in purchases of our products by our significant traditional and online retail customers; • shift in overall product mix sales from higher to lower gross margin products, from lower- priced products to premium products, or from one business segment to another, that would adversely impact our revenue and gross margins; • an increase in price protection claims, redemptions of marketing rebates, product warranty and stock rotation returns or allowance for doubtful accounts; • delay or failure to fulfill orders for our products on a timely basis; • changes in the pricing policies of or the introduction of new products by us or our competitors; • unexpected challenges or delays in our ability to further develop services and applications that complement our products and result in meaningful subscriber growth and future recurring revenue; • discovery or exploitation of security vulnerabilities in our products, services or systems, leading to negative publicity, decreased demand or potential liability, including potential breach of our customers' data privacy or disruption of the continuous operation of our cloud infrastructure and our products; • introductions of new technologies and changes in consumer preferences that result in either unanticipated or unexpectedly rapid product category shifts; • slow or negative growth in the networking product, personal computer, Internet infrastructure, smart home, home electronics and related technology markets; • delays in the introduction of new products by us or market acceptance of these products; • delays in regulatory approvals or consumer adoption of WiFi 6E **or WiFi 7** technology in various regions; • increases in expenses related to the development, introduction and marketing of new products that adversely impact our margins; • increases in expenses related to the development and marketing related to the Company' s direct online sales channels that adversely impact our margins; • changes in tax rates or adverse changes in tax laws that expose us to additional income tax liabilities; • changes in U. S. and international trade policy that adversely affect customs, tax or duty rates; • foreign currency exchange rate fluctuations in the jurisdictions where we transact sales and expenditures in local currency; • unanticipated increases in expenses related to periodic restructuring measures undertaken to achieve profitability and other business goals, including the reallocation or relocation of resources; • delay or failure of our service provider customers to purchase at their historic volumes or at the volumes that they or we forecast; • litigation involving alleged patent infringement, consumer class actions, securities class actions or other claims that could negatively impact our reputation, brand, business and financial condition; • disruptions or delays related to our financial and enterprise resource planning systems; • allowance for doubtful accounts exposure with our existing retailers, distributors and other channel partners and new retailers, distributors and other channel partners, particularly as we expand into new international markets; • geopolitical disruption, including sudden changes in immigration policies and economic sanctions, leading to disruption in our workforce or delay or even stoppage of our operations in manufacturing, transportation, technical support and research and development; • terms of our contracts with customers or suppliers that cause us to incur additional expenses or assume additional liabilities; • epidemic or widespread product failure, performance problems or unanticipated safety issues in one or more of our products that could negatively impact our reputation, brand and business; • any changes in accounting rules; • challenges associated with integrating acquisitions that we make, or with realizing value from our strategic investments in other companies; • failure to effectively manage our third-party customer support partners, which may result in customer complaints and / or harm to our brand; • our inability to monitor and ensure compliance with our code of ethics, our anti- corruption compliance program and domestic and international anti-corruption laws and regulations, whether in relation to our employees or with our suppliers or customers; • labor unrest at facilities managed by our third- party manufacturers; • workplace or human rights violations in certain countries in which our third- party manufacturers or suppliers operate, which may **require quarantine of affected products,** affect our brand and negatively affect our products' acceptance by consumers; • overall performance of the equity markets and the economy as a whole; • unanticipated shifts or declines in profit by geographical region that would adversely impact our tax rate; and • our failure to implement and maintain the appropriate internal controls over financial reporting which may result in restatements of our financial statements. As a result, period- to- period comparisons of our operating results may not be meaningful, and you should not rely on them as an indication of our future performance. **If disruptions in our transportation network continue to occur or our shipping costs substantially increase again in the future,we may be unable to sell or timely deliver our products,and our net revenue and gross margin could decrease** .The transportation network is subject to disruption or congestion from a variety of causes,including labor disputes or port strikes,acts of war,terrorism or other geopolitical conflicts **like the Middle East conflict** ,natural disasters,effects of climate change,pandemics like COVID- 19 and congestion resulting from higher shipping volumes.We are highly dependent upon the transportation systems we use to ship our products,including surface and air freight.Our attempts to closely match our inventory levels to our product demand intensify the need for our transportation systems to function effectively and without delay.On a quarterly basis,our shipping volume also tends to steadily increase as the quarter progresses,which means that any disruption in our transportation network in the latter half of a quarter will likely have a more material effect on our business than at the beginning of a quarter. **For example** ~~As discussed in the risk factor " Our business~~ , **at times during** ~~financial condition and results of operations have been,and could in~~ the ~~future be,materially adversely affected by the ongoing~~ COVID- 19 pandemic ~~" below~~ , **we experienced** ~~the COVID- 19 pandemic has,at times,led to~~ significant limitations on the availability of key transportation resources and significant increases to the cost of air and ocean freight.When these occur,it has negatively impacted our profitability as we seek to transport an increased number of products from manufacturing locations in Asia to other markets around the world as quickly as possible.Moreover,feeder vessels that move containers to key trans- Pacific terminal locations can be subject to similar impacts due to the timing of container transfers and vessel departure dates.In addition,the global effects of climate change can result in increased frequency and severity of natural disasters that could also disrupt our transportation network.For example,in late November 2020,a giant wave damaged a cargo vessel carrying eight containers of our products,causing a 4- month delay to our shipment which ultimately arrived in Southern California in late March 2021.Furthermore,labor disputes among freight carriers and at ports of entry are common.A port worker strike,work slow- down or other transportation disruption in the ports of **Singapore,** Rotterdam, **and** ~~Singapore,~~ Los Angeles or Long Beach,California,where we have significant distribution centers,could significantly disrupt our business.For example,at times,during the course of the COVID- 19 pandemic,we ~~have~~ **had** experienced disruptions at the ports,due to multiple factors,such as supply and demand imbalance,a shortage of warehouse workers,truck drivers,and transport equipment (tractors and trailers),and other causes,and ~~have~~ **had** suffered from heightened congestion,bottleneck and gridlock,leading to abnormally high transportation delays **.In addition,as mentioned above in the risk factor" Accurately managing our sales channel inventory and product mix within the current environment is challenging,and we have,and may in the future,incur costs associated with excess inventory,or lose sales from having too few products," many of our retail and service provider customers have and continue to reduce their target inventory levels to more closely match with product demand.This further intensifies the need for our transportation systems to function effectively and without delay** .Significant disruptions to the transportation network could lead to significant disruptions in our business,delays in shipments,and revenue and profitability shortfalls which could materially and adversely affect our business and financial results,especially if they were to take place within the last few weeks of any quarter.Our international freight is regularly subjected to inspection by governmental entities.If our delivery times increase unexpectedly for these or any other reasons,our ability to deliver products on time would be materially adversely affected and would result in delayed or lost revenue as well as customer- imposed penalties.Similarly,transportation network disruptions such as those described in the preceding paragraph,may also lead to an increase in transportation costs.For example,the cost of shipping our products by ocean freight had previously increased to at least eight times historical levels and had a corresponding impact upon our profitability.Moreover,the cost of shipping our products by air freight is greater than other methods.From time to time in the past,we have shipped products using extensive air freight to meet unexpected spikes in demand,shifts in demand between product categories,to bring new product introductions to market quickly and to timely ship products previously ordered.If we rely more heavily upon air freight to deliver our products,our overall shipping costs will increase.Just as ocean freight costs had previously increased due to the aforementioned supply chain and transportation disruptions,the cost of air freight had previously increased,as well,up to five times historical levels.While transportation costs have recently decreased,if the cost of ocean and air freight were to significantly increase again,it would severely disrupt our business and