

## Risk Factors Comparison 2023-09-01 to 2022-09-06 Form: 10-K

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Our operations and financial results are subject to various risks and uncertainties including those described below. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, also may become important factors that affect us. If any of the following risks or others not specified below materialize, our business, financial condition, and operating results could be materially adversely affected, and the market price of our common stock could decline. In addition, the impacts of ~~COVID-19~~ and any worsening of the economic environment may exacerbate the risks described below, any of which could have a material impact on us. **Risk Factor Summary** This situation is changing rapidly, and additional impacts may arise that we are not currently aware of. **RISK FACTOR SUMMARY** Our business is subject to numerous risks and uncertainties. These risks include, but are not limited to, the following:

- **Our operating** ~~The ongoing global COVID-19 pandemic could harm our business and~~ **results of operations may be adversely affected by unfavorable economic and market conditions and the uncertain geopolitical environment**.
- Our business and operations have experienced growth in recent periods, and if we do not effectively manage any future growth or are unable to improve our systems, processes, and controls, our operating results could be adversely affected.
- **Our revenue growth rate in recent periods may not be indicative of our future performance, and we may not be able to maintain profitability, which could cause our business, financial condition, and operating results to suffer.**
- **Our** operating results may vary significantly from period to period ~~and be unpredictable~~, which **makes our results difficult to predict and** could cause the market price of our common stock to decline.
- **Our operating results to fall short of expectations**, may be adversely affected by unfavorable economic and **such results** market conditions and the uncertain geopolitical environment.
- **Our revenue growth rate in recent periods may not be indicative of our future performance.**
- **Seasonality** We have a history of losses; anticipate increasing our operating expenses in the future, and may not be able to achieve or maintain profitability or maintain or increase cash flow on a consistent basis, which could cause **fluctuations in our revenue** business, financial condition, and operating results to suffer.
- If we are unable to sell new and additional product, subscription, and support offerings to our end-customers, especially to large enterprise customers, our future revenue and operating results will be harmed.
- We face intense competition in our market and we may lack sufficient financial or other resources to maintain or improve our competitive position.
- A network or data security incident may allow unauthorized access to our network or data, harm our reputation, create additional liability and adversely impact our financial results.
- Reliance on shipments at the end of the quarter could cause our revenue for the applicable period to fall below expected levels.
- Seasonality may cause fluctuations in our revenue.
- If we are unable to hire, integrate, train, retain, and motivate qualified personnel and senior management, our business could suffer.
- If we are not successful in executing our strategy to increase sales of our products, subscriptions and support offerings to new and existing enterprise end-customers, our operating results may suffer.
- We rely on revenue from subscription and support offerings, and because we recognize revenue from subscription and support over the term of the relevant service period, downturns or upturns in sales **or renewals** of these subscription and support offerings are not immediately reflected in full in our operating results.
- **The sales prices of** Defects, errors, or vulnerabilities in our products, subscriptions, ~~or~~ **and** support offerings **may decrease**, which may reduce the failure of our products or **our revenue and gross profits** subscriptions to block a virus or prevent a security breach or incident, misuse of our products, or risks of product liability claims could harm our reputation and adversely impact our operating **financial** results.
- False detection of applications, viruses, spyware, vulnerability exploits, data patterns, or URL categories could adversely affect our business.
- We rely on our channel partners to sell substantially all of our products, including subscriptions and support, and if these channel partners fail to perform, our ability to sell and distribute our products and subscriptions will be limited, and our operating results will be harmed.
- **We are exposed to the credit and liquidity risk of our customers, and to credit exposure in weakened markets, which could result in material losses.**
- A portion of our revenue is generated by sales to government entities, which are subject to a number of challenges and risks.
- We face intense competition in our market and we may lack sufficient financial or other resources to maintain or improve our competitive position.
- We may acquire other businesses, which could subject us to adverse claims or liabilities, require significant management attention, disrupt our business, adversely affect our operating results, may not result in the expected benefits of such acquisitions, and may dilute stockholder value.
- If we do not accurately predict, prepare for, and respond promptly to rapidly evolving technological and market developments and successfully manage product and subscription introductions and transitions to meet changing end-customer needs in the enterprise security industry, our competitive position and prospects will be harmed.

~~14~~ • **Issues in the** Our current research and development efforts **and deployment of Artificial Intelligence (“AI”)** may not produce successful products, subscriptions, or features that result in **reputational harm and legal liability and** significant revenue, cost savings or other benefits in the near future, if at all.

- We may acquire other businesses, which could subject us to adverse claims or liabilities, require significant management attention, disrupt our business, adversely affect our **results of operations**.
- **A network or data security incident may allow unauthorized access to our network or data, harm our reputation, create additional liability, and adversely impact our financial results.**
- **Defects, errors, or vulnerabilities in our products, subscriptions, or support offerings, the failure of our products or subscriptions to block a virus or prevent a security breach or incident, misuse of our products, or risks of product liability claims could harm our reputation and adversely impact our** operating results ; may not result in the expected benefits of such acquisitions and may dilute stockholder value.
- Because we depend on manufacturing partners to build and ship our products, we are susceptible to manufacturing and logistics delays and pricing

fluctuations that could prevent us from shipping customer orders on time, if at all, or on a cost-effective basis, which may result in the loss of sales and end-customers. • Managing the supply of our products and product components is complex. Insufficient supply and inventory would result in lost sales opportunities or delayed revenue, while excess inventory would harm our gross margins. • Because some of the key components in our products come from limited sources of supply, we are susceptible to supply shortages or supply changes, which has disrupted or delayed our scheduled product deliveries to our end-customers, increase our costs and may result in the loss of sales and end-customers. • The sales prices of our products, subscriptions and support offerings may decrease, which may reduce our gross profits and adversely impact our financial results. • We generate a significant amount of revenue from sales to distributors, resellers, and end-customers outside of the United States, and we are therefore subject to a number of risks associated with international sales and operations. • We are exposed to fluctuations in foreign currency exchange rates, which could negatively affect our financial condition and operating results. • We are exposed to the credit and liquidity risk of some of our channel partners and end-customers, and to credit exposure in weakened markets, which could result in material losses. • A portion of our revenue is generated by sales to government entities, which are subject to a number of challenges and risks. • Our ability to sell our products and subscriptions is dependent on the quality of our technical support services and those of our channel partners, and the failure to offer high-quality technical support services could have a material adverse effect on our end-customers' satisfaction with our products and subscriptions, our sales, and our operating results. • Claims by others that we infringe their intellectual property rights could harm our business. - 14- • Our proprietary rights may be difficult to enforce or protect, which could enable others to copy or use aspects of our products or subscriptions without compensating us. • Our use of open source software in our products and subscriptions could negatively affect our ability to sell our products and subscriptions and subject us to possible litigation. • We license technology from third parties, and our inability to maintain those licenses could harm our business. • **Because we depend on manufacturing partners to build and ship our hardware products, we are susceptible to manufacturing and logistics delays and pricing fluctuations that could prevent us from shipping customer orders on time, if at all, or on a cost-effective basis** 15- Risks Related to Our Business and Our Industry The novel strain of COVID-19 identified in late 2019 has spread globally, which may including within the United States, and has resulted-- result in government authorities implementing numerous measures to try to contain the loss virus, such as travel bans and restrictions, quarantines, shelter-in-place orders, and shutdowns. This pandemic has negatively impacted and will likely continue to have a negative impact on, worldwide economic activity and financial markets and has impacted, and will further impact, our workforce and operations, the operations of our sales and end-customers, and, • Managing those-- the supply of our hardware products and product components is complex. **Insufficient supply and inventory would result in lost sales opportunities or delayed revenue** respective channel partners, vendors and suppliers while excess inventory would harm our gross margins. In light • **Because some of the key components in our hardware products come from limited sources of supply, we are susceptible to supply shortages or supply changes, which, in uncertain-- certain cases** and rapidly evolving situation relating to the spread of this virus and various government restrictions and guidelines, we have disrupted taken measures intended to mitigate the spread of the virus and minimize the risk to our-- or employees, channel partners, delayed our scheduled product deliveries to our end-customers, increased our costs and the communities may result in the loss of sales and end-customers. • **If we are unable to attract, retain, and motivate our key technical, sales, and management personnel, our business could suffer.** • **We generate a significant amount of revenue from sales to distributors, resellers, and end-customers outside of the United States, and we are therefore subject to a number of risks associated with international sales and operations.** • **We are exposed to fluctuations in foreign currency exchange rates,** which we operate. Through our FLEXWORK program, our employees may choose to work from home or in the office for a set number of days per week. Although we continue to monitor the situation and may adjust our current policies as more information and public health guidance become available, including progress made through vaccinations, these precautionary measures that we have adopted could negatively affect our **financial condition** customer success efforts, sales and marketing efforts, delay and lengthen our sales cycles, and create operational or other challenges, any of which could harm our business and results of operations. In addition, COVID-19 will likely continue to disrupt the operations of our end-customers and channel partners for an and indefinite period of time, including as a result of travel restrictions and /or business shutdowns, all of which could negatively impact our business and results of operations, including cash flows. The ongoing impact of COVID-19 is fluid and uncertain, but it has caused and may continue to cause various negative effects, including an inability to meet with our existing or potential end-customers; our end-customers deciding to delay or abandon their planned purchases; increased requests for delayed payment terms or product discounts by our end-customers and channel partners; us delaying, canceling, or withdrawing from user and industry conferences and other marketing events, including some of our own; and changes in the demand for our products, which has caused us to reprioritize our engineering and research and development efforts and make changes to our original offering roadmap. We have also seen supply chain challenges increase significantly, including chip and component shortages (in some cases, attributable to labor shortages), and at times we do not have sufficient inventory of certain of our products to promptly meet customer demand. As a result, we have experienced at times extended delivery time and increased costs for chips and components compared to historic levels; our demand generation activities, and our ability to close transactions with end-customers and partners may be negatively impacted; our ability to provide 24x7 worldwide support and /or replacement parts to our end-customers may be adversely affected; and it has been and, until the COVID-19 outbreak is contained and global economic activity stabilizes, will continue to be more difficult for us to forecast our operating results. • **We face risks associated with having operations** More generally, the pandemic has not only significantly and adversely increased economic **employees located in Israel.** • **We are subject to governmental export and import controls that** demand uncertainty, but it has caused a global economic slowdown, and continuing global economic uncertainty which could **subject us to liability** decrease technology spending and adversely affect demand for-- **or impair** our offerings and harm our business and..... and administrative systems and controls, and our

ability to **compete** manage headcount, capital, and processes in **international markets** an efficient manner, all of which may be more difficult to accomplish the longer that our employees must work remotely from home. • **We may not be able to successfully..... and operating results.**- 16- Our **actual** operating results, in particular, our **or perceived failure** revenues, gross margins, operating margins, and operating expenses, have historically varied from period to **adequately protect** period, and even though we have experienced growth, we expect variation to continue as a result of a number of factors, many of which are outside of our control and may be difficult to predict, including: • our ability to attract and retain new end-customers or sell additional products and subscriptions to our existing end-customers; • the budgeting cycles, seasonal **personal data** buying patterns, and purchasing practices of our end-customers; • changes in end-customer, distributor or reseller requirements, or market needs; • price competition; • the timing and success of new product and service introductions by us or our competitors or any other change in the competitive landscape of our industry, including consolidation among our competitors or end-customers and strategic partnerships entered into by and between our competitors; • changes in the mix of our products, subscriptions, and support, including changes in multi-year subscriptions and support; • our ability to successfully and continuously expand our business domestically and internationally, particularly in the current global economic slowdown and the escalation of military conflicts such as Russia's invasion of Ukraine; • changes in the growth rate of the enterprise security industry; • deferral of orders from end-customers in anticipation of new products or product enhancements announced by us or our competitors; • the timing and costs related to the development or acquisition of technologies or businesses or strategic partnerships; • lack of synergy or the inability to realize expected synergies, resulting from acquisitions or strategic partnerships; • our inability to execute, complete, or integrate efficiently any acquisitions that we may undertake; • increased expenses, unforeseen liabilities, or write-downs and any impact on our operating results from any acquisitions we consummate; • our ability to increase the size and productivity of our distribution channel; • our obligation to repay the aggregate principal amount of the Notes as holders exercise their conversion rights under the Notes; • decisions by potential end-customers to purchase security solutions from larger, more established security vendors or from their primary network equipment vendors; • changes in end-customer penetration or attach and renewal rates for our subscriptions; • timing of revenue recognition and revenue deferrals; • our ability to manage production and manufacturing related costs, global customer service organization costs, inventory excess and obsolescence costs, and warranty costs, especially due to disruptions in our supply chain as a result of COVID-19 and the global semiconductor chip and component shortage; • our ability to manage cloud hosting service costs and scale the cloud-based subscription offerings; • insolvency or credit difficulties confronting our end-customers, including due to the continuing effects of COVID-19 and adversely affect their ability to purchase or pay for our products and subscription and support offerings in a timely manner or at all, or confronting our key suppliers, including our sole source suppliers, which could disrupt our supply chain; • any disruption in our channel or termination of our relationships with important channel partners, including as a result of consolidation among distributors and resellers of security solutions; • our inability to timely fulfill our end-customers' orders due to supply chain delays or events that impact our manufacturers or their suppliers, including due to the effects of COVID-19 and the global semiconductor chip and component shortage; • the cost and potential outcomes of litigation, which could have a material adverse effect on our business; • seasonality or cyclical fluctuations in our markets; **We may have exposure to greater than anticipated tax liabilities.** • **If future accounting pronouncements or our estimates changes in our or judgments relating to our critical accounting policies; -17- are based on assumptions that change or prove to be incorrect, our operating results could fall below our publicly announced guidance or the expectations of securities analysts and investors, resulting in a decline in the market price of our common stock.** • increases **We are obligated to maintain proper and effective internal control over financial reporting. We may not complete or our decreases analysis of our internal control over financial reporting in a timely manner, our or expenses caused our internal control may not be determined to be effective, which may adversely affect investor confidence in our company and, as a result, the value of our common stock.** • **Our reputation and / or business could be negatively impacted by environmental** fluctuations in foreign currency exchange rates, as an increasing amount of our expenses is incurred and paid in currencies other than the U. S. dollar; • political, economic and social **, and governance** instability caused by the United Kingdom's exit from the European Union ("Brexit **ESG** ") **matters**, Russia's invasion of Ukraine, continued hostilities in the Middle East, terrorist activities, any disruptions from COVID-19 and / or our reporting of such matters. any disruption these events may cause to the broader global industrial economy; and • general macroeconomic conditions, both domestically **Failure to comply with governmental laws and in regulations could harm our business.** • **We may not have the ability to raise the funds necessary to settle conversions of our Notes, repurchase our Notes upon a fundamental change, our or foreign markets repay our Notes in cash at their maturity, and our future debt may contain limitations on our ability to pay cash upon conversion or repurchase of our Notes.** • **We may still incur substantially more debt or take other actions that could would diminish** impact some or our ability to make payments on our Notes when all regions where we operate, including inflation, and global economic uncertainty due to the continuing effects of COVID-19. • **The** Any one of the factors above, or the cumulative effect of some of the factors referred to above, may result in significant fluctuations in our financial and other operating results. This variability and unpredictability could result in our failure to meet our revenue, margin, or other operating result expectations or those of securities analysts or investors for a particular period. If we fail to meet or exceed such expectations for these or any other reasons, the market price of **our common stock historically has been volatile, and the value of an investment in** our common stock could **decline.** • **The convertible note hedge and warrant transactions may affect the value of our common stock.** • **The issuance of additional stock in connection with financings, acquisitions, investments, our stock incentive plans, the conversion of our Notes or exercise of the related Warrants, or otherwise will dilute stock held by fall- all substantially other stockholders.** • **We cannot guarantee that our share repurchase program will be fully consummated or that it will enhance shareholder value,** and we share repurchases could affect the price of **our common stock** face costly lawsuits, including securities class action suits. • **We do not intend to pay dividends for the**

