

## Risk Factors Comparison 2024-11-15 to 2023-11-20 Form: 10-K

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Investing in our common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below, as well as the other information in this Annual Report on Form 10-K, including our consolidated financial statements and the related notes, and the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” before making an investment decision. The occurrence of any of the events or developments described below could materially and adversely affect our business, financial condition, results of operations and growth prospects. In such an event, the market price of our common stock could decline, and you may lose all or part of your investment. Additional risks and uncertainties not currently known to us or that we currently believe are not material may also impair our business, financial condition, results of operations and growth prospects.

**Economic, Industry and Strategic Risk** To remain competitive and stimulate consumer demand, we must successfully manage ~~the introduction of new product~~ **the introduction of new product products** introductions and ~~transitions~~ **services**. Due to the quickly evolving and highly competitive nature of the home audio and broader consumer electronics industry, we must ~~frequently~~ **continually** introduce new products **and services**, enhance existing products **and services**, and effectively stimulate customer demand for new ~~and-or~~ **upgraded products and services** in both mature and developing markets. For example, in March 2023, we introduced Sonos Era 100 and Sonos Era 300, our next generation of smart speakers, in September 2023, we introduced Move 2, our next generation of our Move speaker, and in April 2023, we introduced Sonos Pro, our new audio subscription service for businesses. The successful introduction of these products and any new products **and services** depends on a number of factors, such as the timely **and successful** completion of development efforts, to correspond with limited windows for market introduction. We face significant challenges in managing the risks associated with new product introductions and **consumer acceptance** production ramp-up issues, including ~~our ability to accurately forecast~~ **forecast** initial consumer demand, ~~effectively managing~~ **the management of purchase commitments and inventory levels, the management of manufacturing and supply costs, the management of** any third-party strategic alliances or collaborative partnerships related to **development or commercialization, successful launch of complementary products and services, and the risk that new product products development and services may have quality or other defects in the early stages of introduction.** New products and services can also affect the sales and profitability of existing products and services as they may replace sales or shorten the life cycle of existing products and services. Accordingly, **if we cannot properly manage the introduction of new products and services, or our commercialization operating results, financial condition, customer or partner relationships and reputation may be adversely impacted.** This risk is heightened with respect to introduction of new products and services planned for release during the holiday shopping season during which we typically see a significant increase in consumer spending patterns. We face risks related to the adoption and operations of our redesigned Sonos app. In May 2024, we launched an extensive redesign of our Sonos app and operating system. We did this to provide our customers with a more modern user interface and a modular developer platform that would allow us to deliver new and innovative customer experiences at a faster pace. Following the launch of our redesigned Sonos app, certain of our customers and partners experienced missing features and performance issues, including trouble with set up and general unreliability. These issues with the app have led to increased customer complaints and dissatisfaction, including complaints expressed publicly on social media and elsewhere, and we believe that the app rollout has led to decreased sales of our existing products and reputational harm. Since May 2024, we addressed these issues with software updates to improve performance and add back certain features. Going forward, we intend to prioritize software update releases to optimize and enhance our app. We cannot guarantee that we will be able to release software updates on a cadence or with results that meet the expectations of our customers and partners. Further, the issues resulting from the launch of the redesigned Sonos app, as well as the ~~risk that~~ **need to manage challenges associated with maintaining and improving the operations of the app, may result, and have resulted, in impacts to other areas of our business.** For example, we delayed the introduction of two ~~new products~~ **originally planned for launch in the fourth fiscal quarter of 2024 until October 2024, negatively impacting fourth quarter sales.** Moreover, we expect to incur short-term costs of up to \$ 30 million as part of our efforts to improve the app experience and address the concerns of our customers and partners, including increasing customer support staff and taking other measures to engage with and support customers and partners. If the quality and user experience of the Sonos app and related services do not meet the expectations of our customers and partners, or if we cannot successfully address the concerns raised by our customers and partners related the redesigned Sonos app, our operating results, financial condition, customer or partner relationships and reputation ~~may be further adversely impacted.