harm our operating results,and in particular,our profitability. **Changes** ~~We operate~~ in **trade policy in the United States** ~~a highly competitive,quickly changing environment,~~ and ~~our future success depends on our ability to develop~~ **other countries,including the imposition of tariffs and the resulting consequences,may adversely impact** ~~or~~ **our** ~~acquire and introduce new products and services,enhance existing products and services,effectively stimulate customer demand for new and upgraded products and services,and successfully manage the transition to these new and upgraded products and services.Our future success will depend in large part upon our ability to identify demand trends in the consumer,~~ business ~~and service provider markets~~ , **results of operations** and **financial condition** ~~to quickly develop or acquire,manufacture and market and sell products and services that satisfy these demands in a cost- effective manner~~ . ~~In order to differentiate our products from our competitors' products,we must continue to increase our focus and capital investment in research and development and~~ International trade disputes, geopolitical tensions, and military conflicts have led, and continue to lead, to new and increasing export restrictions, trade barriers, tariffs, and other trade measures that can increase our manufacturing **and transportation** costs, limit our ability to sell to certain customers or markets, limit our ability to procure, or increase our costs for, components or raw materials, impede or slow the movement of our goods across borders, or otherwise restrict our ability to conduct operations. Increasing protectionism, economic nationalism, and national security concerns may also lead to further changes in trade policy. For example, when the U. S. government engaged in extended trade negotiations with China, which resulted in the implementation of tariffs on a significant number of products manufactured in China and imported into the United States, we worked closely with our manufacturing partners to implement ways to mitigate the impact of these tariffs on our supply chain as promptly and reasonably as practicable, including shifting production outside of China. We cannot predict what further actions may be taken with respect to export regulations, tariffs or other trade regulations between the United States and other countries, what products or companies may be subject to such actions, or what actions may be taken by other countries in retaliation. In addition, actions to mitigate the effect of these tariffs are disruptive on our operations, may not be completely successful and may result in higher long- term manufacturing costs. Moreover, there is no certainty that countries to which we have shifted our manufacturing operations will not be subject to similar tariffs in the future. As a result, we may be required to raise our prices on certain products, which could result in the loss of customers and harm to our revenue, market share, competitive position and operating performance. Additionally, the imposition of tariffs is dependent upon the classification of items under the Harmonized Tariff System (" HTS ") and the country of origin of the item. Determination of the HTS and the origin of the item is a technical matter that can be subjective in nature. Accordingly, although we believe our classifications of both HTS and origin are appropriate, there is no certainty that the U. S. government will agree with us. If the U. S. government does not agree with our determinations, we could be required to pay additional amounts, including potential penalties, and our profitability would be adversely impacted. We have expanded our operations and are pursuing market opportunities both domestically and internationally in order to grow our sales. This expansion has required enhancements to our existing management information systems, and operational and financial controls. In addition, if we continue to grow, our expenditures would likely be significantly higher than our historical costs. We may not be able to install adequate controls in an efficient and timely manner as our business grows, and our current systems may not be adequate to support our future operations. The difficulties associated with installing and implementing new systems, procedures and controls may place a significant burden on our management, operational and financial resources. In addition, if we grow internationally, we will have to expand and enhance our communications infrastructure. If we fail to continue to improve our management information systems, procedures and financial controls or encounter unexpected difficulties during expansion and reorganization, our business could be harmed. For example, we have invested, and will continue to invest, significant capital and human resources in the design and enhancement of our financial and enterprise resource planning systems, which may be disruptive to our underlying business. We depend on these systems in order to timely and accurately process and report key components of our results of operations, financial position and cash flows. If the systems fail to operate appropriately or we experience any disruptions or delays in enhancing their functionality to meet current business requirements, our ability to fulfill customer orders, bill and track our customers, fulfill contractual obligations, accurately report our financials and otherwise run our business could be adversely affected. Even if we do not encounter these adverse effects, the enhancement of systems may be much more costly than we anticipated. If we are unable to continue to enhance our information technology systems as planned, our financial position, results of operations and cash flows could be negatively impacted. From time to time, we will undertake acquisitions to add new product lines and technologies, gain new sales channels or enter into new sales territories. For example, in August 2018, we acquired Meural Inc., a leader in digital platforms for visual art, to enhance our Connected Home product and service offerings. Acquisitions involve numerous risks and challenges, including but not limited to the following: • integrating the companies, assets, systems, products, sales channels and personnel that we acquire; • higher than anticipated acquisition and integration costs and expenses; • reliance on third parties to provide transition services for a period of time after closing to ensure an orderly transition of the business; • growing or maintaining revenues to justify the purchase price and the increased expenses associated with acquisitions; • entering into territories or markets with which we have limited or no prior experience; • establishing or maintaining business relationships with customers, vendors and suppliers who may be new to us; • overcoming the employee, customer, vendor and supplier turnover that may occur as a result of the acquisition; • disruption of, and demands on, our ongoing business as a result of integration activities including diversion of management' s time and attention from running the day- to- day operations of our business; • inability to implement uniform standards, disclosure controls and procedures, internal controls over financial reporting and other procedures and policies in a timely manner; • inability to realize the anticipated benefits of or successfully integrate with our existing business the businesses, products, technologies or personnel that we acquire; and • potential post- closing disputes. As part of undertaking an acquisition, we may also significantly revise our capital structure or operational budget, such as issuing common stock that would dilute the ownership percentage of our stockholders, assuming liabilities or debt, utilizing a substantial portion of our cash resources to pay for the acquisition or significantly increasing operating expenses. Our acquisitions have resulted and may in the future result in charges being taken in an individual quarter as well as future periods, which results in variability in our quarterly earnings. In addition, our effective tax rate in any particular quarter may also be impacted by acquisitions. Following the closing of an acquisition, we may also have disputes with the seller regarding contractual requirements and covenants. Any such disputes may be time consuming and distract management from other aspects of our business. In addition, if we increase the pace or size of acquisitions, we will have to expend significant management time and effort into the transactions and the integrations and we may not have the proper human resources bandwidth to ensure successful integrations and accordingly, our business could be harmed. As part of the terms of acquisition, we may commit to pay additional contingent consideration if certain revenue or other performance milestones are met. We are required to evaluate the fair value of such commitments at each reporting date and adjust the amount recorded if there are changes to the fair value. We cannot ensure that we will be successful in selecting, executing and integrating acquisitions. Failure to manage and successfully integrate acquisitions could materially harm our business and operating results. In addition, if stock market analysts or our stockholders do not support or believe in the value of the acquisitions that we choose to undertake, our stock price may decline. We have made, and continue to seek to make, investments in companies around the world to further our strategic objectives and support our key business initiatives. These investments may include equity or debt instruments of public or private companies, and may be non- marketable at the time of our initial investment. We do not restrict the types of companies in which we seek to invest. These companies may range from early- stage companies that are often still defining their strategic direction to more mature companies with established revenue streams and business models. If any company in which we invest fails, we could lose all or part of our investment in that company. If we determine that an other- than- temporary decline in the fair value exists for an equity or debt investment in a public or private company in which we have invested, we will have to write down the investment to its fair value and recognize the related write- down as an investment loss. The performance of any of these investments could result in significant impairment charges and gains (losses) on investments. We must also analyze accounting and legal issues when making these investments. If