foreseeable future. • Our charter documents and Delaware law, as well as certain provisions contained in the indentures governing our Notes, could discourage takeover attempts and lead to management entrenchment, which could also reduce the market price of our common stock. • Our business is subject to the risks of earthquakes, fire, power outages, floods, health risks, and other catastrophic events, and to interruption by man-made problems, such as terrorism. • Our failure to raise additional capital or generate the significant capital necessary to expand our operations and invest in new products and subscriptions could reduce our ability to compete and could harm our business.- 15- Risks Related to Global Economic and Geopolitical Conditions

We operate globally, and as a result, our business and revenues are impacted by global economic and geopolitical conditions. The instability in the global credit markets, inflation, shortages and delays related to the global supply chain challenges, uncertainties related to the timing of the lifting of governmental restrictions to mitigate the spread of COVID-19, the current economic challenges in China, changes in public policies such as domestic and international regulations, taxes, any increase-increases in interest rates, fluctuations in foreign currency exchange rates, or international trade agreements, international trade disputes, government shutdowns, geopolitical turmoil, and other disruptions to global and regional economies and markets continue to add uncertainty to global economic conditions. Military actions or armed conflict, including Russia's invasion of Ukraine and any related political or economic responses and counter-responses, and uncertainty about, or changes in, government and trade relationships, policies, and treaties could also lead to worsening economic and market conditions and the geopolitical environment. In response to Russia's invasion of Ukraine, the United States, along with the European Union, has imposed restrictive sanctions on Russia, Russian entities, and Russian citizens ("Sanctions on Russia"). We are subject to these governmental sanctions and export controls, which may subject us to liability if we are not in full compliance with applicable laws. Any continued or further uncertainty, weakness or deterioration in economic and market conditions or the geopolitical environment could have a material and adverse impact on our business, financial condition, and results of operations, including reductions in sales of our products and subscriptions, longer sales cycles, reductions in subscription or contract duration and value, slower adoption of new technologies, alterations in the spending patterns or priorities of current and prospective customers (including delaying purchasing decisions), increased costs for the chips and components to manufacture our products, and increased price competition. We may not be able to successfully implement, or scale, or manage improvements to our systems, processes, and controls in an efficient or timely manner, which could result in material disruptions of our operations and business. In addition, our existing systems, processes, and controls may not prevent or detect all errors, omissions, or fraud. We may also experience difficulties in managing improvements to our systems, processes, and controls, or in connection with third-party software licensed to help us with such improvements. Any future growth would add complexity to our organization and require effective coordination throughout our organization. Failure to manage any future growth effectively could result in increased costs, disrupt our existing end-customer relationships, reduce demand for or limit us to smaller deployments of our products, or harm our business performance and operating results.- 16- We have experienced revenue growth rates of 29-25.3% and 24-29.9-3% in fiscal 2023 and fiscal 2022 and fiscal 2021, respectively. Our revenue for any prior quarterly or annual period should not be relied upon as an indication of our future revenue or revenue growth for any future period. If we are unable to maintain consistent or increasing revenue or revenue growth, the market price of our common stock could be volatile, and it may be difficult for us to achieve and maintain profitability or maintain or increase cash flow on a consistent basis. Other than fiscal 2012 - 16- In addition, we have incurred losses in all fiscal years since our inception. As prior to fiscal 2023 and, as a result, we had an accumulated deficit of \$ 1.7-2 billion as of July 31, 2022-2023. We anticipate that our operating expenses will continue to increase in the foreseeable future as we continue to grow our business. Our growth efforts may prove more expensive than we currently anticipate, and we may not succeed in increasing our revenues sufficiently, or at all, to offset increasing expenses. Revenue growth may slow or revenue may decline for a number of possible reasons, including the downturn in the global and U.S. economy due to COVID-19, slowing demand for our products or subscriptions, increasing competition, a decrease in the growth of, or a demand shift in, our overall market, or a failure to capitalize on growth opportunities. We have also entered into a substantial amount of capital commitments for operating lease obligations and other purchase commitments. Any failure to increase our revenue as we grow our business could prevent us from achieving or maintaining profitability or maintaining or increasing cash flow on a consistent basis, or satisfying our capital commitments. In addition, we may have difficulty achieving profitability under U.S. GAAP due to share-based compensation expense and other non-cash charges. If we are unable to navigate these challenges as we encounter them, our business, financial condition, and operating results may suffer. -18- Our operating results have fluctuated in the past, and will likely continue to fluctuate in the future success depends, in part, on our ability to expand the deployment of our portfolio with existing end-customers and create demand for our new offerings, including cloud security, AI, and analytics offerings. This may require increasingly sophisticated and costly sales efforts that may not result in additional sales. The rate at which our end-customers purchase additional products, subscriptions, and support depends on a number of factors, including the perceived need for additional security products, including subscription and support offerings, as well as general economic conditions. Further, existing end-customers have no contractual obligation to and may not renew their subscription and support contracts after the completion of their initial contract period. Our end-customers' renewal rates may decline or fluctuate as a result of a number of factors, many of which are outside of our control and may be difficult to predict, including their level of satisfaction with our subscriptions and our support offerings, the frequency and severity of subscription outages, our product uptime or latency, and the pricing of our, or competing, subscriptions. Additionally, our end-customers may renew their subscription and support agreements for shorter contract lengths or on other terms that are less economically beneficial to us. We also cannot be certain that our end-customers will renew their subscription and support agreements. If our efforts to sell additional products and subscriptions to our end-customers are not successful or our end-customers do not renew their subscription and support agreements or renew them on less favorable terms, our revenues may grow more slowly than expected or decline. The industry for enterprise security products is intensely competitive, and we

expect competition to increase in the future from established competitors and new market entrants. Our main competitors fall into five categories: • large companies that incorporate security features in their products, such as Cisco Systems, Inc. (“Cisco”), or those that have acquired, or may acquire, large network and endpoint security vendors and have the technical and financial resources to bring competitive solutions to the market; • independent security vendors, such as Check Point Software Technologies Ltd. (“Check Point”), Fortinet, Inc. (“Fortinet”), and Zscaler, Inc. (“Zscaler”), that offer a mix of network and endpoint security products; • startups and single-vertical vendors that offer independent or emerging solutions across various areas of security; • public cloud vendors and startups that offer solutions for cloud security (private, public and hybrid cloud); and • large and small companies, such as CrowdStrike, Inc. (“CrowdStrike”), that offer solutions for security operations and endpoint security. Many of our existing competitors have, and some of our potential competitors could have, substantial competitive advantages such as: • greater name recognition and longer operating histories; • larger sales and marketing budgets and resources; • broader distribution and established relationships with distribution partners and end-customers; • greater customer support resources; • greater resources to make strategic acquisitions or enter into strategic partnerships; • lower levels of indebtedness; • lower labor and development costs; • newer or disruptive products or technologies; • larger and more mature intellectual property portfolios; and • substantially greater financial, technical, and other resources. In addition, some of our larger competitors have substantially broader and more diverse product and services offerings, which may make them less susceptible to downturns in a particular market and allow them to leverage their relationships based on other products or incorporate functionality into existing products to gain business in a manner that discourages users from purchasing our products and subscriptions, including through selling at zero or negative margins, offering concessions, product bundling, or a closed technology offering. Many of our smaller competitors that specialize in providing protection from a single type of security threat are often able to deliver these specialized security products to the market more quickly than we can. 19 Organizations that use legacy products and services may believe that these products and services are sufficient to meet their security needs or that our offerings only serve the needs of a portion of the enterprise security industry. Accordingly, these organizations may continue allocating their information technology budgets for legacy products and services and may not adopt our security offerings. Further, many organizations have invested substantial personnel and financial resources to design and operate their networks and have established deep relationships with other providers of networking and security products. As a result, these organizations may prefer to purchase from their existing suppliers rather than add or switch to a new supplier such as us, regardless of product performance, features, or greater services offerings or may be more willing to incrementally add solutions to their existing security infrastructure from existing suppliers than to replace it wholesale with our solutions. Conditions in our market could change rapidly and significantly as a result of technological advancements, partnering or acquisitions by our competitors, or continuing market consolidation. New start-up companies that innovate and large competitors that are making significant investments in research and development may invent similar or superior products and technologies that compete with our products and subscriptions. Some of our competitors have made or could make acquisitions of businesses that may allow them to offer more directly competitive and comprehensive solutions than they had previously offered and adapt more quickly to new technologies and end-customer needs. Our current and potential competitors may also establish cooperative relationships among themselves or with third parties that may further enhance their resources. These competitive pressures in our market or our failure to compete effectively may result in price reductions, fewer orders, reduced revenue and gross margins, and loss of market share. Any failure to meet and address these factors described in this Risk could seriously harm our business and operating results. Increasingly, companies are subject to a wide variety of attacks on their networks on an ongoing basis. In addition to traditional computer “hackers,” malicious code (such as viruses and worms), phishing attempts, employee theft or misuse, and denial of service attacks, sophisticated nation-state and nation-state supported actors- Factor section engage in intrusions and attacks (including advanced persistent threat intrusions and supply chain attacks) and add to the risks to our internal networks, cloud-deployed enterprise and customer-facing environments and the information they store and process. Incidences of cyberattacks and other cybersecurity breaches and incidents have increased and are likely to continue to increase. We and our third-party service providers face security threats and attacks from a variety of sources. Despite our efforts and processes to prevent breaches of our internal networks, systems and websites, our data, corporate systems, our systems and security measures, as well as those of our third-party service providers, are still vulnerable to computer viruses, break-ins, phishing attacks, ransomware attacks, or For example other types of attacks from outside parties..... to meet or exceed their sales objectives, we have historically received a substantial portion of sales orders and generated a substantial portion of revenue during the last few weeks of each fiscal quarter. If expected revenue at the end of any fiscal quarter is delayed for any reason, including the failure of anticipated purchase orders to materialize (particularly for large enterprise end-customers with lengthy sales cycles), our logistics partners’ inability to ship products prior to fiscal quarter-end to fulfill purchase orders received near the end of a fiscal quarter (including due to the effects of COVID-19), our failure to manage inventory to meet demand, any failure of our systems related to order review and processing, or any delays in shipments based on trade compliance requirements (including new compliance requirements imposed by new or renegotiated trade agreements), our revenue could fall below our expectations and the estimates of analysts for that quarter. Due to these fluctuations, which could adversely impact comparing our revenue, margins, our- or other business and operating results on and cause a decline period-to-period basis may not be meaningful, and our past results should not be relied on as an indication of our future performance. This variability and unpredictability could also result in our failure to meet our revenue, margin, or other operating result expectations contained in any forward-looking statements (including financial or business expectations we have provided) or those of securities analysts or investors for a particular period. If we fail to meet or exceed such expectations for these, or any other, reasons, the market price of our common stock could fall substantially, and we could face costly lawsuits, including securities class action suits. We believe there are significant seasonal factors that may cause our second and fourth fiscal quarters to record greater revenue sequentially than our first and third fiscal quarters. We believe

that this seasonality results from a number of factors, including: • end- customers with a December 31 fiscal year- end choosing to spend remaining unused portions of their discretionary budgets before their fiscal year- end, which potentially results in a positive impact on our revenue in our second fiscal quarter; • our sales compensation plans, which are typically structured around annual quotas and commission rate accelerators, which potentially results in a positive impact on our revenue in our fourth fiscal quarter; • seasonal reductions in business activity during August in the United States, Europe and certain other regions, which potentially results in a negative impact on our first fiscal quarter revenue; and • the timing of end- customer budget planning at the beginning of the calendar year, which can result in a delay in spending at the beginning of the calendar year, potentially resulting in a negative impact on our revenue in our third fiscal quarter. As we continue to grow, seasonal or cyclical variations in our operations may become more pronounced, and our business, operating results, and financial position may be adversely affected.