~~ We have ~~quality or incurred operating losses in other~~ **the defects past, may incur operating losses in the future, and** early stages of introduction or may not achieve **a return** the market acceptance necessary to generate sufficient revenue. New and upgraded products can also affect the sales and profitability **in** of existing products. Accordingly, if we cannot properly manage the **future** introduction of new products, our operating results and financial condition may be adversely impacted, particularly if the cadence of new product introductions increases as we expect. Although we have achieved profitability in the past, we are not currently profitable, and we may not be able to regain profitability or consistent revenue growth and expect to incur increased operating costs in the future. Although we achieved profitability in the fiscal year ended October 2, 2021, and were profitable in fiscal **2021 and fiscal 2022**, we had a net loss of \$ 10.3 million in fiscal 2023 **and a net loss of \$ 38.1 million in fiscal 2024**. As of September 30-28, 2023-2024, we had an accumulated deficit of \$ ~~12-50~~ **8-9** million. **In order** We expect our operating expenses to **grow**

increase in the future as we expand our operations and business, we need to successfully execute on our product roadmap and strategy. We plan to, which requires that we make ongoing investments future expenditures related to the expansion of our business and our product offerings, including investments in research and development efforts to continue to introduce innovative new or products, enhance enhanced existing products and improve services, in our customers' listening experience; proprietary software, app and operating system, and in sales and marketing efforts to expand our global brand awareness, promote new products, increase our customer base and expand sales within our existing customer base. While we have taken and intend to continue to take actions to moderate operating legal, accounting, information technology and other administrative expenses to sustain our operations as a public company. In order to regain or grow our profitability, these potential efforts and future investments may be more costly than we expect, need to increase our revenue and we cannot guarantee assure you that we will be able to increase our revenue to offset our operating expenses do so, particularly during times of global economic, social and political uncertainty. Our ability revenue may decline for a number of reasons, including reduced demand for our products and services, increased competition, and macroeconomic conditions. If our revenue does not grow at a greater rate than our operating expenses, we will not be able to achieve revenue growth will depend in part on our ability to execute on our product roadmap and maintain profitability strategy and to determine the market opportunity for new products. New product introductions may adversely impact our gross margin in the near to intermediate term due to the frequency of these product introductions and their anticipated increased share of our overall product volume. The expansion of our business and product offerings also places a continuous and significant strain on our management, operational and financial resources. In the event that we are unable to grow our revenue, or in the event that revenue grows more slowly than we expect, our operating results could be adversely affected, and our stock price could decrease. If we are unable to accurately anticipate market demand for our products, we may have difficulty managing our production and inventory and our operating results could be harmed. We must forecast production and inventory needs in advance with our suppliers and manufacturers, and our ability to do so accurately could be affected by many factors, including changes in customer consumer demand and spending patterns, new product introductions, sales promotions, channel inventory levels, and general economic and political conditions. If we fail to accurately forecast consumer demand, we may experience manufacturing delays or inefficiencies, increased costs, excess inventory levels or a shortage of products available for sale, either all of which could adversely impact our operating results and financial condition. We Following an increase in demand during the COVID-19 pandemic, we have in recently recent seen periods experienced, and may continue to experience, a softening of decrease in consumer demand. As a result, we have had to, and may continue to, write-down or write-off inventory or sell the excess inventory at discounted prices, which has, and could in the future, cause our gross margin to suffer. In addition, excess inventory has, and may in the future, result in reduced working capital, which could adversely affect our ability to invest in other important areas of our business such as marketing and product development. If our channel partners have excess inventory of our products, they may decrease their purchases of our products in subsequent periods. In addition, in the event of excess inventory, including excess component inventory, we may be unable to renegotiate our agreements with existing suppliers on mutually acceptable terms. Although in certain instances our agreements with certain suppliers allow us the option to cancel, reschedule, and adjust our requirements based on our business needs, our loss contingencies may include liabilities for contracts that we cannot cancel, reschedule or adjust with suppliers or partners. We may also deem it necessary or advisable to renegotiate agreements with our supply partners in order to scale our inventory with demand. A resurgence of the COVID-19 pandemic could adversely impact our business and it remains uncertain how the post-COVID environment will impact demand for our products. During the pandemic, consistent with its effects industry-wide, we experienced supply chain disruptions and challenges that increased costs and impacted our ability to meet demand and manage inventory levels. The pandemic has also contributed to ongoing global economic uncertainty. Any resurgence of the pandemic could have similar impacts on our business, operating results and financial condition. In addition, we experienced increased demand for our products during the COVID-19 pandemic and have recently seen a softening of consumer demand and a shift in consumer spending from purchasing goods to purchasing services and travel. It remains uncertain the extent to which the post-pandemic environment will impact demand for our products and services or