we do not structure these investments properly, we may be subject to certain adverse accounting issues, such as potential consolidation of financial results. Furthermore, if the strategic objectives of an investment have been achieved, or if the investment or business diverges from our strategic objectives, we may seek to dispose of the investment. Our non- marketable equity investments in private companies are not liquid, and we may not be able to dispose of these investments on favorable terms or at all. The occurrence of any of these events could harm our results. Gains or losses from equity securities could vary from expectations depending on gains or losses realized on the sale or exchange of securities and impairment charges related to debt instruments as well as equity and other investments. We rely on third parties to obtain non- exclusive patented hardware and software license rights in technologies that are incorporated into and necessary for the operation and functionality of most of our products. In these cases, because the intellectual property we license is available from third parties, barriers to entry into certain markets may be lower for potential or existing competitors than if we owned exclusive rights to the technology that we license and use. Moreover, if a competitor or potential competitor enters into an exclusive arrangement with any of our key third- party technology providers, or if any of these providers unilaterally decide not to do business with us for any reason, our ability to develop and sell products containing that technology would be severely limited. If we are shipping products that contain third- party technology that we subsequently lose the right to license, then we will not be able to continue to offer or support those products. In addition, these licenses often require royalty payments or other consideration to the third- party licensor. Our success will depend, in part, on our continued ability to access these technologies, and we do not know whether these third- party technologies will continue to be licensed to us on commercially acceptable terms, if at all. If we are unable to license the necessary technology, we may be forced to acquire or develop alternative technology of lower quality or performance standards, which would limit and delay our ability to offer new or competitive products and increase our costs of production. As a result, our revenue, margins, market share, and operating results could be significantly harmed. We also utilize third- party software development companies to develop, customize, maintain and support software that is incorporated into our products. For example, we license software from Bitdefender for our NETGEAR Armor cybersecurity services offering and we license software from Circle Media Labs, Inc., a wholly owned subsidiary of Aura, for our parental controls service offering. If these companies fail to timely deliver or continuously maintain and support the software, as we require of them, we may experience delays in releasing new products or difficulties with supporting existing products and customers. In addition, if these third- party licensors fail or experience instability, then we may be unable to continue to sell products that incorporate the licensed technologies in addition to being unable to continue to maintain and support these products. We do require escrow arrangements with respect to certain third- party software which entitle us to certain limited rights to the source code, in the event of certain failures by the third party, in order to maintain and support such software. However, there is no guarantee that we would be able to fully understand and use the source code, as we may not have the expertise to do so. We are increasingly exposed to these risks as we continue to develop and market more products **and services** containing third- party software, such as our subscription service offerings related to network security and smart parental controls. If we are unable to license the necessary technology, we may be forced to acquire or develop alternative technology, which could be of lower quality or performance standards. The acquisition or development of alternative technology may limit and delay our ability to offer new or competitive products and services and increase our costs of production. As a result, our business, operating results and financial condition could be materially adversely affected. Our products and services may contain unknown security vulnerabilities. For example, the firmware, software and open source software that we or our manufacturing partners have installed on our products may be susceptible to hacking or misuse. We devote considerable time and resources to uncovering and remedying these vulnerabilities, using both internal and external resources, but the threats to network and data security are increasingly diverse and sophisticated and we continue to implement additional protections and increase our monitoring and threat intelligence. Despite our efforts and processes to prevent breaches, our ~~devices~~ **systems and products** are potentially vulnerable to cybersecurity risks, including cyber- attacks such as viruses and worms, vulnerabilities such as command injection, cross site scripting, authentication and session management, and stack- based buffer overflow, and other sophisticated attacks or exploits. It is also possible that an attacker could compromise our internal code repository or those of our partners and insert a ' backdoor' that would give them easy access to any of our devices using this code. This particular kind of attack is very sophisticated, relatively new, and hard to defend against. We may not be able to discover these vulnerabilities, and we may not be able to remedy these vulnerabilities in a timely manner, or at all, which may impact our brand and reputation and harm our business. These attacks could lead to interruptions, delays, loss of critical data, unauthorized access to user data, and loss of consumer confidence. If successful, these attacks could adversely affect our business, operating results, and financial condition, be expensive to remedy, and damage our reputation. In addition, any such breaches may result in negative publicity, adversely affect our brand, decrease demand for our products and services, and adversely affect our operating results and financial condition. Further, under certain circumstances, we may need to prioritize fixing these vulnerabilities over new product development, which may impact our revenues and adversely affect our business. In addition, we offer a comprehensive online cloud management service paired with a number of our products. If malicious actors compromise this cloud service, or if customer confidential information is accessed without authorization, our business **and reputation** would be harmed. Operating an online cloud service is a relatively new business for us and we may not have the expertise to properly manage risks related to data security and systems security. In addition, we make our products available for purchase directly by consumers through our website. We rely on third- party providers for a number of critical aspects of our cloud services, e- commerce site and customer support, including web hosting services, billing and payment processing, and consequently we do not maintain direct control over the security or stability of the associated systems. Maintaining the security of our computer information systems and communication systems is a critical issue for us and our customers. Malicious actors may develop and deploy malware that is designed to manipulate our products and systems, including our internal network, or those of our vendors or customers. Additionally, outside parties may attempt to fraudulently induce our employees to disclose sensitive information in order to gain access to our information technology systems, our data or our customers' data. We have established a crisis management plan ~~and~~ **,** business continuity program **, information security incident response plan and Generative AI policy** . While we regularly test **and update** ~~the~~ **these** ~~plan~~ **plans , policy** and ~~the~~ program, there can be no assurance that the ~~plan~~ **plans , policy** and program can withstand an actual or serious disruption in our business, including a data protection breach or cyber- attack. While we have established infrastructure and geographic redundancy for our critical systems, our ability to utilize these redundant systems requires further testing and we cannot be assured that such systems are fully functional. For example, much of our order fulfillment process is automated and the order information is stored on our servers. A significant business interruption could result in losses or damages and harm our business. As a result of the COVID- 19 pandemic, most of our major offices worldwide are operating under hybrid work model, allowing employees the flexibility to work from home and at the workplace. Work from home arrangements present additional cybersecurity risks, including potential increases in malware and phishing attacks, greater challenges to secure home office data, and potential service degradation or disruption to key internal business applications and third- party services. Although we have taken measures to address these risks, they present challenges that could impact business operations and could cause recovery times to increase. If our computer systems and servers become unavailable at the end of a fiscal quarter, our ability to recognize revenue may be delayed until we are able to utilize back- up systems and continue to process and ship our orders, this could cause our stock price to decline significantly. We devote considerable internal and external resources to network security, data encryption and other security measures to protect our systems and customer data, but these security measures cannot provide absolute security. In addition, U. S. and foreign regulators have increased their focus on cybersecurity vulnerabilities and risks and many states, countries and jurisdictions strictly regulate data privacy and protection and may impose significant penalties for failure to comply with these requirements. Compliance with laws and regulations concerning **artificial intelligence,** privacy, cybersecurity, data governance and data protection is a rigorous and time- intensive process, and we may be required to put in place additional mechanisms ensuring compliance with the laws and regulations and incur substantial expenditures. If we fail