**RISKS RELATED TO OUR PRODUCTS AND TECHNOLOGY** Our future success depends, in part, on our ability to **expand** continue to hire, integrate, train, and retain qualified and highly skilled personnel. We are substantially dependent on the **deployment** continued service of our **portfolio with** existing engineering personnel because of the complexity of our offerings. Additionally, any failure to hire, integrate, train, and adequately incentivize our sales personnel or the inability of our recently hired sales personnel to effectively ramp to target productivity levels could negatively impact our growth and operating margins. Competition for highly skilled personnel, particularly in engineering, is often intense, especially in the San Francisco Bay Area, where we have a substantial presence and need for such personnel. Additionally, potential changes in U. S. immigration and work authorization laws and regulations, including in reaction to COVID-19, may make it difficult to renew or obtain visas for any highly skilled personnel that we have hired or are actively recruiting. In addition, the industry in which we operate generally experiences high employee attrition. Although we have entered into employment offer letters with our key personnel, these agreements have no specific duration and constitute at-will employment. We do not maintain key person life insurance policies on any of our employees. The loss of one or more of our key employees, and any failure to have in place and execute an effective succession plan for key executives, could seriously harm our business. If we are unable to hire, integrate, train, or retain the qualified and highly skilled personnel required to fulfill our current or future needs, our business, financial condition, and operating results could be harmed. Our future performance also depends on the continued services and continuing contributions of our senior management to execute on our business plan and to identify and pursue new opportunities and product innovations. The loss of services of senior management, the decrease in the effectiveness of such services due to working remotely from home, or the ineffective management of any leadership transitions, especially within our sales organization, could significantly delay or prevent the achievement of our development and strategic objectives, which could adversely affect our business, financial condition, and operating results. Further, we believe that a critical contributor to our success and our ability to retain highly skilled personnel has been our corporate culture, which we believe fosters innovation, inclusion, teamwork, passion for end- customers, focus **especially large enterprise customers, and create demand for our new offerings, The rate at which our end- customers purchase additional products, subscriptions, and support depends on a number** execution, and the facilitation of critical knowledge transfer **factors, including the perceived need for additional security products, including subscription and knowledge sharing support offerings, as well as general economic conditions**. As we **If our efforts to sell additional products and subscriptions to our end- customers are not successful, our revenues may** grow and change, we may find it difficult to maintain these important aspects of our corporate culture. While we are taking steps to develop a more **slowly** inclusive and diverse workforce, there is no guarantee that **than** we will be able to do so. Any failure to preserve our culture as we grow could limit our ability to innovate and could negatively affect our ability to retain and recruit personnel, continue to perform at current levels or execute **expected** on our **or decline** business strategy. - 21-17 - Our growth strategy is dependent, in part, upon increasing sales **Sales** of our products, services, subscriptions and offerings to new and existing medium and large enterprise end- customers. **Sales to these end- customers, which is part of our growth strategy,** involve risks that may not be present, or that are present to a lesser extent, with sales to smaller entities. These risks include: • competition from competitors, such as **(a)** Cisco and Check Point, that traditionally target larger enterprises, service providers, and government entities and that may have pre-existing relationships or purchase commitments from those end- customers; • increased purchasing power and leverage held by large end- customers in negotiating contractual arrangements with us; • more stringent requirements in our worldwide support contracts, including stricter support response times and penalties for any failure to meet support requirements; and • longer sales cycles, particularly during the current economic slowdown and in some cases over 12 months, and the associated risk that substantial time and resources may be spent on a potential end- customer that elects not to purchase our products and, subscriptions. **In addition, product purchases and support, and (b) increased purchasing power and leverage held** by large **end- customers in negotiating contractual arrangements. Deployments for large enterprises- enterprise end- customers are also more complex** frequently subject to budget constraints, multiple approvals, and unplanned administrative, processing, and other delays. Finally, large enterprises typically have longer implementation cycles, require greater product functionality and, scalability, and a broader range of services, and demand that vendors take on a larger share. **are more time- consuming** of risks, sometimes require acceptance provisions that can lead to a delay in revenue recognition, and expect greater payment flexibility from vendors. All of these factors can add further risk to business conducted with these end- customers. **Failure** If we fail to realize an expected sale **sales** from a large **enterprise** end- customer **customers could materially and adversely affect** in a particular quarter or at all, our business, operating results, and financial condition could be materially and adversely affected. Subscription and support revenue accounts for a significant portion of our revenue, comprising **77.1 % of total revenue in fiscal 2023, 75.2 % of total revenue in fiscal 2022, and 73.7 % of total revenue in fiscal 2021, and 68.8 % of total revenue in fiscal 2020.** Sales **and** of new or renewal **renewals of** subscription and support contracts may decline and fluctuate as a result of a number of factors, including end- customers' level of satisfaction with our products and subscriptions (including newly integrated, **the frequency and severity of subscription outages, our product uptime or latency, the prices of our** products and services), the prices of our products and

subscriptions, the prices of products and services offered by our competitors, and reductions in our end- customers' spending levels. Existing end- customers have no contractual obligation to, and may not, renew their subscription and support contracts after the completion of their initial contract period. Additionally, our end- customers may renew their subscription and support agreements for shorter contract lengths or on other terms that are less economically beneficial to us. If our sales of new or renewal subscription and support contracts decline, our total revenue and revenue growth rate may decline, and our business will suffer. In addition, because we recognize subscription and support revenue over the term of the relevant service period, which is typically one to five years. As a result, much of the subscription and support revenue we report each fiscal quarter is the recognition of deferred revenue from subscription and support contracts entered into during previous fiscal quarters. Consequently, a decline in new or renewed subscription or support contracts in any one fiscal quarter will not be fully or immediately reflected in revenue in that fiscal quarter but will negatively affect our revenue in future fiscal quarters. The sales prices Also, it is difficult for us to rapidly increase our products, subscription subscriptions, and support revenue through additional offerings may decline for a variety of reasons, including competitive pricing pressures, discounts, a change in our mix of products, subscription subscriptions, and support offerings, anticipation of the introduction of new products, subscriptions, or support offerings, or promotional programs or pricing pressures. Furthermore, we anticipate that the sales prices in any period, as revenue from..... against our customers, resulting in an and gross profits increased risk of a security breach of our end- customers' systems. Furthermore, as a well- known provider of security solutions, our networks, products, including cloud- based technology, and subscriptions could be targeted by attacks specifically designed to disrupt our business and harm our reputation. In addition, defects or for errors in our subscription updates or our products could decrease result in a failure of our subscriptions..... generations of products that have been added over time. As a result, when problems occur in a network, it may be difficult to identify the sources of these problems. The occurrence of any such problem in our products and subscriptions, whether real or perceived, could result in: • expenditure of significant financial and product life cycles development resources in efforts to analyze, correct, eliminate, or work- around errors or defects or to address and eliminate vulnerabilities; • loss of existing or potential end- customers or channel partners; • delayed or lost revenue; • delay or failure to attain market acceptance; • an increase in warranty claims compared with our historical experience, or an increased cost of servicing warranty claims, either of which would adversely affect our gross margins; and • litigation, regulatory inquiries, investigations, or other proceedings, each of which may be costly and harm our reputation. Declining Further, our products and subscriptions may be misused by end- customers or third parties that obtain access to our products and subscriptions. For example, our products and subscriptions could be used to censor private access to certain information on the Internet. Such use of our products and subscriptions for censorship could result in negative press coverage and negatively affect our reputation. The limitation of liability provisions in our standard terms and conditions of sale sales prices may not fully or effectively protect us..... item that should be restricted, this could adversely affect end- customers' systems and cause material system failures. Any such false identification of important files or our revenue applications could result in damage to our reputation, negative publicity gross profits, loss of channel partners, end- customers and profitability sales, increased costs to remedy any problem, and costly litigation. -23- Substantially all of our revenue is generated by sales through our channel partners, including distributors and resellers. For fiscal 2023, three distributors individually represented 10 % or more of our total revenue and in the aggregate represented 49. 7 % of our total revenue. As of July 31, 2023, two distributors individually represented 10 % or more of our gross accounts receivable and in the aggregate represented 37. 6 % of our gross accounts receivable. We provide our channel partners with specific training and programs to assist them in selling our products, including subscriptions and support offerings, but there can be no assurance that these steps will be utilized or effective. In addition, our channel partners may be unsuccessful in marketing, selling, and supporting our products and subscriptions. We may not be able to incentivize these channel partners to sell our products and subscriptions to end- customers and, in particular, to large enterprises. These channel partners may also have incentives to promote our competitors' products and may devote more resources to the marketing, sales, and support of competitive products. Our channel partners' operations may also be negatively impacted by other effects COVID- 19 is having on the global economy, such as increased credit risk of end- customers and the uncertain credit markets. Our agreements with our channel partners may generally be terminated for any reason by either party with advance notice prior to each annual renewal date. We cannot be certain that we will retain these channel partners or that we will be able to secure additional or replacement channel partners. In addition, any new channel partner requires extensive training and may take several months or more to achieve productivity. Our channel partner sales structure could subject us to lawsuits, potential liability, and reputational harm if, for example, any of our channel partners misrepresent the functionality of our products or subscriptions to end- customers or violate laws or our corporate policies. If we fail to effectively manage our sales channels or channel partners, our ability to sell our products and subscriptions and operating results will be harmed. with laws and governmental rules and regulations. Additionally, we may be subject to litigation or other claims in connection with the acquired company, including claims from terminated employees, customers, former stockholders, or other third parties, which may differ from or be more significant than the risks our business faces. If we are unsuccessful at integrating past or future acquisitions in a timely manner, or the technologies and operations associated with such acquisitions, into our company, our revenue and operating results could be adversely affected. Any integration process may require significant time and resources, which may disrupt our ongoing business and divert management' s attention, and we may not be able to manage the integration process successfully or in a timely manner. We may have difficulty retaining key personnel of the acquired business. We may not successfully evaluate or utilize the acquired technology or personnel, realize anticipated synergies from the acquisition, or accurately forecast the financial impact of an acquisition transaction and integration of such acquisition, including accounting charges and any potential impairment of goodwill and intangible assets recognized in connection with such acquisitions. In addition, Our completed or future acquisitions may not ultimately strengthen our competitive position or achieve our goals and business strategy. We may find that the acquired businesses

, any products, or technologies do not further our business strategy as we expected. Our acquisitions may be viewed negatively by our customers, financial markets, or investors and we may not ultimately strengthen our competitive position. We may have difficulty integrating the operations and personnel of the acquired business, and we may have difficulty retaining the key personnel of the acquired business. We may have difficulty integrating the acquired technologies with our existing product lines and we may have difficulty maintaining uniform standards, controls, procedures, and policies across diverse or expanding geographic locations. We may have to pay cash, incur debt, or issue equity or equity-linked securities to pay for any future acquisitions, each of which could adversely affect our financial condition or the market price of our common stock. Furthermore, the sale of equity or issuance of equity-linked debt to finance any future acquisitions could result in dilution to our stockholders. See The occurrence of any of these risks risk factors entitled “ Our failure to raise additional capital or generate the significant capital necessary to expand our operations and invest in new products and subscriptions could reduce our ability to compete and could harm our business, operating to continue continues to evolve rapidly. Moreover, many of our end- customers operate in markets characterized by rapidly changing technologies and business plans, which require them to add numerous network access points and adapt increasingly complex enterprise networks, incorporating a variety of hardware, software applications, operating systems, and networking protocols. We If we fail to effectively anticipate, identify, and respond to rapidly evolving technological and market developments in a timely manner, our business will be harmed. In order to anticipate and respond effectively to rapid technological changes and market developments, as well as evolving security threats, we must invest effectively in research and development to increase the reliability, availability, and scalability of our existing products and subscriptions and introduce new products and subscriptions. Our investments in research and development, including investments in AI, may not result in design or performance improvements, marketable products, subscriptions, or features, or may not achieve the cost savings or additional revenue that we expect. In addition, new and evolving products and services, including those that use AI, require significant investment and raise ethical, technological, legal, regulatory, and other challenges, which may negatively affect our brands and demand for our products and services. Because all of these investment areas are inherently risky, no assurance can be given that such strategies and offerings will be successful or will not harm our reputation, financial condition, and operating results. In addition, we must continually change our products and expand our business strategy in response to changes in network infrastructure requirements, including the expanding use of cloud computing. For example, organizations are moving portions of their data to be managed by third parties, primarily infrastructure, platform, and application service providers, and may rely on such providers’ internal security measures. While we have historically been successful in developing, acquiring, and marketing new products and product enhancements that respond to technological change and evolving industry standards, we may not be able to continue to do so, and there can be no assurance that our new or future offerings will be successful or will achieve widespread market acceptance. If we fail to accurately predict and address end- customers’ changing needs and emerging technological trends in the enterprise security industry, including in the areas of AI, mobility, virtualization, cloud computing, and software- defined networks (“ SDN ”), our business could be harmed. In addition, COVID- 19 and the resulting increase in customer demand for work- from- home technologies and other technologies have caused us to reprioritize our engineering and R- & D efforts and there can be no assurance that any product enhancements or new features will be successful or address our end- customer needs. The technology in our portfolio is especially complex because it needs to effectively identify and respond to new and increasingly sophisticated methods of attack, while minimizing the impact on network performance. Additionally, some of our new features and related enhancements may require us to develop new hardware architectures that involve complex, expensive, and time- consuming research and development processes. The development of our portfolio is difficult and the timetable for commercial release and availability is uncertain as there can be long time periods between releases and availability of new features. If we experience unanticipated delays in the availability of new products, features, and subscriptions, and fail to meet customer expectations for such availability, our competitive position and business prospects will be harmed. Additionally, we must commit significant resources to developing new features and new cloud security, AI/ analytics and other offerings before knowing whether our investments will result in products, subscriptions, and features the market will accept. The success of new features depends on several factors, including appropriate new product definition, differentiation of new products, subscriptions, and features from those of our competitors, and market acceptance of these products, services, and features. Moreover, successful new product introduction and transition depends on a number of factors, including our ability to manage the risks associated with new product production ramp- up issues, the availability of application software for new products, the effective management of purchase commitments and inventory, the availability of products in appropriate quantities and costs to meet anticipated demand, and the risk that new products may have quality or other defects or deficiencies, especially in the early stages of introduction. There can be no assurance that we will successfully identify opportunities for new products and subscriptions, develop and bring new products and subscriptions to market in a timely manner, or achieve market acceptance of our products and subscriptions, including our product enhancement efforts in connection with COVID- 19, or that products, subscriptions, and technologies developed by others will not render our products, subscriptions, or and technologies obsolete or noncompetitive which could prevent our patent applications from issuing as patents or invalidate our patents following issuance. Additionally, the process of obtaining patent protection is expensive and time- consuming, and we may not be able to prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. Any issued patents may be challenged, invalidated or circumvented, and any rights granted under these patents may not actually provide adequate defensive protection or competitive advantages to us. Additional uncertainty may result from changes to patent- related laws and court rulings in the United States and other jurisdictions. As a result, we may not be able to obtain adequate patent protection or effectively enforce any issued patents. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to