shift consumer spending habits generally over the longer term. Global economic conditions and any associated impact on consumer discretionary spending could have a material adverse effect on our business, results of operations and financial condition. Our products Continued global economic uncertainty and reductions in services may be considered consumer discretionary items spending and consumer confidence may impact the sales of our products and services. Factors affecting the level of consumer spending for consumer discretionary items our products and services include general economic conditions, including the potential for an extended global recession, global economic and political uncertainty, continued inflationary pressures, rising high interest rates, consumer confidence and, in certain markets, foreign currency exchange rate fluctuations. As global economic conditions continue to be volatile or economic uncertainty remains, trends in consumer discretionary spending also remain unpredictable. Unfavorable economic conditions may lead consumers to delay or reduce purchases of our products and services and consumer demand for our products and services may not grow as we expect. Any reduction in sales of our products and services resulting from reductions in consumer discretionary spending could have an adverse effect on our business, financial condition, and operating results. The success of our business depends in significant part on the sale of our smart speakers and our ability to establish and maintain market share. We generate a substantial majority of our revenue from the sale of our smart speakers, particularly wireless speakers and home theater soundbars. As a result, the success of our business and our operating results depend in significant part on the demand for smart speakers and our success in further penetrating the smart speaker market. To succeed in this market, we will need to develop and introduce innovative new products, enhance existing products, anticipate consumer preferences and engage in effective sales and marketing efforts, which may require significant financial investment in advance of anticipated sales. Even if we are successful in these efforts, demand for smart speakers may be affected by external factors such as

**macroeconomic conditions and changes in consumer spending habits. The** home audio and consumer electronics industries are highly competitive. The markets in which we operate are extremely competitive and rapidly evolving, and we expect that competition will intensify in the future. Our competition includes established, well-known sellers of **audio products** speakers and sound systems—such as Bose, Samsung (and its subsidiaries Harman International and JBL), Sony, Bang & Olufsen, **Sennheiser, Apple, Google, Amazon**, and Masimo (and its subsidiary Sound United that owns, among others, the Denon, Polk Audio and Bowers and Wilkens brands); and developers of voice-enabled speakers and systems such as Amazon, Apple and Google. We could also face competition from new market entrants, some of whom might be current partners of ours. **Many of our competitors have greater financial, technical and marketing resources than we do, which may allow them to more frequently introduce new products and services, invest more in research and development, incorporate technological advances into their products and services on a faster basis including artificial intelligence ("AI") technology, improve the performance of their products and services more frequently, implement and sustain aggressive pricing policies, have access to broader sales and distributions channels and the ability to exert more influence over these channels, and expend more on sales and marketing efforts.** In order particular, we have seen our competitors sell their products at a significant discount to ours from time to time. In addition, many of our competitors may subsidize the prices of speaker products and seek to monetize their customers through the sale of additional services rather than the speakers themselves. Our ability to compete successfully depends on our ability to introduce and deliver products and services that appeal to changing and increasingly diverse consumer preferences and to overcome the fact that a relatively high percentage of consumers may already own or use products that they perceive to be similar to those that we offer, we must **including by developing superior and innovative technology, offering a differentiated customer experience, including through our app, anticipate** anticipating increasingly diverse consumer tastes and rapidly **develop-developing** attractive products and services with competitive selling prices. In addition, many of our current and potential partners have business objectives that may drive them to sell their speaker products at a significant discount compared to ours. Amazon and Google, for example, both currently offer their speaker products at significantly lower prices than our speaker products. Many of these partners may subsidize these prices and seek to monetize their customers through the sale of additional services rather than the speakers themselves. Even if we are able to efficiently develop and offer innovative products and services at competitive selling prices, our operating results and financial condition may be adversely impacted if we are unable to effectively anticipate and counter the ongoing price erosion that frequently affects **the highly competitive consumer products electronics industry** or if the average selling prices of our products and services decrease faster than we are able to reduce our manufacturing costs. **We must also overcome** Many of our competitors have greater financial, technical and marketing resources available to them—**the fact that a relatively high percentage of consumers may already own or use products that they perceive to be similar to those available to us, and, as a result, they may develop competing products that we offer** cause the demand for our products to decline. Our **Certain of our** competitors have established, or may establish, cooperative relationships among themselves or with third parties to