to comply with any such laws or regulations, we may face significant fines and penalties that could adversely affect our business, financial condition and results of operations. Furthermore, the laws are not consistent, and compliance in the event of a widespread data breach is costly. Potential breaches of our security measures and the accidental loss, inadvertent disclosure or unapproved dissemination of proprietary information or sensitive or confidential data about us, our employees or our customers, including the potential loss or disclosure of such information or data as a result of **improper use of AI tools,** employee error or other employee actions, hacking, fraud, social engineering or other forms of deception, could expose us, our customers or the individuals affected to a risk of loss or misuse of this information, result in litigation and potential liability for us, subject us to significant governmental fines, damage our brand and reputation, or otherwise harm our business. Our management has spent increasing amounts of time, effort and expense in this area, and in the event of the discovery of ~~a~~ significant product or system security vulnerability, **or improper use of AI tools or other cybersecurity incidents,** we ~~would~~ **could** incur additional substantial expenses and our business **and reputation** ~~would~~ **could** be harmed. If we or our third- party providers are unable to successfully prevent breaches of security relating to our products, services, systems or customer private information, including customer personal identification information, or if these third- party systems failed for other reasons, it could result in litigation and potential liability for us, damage our brand and reputation, or otherwise harm our business. **.** We continue to evolve our historically hardware- centric business model towards a model that includes more sophisticated software offerings,including subscription services and applications that complement our products and are intended to drive subscriber growth and future recurring revenue.As such,we have evolved the focus of our organization towards the delivery of more integrated hardware and software solutions for our customers,as well as related services,and we have and ~~will~~ continue to expend additional resources in this area in the future,including key new hires.Such endeavors may involve significant risks and uncertainties,including distraction of management from current operations and insufficient revenue to offset expenses associated with this strategy.Software development is inherently risky for a company such as ours with a historically hardware- centric business model,and accordingly,our efforts in software development may not be successful and could materially adversely affect our financial condition and operating results.If we cannot proportionately decrease our cost structure in response to competitive price pressures,our gross margin and,therefore,our profitability could be adversely affected.In addition,if our software solutions,services,applications,pricing and other factors are not sufficiently competitive,or if there is an adverse reaction to our product ~~and services~~ decisions,we may lose market share in certain areas,which could adversely affect our revenue,profitability and prospects.Software research and development is complex.We must make long- term investments,develop or obtain appropriate intellectual property and commit significant resources before knowing whether our output from these investments will successfully result in meaningful customer demand ~~and retention~~ for our products and services.We must accurately forecast mixes of software solutions and configurations that meet customer requirements,and we may not succeed at doing so within a given product' s life cycle or at all.Any delay in the development,production or marketing of a new software solution could result in us not being among the first to market,which could further harm our competitive position.In addition,our regular testing and quality control efforts may not be effective in controlling or detecting all quality issues and defects.We may be unable to determine the cause,find an appropriate solution or offer a temporary fix to address defects.Finding solutions to quality issues or defects can be expensive and may result in additional warranty,replacement and other costs,adversely affecting our profits.If new or existing customers have difficulty with our software solutions or are dissatisfied with our services,our operating margins could be adversely affected,and we could face possible claims if we fail to meet our customers' expectations.In addition,quality issues can impair our relationships with new or existing customers and adversely affect our brand and reputation,which could adversely **affect our operating results** Our products are complex and may contain defects, errors or failures, particularly when first introduced or when new versions are released. The industry standards upon which many of our products are based are also complex, experience change over time and may be interpreted in different manners. Some errors and defects may be discovered only after a product has been installed and used by the end- user. As also noted in the risk factor " We make substantial investments in software research and development and unsuccessful investments could materially adversely affect our business, financial condition and results of operations " ~~below~~ **above** , we devote considerable time and resources on testing and quality control efforts to detect quality issues and defects, and any reallocation of resources to fix such quality issues and defects could lead to delays in product introductions, which could further harm our competitive position. In addition, epidemic failure clauses are found in certain of our customer contracts, especially contracts with service providers. If invoked, these clauses may entitle the customer to return for replacement or obtain credits for products and inventory, as well as assess liquidated damage penalties and terminate an existing contract and cancel future or then current purchase orders. In such instances, we may also be obligated to cover significant costs incurred by the customer associated with the consequences of such epidemic failure, including freight and transportation required for product replacement and out- of- pocket costs for truck rolls to end user sites to collect the defective products. Costs or payments we make in connection with an epidemic failure may materially adversely affect our results of operations and financial condition. If our products contain defects or errors, or are found to be noncompliant with industry standards, we could experience decreased sales and increased product returns, loss of customers and market share, and increased service, warranty and insurance costs. In addition, defects in, or misuse of, certain of our products could cause safety concerns, including the risk of property damage or personal injury. If any of these events occurred, our reputation and brand could be damaged, and we could face product liability or other claims regarding our products, resulting in unexpected expenses and adversely impacting our operating results. For instance, if a third party were able to successfully overcome the security measures in our products, such a person or entity could misappropriate customer data, third party data stored by our customers and other information, including intellectual property **and personal information** . In addition, the operations of our end- user customers may be interrupted. If that happens, affected end- users or others may file actions against us alleging product liability, tort, or breach of warranty claims. The substantial majority of our revenue from our subscription services is generated from use of such services on mobile devices. We are dependent on the interoperability of Armor and our parental controls services and our other products **and services** with popular mobile operating systems, networks, technologies, products, and standards that we do not control, such as the Android and iOS operating systems and mobile browsers. Any changes, bugs, or technical issues in such systems, or changes in our relationships with mobile operating system partners, handset manufacturers, browser developers, or mobile carriers, or in their terms of service or policies that degrade our products' functionality, reduce or eliminate our ability to update or distribute our products **or services** , give preferential treatment to competitive products, or charge fees related to the distribution of our products could adversely affect the usage of our subscription services products or our other products **and services** on mobile devices. We may not be successful in maintaining or developing relationships with key participants in the mobile ecosystem or in developing products **and services** that operate effectively with these technologies, products, systems, networks, or standards. In the event that it is more difficult for our users to access and use our subscription services products or our other products on their mobile devices, or if our users choose not to access or use our subscription services products or our other products on their mobile devices, our user growth and user engagement and our business could be harmed . We continue to evolve our historically...... which could adversely affect our operating results . We rely upon third parties for a substantial portion of the intellectual property that we use in our products. At the same time, we rely on a combination of copyright, trademark, patent and trade secret laws, nondisclosure agreements with employees, consultants and suppliers and other contractual provisions to establish, maintain and protect our intellectual property rights and technology. Despite efforts to protect our intellectual property, unauthorized third parties may attempt to design around, copy aspects of our product design or obtain and use technology or other intellectual property associated with our products. For example, one of our primary intellectual property assets is the NETGEAR name, trademark and logo. We may be unable to stop third parties from adopting similar names, trademarks and logos, particularly in those international markets where our intellectual property rights may be less protected. Furthermore, our competitors may independently develop similar technology or design around our intellectual property. In addition, we manufacture and sell our products in many international jurisdictions that