copy aspects of our products or subscriptions or obtain and use information that we regard as proprietary. We generally enter into confidentiality or license agreements with our employees, consultants, vendors, and end- customers, and generally limit access to and distribution of our proprietary information. However, we cannot be certain that we have entered into such agreements with all parties who may have or have had access to our confidential information or that the agreements we have entered into will not be breached. We cannot guarantee that any of the measures we have taken will prevent misappropriation of our technology. Because we may be an attractive target for computer hackers, we may have a greater risk of unauthorized access to, and misappropriation of, our proprietary information. In addition, the laws of some foreign countries do not protect our proprietary rights to as great an extent as the laws of the United States, and many foreign countries do not enforce these laws as diligently as government agencies and private parties in the United States. From time to time, we may need to take legal action to enforce our patents and other intellectual property rights, to protect our trade secrets, to determine the validity and scope of the proprietary rights of others, or to defend against claims of infringement or invalidity. Such litigation could result in substantial costs and diversion of resources and could negatively affect our business, operating results, and financial condition. Attempts to enforce our rights against third parties could also provoke these third parties to assert their own intellectual property or other rights against us or result in a holding that invalidates or narrows the scope of our rights, in whole or in part. If we are unable to protect our proprietary rights ( - 24- **Our Developing our products, and subscriptions, features, and contain software modules licensed to us by third- party authors under “ open source ” licenses. Some open source licenses contain requirements that we make available applicable source code for modifications or derivative works we related-- create enhancements create-based** upon the type of open source software we use. If we combine our proprietary software with open source software in a certain manner, we could, under certain open source licenses, be required to release the source code of our proprietary software to the public. This would allow our competitors to create similar products or subscriptions with lower development effort and time and ultimately could result in a loss of product sales for us. Although we monitor our use of open source software to avoid subjecting our products and subscriptions to conditions we do not intend, the terms of many open source licenses have not been interpreted by United States courts, and **there is expensive. Our investments a risk that these licenses could be construed in research and development may not result in significant design improvements, marketable a way that could impose unanticipated conditions or restrictions on our ability to commercialize our products, and subscriptions . From time to time , there have been claims against companies that distribute or use open source software features, or may result in their products , and subscriptions, asserting that open source software infringes the claimants’ intellectual property rights. We could be subject to suits by parties claiming infringement of intellectual property rights in what we believe to be licensed open source software. If we are held to have breached the terms of an open source software license, we could be required to seek licenses from third parties to continue offering or our features products and subscriptions on terms that are more expensive than anticipated. Additionally, we may not achieve the cost savings economically feasible, to reengineer or our the anticipated performance improvements we expect, and we may take longer to generate revenue, or generate less revenue, than we anticipate. Our future plans include significant investments in research and development and related product products and subscription subscriptions , to opportunities. We believe that we must continue discontinue to dedicate the sale of our products and subscriptions if reengineering could not be accomplished on a timely basis, significant amount of resources to our- or research and development efforts to make generally available maintain our competitive position. However, in source code we may not receive significant revenue from- form these investments in the near future , if at all, or our proprietary code these investments may not yield the expected benefits , either any of which could adversely affect our business and, operating results , and financial condition . As In addition to risks related to license requirements, usage of open source software can lead to greater risks than use of third- part party commercial software, as open source licensors generally do not provide warranties or assurance of title or controls on origin of the software. In addition, many of the risks associated with usage of open source software, such as the lack of warranties or assurances of title, cannot be eliminated, and could, if not properly addressed, negatively affect our business strategy. We have established processes to help alleviate these risks , we acquire and make investments in complementary companies including a review process for screening requests from our development organizations for the use of open source software , but we cannot be sure that our processes for controlling our use of open source software in our products and subscriptions will be effective. We incorporate technology that we license from third parties , including software, into or our products and subscriptions. We cannot be certain that our licensors are not infringing the intellectual property rights of third parties or that our licensors have sufficient rights to the licensed intellectual property in all jurisdictions in which we may sell our products and subscriptions. In addition, some licenses may be non- exclusive, and therefore our competitors may have access to the same technology licensed to us. Some of our agreements with our licensors may be terminated for convenience by them. We may also be subject to additional fees or be required to obtain new licenses if any of our licensors allege that we have not properly paid for such licenses or that we have improperly used the technologies technologies under such licenses . The identification of suitable acquisition candidates is difficult , and we such licenses may not be available able to complete such acquisitions on favorable terms , if acceptable to us or at all. If In addition, we may are unable to continue to license any of this technology because of intellectual property infringement claims brought by third parties against our licensors or against us, or claims against us by our licensors, or if we are unable to continue our license agreements or enter into new licenses on commercially reasonable terms, our ability to develop and sell products and subscriptions containing such technology would be severely limited subject to claims or liabilities assumed from an and acquired company, product, or our business technology; acquisitions we complete could be harmed. Additionally viewed negatively by our end- customers , if investors, and securities analysts; and we are unable to license may incur costs and expenses necessary technology to address an acquired company’s failure to comply with laws and governmental rules and regulations. Additionally, we may be subject to litigation or other claims in connection with the acquired company, including claims from terminated employees, customers, former stockholders,**

or other third parties, we may be forced to acquire or develop alternative technology, which we may differ from or be more significant than the risks unable to do in a commercially feasible manner our or business faces. If we are unsuccessful at integrating past all, and we may be required to use alternative technology of lower quality or performance standards. This would limit and delay or our future acquisitions in ability to offer new or competitive products and subscriptions and increase our costs of production. As a result timely manner, or our margins the technologies and operations associated with such acquisitions, market share into our company, our revenue and operating results could be adversely affected. Any integration process may require significant significantly time and resources, which may disrupt..... our ability to compete and could harm harmed our business.

**RISKS RELATED TO OPERATIONS** ” and “ The issuance of additional stock in connection with financings, acquisitions, investments, our stock incentive plans, the conversion of our Notes or exercise of the related Warrants, or otherwise will dilute all other stockholders.” The occurrence of any of these risks could harm our business, operating results, and financial condition.

**25- Risks Related to our Supply Chain**—We depend on manufacturing partners, primarily our electronics manufacturing service provider (“EMS provider,”) Flex, to manufacture our hardware product lines. Our reliance on these manufacturing partners reduces our control over the manufacturing process and exposes us to risks, including reduced control over quality assurance, product costs, product supply, timing, and transportation risk. Our hardware products are manufactured by our manufacturing partners at facilities located primarily in the United States. Some of the components in our products are sourced either through Flex or directly by us from component suppliers outside the United States. The portion of our hardware products that are sourced outside the United States may subject us to geopolitical risks, additional logistical risks (which may increase due to the global impact of COVID-19) or risks associated with complying with local rules and regulations in foreign countries.

**25-** Significant changes to existing international trade agreements could lead to sourcing or logistics disruption resulting from import delays or the imposition of increased tariffs on our sourcing partners. For example, the United States and Chinese governments have each enacted, and discussed additional, import tariffs. These tariffs, depending on their ultimate scope and how they are implemented, could negatively impact our business by increasing our costs. For example, some Some components that we import for final manufacturing in the United States have been impacted by these recent tariffs. As a result, our costs have increased and we have raised, and may be required to further raise, prices on our hardware products. Each, all of which these factors could severely impair our ability to fulfill orders. In addition, we are subject to requirements under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “Dodd-Frank Act”) to conduct due diligence, disclose, and report whether or not our products contain minerals originating from the Democratic Republic of the Congo and adjoining countries, or conflict minerals. Although the SEC has provided guidance with respect to a portion of the conflict minerals filing requirements that may somewhat reduce our reporting practices, we have incurred and expect to incur additional costs to comply with these disclosure requirements, including costs related to determining the source of any of the relevant minerals and metals used in our products. These requirements could adversely affect the sourcing, availability, and pricing of minerals used in the manufacture of semiconductor devices or other components used in our products. We may also encounter end-customers who require that all of the components of our products be certified as conflict free. If we are not able to meet this requirement, such end-customers may choose not to purchase our products. Our manufacturing partners typically fulfill our supply requirements on the basis of individual purchase orders. We do not have long-term contracts with these manufacturers that guarantee capacity, the continuation of particular pricing terms, or the extension of credit limits. Accordingly, they are not obligated to continue to fulfill our supply requirements and the prices we pay for manufacturing services could be increased on short notice. Our contract with Flex permits them to terminate the agreement for their convenience, subject to prior notice requirements. If we are required to change manufacturing partners, our ability to meet our scheduled product deliveries to our end-customers could be adversely affected, which could cause the loss of sales to existing or potential end-customers, delayed revenue or an increase in our costs which could adversely affect our gross margins. COVID-19 and the global semiconductor shortage have in certain cases caused delays and challenges in obtaining components and inventory, as well as increases to freight and shipping costs, and may result in a material adverse effect on our results of operations. Any production interruptions for any reason, such as a natural disaster, epidemic or pandemic such as COVID-19, capacity shortages, or quality problems at one of our manufacturing partners would negatively affect sales of our product lines manufactured by that manufacturing partner and adversely affect our business and operating results. Our manufacturing partners procure components and build our hardware products based on our forecasts, and we generally do not hold inventory for a prolonged period of time. These forecasts are based on estimates of future demand for our products, which are in turn based on historical trends and analyses from our sales and product management organizations, adjusted for overall market conditions. COVID-19 has made forecasting more difficult and we may experience increased challenges to our supply chain due to the unpredictability of the impacts of COVID-19. In order to reduce manufacturing lead times and plan for adequate component supply, from time to time we may issue forecasts for components and products that are non-cancelable and non-returnable. Our inventory management systems and related supply chain visibility tools may be inadequate to enable us to forecast accurately and effectively manage supply of our hardware products and product components. If we ultimately determine that we have excess supply, we may have to reduce our prices and write-down inventory, which in turn could result in lower gross margins. If our actual component usage and product demand are lower than the forecast we provide to our manufacturing partners, we accrue for losses on manufacturing commitments in excess of forecasted demand. Alternatively, insufficient supply levels, including due to the recent global shortage of semiconductors, may lead to shortages that result in delayed hardware product revenue or loss of sales opportunities altogether as potential end-customers turn to competitors’ products that are readily available. If we are unable to effectively manage our supply and inventory, our operating results could be adversely affected.

**26—**Our hardware products rely on key components, including integrated circuit components, which our manufacturing partners purchase on our behalf from a limited number of component suppliers, including sole source providers. The manufacturing operations of some of our component suppliers are geographically concentrated in Asia and elsewhere,

which makes our supply chain vulnerable to regional disruptions, such as natural disasters, fire, political instability, civil unrest, a power outage, or health risks. In addition, such as epidemics we continue to experience supply chain disruption and pandemics like COVID-19, and as a result have incurred increased costs resulting from inflationary pressures. We impaired, and could impair in the future, the volume of components that we are able to obtain. Lead times for components have also been adversely impacted by factors outside of our control, including COVID-19 and the recent global shortage of semiconductors. For example, we have experienced, and could continue to experience, increased difficulties in obtaining a sufficient amount of materials in the semiconductor market U. S. and China, which could reduce our flexibility to react to product mix changes and unforecasted orders. In addition, we have experienced increased costs because of these shortages. Further, we do not have volume purchase contracts with any of our component suppliers, and they could cease selling to us at any time. If we are unable to obtain a sufficient quantity of these components in a timely manner for any reason, sales of our hardware products could be delayed or halted, or we could be forced to expedite shipment of such components or our hardware products at dramatically increased costs. Our component suppliers also change their selling prices frequently in response to market trends, including industry-wide increases in demand. Because we do not have, for the most part, volume purchase contracts with our component suppliers, we are susceptible to price fluctuations related to raw materials and components and may not be able to adjust our prices accordingly. Additionally, poor quality in any of the sole-sourced components in our products could result in lost sales or sales opportunities. If we are unable to obtain a sufficient volume of the necessary components for our hardware products on commercially reasonable terms or the quality of the components do not meet our requirements, we could also be forced to redesign our products and qualify new components from alternate component suppliers. The resulting stoppage or delay in selling our hardware products and the expense of redesigning our hardware products would result in lost sales opportunities and damage to customer relationships, which would adversely affect our business and operating results.