increase the abilities of their products to address the needs of our prospective customers, and other companies may enter our markets by entering into strategic relationships with our competitors. A failure to effectively anticipate and respond to these established and new competitors may adversely impact our business and operating results. Further, our current and prospective competitors may consolidate with each other or **make acquisitions that would intensify the competition that we face, including by acquire-acquiring** companies that will allow them to develop products that better compete with our products, **which or that** would intensify the competition that we face and may also disrupt or **our lead to termination-business, including by acquiring one** of our distribution, technology and/or content partnerships—**partners**. For example, if one of our competitors were to acquire one of our content partners, the consolidated company may decide to disable the streaming functionality of its service with our products. If we are unable to compete with these consolidated companies or if consolidation in the market disrupts our partnerships or reduces the number of companies we partner with, our business would be adversely affected. Our investments in research and development may not yield the results expected. Our business operates in intensely competitive markets characterized by changing consumer preferences and rapid technological innovation. Due to advanced technological innovation and the relative ease of technology imitation, new products and services tend to become standardized more rapidly, leading to more intense competition and ongoing price erosion. In order to strengthen the competitiveness of our products in this environment, we continue to invest heavily in research and development, **including to develop new products and services and enhance existing products and services. We must also continue to invest significant resources into maintaining and enhancing our software and platform**. However, these investments may not yield the innovation or the results expected on a timely basis, or our competitors may surpass us in technological innovation, hindering our ability to timely commercialize new and competitive products that meet the needs and demands of the market, which consequently may adversely impact our operating results as well as our reputation. If we are not successful in continuing to expand our direct-to-consumer sales channel by driving consumer traffic and consumer purchases through our website, our business and results of operations could be harmed. We have invested significant resources in our direct-to-consumer sales channel, primarily through our website **and our app**, and our future growth relies, in part, on our continued ability to attract consumers to this channel, which has and will continue to require significant expenditures in marketing, software development and infrastructure. If we are unable to continue to drive traffic to, and increase sales through, our website **and our app**, our business and results of operations could be harmed. The continued success of direct-to-consumer sales through our website is subject to risks associated with e-commerce, many of which are outside of our control. Our inability to adequately respond to these risks and uncertainties or to successfully maintain and expand our direct-to-consumer business via our website **and our app** may have an adverse impact on our results of operations. **the typically slower summer months** **We experience seasonal demand for** occur—**our products, and if our sales** in the fourth quarter of **high-demand periods are below** our forecasts fiscal year. Historically, our revenue has been **overall financial condition and operating results could be adversely**

affected. Our business is seasonal, and we have historically experienced significantly higher revenue in our first fiscal quarter due to increased consumer spending patterns during the holiday season. **Given the seasonal nature of our sales, accurate forecasting is critical to our business.** Any shortfalls in expected first fiscal quarter revenue, due to macroeconomic conditions like the potential for an extended global recession, product release patterns, a decline in the effectiveness of our promotional activities, supply chain disruptions, inflationary pressures or for any other reason, could cause our annual operating results to suffer significantly. In addition, if we fail to accurately forecast customer demand for the holiday season, we may experience excess inventory levels or a shortage of products available for sale, which could further harm our financial condition and operating results. Our efforts to expand beyond our core product offerings and offer products and services with wider applications may not succeed and could adversely impact our business. We have, and may in the future continue to, seek to expand beyond our core offerings sound systems and develop products and services that have wider applications outside of home sound, such as commercial or office. For example, in April 2023, we introduced Sonos Pro, our new audio subscription service for businesses and, in June 2024, we introduced Sonos Ace, our new headphones product and entry into the personal listening category. Developing these products and services has and would require us to devote substantial additional make significant financial and resources resource investments, and our ability to successfully establish meaningful succeed in developing such products to address such markets market share for these products and services is unproven. It is likely that we would need to hire additional personnel, partner with new third parties and incur considerable research and development expenses to pursue such an expansion successfully. We may have less familiarity with consumer preferences for these products and less product or category knowledge, and we could encounter difficulties in attracting new customers gaining market acceptance for these products and services due to lower levels of consumer brand recognition and potentially less familiarity by us with our brand consumers preferences