offer reduced levels of protection and recourse from intellectual property misuse or theft, as compared to the United States. Our inability to secure and protect our intellectual property rights could significantly harm our brand and business, operating results and financial condition. We are currently involved in numerous litigation matters in the ordinary course and may in the future become involved in additional litigation, including litigation regarding intellectual property rights, consumer class actions and securities class actions, any of which could be costly and subject us to significant liability. The networking industry is characterized by the existence of a large number of patents and frequent claims and related litigation regarding infringement of patents, trade secrets and other intellectual property rights. In particular, leading companies in the data communications markets, some of which are our competitors, have extensive patent portfolios with respect to networking technology. From time to time, third parties, including these leading companies, have asserted and may continue to assert exclusive patent, copyright, trademark and other intellectual property rights against us demanding license or royalty payments or seeking payment for damages, injunctive relief and other available legal remedies through litigation. These also include third- party non- practicing entities who claim to own patents or other intellectual property that cover industry standards that our products comply with. If we are unable to resolve these matters or obtain licenses on acceptable or commercially reasonable terms, we could be sued or we may be forced to initiate litigation to protect our rights. The cost of any necessary licenses could significantly harm our business, operating results and financial condition. We may also choose to join defensive patent aggregation services in order to prevent or settle litigation against such non- practicing entities and avoid the associated significant costs and uncertainties of litigation. These patent aggregation services may obtain, or have previously obtained, licenses for the alleged patent infringement claims against us and other patent assets that could be used offensively against us. The costs of such defensive patent aggregation services, while potentially lower than the costs of litigation, may be significant as well. At any time, any of these non- practicing entities, or any other third- party could initiate litigation against us, or we may be forced to initiate litigation against them, which could divert management attention, be costly to defend or prosecute, prevent us from using or selling the challenged technology, require us to design around the challenged technology and cause the price of our stock to decline. In 2022, a third **-** party initiated litigation against us in Germany **and China** , which carries with it the threat of ~~an~~ injunction on the importation of our products into Germany **and China** , as well as a significant increase in time and resources to defend against. In addition, several third **-** party non practicing entities have initiated litigation against us in China, which also raises novel and unique challenges for us. For example, ~~thus far~~ we have experienced that patent litigation in China proceeds along a faster timeline, is more costly than we anticipated, carries a greater risk of injunction, and suffers from a relative lack of judicial development relative to patent litigation in the United States. In addition, third parties, some of whom are potential competitors, have initiated and may continue to initiate litigation against our manufacturers, suppliers, members of our sales channels or our service provider customers or even end user customers, alleging infringement of their proprietary rights with respect to existing or future products. In the event successful claims of infringement are brought by third parties, and we are unable to obtain licenses or independently develop alternative technology on a timely basis, we may be subject to indemnification obligations, be unable to offer competitive products, or be subject to increased expenses. Consumer class- action lawsuits related to the marketing and performance of our home networking products have been asserted and may in the future be asserted against us. Finally, we have been sued in securities class action lawsuits, and may in the future be named in other similar lawsuits. For additional information regarding certain of the lawsuits in which we are involved, see the information set forth in Note 8. Commitments and Contingencies, in Notes to Consolidated Financial Statements in Item 8 of Part II of this Annual Report on Form 10- K. If we do not resolve these claims on a favorable basis, our business, operating results and financial condition could be significantly harmed. Because a significant portion of our business is conducted outside the United States, we face exposure to adverse movements in foreign currency exchange rates. These exposures may change over time as business practices evolve, and they could have a material adverse impact on our results of operations, financial position and cash flows. Although a portion of our international sales are currently invoiced in United States dollars, we have implemented and continue to implement for certain countries and customers both invoicing and payment in foreign currencies. Our primary exposure to movements in foreign currency exchange rates relates to non- U. S. dollar denominated sales in Europe, Japan and Australia as well as our global operations, and non- U. S. dollar denominated operating expenses and certain assets and liabilities. In addition, weaknesses in foreign currencies for U. S. dollar denominated sales could adversely affect demand for our products. For example, the volatility and strengthening of the U. S. dollar in 2022 had a meaningful negative impact on our international revenue and our profitability. Conversely, a strengthening in foreign currencies against the U. S. dollar could increase foreign currency denominated costs. As a result, we may attempt to renegotiate pricing of existing contracts or request payment to be made in U. S. dollars. We cannot be sure that our customers would agree to renegotiate along these lines. This could result in customers eventually terminating contracts with us or in our decision to terminate certain contracts, which would adversely affect our sales. We hedge our exposure to fluctuations in foreign currency exchange rates as a response to the risk of changes in the value of foreign currency- denominated assets and liabilities. We may enter into foreign currency forward contracts or other instruments, the majority of which mature within approximately five months. Our foreign currency forward contracts reduce, but do not eliminate, the impact of currency exchange rate movements. For example, we do not execute forward contracts in all currencies in which we conduct business. In addition, we hedge to reduce the impact of volatile exchange rates on net revenue, gross profit and operating profit for limited periods of time. However, the use of these hedging activities may only offset a portion of the adverse financial effect resulting from unfavorable movements in foreign exchange rates. We are exposed to the credit risk of some of our customers and to credit exposures **, including bank failures,** in weakened markets, which could result in material losses. A substantial portion of our sales are on an open credit basis, with typical payment terms of 30 to 60 days in the United States and, because of local customs or conditions, longer in some markets outside the United States. We monitor individual customer financial viability in granting such open credit arrangements, seek to limit such open credit to amounts we believe the customers can pay, and maintain reserves we believe are adequate to cover exposure for doubtful accounts. In the past, there have been bankruptcies amongst our customer base, and certain of our customers' businesses face financial challenges that put them at risk of future bankruptcies. Although losses resulting from customer bankruptcies have not been material to date, any future bankruptcies could harm our business and have a material adverse effect on our operating results and financial condition. ~~To~~ **In addition, recent banking sector troubles and liquidity concerns in the financial services industry have impacted certain of our suppliers. Although such impacts have not resulted in material losses to date, any future bank sector disruptions could harm our business and have a material adverse effect on our operating results and financial condition. Furthermore, to** the degree that turmoil in the credit markets makes it more difficult for some customers to obtain financing, our customers' ability to pay could be adversely impacted, which in turn could have a material adverse impact on our business, operating results, and financial condition. Factors that could materially affect our future effective tax rates include but are not limited to: • changes in tax laws or the regulatory environment; • changes in accounting and tax standards or practices; • changes in the composition of operating income by tax jurisdiction; and • our operating results before taxes. We are subject to income taxes in the United States and numerous foreign jurisdictions. Our effective tax rate has fluctuated in the past and may fluctuate in the future. Future effective tax rates could be affected by changes in the composition of earnings in countries with differing tax rates, changes in deferred tax assets and liabilities, or changes in tax laws. Foreign jurisdictions have increased the volume of tax audits of multinational corporations. Further, many countries continue to consider changes in their tax laws by implementing new taxes such as the digital service tax and initiatives such as the Organization for Economic Co- operation and Development' s **(OECD)** Pillar II global minimum tax. ~~Various~~ **More than 140** countries **agreed to enact** ~~are in the process of incorporating~~ the Pillar II **global minimum tax. While the OECD issued a** framework ~~within their tax~~ **model, each country will enact its own** laws **to incorporate Pillar II. While Pillar II is a global model, the country by country enactment of different laws to incorporate the framework is complex and there is uncertainty as to how the enactment of these laws will impact the Company** . These changes could increase our total tax burden in the future. In addition, the acceleration of employee mobility as a result of the pandemic potentially increases the jurisdictional tax risk of our workforce. Changes in tax laws could affect the distribution of our earnings, result in double taxation and adversely affect our results. The Tax Cuts and Jobs Act of 2017 included provisions effective for the 2022 tax year that eliminate the option to deduct research and development expenditures immediately in the year incurred and requires taxpayers to amortize such expenditures over five years for domestic payments and 15 years for payments to foreign parties. These provisions have not been deferred, modified, or repealed by Congress as was previously anticipated might occur. These provisions have a material impact on our cash taxes which will continue in the future if these provisions are not modified, or repealed by Congress. We have been audited by the **Italy Tax Authority ("** ITA **")** for the 2004 through 2012 tax years. The ITA examination included an audit of income, gross receipts and value- added taxes. Currently, we are in litigation with the ITA for the 2004 through 2012 years. **This litigation has been appealed by the ITA to the Italian Supreme Court. Our hearing on all years at the Italian Supreme Court has been scheduled for March 6, 2024.** If we are unsuccessful in defending our tax positions, our profitability will be reduced ~~. The Company' s U. S. federal tax return~~