**Risks Related to Sales of our Products - 26- Our future success depends on our ability to continue to attract, retain, and support highly skilled personnel, subscriptions particularly in engineering, including in the areas of AI and machine learning, is often intense, especially in the San Francisco Bay Area, where we have a substantial presence and need for such personnel. In addition, the industry in which we operate generally experiences high employee attrition. Our future performance depends on the continuing services and contributions of our senior management to execute on our business plan and to identify and pursue new opportunities and product innovations. If we are unable to hire, integrate, train, or retain the qualified and highly skilled personnel required to fulfill our current or future needs, our business, financial condition, and operating results could be harmed. Further, we believe that a critical contributor to our success and support offerings, or our promotional programs or pricing pressures ability to retain highly skilled personnel as has been our corporate culture, a result of the economic downturn resulting from COVID-19. Competition continues to increase in the market segments in which we participate believe fosters innovation, inclusion and we expect competition to further increase in the future, teamwork, passion thereby leading to increased pricing pressures. Larger competitors with more diverse product and service offerings may reduce the price of products or for subscriptions that compete with ours or may bundle them with other products and subscriptions. Additionally, although we price our products, subscriptions and support offerings worldwide in U. S. dollars, currency fluctuations in certain countries and regions may negatively impact actual prices that channel partners and end-customers, focus on execution, and the facilitation of critical knowledge transfer and knowledge sharing. As we grow and change, we may find it difficult to maintain these important aspects of our corporate culture. While we are willing taking steps to pay in those countries develop a more inclusive and diverse workforce regions. Furthermore, we anticipate that the there is no sales prices and gross profits for our products could decrease over product life cycles. We cannot guarantee that we will be able to do so. Any failure to preserve our culture as we grow could limit our ability to innovate and could negatively affect our ability to retain and recruit personnel, continue to perform at current levels or execute on our business strategy. Our ability to grow our business and our future success in developing will depend to a significant extent on our ability to expand our operations and introducing new offerings customer base worldwide. Many of our customers, resellers, partners, suppliers, and manufacturers operate around the world. Operating in a global marketplace, we are subject to risks associated with having enhanced functionality on a timely basis, or that our products, subscriptions and support offerings, if introduced, will enable us to maintain our prices and gross profits at levels that will allow us to achieve and maintain profitability. We have a limited history of marketing, selling, and supporting our products, subscriptions and support offerings internationally international reach and compliance and regulatory requirements. We may experience difficulties in attracting recruiting, training, managing, and retaining an international staff, and we specifically staff related to sales management and sales personnel. We also may not be able to recruit and maintain successful strategic distributor relationships internationally or recruit additional companies to enter into strategic distributor relationships. Business practices in the international markets that we serve may differ from those in the United States and may require us in the future to include terms other than our standard terms related to payment, warranties, or performance obligations in end-customer contracts. Additionally, our international sales and operations are subject to a number of risks, including the following:**

- political, economic, and social uncertainty around the world, health risks such as epidemics and pandemics like COVID-19, macroeconomic challenges in Europe, terrorist activities, Russia's invasion of Ukraine, tensions between China and Taiwan, and continued hostilities in the Middle East;
- greater difficulty unexpected changes in enforcing contracts and accounts

receivable collection and longer collection periods; • the uncertainty of protection for **or the application of, foreign and domestic laws and regulations (including intellectual property rights protections)**, in some countries; **27** • greater risk of unexpected changes in foreign and domestic regulatory practices, **trade restrictions, and foreign legal requirements, including those applicable to the importation, certification, and localization of our products**, tariffs, and tax laws and treaties, including regulatory and trade policy changes adopted by the current administration, such as the **recently imposed Sanctions on Russia**, or foreign countries in response to regulatory changes adopted by the current administration; **and** • risks associated **non-compliance** with trade restrictions and foreign legal requirements, including the importation, certification, and localization of our products required in foreign countries; • greater risk of a failure of foreign employees, channel partners, distributors, and resellers to comply with both U. S. and foreign laws, including antitrust regulations, **anti-corruption laws, such as** the U. S. Foreign Corrupt Practices Act, **and** the U. K. Bribery Act, U. S. or foreign sanctions regimes and export or import control laws, and any trade regulations ensuring fair trade practices, **which non-compliance could include increased costs**; • heightened risk of unfair or corrupt business practices in certain geographies and of improper or fraudulent sales arrangements; • increased expenses incurred in establishing and maintaining office space and equipment for our international operations; • management communication and integration problems resulting from cultural and geographic dispersion; and • fluctuations in exchange rates between the U. S. dollar and foreign currencies in markets where we do business and related impact on sales cycles. These and other factors could harm our future international revenues and, consequently, materially impact our business, operating results, and financial condition. The expansion of our existing international operations and entry into additional international markets will require significant management attention and financial resources. Our failure to successfully manage our international operations and the associated risks effectively could limit the future growth of our business. Further, we are subject to risks associated with changes in economic and political conditions in countries in which we operate or sell our products and subscriptions. For instance, Brexit creates an uncertain political and economic environment in the United Kingdom (“U. K.”) and across European Union (“E. U.”) member states for the foreseeable future. On January 31, 2020 the U. K. left the E. U. and the EU/UK Trade and Cooperation Agreement came into force on January 1, 2021. Our financial condition and operating results may be impacted by such uncertainty with potential disruptions to our relationships with existing and future customers, suppliers and employees all possibly having a material adverse impact on our business, prospects, financial condition and / or operating results. Our sales contracts are primarily denominated in U. S. dollars, and therefore, substantially all of our revenue is not subject to foreign currency risk. **;** However **however**, in there **the event of a** has been, and may continue to be, significant volatility in global stock markets and foreign currency exchange rates that result in the strengthening of the U. S. dollar against foreign currencies in which we conduct business, **;** **The strengthening of the U. S. dollar increases the real cost of our products to our end- customers outside of the United States would increase** and may lead to delays in the purchase of our products, **which** subscriptions, and support, and the lengthening of our sales cycle. If the U. S. dollar continues to strengthen, this could adversely affect our financial condition and operating results. In addition, increased international sales in the future, including through our channel partners and other partnerships, may result in greater foreign currency denominated sales, increasing our foreign currency risk. **-27-** Our operating expenses incurred outside the United States and denominated in foreign currencies are **generally** increasing and are subject to fluctuations due to changes in foreign currency exchange rates. If we are not able to successfully hedge against the risks associated with foreign currency fluctuations, our financial condition and operating results could be adversely affected. We have entered into forward contracts in an effort to reduce our foreign currency exchange exposure related to our foreign currency denominated expenditures. As of July 31, **2022 2023**, the total notional amount of our outstanding foreign currency forward contracts was \$ **856 957. 95** million. For more information on our hedging transactions, refer to Note 6. Derivative Instruments in Part II, Item 8 of this Annual Report on Form 10- K. The effectiveness of our existing hedging transactions and the availability and effectiveness of any hedging transactions we may decide to enter into in the future may be limited, **;** and we may not be able to successfully hedge our exposure, which could adversely affect our financial condition and operating results. **-28-** Most of our sales are made on an open credit basis. Beyond our open credit arrangements, we have also experienced demands for customer financing due to COVID-19 and our competitors’ offerings. The majority of these demands are currently facilitated by leasing and other financing arrangements provided by our distributors and resellers. To respond to this demand, our customer financing activities may increase in the future. We also provide financings to certain end- customers. We monitor customer payment capability in granting such financing arrangements, seek to limit such open credit to amounts we believe the end- customers can pay and maintain reserves we believe are adequate to cover exposure for doubtful accounts to mitigate credit risks of these end- customers. However, there can be no assurance that these programs will be effective in reducing our credit risks. We believe customer financing is a competitive factor in obtaining business. The loan financing arrangements provided by our distributors and resellers may include not only financing the acquisition of our products and services but also providing additional funds for other costs associated with network installation and integration of our products and services. Our exposure to the credit risks relating to the financing activities described above may increase if our customers are adversely affected by a global economic downturn or periods of economic uncertainty. Although we have programs in place with our distributors and resellers that are designed to monitor and mitigate these risks, we cannot guarantee these programs will be effective in reducing the credit risks, especially as we expand our business internationally. If we are unable to adequately control these risks, our business, operating results, and financial condition could be harmed. In the past, we have experienced non- material losses due to bankruptcies among customers. If these losses increase due to COVID-19 or global economic conditions, they could harm our business and financial condition. A material portion of our sales is derived through our distributors. For fiscal 2022, three distributors individually represented 10 % or more of our total revenue, and in the aggregate represented 53. 6 % of our total revenue. As of July 31, 2022, three distributors individually represented 10 % or more of our gross accounts receivable, and in the aggregate represented 47. 7 % of our gross accounts receivable. Additionally, to the degree that turmoil in the credit markets makes it

more difficult for some customers to obtain financing, those 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. Sales to government entities are subject to a number of risks. Selling to government entities can be highly competitive, expensive, and time-consuming, often requiring significant upfront time and expense without any assurance that these efforts will generate a sale. The substantial majority of our sales to date to government entities have been made indirectly through our channel partners. Government certification requirements for products and subscriptions like ours may change, thereby restricting our ability to sell into the federal government sector until we have attained the revised certification. If our products and subscriptions are late in achieving or fail to achieve compliance with these certifications and standards, or our competitors achieve compliance with these certifications and standards, we may be disqualified from selling our products, subscriptions and support offerings to such governmental entity, or be at a competitive disadvantage, which would harm our business, operating results, and financial condition. Government demand and payment for our products, subscriptions and support offerings may be impacted by government shutdowns, public sector budgetary cycles, contracting requirements, and funding authorizations, with funding reductions or delays adversely affecting public sector demand for our products, subscriptions and support offerings. Government entities may have statutory, contractual, or other legal rights to terminate contracts with our distributors and resellers for convenience or due to a default, and any such termination may adversely impact our future operating results. Governments routinely investigate and audit government contractors' administrative processes, and any unfavorable audit could result in the government refusing to continue buying our products, subscriptions and support offerings, a reduction of revenue, or fines or civil or criminal liability if the audit uncovers improper or illegal activities, which could adversely impact our operating results in a material way. Additionally, the U. S. government may require certain of the products that it purchases to be manufactured in the United States and other relatively high cost manufacturing locations, and we may not manufacture all products in locations that meet such requirements, affecting our ability to sell these products, subscriptions and support offerings to the U. S. government.

29 After our products and subscriptions are deployed within our end customers' networks, our end customers depend on our technical support services, as well as the support of our channel partners, to resolve any issues relating to our products. Our channel partners often provide similar technical support for third parties' products and may therefore have fewer resources to dedicate to the support of our products and subscriptions. If we or our channel partners do not effectively assist our end customers in deploying our products and subscriptions, succeed in helping our end customers quickly resolve post-deployment issues, or provide effective ongoing support, our ability to sell additional products and subscriptions to existing end customers would be adversely affected and our reputation with potential end customers could be damaged. While we have been able to meet increased demand for support services in fiscal 2022, failure to do so in the future could have a material adverse effect on our business. Many larger enterprise, service provider, and government entity end customers have more complex networks and require higher levels of support than smaller end customers. If we or our channel partners fail to meet the requirements of these larger end customers, it may be more difficult to execute our strategy to increase our coverage with larger end customers. Additionally, if our channel partners do not effectively provide support to the satisfaction of our end customers, we may be required to provide direct support to such end customers, which would require us to hire additional personnel and to invest in additional resources. It can take several months to recruit, hire, and train qualified technical support employees. We may not be able to hire such resources fast enough to keep up with unexpected demand, particularly if the sales of our products exceed our internal forecasts. As a result, our ability, and the ability of our channel partners to provide adequate and..... our proprietary rights. We have filed various applications for certain aspects of our intellectual property. Valid patents may not issue from our pending applications, and the claims eventually allowed on any patents may not be sufficiently broad to protect our technology or our acquisitions products and subscriptions. We cannot be certain that we were the first to make the inventions claimed in our pending patent applications or that we were the first to file for patent protection, which could prevent our patent applications from..... unable to protect our proprietary rights (including Cider aspects of our software and products protected other than by patent rights), we may find ourselves at a competitive..... of various of our acquisitions, including Cyber Secdo Ltd. ("Secdo"), PureSec Ltd. ("PureSec"), and Twistlock Ltd. ("Twistlock"), we have offices and employees located in Israel. Accordingly, political, economic, and military conditions in Israel directly affect our operations, including the recent political unrest in Israel. The future of peace efforts between Israel and its Arab neighbors remains uncertain. The effects of hostilities and violence on the Israeli economy and our operations in Israel are unclear, and we cannot predict the effect on us of further increases in these hostilities or future armed conflict, political instability, or violence in the region. Current or future tensions and conflicts in the Middle East could adversely affect our business, operating results, financial condition, and cash flows. In addition, many of our employees in Israel are obligated to perform annual reserve duty in the Israeli military and are subject to being called for active duty under emergency circumstances. We cannot predict the full impact of these conditions on us in the future, particularly if emergency circumstances or an escalation in the political situation occurs. If many of our employees in Israel are called for active duty for a significant period of time, our operations and our business could be disrupted and may not be able to function at full capacity. Any disruption in our operations in Israel could adversely affect our business.