in these markets. As a result, we may not be successful in future efforts to achieve profitability from new markets, services or new types of products, and our ability to generate revenue from our existing products and services may suffer. If any such expansion does not enhance our ability to maintain or grow our revenue or recover any associated development costs, our operating results could be adversely affected. We experience seasonal demand for our..... of their own as further described herein. If market demand for streaming music does not grow as anticipated or the availability and quality of streaming services does not continue to increase, our business could be adversely affected. A large proportion--- portion of our customer base uses our products to listen to content via subscription- based streaming music services. Accordingly, we believe our future revenue growth will depend in significant part on the continued expansion of the market for streaming music. The success of the streaming music market depends on the quality, reliability and adoption of streaming technology and on the continued success of streaming music services such as Apple Music, Spotify, Deezer, and Pandora. If the streaming music market in general fails to expand or if the streaming services that we partner with are not successful, demand for our products may suffer and our operating results may be adversely affected. If we are unable to protect our intellectual property, the value of our brand and other intangible assets may be diminished, and our business may be adversely affected. Our success depends in part on our ability to protect our intellectual property and other proprietary rights. We rely currently protect, and expect to continue to rely on protect, our intellectual property and other proprietary rights through a combination of confidentiality and license agreements with our employees, consultants and third - party parties partners and with whom we have relationships, as well as patent, trademark, copyright and trade secret protection laws, to protect our proprietary rights. In the United States and certain other countries, we have filed various applications for certain aspects of our intellectual property, most notably patents. However, third parties may knowingly or unknowingly infringe our proprietary rights or challenge our proprietary rights, and pending and future patent and trademark applications may not be approved. We, and we may not be able to prevent infringement of our proprietary rights without incurring substantial expense. Such infringement could have a material adverse effect on our brand, business, financial condition and results of operations. We have initiated legal proceedings to protect our intellectual property rights, and we may file additional actions in the future. For example, in January 2020 we filed a complaint with the ITC against Alphabet and Google and a counterpart lawsuit in the U. S. District Court for the Central District of California against Google alleging infringement of five Sonos patents, and in September 2020 we filed another lawsuit against Google alleging infringement of an additional four Sonos patents. See Note 12-13. Commitments and Contingencies of the notes to our consolidated financial statements included elsewhere in this Annual Report on Form 10- K for further details. The cost and effort of defending our intellectual property has have been and may in the future be substantial, and there is no assurance we will be successful. Our business could be adversely affected as a result of any such actions, or a finding that any patents- in- suit are invalid or unenforceable. These actions have led and may in the future lead to additional counterclaims or actions against us, which are expensive to defend against and for which there can be no assurance of a favorable outcome. For example, Google has responded to our legal proceedings by filing multiple patent infringement lawsuits against us in the U. S. District Court for the Northern District of California, cases against us in the ITC, and patent infringement lawsuits against us and our subsidiary Sonos Europe B. V. in various foreign jurisdictions. See Note 12-13. Commitments and Contingencies of the notes to our consolidated financial statements included elsewhere in this Annual Report on Form 10- K for further details. Further, parties we bring legal action against could retaliate through non- litigious means, which could harm our ability to compete against such parties or to enter new markets. In addition, the regulations of certain foreign countries do not protect our intellectual property rights to the same extent as the laws of the United States. As our We have brand-- and grows, we may in the future discover unauthorized products in the marketplace that are counterfeit reproductions of our products. If we are unsuccessful in pursuing producers or sellers of counterfeit products, continued sales of these products could adversely impact our brand, business, financial condition and results of operations. We currently are, and may continue to be, subject to intellectual property rights claims and other litigation which are expensive to support, and if resolved adversely, could have a significant impact on us and our stockholders. Companies in the consumer electronics industries own large numbers of patents, copyrights, trademarks, domain names and