~~and payroll taxes for our fiscal years ended December 31, 2018 and December 31, 2019 were under examination by the IRS. On December 29, 2022, we received a letter of final determination by the IRS notifying the Company that they have finalized their examination of our 2018 and 2019 tax returns with no proposed changes~~ . We are also subject to examination by other tax authorities, including state revenue agencies and other foreign governments. While we regularly assess the likelihood of favorable or unfavorable outcomes resulting from examinations by the IRS and other tax authorities to determine the adequacy of our provision for income taxes, there can be no assurance that the actual outcome resulting from these examinations will not materially adversely affect our financial condition and operating results. Additionally, the IRS and several foreign tax authorities have increasingly focused attention on intercompany transfer pricing with respect to sales of products and services and the use of intangibles. Tax authorities could disagree with our intercompany charges, cross- jurisdictional transfer pricing or other matters and assess additional taxes. If we do not prevail in any such disagreements, our profitability may be affected. **Historically the computation of our tax provision assumes that we will have sufficient profitability in the respective jurisdictions to continue to record deferred tax assets without a valuation allowance. As of the period ended October 1, 2023, we determined that it was no longer more likely than not that we would have sufficient profitability to realize the U. S. federal and state deferred tax assets. Accordingly, we recorded a full valuation allowance to impair U. S. federal and state deferred tax assets. Future benefit of these deferred tax assets will be realized in the period they are utilized.** We are subject to, and must remain in compliance with, numerous laws and governmental regulations concerning the manufacturing, use, distribution and sale of our products, as well as any such future laws and regulations. Some of our customers also require that we comply with their own unique requirements relating to these matters. Any failure to comply with such laws, regulations and requirements, and any associated unanticipated costs, may adversely affect our business, financial condition and results of operations. We manufacture and sell products which contain electronic components, and such components may contain materials that are subject to government regulation in both the locations that we manufacture and assemble our products, as well as the locations where we sell our products. For example, certain regulations limit the use of lead in electronic components. To our knowledge, we maintain compliance with all applicable current government regulations concerning the materials utilized in our products, for all the locations in which we operate. Since we operate on a global basis, this is a complex process which requires continual monitoring of regulations and an ongoing compliance process to ensure that we and our suppliers are in compliance with all existing regulations. There are areas where new regulations have been enacted which could increase our cost of the components that we utilize or require us to expend additional resources to ensure compliance. For example, the SEC' s " conflict minerals " rules apply to our business, and we **expended** ~~are expending~~ significant resources to ensure compliance. The implementation of these requirements by government regulators and our partners and / or customers could adversely affect the sourcing, availability, and pricing of minerals used in the manufacture of certain components used in our products. In addition, the supply- chain due diligence investigation required by the conflict minerals rules ~~will require~~ **requires** expenditures of resources and management attention regardless of the results of the investigation. If there is an unanticipated new regulation which significantly impacts our use of various components or requires more expensive components, that regulation would have a material adverse impact on our business, financial condition and results of operations. One area which has a large number of regulations is environmental compliance. Management of environmental pollution, climate change and other ESG considerations has produced significant legislative and regulatory efforts on a global basis, and we believe this will continue both in scope and the number of countries participating. These changes could directly increase the cost of energy which may have an impact on the way we manufacture products or utilize energy to produce our products. In addition, any new regulations or laws in the environmental area might increase the cost of raw materials we use in our products. Environmental regulations require us to reduce product energy usage, monitor and exclude an expanding list of restricted substances and to participate in required recover and recycling of our products. While future changes in regulations are certain, we are currently unable to predict how any such changes will impact us and if such impacts will be material to our business. If there is a new law or regulation that significantly increases our costs of manufacturing or causes us to significantly alter the way that we manufacture our products, this would have a material adverse effect on our business, financial condition and results of operations. Our selling and distribution practices are also regulated in large part by U. S. federal and state as well as foreign antitrust and competition laws and regulations. In general, the objective of these laws is to promote and maintain free competition by prohibiting certain forms of conduct that tend to restrict production, raise prices, or otherwise control the market for goods or services to the detriment of consumers of those goods and services. Potentially prohibited activities under these laws may include unilateral conduct, or conduct undertaken as the result of an agreement with one or more of our suppliers, competitors, or customers. The potential for liability under these laws can be difficult to predict as it often depends on a finding that the challenged conduct resulted in harm to competition, such as higher prices, restricted supply, or a reduction in the quality or variety of products available to consumers. We utilize a number of different distribution channels to deliver our products to the end consumer, and regularly enter agreements with resellers of our products at various levels in the distribution chain that could be subject to scrutiny under these laws in the event of private litigation or an investigation by a governmental competition authority. In addition, many of our products are sold to consumers via the Internet. Many of the competition- related laws that govern these Internet sales were adopted prior to the advent of the Internet, and, as a result, do not contemplate or address the unique issues raised by online sales. New interpretations of existing laws and regulations, whether by courts or by the state, federal or foreign governmental authorities charged with the enforcement of those laws and regulations, may also impact our business in ways we are currently unable to predict. Any failure on our part or on the part of our employees, agents, distributors or other business partners to comply with the laws and regulations governing competition can result in negative publicity and diversion of management time and effort and may subject us to significant litigation liabilities and other penalties. In addition to government regulations, many of our customers require us to comply with their own requirements regarding manufacturing, health and safety matters, corporate social responsibility, employee treatment, anti- corruption, use of materials, environmental concerns and other ESG considerations. Some customers may require us to periodically report on compliance with their unique requirements, and some customers reserve the right to audit our business for compliance. We are increasingly subject to requests for compliance with these customer requirements. For example, there has been significant focus from our customers as well as the press regarding corporate social responsibility policies and other ESG considerations. We regularly audit our manufacturers; however, any deficiencies in compliance by our manufacturers may harm our business and our brand. In addition, we may not have the resources to maintain compliance with these customer requirements and failure to comply may result in decreased sales to these customers, which may have a material adverse effect on our business, financial condition and results of operations. Our operations are routinely subject to audit by tax authorities in various countries. Many countries have indirect tax systems where the sale and purchase of goods and services are subject to tax based on the transaction value. These taxes are commonly referred to as sales and / or use tax, value- added tax (" VAT") or goods and services tax (" GST"). In addition, the distribution of our products subjects us to numerous complex customs