33 We are subject to governmental export and import controls that could subject us to liability or impair our ability to compete in international markets. Because we incorporate encryption technology into our products, certain of our products are subject to U. S. export controls and may be exported outside the United States only with the required export license or through an export license exception. If we were to fail to comply with U. S. export licensing requirements, U. S. customs regulations, U. S. economic sanctions, or other laws, we could be subject to substantial civil and criminal penalties, including fines, incarceration for responsible employees and managers, and the possible loss of export or import privileges. Obtaining the necessary export license for a particular sale may be time-consuming and may result in the delay or loss of sales opportunities. Furthermore, U. S. export control laws and economic sanctions prohibit the shipment of certain products to U. S. embargoed or sanctioned countries, governments, and persons. Even though we take precautions to ensure that our channel partners comply

with all relevant regulations, any failure by our channel partners to comply with such regulations could have negative consequences for us, including reputational harm, government investigations, and penalties. In addition, various countries regulate the import of certain encryption technology, including through import permit and license requirements, and have enacted laws that could limit our ability to distribute our products or could limit our end- customers' ability to implement our products in those countries. Changes in our products or changes in export and import regulations may create delays in the introduction of our products into international markets, prevent our end- customers with international operations from deploying our products globally or, in some cases, prevent or delay the export or import of our products to certain countries, governments, or persons altogether. Any change in export or import regulations, economic sanctions, such as the Sanctions on Russia, or related legislation, shift in the enforcement or scope of existing regulations, or change in the countries, governments, persons, or technologies targeted by such regulations, could result in decreased use of our products by, or in our decreased ability to export or sell our products to, existing or potential end- customers with international operations. Any decreased use of our products or limitation on our ability to export to or sell our products in international markets would likely adversely affect our business, financial condition, and operating results.

**- 28- RISKS RELATED TO PRIVACY AND DATA PROTECTION A wide variety of laws and regulations apply to the collection, use, retention, protection, disclosure, transfer, and other processing of personal data in jurisdictions where we and our customers operate. Compliance with these laws and regulations is difficult and costly. These laws and regulations are also subject to frequent and unexpected changes, new or additional laws or regulations may be adopted, and rulings that invalidate prior laws or regulations may be issued. For example, we are subject to the E. U. General Data Protection Regulation (" E. U. GDPR ") and the U. K. General Data Protection Regulation (" U. K. GDPR, " and collectively the " GDPR "), both of which impose stringent data protection requirements, provide for costly penalties for noncompliance (up to the greater of (a) € 20 million under the " E. U. GDPR " or £ 17. 5 million under the " U. K. GDPR, " and (b) 4 % of annual worldwide turnover), and confer the right upon data subjects and consumer associations to lodge complaints with supervisory authorities, seek judicial remedies, and obtain compensation for damages resulting from violations. The GDPR requires, among other things, that personal data be transferred outside of the E. U. (or, in the case of the U. K. GDPR, the U. K.) to the United States and other jurisdictions only where adequate safeguards are implemented or a derogation applies. In practice, we rely on standard contractual clauses approved under the GDPR to carry out such transfers and to receive personal data subject to the GDPR (directly or indirectly) in the United States. In the future, we may self- certify to the EU- U. S. Data Privacy Framework (" EU- U. S. DPF "), which has been approved for transfers of personal data subject to the GDPR to the United States and requires public disclosures of adherence to data protection principles and the submission of jurisdiction to European regulatory authorities. Following the " Schrems II " decision by the Court of Justice of the European Union, transfers of personal data to recipients in third countries are also subject to additional assessments and safeguards beyond the implementation of approved transfer mechanisms. The decision imposed a requirement for companies to carry out an assessment of the laws and practices governing access to personal data in the third country to ensure an essentially equivalent level of data protection to that afforded in the E. U. Among other effects, we may experience additional costs associated with increased compliance burdens, reduced demand for our offerings from current or prospective customers in the European Economic Area (" EEA "), Switzerland, and the U. K. (collectively, " Europe ") to use our products, on account of the risks identified in the Schrems II decision, and we may find it necessary or desirable to make further changes to our processing of personal data of European residents. The regulatory environment applicable to the handling of European residents' personal data, and our actions taken in response, may cause us to assume additional liabilities or incur additional costs, including in the event we self- certify to the EU- U. S. DPF. Moreover, much like with Schrems II, we anticipate future legal challenges to the approved data transfer mechanisms between Europe and the United States, including a challenge to the EU- U. S. DPF. Such legal challenges could result in additional legal and regulatory risk, compliance costs, and in our business, operating results, and financial condition being harmed. Additionally, we and our customers may face risk of enforcement actions by data protection authorities in Europe relating to personal data transfers to us and by us from Europe. Any such enforcement actions could result in substantial costs and diversion of resources, and distract management and technical personnel. These potential liabilities and enforcement actions could also have an overall negative affect on our business, operating results, and financial condition. We are also subject to the California Consumer Privacy Act, as amended by the California Privacy Rights Act (collectively, the " CCPA "). The CCPA requires, among other things, covered companies to provide enhanced disclosures to California consumers and to afford such consumers certain rights regarding their personal data, including the right to opt out of data sales for targeted advertising, and creates a private right of action to individuals affected by a data breach, if the breach was caused by a lack of reasonable security. The effects of the CCPA have been significant, requiring us to modify our data processing practices and policies and to incur substantial costs and expenses for compliance. Moreover, additional state privacy laws have been passed and will require potentially substantial efforts to obtain compliance. These include laws enacted in at least ten states, which all go into effect by January 1, 2026. We may also from time to time be subject to obligations relating to personal data by contract, or face assertions that we are subject to self- regulatory obligations or industry standards. Additionally, the Federal Trade Commission and many state attorneys general are more regularly bringing enforcement actions in connection with federal and state consumer protection laws for false or deceptive acts or practices in relation to the online collection, use, dissemination, and security of personal data. Internationally, data localization laws may mandate that personal data collected in a foreign country be processed and stored within that country. New legislation affecting the scope of personal data and personal information where we or our customers and partners have operations, especially relating to classification of Internet Protocol (" IP ") addresses, machine identification, AI, location data, and other information,**

may limit or inhibit our ability to operate or expand our business, including limiting strategic partnerships that may involve the sharing or uses of data, and may require significant expenditures and efforts in order to comply. Notably, public perception of potential privacy, data protection, or information security concerns — whether or not valid — may harm our reputation and inhibit adoption of our products and subscriptions by current and future end- customers. Each of these laws and regulations, and any changes to these laws and regulations, or new laws and regulations, could impose significant limitations, or require changes to our business model or practices or growth strategy, which may increase our compliance expenses and make our business more costly or less efficient to conduct.

**29- Tax, Accounting, Compliance, and Regulatory Risks** We have a corporate structure aligned with the international nature of our business activities, and if we do not achieve increased tax benefits as a result of our corporate structure, our financial condition and operating results could be adversely affected. We have reorganized our corporate structure and intercompany relationships to more closely align with the international nature of our business activities. This corporate structure may allow us to reduce our overall effective tax rate through changes in how we use our intellectual property, international procurement, and sales operations. This corporate structure may also allow us to obtain financial and operational efficiencies. These efforts require us to incur expenses in the near term for which we may not realize related benefits. If the structure is not accepted by the applicable tax authorities, if there are any changes in, or interpretations of, domestic and international tax laws that negatively impact the structure, or if we do not operate our business consistent with the structure and applicable tax provisions, we may fail to achieve the reduction in our overall effective tax rate and the other financial and operational efficiencies that we anticipate as a result of the structure and our future financial condition and operating results may be negatively impacted. In addition, we continue to evaluate our corporate structure in light of current and pending tax legislation, and any changes to our corporate structure may require us to incur additional expenses and may impact our overall effective tax rate. We may have exposure to greater than anticipated tax liabilities. Our income tax obligations are based in part on our corporate structure and intercompany arrangements, including the manner in which we develop, value, and use our intellectual property and the valuations of our intercompany transactions. The tax laws applicable to our business, including the laws of the United States and various other jurisdictions, are subject to interpretation and certain jurisdictions may aggressively interpret their laws, regulations, and policies, including in an effort to raise additional tax revenue. The tax authorities of the jurisdictions in which we operate may challenge our methodologies for valuing developed or acquired technology or determining the proper charges for intercompany arrangements, which could increase our worldwide effective tax rate and harm our financial position and operating results. Some tax authorities of jurisdictions other than the United States may seek to assert extraterritorial taxing rights on our transactions or operations.

It is possible that domestic or international tax authorities may subject us to tax examinations, or audits, and such tax authorities may disagree with certain positions we have taken, and any adverse outcome of such an examination, review or audit could result in additional tax liabilities and penalties and otherwise have a negative effect on our financial position and operating results. Further, the determination of our worldwide provision for or benefit from income taxes and other tax liabilities requires significant judgment by management, and there are transactions where the ultimate tax determination is uncertain. Although we believe that our estimates are reasonable, the ultimate tax outcome may differ from the amounts recorded on our consolidated financial statements and may materially affect our financial results in the period or periods for which such determination is made. In addition, our future income tax obligations could be adversely affected by changes in, or interpretations of, tax laws, regulations, policies, or decisions in the United States or in the other jurisdictions in which we operate.

**34- If our estimates or judgments relating to our critical accounting policies are based on assumptions that change or prove to be incorrect, our operating results could fall below our publicly announced guidance or the expectations of securities analysts and investors, resulting in a decline in the market price of our common stock.** The preparation of consolidated financial statements in conformity with U. S. GAAP requires management to make estimates and assumptions that affect the amounts reported on our consolidated financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets, liabilities, equity, revenue, and expenses that are not readily apparent from other sources. For more information, refer to the section entitled “ Critical Accounting Estimates ” in “ Management ’ s Discussion and Analysis of Financial Condition and Results of Operations ” in Part II, Item 7 of this Annual Report on Form 10-K. In general, if our estimates, judgments, or assumptions relating to our critical accounting policies change or if actual circumstances differ from our estimates, judgments, or assumptions, including uncertainty in the current economic environment due to COVID-19, our operating results may be adversely affected and could fall below our publicly announced guidance or the expectations of securities analysts and investors, resulting in a decline in the market price of our common stock.

If Our reputation and /or business could be negatively impacted by ESG matters and /or our reporting of such matters. There is an increasing focus from regulators, certain investors, and other stakeholders concerning environmental, social, and governance (“ ESG ”) matters, both in the United States and internationally. We communicate certain ESG- related initiatives, goals, and /or commitments regarding environmental matters, diversity, responsible sourcing and social investments, and other matters in our annual ESG Report, on our website, in our filings with the SEC, and elsewhere. These initiatives, goals, or commitments could be difficult to achieve and costly to implement. We could fail to achieve, or be perceived to fail to achieve, our ESG- related initiatives, goals, or commitments. In addition, we are unable could be criticized for the timing, scope or nature of these initiatives, goals, or commitments, or for any revisions to assert them. To the extent that our internal required and voluntary disclosures about ESG matters increase, we could be criticized for the accuracy, adequacy, or completeness of such disclosures. Our actual or perceived failure to achieve our ESG- related initiatives, goals, or commitments could negatively impact our reputation, result in ESG- focused investors not purchasing and holding our stock, or otherwise materially harm our business. Failure to comply with governmental laws and regulations could harm our business. Our business is subject to regulation by various federal, state, local, and foreign governmental agencies, including agencies responsible for monitoring and enforcing

employment and labor laws, workplace safety, product safety, environmental laws, consumer protection laws, privacy, data security, and data protection laws, anti-bribery laws (including the U. S. Foreign Corrupt Practices Act and the U. K. Anti-Bribery Act), import / export controls, federal securities laws, and tax laws and regulations. In certain jurisdictions, these regulatory requirements may be more stringent than those in the United States. Noncompliance with applicable regulations or requirements could subject us to investigations, sanctions, mandatory product recalls, enforcement actions, disgorgement of profits, fines, damages, civil and criminal penalties, or injunctions. If any governmental sanctions are imposed, or if we do not prevail in any possible civil or criminal litigation resulting from any alleged noncompliance, our business, operating results, and financial condition could be materially adversely affected. In addition, responding to any action will likely result in a significant diversion of management's attention and resources and an increase in professional fees. Enforcement actions, litigation, and sanctions could harm our business, operating results, and financial condition. If we fail to comply with environmental requirements, our business, financial condition, operating results, and reputation could be adversely affected. We are subject to various environmental laws and regulations including laws governing the hazardous material content of our products and laws relating to the collection of and recycling of electrical and electronic equipment. Examples of these laws and regulations include the E. U. Restriction on the Use of Certain Hazardous Substances in Electrical and Electronic Equipment Directive ("RoHS") and the E. U. Waste Electrical and Electronic Equipment Directive ("WEEE Directive"), as well as the implementing legislation of the E. U. member states. Similar laws and regulations have been passed or are pending in China, South Korea, Norway, and Japan and may be enacted in other regions, including in the United States, and we are, or may in the future be, subject to these laws and regulations. The E. U. RoHS and the similar laws of other jurisdictions limit the content of certain hazardous materials such as lead, mercury, and cadmium in the manufacture of electrical equipment, including our products. Our current products comply with the E. U. RoHS requirements. However, if there are changes to this or other laws (or their interpretation) or if new similar laws are passed in other jurisdictions, we may be required to reengineer our products to use components compatible with these regulations. This reengineering and component substitution could result in additional costs to us or disrupt our operations or logistics. The WEEE Directive requires electronic goods producers to be responsible for the collection, recycling, and treatment of such products. Changes in interpretation of the directive may cause us to incur costs or have additional regulatory requirements to meet in the future in order to comply with this directive, or with any similar laws adopted in other jurisdictions.