trade secrets, and frequently enter into litigation based on allegations of infringement, misappropriation or other violations of intellectual property or other rights. **Given our** As we gain an increasingly high profile and **as we** face more intense competition in our markets ~~and as we~~ introduce more products and services, including through acquisitions and through partners, the possibility of intellectual property rights claims against us grows. Our technologies may not be able to withstand any third-party claims or rights against their use, and we may be subject to litigation and disputes. The costs of supporting such litigation and disputes are considerable, and there can be no assurance that a favorable outcome would be obtained. We may be required to settle such litigation and disputes, or we may be subject to an unfavorable judgment in a trial, and the terms of a settlement or judgment against us may be unfavorable and require us to cease some or all our operations, limit our ability to use certain technologies, pay substantial amounts to the other party or issue additional shares of our capital stock to the other party, which would dilute our existing stockholders. Further, if we are found to have engaged in practices that are in violation of a third party's rights, we may have to negotiate a license to continue such practices, which may not be available on reasonable or favorable terms, or may have to develop alternative, non-infringing technology or discontinue the practices altogether. In the event that these practices relate to an acquisition or a partner, we may not be successful in exercising any indemnification rights available to us under our agreements or in recovering damages in the event that we are successful. Each of these efforts could require significant effort and expense and ultimately may not be successful. If we are not able to maintain and enhance the value and reputation of our brand, or if our reputation is otherwise harmed, our business and operating results could be adversely affected. Our continued success depends on our reputation for providing high-quality products and consumer experiences, and the "Sonos" name is critical to preserving and expanding our business. Our brand and reputation are dependent on a number of factors, including our marketing efforts, product **and platform** quality, and trademark protection efforts, each of which requires significant expenditures. The value of our brand could also be severely damaged by isolated incidents, which may be outside of our control. For example, in the United States, we rely on custom installers of home audio systems for a significant portion of our sales but maintain no control over the quality of their work and thus could suffer damage to our brand or business to the extent such installations are unsatisfactory or defective. **In addition, certain of our customers and partners experienced performance issues with our redesigned Sonos app launched in May 2024, which has negatively affected, and could further negatively affect, our brand and reputation. See "We face risks related to the adoption and operations of our redesigned Sonos app" above for further details.** Any damage to our brand or reputation may adversely affect our business, financial condition **and operating results.** Conflicts with our..... adversely impact our revenue, gross margin and operating results. We sell our products through a limited number of key channel partners, and the loss of any such channel partner would adversely impact our business. We are dependent on our channel partners for a vast majority of our product sales. Best Buy, one of our key channel partners, accounted for ~~17-~~**16%** of our revenue in fiscal ~~2023-~~**2024**. We compete with other consumer products for placement and promotion of our products in the stores ~~of our channel partners, including in some cases products of our channel partners.~~ Our contracts with our channel partners allow them to exercise significant discretion in the placement and promotion of our products, and such contracts do not contain any long-term volume commitments. If one or ~~several~~ **more** of our channel partners do not effectively market and sell our products, discontinue or reduce the inventory of our products, ~~increase the promotions of or choose to~~ promote competing products over ours, the volume of our products sold to customers could decrease, and our business and results of operations would therefore be significantly harmed. ~~Many of our key channel partners temporarily closed or reduced operations in their retail stores at various times during the pandemic and may continue to do so in the future, which has had, and may continue to have, a material effect on our business and results of operations.~~ Revenue from our channel partners also depends on a number of factors outside our control and may vary from period to period. One or more of our channel partners may experience serious financial difficulty, ~~particularly in light of the impact of the pandemic on the retail sector,~~ may consolidate with other channel partners or may ~~close~~ **have limited or ceased** ~~reduce~~ operations **in their retail stores**. Our business and results of operations have been **in the past**, and may continue to be, significantly harmed by retail store closures by many of our key channel partners. Loss of a key channel partner would require us to identify alternative channel partners or increase our reliance on our ~~direct-~~ **commerce to consumer** channel, which may be time-consuming and expensive or we may be unsuccessful in our efforts to do so. **Conflicts with our channel and distribution partners could harm our business and operating results.** Conflicts with our channel and distribution partners could harm our business and operating results. **Several of our existing products compete, and future products could compete, with the product offerings of certain of our channel and distribution partners. To the extent products offered by our partners compete with our products, they may choose to market and promote their own products over ours or could end our partnerships and cease selling or promoting our products entirely, which may require us to increase our marketing expenditures or seek other distribution channels. If we are unable to effectively sell our products due to conflicts with our distribution partners or the inability to find alternative distribution channels, our business would be harmed. The expansion of our direct-to-consumer channel could alienate some of our channel partners. If our channel partners perceive themselves to be at a disadvantage based on the direct-to-consumer sales offered through our website and app, they may divert resources away from the promotion and sale of our products which could cause a reduction in product sales from these partners, adversely impact our business and results of operations. Conflicts with our technology partners could harm our business and operating results. Certain of our products incorporate the technologies of our partners. One or more of these technology partners may cease doing business with us, look to renegotiate the terms of their agreement with us or disable the technology they provide our products for a variety of reasons, including and may be able to promote do so under their-- the terms of our agreements with them with limited notice. In addition, certain of our technology partners have developed or may develop products over competitive with our own.** For example, we are currently manufacturing and developing voice-enabled speaker systems that are enhanced with the technology of our partners, including those who sell competing products. Our existing voice-enabled speakers **feature** are powered by Amazon's Alexa or Google's Google Assistant