regulations, which frequently change over time. Failure to comply with these systems and regulations can result in the assessment of additional taxes, duties, interest and penalties. While we believe we are in compliance with local laws, we cannot assure that tax and customs authorities would agree with our reporting positions and upon audit may assess us additional taxes, duties, interest and penalties. Additionally, some of our products are subject to U. S. export controls, including the Export Administration Regulations and economic sanctions administered by the Office of Foreign Assets Control. We also incorporate encryption technology into certain of our solutions. These encryption solutions and underlying technology may be exported outside of the United States only with the required export authorizations or exceptions, including by license, a license exception, appropriate classification notification requirement and encryption authorization. Furthermore, our activities are subject to U. S. economic sanctions laws and regulations that prohibit the shipment of certain products and services without the required export authorizations, including to countries, governments and persons targeted by U. S. embargoes or sanctions. Additionally, the current U. S. administration has been critical of existing trade agreements and may impose more stringent export and import controls. Obtaining the necessary export license or other authorization for a particular sale may be time consuming and may result in delay or loss of sales opportunities even if the export license ultimately is granted. While we take precautions to prevent our solutions from being exported in violation of these laws, including using authorizations or exceptions for our encryption products and implementing IP address blocking and screenings against U. S. government and international lists of restricted and prohibited persons and countries, we have not been able to guarantee, and cannot guarantee that the precautions we take will prevent all violations of export control and sanctions laws, including if purchasers of our products bring our products and services into sanctioned countries without our knowledge. Violations of U. S. sanctions or export control laws can result in significant fines or penalties and incarceration could be imposed on employees and managers for criminal violations of these laws. Also, various countries, in addition to the United States, regulate the import and export of certain encryption and other technology, including import and export licensing requirements, and have enacted laws that could limit our ability to distribute our products and services or our end- users’ ability to utilize our solutions in their countries. Changes in our products and services or changes in import and export regulations may create delays in the introduction of our products in international markets. Adverse action by any government agencies related to indirect tax laws could materially adversely affect our business, operating results and financial condition. Although we have not recognized any material losses on our cash equivalents and short- term investments, future declines in their market values could have a material adverse effect on our financial condition and operating results. Given the global nature of our business, we have investments with both domestic and international financial institutions. Accordingly, we face exposure to fluctuations in interest rates, which may limit our investment income. If these financial institutions default on their obligations or their credit ratings are negatively impacted by liquidity issues, credit deterioration or losses, financial results, or other factors, the value of our cash equivalents and short- term investments could decline and result in a material impairment, which could have a material adverse effect on our financial condition and operating results. Any additional governmental regulation of imports or exports or failure to obtain required export approval of our encryption technologies could adversely affect our international and domestic sales. The United States and various foreign governments have imposed controls, export license requirements, and restrictions on the import or export of some technologies, particularly encryption technology. In addition, from time to time, governmental agencies have proposed additional regulation of encryption technology, such as requiring the escrow and governmental recovery of private encryption keys. In response to terrorist activity, governments could enact additional regulation or restriction on the use, import, or export of encryption technology. This additional regulation of encryption technology could delay or prevent the acceptance and use of encryption products and public networks for secure communications, resulting in decreased demand for our products and services. In addition, some foreign competitors are subject to less stringent controls on exporting their encryption technologies. As a result, they may be able to compete more effectively than we can in the United States and the international Internet security market. Goodwill is required to be tested for impairment at least annually. Factors that may be considered when determining if the carrying value of our goodwill ~~or intangible assets~~ may not be recoverable include a significant decline in our expected future cash flows or a sustained, significant decline in our stock price and market capitalization. As a result of our acquisitions, we have significant goodwill ~~and intangible assets~~ recorded on our balance sheets. In addition, significant negative industry or economic trends, such as those that have occurred as a result of the recent economic downturn, including reduced estimates of future cash flows or disruptions to our business could indicate that goodwill ~~and intangible assets~~ might be impaired. If, in any period our stock price decreases to the point where our market capitalization is less than our book value, this too could indicate a potential impairment and we may be required to record an impairment charge in that period. Our valuation methodology for assessing impairment requires management to make judgments and assumptions based on projections of future operating performance. The estimates used to calculate the fair value of a reporting unit change from year to year based on operating results and market conditions. Changes in these estimates and assumptions could materially affect the determination of fair value and goodwill impairment for each reporting unit. For example, **in** ~~during the first quarter of~~ 2022, the market price of our common stock and market capitalization declined and the U. S. WiFi market contracted, which had a significant negative impact on our Connected Home business. As a result, we recognized ~~an~~ **a goodwill** impairment charge ~~to our Connected Home reporting unit~~ in the first quarter of 2022. We have not recognized any ~~goodwill~~ impairment charge on our ~~SMB~~ **NETGEAR for Business** reporting unit. However, we operate in highly competitive environments and projections of future operating results and cash flows may vary significantly from actual results. As a result, we may incur substantial impairment charges to earnings in our financial statements should an impairment of our goodwill ~~and intangible assets~~ be determined on our ~~SMB~~ **NETGEAR for Business** reporting unit, resulting in an adverse impact on our results of operations. **Changes in our management team may disrupt our business,strategic and employee relationships,which may delay** ~~our~~ **or prevent the achievement of our** business **objectives.During the transition periods,there may be uncertainty among investors,employees and others concerning our future direction and performance.For example,we appointed a new Chief Executive Officer effective January 31,2024.The failure to successfully transition could adversely affect our results of operations.Our future success depends in large part upon the continued services of our key technical,engineering,sales,marketing,finance and senior management personnel** .We do not maintain any key person life insurance policies.Our business model requires extremely skilled and experienced senior management who are able to withstand the rigorous requirements and expectations of our business.Our success depends on senior management being able to execute at a very high level.The loss of any of our senior management or other key engineering,research,development,sales or marketing personnel,particularly if lost to competitors,could harm our ability to implement our business strategy and respond to the rapidly changing needs of our business.The market for talent in the technology industry,especially in the areas of software and subscription services **is** ~~,has become increasingly~~ competitive,and we may not have the resources to compete at the same level as larger companies who are able to offer more compelling compensation packages. ~~Further,changes brought about by the COVID- 19 pandemic,for example being able to work from anywhere on a full- time basis,has led to an increase in employee mobility and employees are changing jobs at an increasing rate.~~ Therefore,our ability to recruit new talent and retain existing talent may be adversely affected,and as a result our business as a whole may suffer ~~.While we have adopted an emergency succession plan for the short term,we have not formally adopted a long- term succession plan.As a result,if we suffer the loss of services of any key executive,our long- term business results may be harmed~~ .While we believe that we have mitigated some of the business execution and business continuity risk with our organization into two business segments with separate leadership teams,the loss of any key personnel would still be disruptive and harm our business,especially given that our business is leanly staffed and relies on the expertise and high performance of our key personnel. ~~In addition,because~~ Our business has been and may continue to be affected by a number of factors that are beyond our control, such as general geopolitical, economic and business conditions, conditions in the financial markets, and changes in the overall demand for **ProAV,** networking and smart home products. A severe and / or prolonged economic downturn could adversely affect our customers' financial condition and the levels of business activity of our customers. Weakness in, and uncertainty about, global economic conditions may cause businesses to postpone spending in response to tighter credit, negative financial news and / or declines in income or asset values, which could have a material negative effect on the demand for networking products. ~~As also noted in the risk factor " Our business, financial condition and results of operations have been, and could in the future be, materially adversely affected by the ongoing COVID- 19 pandemic, " above, the COVID- 19 pandemic continues to significantly increase economic and demand uncertainty.