35 We are also subject to environmental laws and regulations governing the management of hazardous materials, which we use in small quantities in our engineering labs. Our failure to comply with past, present, and future similar laws could result in reduced sales of our products, substantial product inventory write-offs, reputational damage, penalties, and other sanctions, any of which could harm our business and financial condition. We also expect that our products will be affected by new environmental laws and regulations on an ongoing basis. To date, our expenditures for environmental compliance have not had a material impact on our operating results or cash flows, and although we cannot predict the future impact of such laws or regulations, they will likely result in additional costs and may increase penalties associated with violations or require us to change the content of our products or how they are manufactured, which could have a material adverse effect on our business, operating results, and financial condition.

**Risks Related to Our Notes** We may not have the ability to raise the funds necessary to settle conversions of our Notes, repurchase our Notes upon a fundamental change, or repay our Notes in cash at their maturity, and our future debt may contain limitations on our ability to pay cash upon conversion or repurchase of our Notes. In July 2018 we issued our 2023 Notes (the "2023 Notes") and in June 2020 we issued our 2025 Notes (the "2025 Notes," together with the "2023 Notes," the "Notes"). We will need to make cash payments (1) if holders of our Notes require us to repurchase all or a portion of their Notes upon the occurrence of a fundamental change (e. g., a change of control of Palo Alto Networks, Inc.) before the maturity date, (2) upon conversion of our Notes, or (3) to repay our Notes in cash at their maturity, unless earlier converted or repurchased. Effective **effective** August 1, 2022 through October 31, 2022, all of the 2023 Notes and 2025 Notes are convertible. If all of the Noteholders decided to convert their Notes, we would be obligated to pay the \$ 3. 7 billion principal amount of the Notes in cash. Under the terms of the Notes, we also have the option to settle the amount of our conversion obligation in excess of the aggregate principal amount of the Notes in cash or **our independent** shares of our common stock. If our cash provided by operating activities, together with our existing cash, cash equivalents and investments, and existing sources of financing, are inadequate to satisfy these obligations, we will need to obtain third-party financing, which may not be available to us on commercially reasonable terms or at all, to meet these payment obligations. In addition, our ability to repurchase or to pay cash upon conversion of our Notes may be limited by law, regulatory authority or agreements governing our future indebtedness. Our failure to repurchase our Notes at a time when the repurchase is required by the applicable indenture governing such Notes or to pay cash upon conversion of such Notes as required by the applicable indenture would constitute a default under the indenture. A default under the applicable indenture or the fundamental change itself could also lead to a default under agreements governing our future indebtedness. If the payment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and repurchase our Notes or to pay cash upon conversion of our Notes. We may still incur substantially more debt or take other actions that would diminish our ability to make payments on our Notes when due. We and our subsidiaries may be able to incur substantial additional debt in the future, subject to the restrictions contained in our debt instruments, some of which may be secured debt. We are not restricted under the terms of the indenture governing our Notes from incurring additional debt, securing existing or future debt, recapitalizing our debt or taking a number of other actions that are not limited by the terms of such indenture governing our Notes that could have the effect of diminishing our ability to make payments on our Notes when due. While the terms of any future indebtedness we may incur could restrict our ability to incur additional indebtedness, any such restrictions will indirectly benefit holders of our Notes only to the extent any such indebtedness or credit facility is not repaid or does not mature while our Notes are outstanding.

**Risks Related to Our Common Stock** Our actual operating results may differ significantly from our guidance. From time to time, we have released, and may continue to release, guidance in our



quarterly earnings releases, quarterly earnings conference calls, or otherwise, regarding our future performance that represents our management's estimates as of the date of release. This guidance, which includes forward-looking statements, has been and will be based on projections prepared by our management. These projections are not prepared with a view toward compliance with published guidelines of the American Institute of Certified Public Accountants, and neither our registered public accountants **accounting** nor any other independent expert or outside party compiles or examines the projections. Accordingly, no such person expresses any opinion or any other form **firm** of assurance with respect to the projections. 36 Projections are based upon a number of assumptions and estimates that, while presented with numerical specificity, are inherently subject to significant business, economic, and competitive uncertainties and contingencies, many of which are beyond our control, such as COVID-19, and are based upon specific assumptions with respect to future business decisions, some of which will change. The rapidly evolving market in which we operate may make it difficult to evaluate our current business and our future prospects, including our ability to plan for and model future growth. We intend to state possible outcomes as high and low ranges which are intended to provide a sensitivity analysis as variables are changed. However, actual results will vary from our guidance and the variations may be material. The principal reason that we release guidance is to provide a basis for our management to discuss our business outlook as of the date of release with analysts and investors. We do not accept any responsibility for any projections or reports published by any such persons. Investors are urged not to rely upon our guidance in making an investment decision regarding our common stock. Any failure to successfully implement our operating strategy or the occurrence of any of the events or circumstances set forth in this "Risk Factors" section in this Annual Report on Form 10-K could result in our actual operating results being different from our guidance, and the differences may be adverse and material. The market price of our common stock historically has been volatile and the value of your investment could decline. The market price of our common stock has been volatile since our initial public offering ("IPO") in July 2012. The reported high and low sales prices of our common stock during the last 12 months have ranged from \$367.21 to \$640.90 per share, as measured through August 22, 2022. The market price of our common stock may fluctuate widely in response to various factors, some of which are beyond our control. These factors include: • announcements of new products, subscriptions or technologies, commercial relationships, strategic partnerships, acquisitions, or other events by us or our competitors; • price and volume fluctuations in the overall stock market from time to time; • news announcements that affect investor perception of our industry, including reports related to the discovery of significant cyberattacks; • significant volatility in the market price and trading volume of technology companies in general and of companies in our industry; • fluctuations in the trading volume of our shares or the size of our public float; • actual or anticipated changes in our operating results or fluctuations in our operating results; • whether our operating results meet the expectations of securities analysts or investors; • actual or anticipated changes in the expectations of securities analysts or investors, whether as a result of our forward-looking statements, our failure to meet such expectations or otherwise; • inaccurate or unfavorable research reports about our business and industry published by securities analysts or reduced coverage of our company by securities analysts; • litigation involving us, our industry, or both; • actions instituted by activist shareholders or others; • regulatory developments in the United States, foreign countries or both; • major catastrophic events, such as COVID-19; • sales or repurchases of large blocks of our common stock or substantial future sales by our directors, executive officers, employees and significant stockholders; • sales of our common stock by investors who view our Notes as a more attractive means of equity participation in us; • hedging or arbitrage trading activity involving our common stock as a result of the existence of our Notes; • departures of key personnel; or • economic uncertainty around the world. The market price of our common stock could decline for reasons unrelated to our business, operating results, or financial condition and as a result of events that do not directly affect us. In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been brought against that company. Securities litigation could result in substantial costs and divert our management's attention and resources from our business. This could have a material adverse effect on our business, operating results, and financial condition. 37 The convertible note hedge and warrant transactions may affect the value of our common stock. In connection with the sale of our 2023 Notes and 2025 Notes, we entered into convertible note hedge transactions (the "Note Hedges") with certain counterparties. In connection with each such sale of the Notes, we also entered into warrant transactions with the counterparties pursuant to which we sold warrants (the "Warrants") for the purchase of our common stock. The Note Hedges for our 2023 Notes and 2025 Notes are expected generally to reduce the potential dilution to our common stock upon any conversion of our Notes and / or offset any cash payments we are required to make in excess of the principal amount of any such converted Notes. The Warrants could separately have a dilutive effect to the extent that the market price per share of our common stock exceeds the applicable strike price of the Warrants unless, subject to certain conditions, we elect to cash settle such Warrants. The applicable counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to our common stock and / or purchasing or selling our common stock or other securities of ours in secondary market transactions prior to the maturity of the outstanding Notes (and are likely to do so during any applicable observation period related to a conversion of our Notes). This activity could also cause or avoid an increase or a decrease in the market price of our common stock or our Notes, which could affect a note holder's ability to convert its Notes and, to the extent the activity occurs during any observation period related to a conversion of our Notes, it could affect the amount and value of the consideration that the note holder will receive upon conversion of our Notes. We do not make any representation or prediction as to the direction or magnitude of any potential effect that the transactions described above may have on the price of our Notes or our common stock. In addition, we do not make any representation that the counterparties or their respective affiliates will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice. Our amended and restated certificate of incorporation authorizes us to issue up to 1.0 billion shares of common stock and up to 100.0 million shares of preferred stock with such rights and preferences as may be determined by our board of directors. Subject to compliance with applicable rules and regulations, we may issue shares of common stock or securities convertible into shares of our common stock from time to time in connection

with a financing, acquisition, investment, our stock incentive plans, the conversion of our Notes, the settlement of our Warrants related to each such series of the Notes, or otherwise. Any such issuance could result in substantial dilution to our existing stockholders and cause the market price of our common stock to decline. We cannot guarantee that our share repurchase program will be fully consummated, or that it will enhance shareholder value, and share repurchases could affect the price of our common stock. As of July 31, 2022, we had \$ 85.0 million available under our share repurchase program which will expire on December 31, 2022. Such share repurchase program may be suspended or discontinued by the Company at any time without prior notice. Although our board of directors has authorized a share repurchase program, we are not obligated to repurchase any specific dollar amount or to acquire any specific number of shares under the program. The share repurchase program could affect the price of our common stock, increase volatility and diminish our cash reserves. In addition, the program may be suspended or terminated at any time, which may result in a decrease in the price of our common stock. We do not intend to pay dividends for the foreseeable future. We have never declared or paid any dividends on our common stock. We intend to retain any earnings to finance the operation and expansion of our business, and we do not anticipate paying any cash dividends in the future. As a result, you may only receive a return on your investment in our common stock if the market price of our common stock increases. Our charter documents and Delaware law, as well as certain provisions contained in the indentures governing our Notes, could discourage takeover attempts and lead to management entrenchment, which could also reduce the market price of our common stock. Provisions in our amended and restated certificate of incorporation and amended and restated bylaws may have the effect of delaying or preventing a change in control of our company or changes in our management. Our amended and restated certificate of incorporation and amended and restated bylaws include provisions that: • establish that our board of directors is divided into three classes, Class I, Class II and Class III, with three-year staggered terms; • authorize our board of directors to issue shares of preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval; • provide our board of directors with the exclusive right to elect a director to fill a vacancy created by the expansion of our board of directors or the resignation, death or removal of a director; • prohibit our stockholders from taking action by written consent; 38 • specify that special meetings of our stockholders may be called only by the chairman of our board of directors, our president, our secretary, or a majority vote of our board of directors; • require the affirmative vote of holders of at least 66 2/3 % of the voting power of all of the then outstanding shares of the voting stock, voting together as a single class, to amend the provisions of our amended and restated certificate of incorporation relating to the issuance of preferred stock and management of our business or our amended and restated bylaws; • authorize our board of directors to amend our bylaws by majority vote; and • establish advance notice procedures with which our stockholders must comply to nominate candidates to our board of directors or to propose matters to be acted upon at a stockholders' meeting. These provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for our stockholders to replace members of our board of directors, which is responsible for appointing the members of management. In addition, as a Delaware corporation, we are subject to Section 203 of the Delaware General Corporation Law. These provisions may prohibit large stockholders, in particular those owning 15 % or more of our outstanding voting stock, from merging or combining with us for a certain period of time. Additionally, certain provisions contained in the indenture governing our Notes could make it more difficult or more expensive for a third party to acquire us. The application of Section 203 or certain provisions contained in the indenture governing our Notes also could have the effect of delaying or preventing a change in control of us. Any of these provisions could, under certain circumstances, depress the market price of our common stock. General Risk Factors Our business is subject to the risks of earthquakes, fire, power outages, floods, health risks and other catastrophic events, and to interruption by man-made problems such as terrorism. Both our corporate headquarters and the location where our products are manufactured are located in the San Francisco Bay Area, a region known for seismic activity. In addition, other natural disasters, such as fire or floods, a significant power outage, telecommunications failure, terrorism, an armed conflict, cyberattacks, epidemics and pandemics such as COVID-19, or other geo-political unrest could affect our supply chain, manufacturers, logistics providers, channel partners, or end-customers or the economy as a whole and such disruption could impact our shipments and sales. These risks may be further increased if the disaster recovery plans for us and our suppliers prove to be inadequate. To the extent that any of the above should result in delays or cancellations of customer orders, the loss of customers, or the delay in the manufacture, deployment, or shipment of our products, our business, financial condition, and operating results would be adversely affected. We intend to continue to make investments to support our business growth and may require additional funds to respond to business challenges, including the need to develop new features to enhance our portfolio, improve our operating infrastructure, or acquire complementary businesses and technologies. Accordingly, we may need to engage in equity or debt financings to secure additional funds. If we raise additional equity or equity-linked financing, our stockholders may experience significant dilution of their ownership interests and the market price of our common stock could decline. Any conversion of the outstanding Notes into common stock will dilute the ownership interests of existing stockholders to the extent we deliver shares upon conversion of such Notes. See the risk factor entitled “The issuance of additional stock in connection with financings, acquisitions, investments, our stock incentive plans, the conversion of our Notes or exercise of the related Warrants, or otherwise will dilute all other stockholders.” The holders of our Notes have priority over holders of our common stock, and if we engage in future debt financings, the holders of such additional debt would also have priority over the holders of our common stock. Current and future indebtedness may also contain terms that, among other things, restrict our ability to incur additional indebtedness. We may also be required to take other actions that would otherwise be in the interests of the debt holders and would require us to maintain specified liquidity or other ratios, any of which could harm our business, operating results, and financial condition. We may not be able to formally attest obtain additional financing on terms favorable to the us, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth and to respond to business challenges could be significantly impaired, and our business may be adversely affected. 39 We are obligated to maintain proper and