~~ Adverse changes in economic conditions, including inflation, slower growth or recession, new or increased tariffs and other barriers to trade, changes to fiscal and monetary policy, tighter credit, higher interest rates, high unemployment and currency fluctuations could adversely impact the demand and sale of our products to end users and the quantity of products our customers decide to purchase from us (or change the mix of products demanded) and make it more challenging to forecast our operating results and make business decisions. For example, during the fourth quarter of 2022, our APAC sales were dampened by a sudden economic downturn in China due to sudden, widespread COVID- 19 infections and illnesses. The uncertainty in global and regional economic conditions have also affected the financial markets and financial institutions on which we rely and have resulted in a number of adverse effects including a low level of liquidity in many financial markets **, banking sector disruptions** , extreme volatility in credit, equity, currency and fixed income markets, instability in the stock market, high inflation and high unemployment. Macroeconomic weakness and uncertainty also make it more difficult for us to accurately forecast revenue, gross margin and expenses. If we are unable to successfully anticipate changing economic, geopolitical and financial conditions, we may be unable to effectively plan for and respond to those changes which could further disrupt our business or limit our ability to access certain assets and materially adversely affect our business and results of operations. In addition, availability of our products from third- party manufacturers and our ability to distribute our products into the United States and non- U. S. jurisdictions may be impacted by factors such as an increase in duties, tariffs or other restrictions on trade; raw material shortages or price increases, work stoppages, strikes and political unrest; uncertain economic conditions; economic crises and international disputes or conflicts; changes in leadership and the political climate in countries from which we import products; and failure of the United States to maintain normal trade relations with China and other countries. Any of these occurrences could materially adversely affect our business, operating results and financial condition. Furthermore, uncertainty about, or worsening of economic conditions could adversely affect consumer sentiment and demand for our products and services. Consumer confidence and spending could be adversely affected by financial market volatility, negative financial news, conditions in the real estate, mortgage and technology markets, declines in income or asset values, changes to fuel and other energy costs, labor reductions, labor and healthcare costs and other economic factors. This could also impact the quantity of products our customers decide to purchase from us and may have a longer- term impact on the inventory levels these customers choose to carry. Lower demands could also impact manufacturing capacity utilization and contribute to further increased component costs. These and other economic factors could materially and adversely affect our revenue and results of operations. Our future success depends in large part......, resign or are otherwise terminated. Political events, war, terrorism, public health issues, climate changes, natural disasters, sudden changes in trade and immigration policies, and other circumstances could materially adversely affect us. Our corporate headquarters are located in Northern California and one of our warehouses is located in Southern California. Substantially all of our critical enterprise- wide information technology systems, including our main servers, are currently housed in colocation facilities in Arizona and different geographic regions in the United States. The majority of our manufacturing occurs in Southeast Asia and mainland China. Each of these regions are known for or susceptible to seismic activity and other natural disasters, such as drought, wildfires, storms, sea- level rise, and flooding. Furthermore, the global effects of climate change have resulted in increased frequency and severity of these extreme weather events and could cause physical damage or disrupt operations. If our manufacturers or warehousing facilities are disrupted or destroyed, we would be unable to distribute our products on a timely basis, which could harm our business. This could also lead to increased costs and decreased revenues. In addition, health epidemics, war, terrorism, geopolitical uncertainties, social and economic instability, public health issues, sudden changes in trade and immigration policies (such as the higher tariffs on certain products imported from China **,** ~~enacted by the previous U. S. administration or~~ U. S. sanctions against Russia as a result of the Russia- Ukraine dispute **, and the Israel- Hamas conflicts and Red Sea crisis**), and other business interruptions have caused and could cause damage or disruption to international commerce and the global economy, and thus could have a strong negative effect on us, our suppliers, logistics providers, manufacturing vendors and customers. Our business operations are subject to interruption by natural disasters, fire, power shortages **, geopolitical disputes or conflicts** , terrorist attacks and other hostile acts, labor disputes, public health issues, and other events beyond our control. In addition, in the past, labor disputes at third- party manufacturing facilities have led to workers going on strike, and labor unrest could materially affect our third- party manufacturers' abilities to manufacture our products. Such events could decrease demand for our products, make it difficult, more expensive or impossible for us to make and deliver products to our customers or to receive components from our direct or indirect suppliers, and create delays and inefficiencies in our supply chain. **Wars or geopolitical conflicts,** ~~Major~~ **major** public health issues, including pandemics such as COVID- 19, could negatively affect us through more stringent employee travel restrictions, additional limitations in freight services **or increase in freight costs** , governmental actions limiting the movement of products between regions, delays in production ramps of new products, and disruptions in the operations of our manufacturing vendors and component suppliers. There has been significant volatility in the market price and trading volume of securities of companies in the technology industry and the stock market as a whole, which may be unrelated to the financial performance of these companies. These broad market fluctuations may negatively affect the market price of our common stock. Some specific factors that may have a significant effect on our common stock market price include: • actual or anticipated fluctuations in our operating results or our competitors' operating results; • actual or anticipated changes in the growth rate of the general networking sector, our growth rates or our competitors' growth rates; • conditions in the financial markets in general or changes in general economic, political and market conditions, including government efforts to mitigate economic downturns or control inflation; • novel and unforeseen market forces and trading strategies, such as the massive short squeeze rally caused by retail investors on companies such as ~~Gamestop~~ **GameStop** ; • actual or anticipated changes in governmental regulation, including taxation and tariff policies; • interest rate or currency exchange rate fluctuations; • our ability to forecast or report accurate financial results; and • changes in stock market analyst recommendations regarding our common stock, other comparable companies or our industry generally **. We are required to evaluate our internal controls under Section 404 of the Sarbanes- Oxley Act of 2002 and any adverse results from such evaluation, including restatements of our issued financial statements, could impact investor confidence in the reliability of our internal controls over financial reporting** . Pursuant to Section 404 of the Sarbanes- Oxley Act of 2002, we are required to furnish a report by our management on our internal control over financial reporting. Such report must contain among other matters, an assessment of the effectiveness of our internal control over financial reporting as of the end of our fiscal year, including a statement as to whether or not our internal control over financial reporting is effective. This assessment must include disclosure of any material weaknesses in our internal control over financial reporting identified by management. From time to time, we conduct internal investigations as a result of whistleblower complaints. In some instances, the whistleblower complaint may implicate potential areas of weakness in our internal controls. Although all known material weaknesses have been remediated, we cannot be certain that the measures we have taken ensure that restatements will not occur in the future. Execution of restatements create a significant strain on our internal resources and could cause delays in our filing of quarterly or annual financial results, increase our costs and cause management distraction. Restatements may also significantly affect our stock price in an adverse manner. Continued performance of the system and process documentation and evaluation needed to comply with Section 404 is both costly and challenging. During this process, if our management identifies one or more material weaknesses in our internal control over financial reporting, we will be unable to assert such internal control is effective. If we are unable to assert that our internal control over financial reporting is effective as of the end of a fiscal year or if our independent registered public accounting firm is unable to express an opinion on the effectiveness of our internal control over financial reporting, we could lose investor confidence in the accuracy and completeness of our financial reports, which may have an adverse effect on our stock price.