effective **effectiveness of our** internal control over financial reporting. **If** We may not complete our analysis of our internal control over financial reporting in a timely manner, or this internal control may not be determined to be effective, which may adversely affect investor confidence in our company and, as a result, the value of our common stock. While we were able to determine in our management's report for fiscal 2022 that our internal control over financial reporting is effective, as well as provide an unqualified attestation report from our independent registered public accounting firm to that effect, we may not be able to complete our evaluation, testing, and any required remediation in a timely fashion, may be unable to assert that our internal controls are effective, or our independent registered public accounting firm may not be able to formally attest to the effectiveness of our internal control over financial reporting in the future. In the event that our chief executive officer, chief financial officer, or independent registered public accounting firm determines **in the future** that our internal control over financial reporting is not effective as defined under Section 404, we could be subject to one or more investigations or enforcement actions by state or federal regulatory agencies, stockholder lawsuits, or other adverse actions requiring us to incur defense costs, pay fines, settlements, or judgments, causing investor perceptions to be adversely affected and potentially resulting in a decline in the market price of our stock. **Our reputation and / or business could be negatively impacted by ESG matters and / or our reporting of such matters.** There is an increasing focus from regulators, certain investors, and other stakeholders concerning ESG matters, both in the United States and internationally. We communicate certain ESG-related initiatives, goals, and / or commitments regarding environmental matters, diversity, responsible sourcing and social investments, and other matters in our annual ESG Report, on our website, in our filings with the SEC, and elsewhere. These initiatives, goals, or commitments could be difficult to achieve and costly to implement. We could fail to achieve, or be perceived to fail to achieve, our ESG-related initiatives, goals, or commitments. In addition, we could be criticized for the timing, scope or nature of these initiatives, goals, or commitments, or for any revisions to them. To the extent that our required and voluntary disclosures about ESG matters increase, we could be criticized for the accuracy, adequacy, or completeness of such disclosures. Our actual or perceived failure to achieve our ESG-related initiatives, goals, or commitments could negatively impact our reputation, result in ESG-focused investors not purchasing and holding our stock, or otherwise materially harm our business.

**30- Our business is subject to regulation by various federal, state, local, and foreign governmental agencies, including agencies responsible for monitoring and enforcing employment and labor laws, workplace safety, product safety, environmental laws, consumer protection laws, privacy, data security, and data-protection laws, anti-bribery laws (including the U. S. Foreign Corrupt Practices Act and the U. K. Anti-Bribery Act), import / export controls, federal securities laws, and tax laws and regulations. These laws and regulations may also impact our innovation and business drivers in developing new and emerging technologies (e. g., AI and machine learning). In certain jurisdictions, these regulatory requirements may be more stringent than those in the United States. Noncompliance with applicable regulations or requirements could subject us to investigations, sanctions, mandatory product recalls, enforcement actions, disgorgement of profits, fines, damages, civil and criminal penalties, or injunctions. If any governmental sanctions are imposed, or if we do not prevail in any possible civil or criminal litigation resulting from any alleged noncompliance, our business, operating results, and financial condition could be materially adversely affected. In addition, responding to any action will likely result in a significant diversion of management's attention and resources and an increase in professional fees. Enforcement actions, litigation, and sanctions could harm our business, operating results, and financial condition.**

**Risks Related to Our Notes and Common Stock** In June 2020, we issued our 2025 Notes (the "2025 Notes"). We will need to make cash payments (a) if holders of our 2025 Notes require us to repurchase all, or a portion of, their 2025 Notes upon the occurrence of a fundamental change (e. g., a change of control of Palo Alto Networks, Inc.) before the maturity date, (b) upon conversion of our 2025 Notes, or (c) to repay our 2025 Notes in cash at their maturity unless earlier converted or repurchased. Effective August 1, 2023 through October 31, 2023, all of the 2025 Notes are convertible. If all of the note holders decided to convert their 2025 Notes, we would be obligated to pay the \$ 2. 0 billion principal amount of the 2025 Notes in cash. Under the terms of the 2025 Notes, we also have the option to settle the amount of our conversion obligation in excess of the aggregate principal amount of the 2025 Notes in cash or shares of our common stock. If our cash provided by operating activities, together with our existing cash, cash equivalents, and investments, and existing sources of financing, are inadequate to satisfy these obligations, we will need to obtain third-party financing, which may not be available to us on commercially reasonable terms or at all, to meet these payment obligations. In addition, our ability to repurchase or to pay cash upon conversion of our 2025 Notes may be limited by law, regulatory authority, or agreements governing our future indebtedness. Our failure to repurchase our 2025 Notes at a time when the repurchase is required by the applicable indenture governing such 2025 Notes or to pay cash upon conversion of such 2025 Notes as required by the applicable indenture would constitute a default under the indenture. A default under the applicable indenture or the fundamental change itself could also lead to a default under agreements governing our future indebtedness. If the payment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and repurchase our 2025 Notes or to pay cash upon conversion of our 2025 Notes. We and our subsidiaries may incur substantial additional debt in the future, subject to the restrictions contained in our debt instruments, that could have the effect of diminishing our ability to make payments on our Notes when due. The market price of our common stock has historically been, and is likely to continue to be, volatile and could be subject to wide fluctuations in response to various factors, some of which are beyond our control and unrelated to our business, operating results, or financial condition. These fluctuations could cause a loss of all or part of an investment in our common stock. Factors that could cause fluctuations in the market price of our common stock include, but are not limited to: • announcements of new products, subscriptions or technologies, commercial relationships, strategic partnerships, acquisitions, or other events by us or our competitors; • price and volume fluctuations in the overall stock market from time to time; • news announcements that

affect investor perception of our industry, including reports related to the discovery of significant cyberattacks; • significant volatility in the market price and trading volume of technology companies in general and of companies in our industry; • fluctuations in the trading volume of our shares or the size of our public float;- 31- • actual or anticipated changes in our operating results or fluctuations in our operating results; • whether our operating results meet the expectations of securities analysts or investors; • actual or anticipated changes in the expectations of securities analysts or investors, whether as a result of our forward- looking statements, our failure to meet such expectations or otherwise; • inaccurate or unfavorable research reports about our business and industry published by securities analysts or reduced coverage of our company by securities analysts; • litigation involving us, our industry, or both; • actions instituted by activist shareholders or others; • regulatory developments in the United States, foreign countries, or both; • major catastrophic events; • sales or repurchases of large blocks of our common stock or substantial future sales by our directors, executive officers, employees, and significant stockholders; • departures of key personnel; or • geopolitical or economic uncertainty around the world. In the past, following periods of volatility in the market price of a company' s securities, securities class action litigation has often been brought against that company. Securities litigation could result in substantial costs, divert our management' s attention and resources from our business, and have a material adverse effect on our business, operating results, and financial condition. In connection with the sale of our 2025 Notes, we entered into convertible note hedge transactions (the " 2025 Note Hedges ") with certain counterparties. In connection with each such sale of the 2025 Notes, we also entered into warrant transactions with the counterparties pursuant to which we sold warrants (the " 2025 Warrants ") for the purchase of our common stock. In addition, we also entered into warrant transactions in connection with our 2023 Notes (together with the 2025 Warrants, the " Warrants "). The Note Hedges for our 2025 Notes are generally expected to reduce the potential dilution to our common stock upon any conversion of our 2025 Notes. The Warrants could separately have a dilutive effect to the extent that the market price per share of our common stock exceeds the applicable strike price of the Warrants unless, subject to certain conditions, we elect to cash settle such Warrants. The applicable counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to our common stock and / or purchasing or selling our common stock or other securities of ours in secondary market transactions prior to the maturity of the outstanding 2025 Notes (and are likely to do so during any applicable observation period related to a conversion of our 2025 Notes). This activity could also cause or prevent an increase or a decrease in the market price of our common stock or our 2025 Notes, which could affect a note holder' s ability to convert its 2025 Notes and, to the extent the activity occurs during any observation period related to a conversion of our 2025 Notes, it could affect the amount and value of the consideration that the note holder will receive upon conversion of our 2025 Notes. We do not make any representation or prediction as to the direction or magnitude of any potential effect that the transactions described above may have on the price of our 2025 Notes or our common stock. In addition, we do not make any representation that the counterparties or their respective affiliates will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice. Our amended and restated certificate of incorporation authorizes us to issue up to 1. 0 billion shares of common stock and up to 100. 0 million shares of preferred stock with such rights and preferences as may be determined by our board of directors. Subject to compliance with applicable rules and regulations, we may issue shares of common stock or securities convertible into shares of our common stock from time to time in connection with a financing, acquisition, investment, our stock incentive plans, the conversion of our Notes, the settlement of our Warrants related to each such series of the Notes, or otherwise. Any such issuance could result in substantial dilution to our existing stockholders and cause the market price of our common stock to decline.- 32- As of July 31, 2023, we had \$ 750. 0 million available under our share repurchase program which will expire on December 31, 2023. Such share repurchase program may be suspended or discontinued by the Company at any time without prior notice. Although our board of directors has authorized a share repurchase program, we are not obligated to repurchase any specific dollar amount or to acquire any specific number of shares under the program. The share repurchase program could affect the price of our common stock, increase volatility, and diminish our cash reserves. In addition, the program may be suspended or terminated at any time, which may result in a decrease in the price of our common stock. We have never declared or paid any dividends on our common stock. We intend to retain any earnings to finance the operation and expansion of our business, and we do not anticipate paying any cash dividends in the future. As a result, stockholders may only receive a return on their investments in our common stock if the market price of our common stock increases. Provisions in our amended and restated certificate of incorporation and amended and restated bylaws may have the effect of delaying or preventing a change in control of our company or changes in our management. Our amended and restated certificate of incorporation and amended and restated bylaws include provisions that: • establish that our board of directors is divided into three classes, Class I, Class II, and Class III, with three- year staggered terms; • authorize our board of directors to issue shares of preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval; • provide our board of directors with the exclusive right to elect a director to fill a vacancy created by the expansion of our board of directors or the resignation, death, or removal of a director; • prohibit our stockholders from taking action by written consent; • specify that special meetings of our stockholders may be called only by the chairman of our board of directors, our president, our secretary, or a majority vote of our board of directors; • require the affirmative vote of holders of at least 66 2 / 3 % of the voting power of all of the then outstanding shares of the voting stock, voting together as a single class, to amend the provisions of our amended and restated certificate of incorporation relating to the issuance of preferred stock and management of our business or our amended and restated bylaws; • authorize our board of directors to amend our bylaws by majority vote; and • establish advance notice procedures with which our stockholders must comply to nominate candidates to our

board of directors or to propose matters to be acted upon at a stockholders' meeting. These provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for our stockholders to replace members of our board of directors, which is responsible for appointing the members of management. In addition, as a Delaware corporation, we are subject to Section 203 of the Delaware General Corporation Law. These provisions may prohibit large stockholders, in particular those owning 15 % or more of our outstanding voting stock, from merging or combining with us for a certain period of time. Additionally, certain provisions contained in the indenture governing our Notes could make it more difficult or more expensive for a third party to acquire us. The application of Section 203 or certain provisions contained in the indenture governing our Notes also could have the effect of delaying or preventing a change in control of us. Any of these provisions could, under certain circumstances, depress the market price of our common stock.- 33- General Risk Factors Both our corporate headquarters and the location where our products are manufactured are located in the San Francisco Bay Area, a region known for seismic activity. In addition, other natural disasters, such as fire or floods, a significant power outage, telecommunications failure, terrorism, an armed conflict, cyberattacks, epidemics and pandemics such as COVID- 19, or other geo- political unrest could affect our supply chain, manufacturers, logistics providers, channel partners, end- customers, or the economy as a whole, and such disruption could impact our shipments and sales. These risks may be further increased if the disaster recovery plans for us and our suppliers prove to be inadequate. To the extent that any of the above should result in delays or cancellations of customer orders, the loss of customers, or the delay in the manufacture, deployment, or shipment of our products, our business, financial condition, and operating results would be adversely affected. We intend to continue to make investments to support our business growth and may require additional funds to respond to business challenges, including the need to develop new features to enhance our portfolio, improve our operating infrastructure, or acquire complementary businesses and technologies. Accordingly, we may need to engage in equity or debt financings to secure additional funds. If we engage in future debt financings, the holders of such additional debt would have priority over the holders of our common stock. Current and future indebtedness may also contain terms that, among other things, restrict our ability to incur additional indebtedness. In addition, we may be required to take other actions that would otherwise be in the interests of the debt holders and would require us to maintain specified liquidity or other ratios, any of which could harm our business, operating results, and financial condition. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth and to respond to business challenges could be significantly impaired, and our business may be adversely affected.- 34-