technology. **In One or more of our partners could disable their -- the integration on event of a conflict with one of or our technology partners all of our voice-enabled products, we terminate or not renew their distribution agreement with us, or begin charging us for their integration with our voice-enabled products.** For example, our current agreement with Amazon allows Amazon to disable the Alexa integration in our voice-enabled products with limited notice. We cannot assure you that we will be successful in establishing partnerships with other companies that have developed voice **or developing our own technology to replace such partner in a cost-effective manner** control enablement technology or in developing such technology on our **or at all** own. If one or more of our technology partners do not maintain their integration with our products or seek to charge us for this integration, or if we have not developed alternative partnerships for similar technology or developed such technology on our own, our sales may decline, our reputation may be harmed and our business and operating results may suffer. Competition with our content partners could cause these partners to cease to allow **allowing** their content to be streamed on our products, which could lower product demand. Demand for our products depends in large part on the availability of streaming third-party content that appeals to our existing and prospective customers. Compatibility with streaming music services, **internet radio stations,** podcast platforms and other content provided by our content partners is a key feature of our products. **To Some of these content partners compete with us already, and others may in the future produce and sell speakers along with their streaming services. Additionally, other content partners may form stronger alliances with our competitors in the home audio market. Any of our content partners may cease allowing their content to be streamed on our products for a variety of reasons, including as a result of our offering competing services, such as Sonos Radio HD, or to promote other partnerships or their own products over our products. In addition, to** date, all **of** our arrangements have been entered into on a royalty-free basis. Some of these content partners compete with us already, and others may in the future produce and sell speakers along with their streaming services. Additionally, other content partners may form stronger alliances with our competitors in the home audio market. Any of our content partners may cease to allow their content to be streamed on **one our- or more** products for a variety of reasons, including as a result of our offering competing services, to promote other partnerships **or our partners may** their products over our products, or to seek to charge us for this streaming **in the future**. If this **any of the foregoing** were to happen, demand for our products could decrease, our costs could increase and our operating results could be harmed.

**Operational Risks** We are dependent on a limited number of contract manufacturers to manufacture our products and our efforts to diversify manufacturers may not be successful. We depend on a limited number of contract manufacturers to manufacture our products, with our key manufacturer, Inventec Appliances Corporation, manufacturing a majority of our products. **If** We have also historically manufactured our products in China. In fiscal 2020, we began our efforts to diversify our supply chain through the **these companies** addition of new contract manufacturers and geographic diversification, starting with Malaysia and extending such efforts into Vietnam in fiscal 2022. During fiscal 2023, we began the process of exiting certain partnerships with two of our contract manufacturers, including our second-largest contract manufacturer, and may exit other partnerships with contract manufacturers from time to time. Our reliance on a limited number of contract manufacturers increases the risk that, in the event that any or all of such manufacturers experience an interruption in their operations, fail to perform their obligation **obligations** in a timely manner, or terminate **their** agreements **agreement** with us, we **may** would not be able **unable** to maintain our production capacity without incurring material additional costs and substantial delays or we may be fully prevented from selling our products. **In the event that we need to replace a contract manufacturer or transfer volume to another contract manufacturer, we cannot assure you that we would be able to do so on acceptable terms or in a timely manner and such efforts may be costly and time-consuming.** Any material disruption in our relationship with our manufacturers would harm our ability to compete effectively and satisfy demand for our products and could adversely impact our revenue, gross margin and operating results. **In Beginning in fiscal 2020, we have engaged in efforts to diversify our supply chain through the** addition **of new contract manufacturers and geographic diversification. There** is no guarantee that our efforts to diversify manufacturers will **continue to** be successful. **Identifying and such efforts require** onboarding a new manufacturer takes a significant amount of time and resources. **If In addition, if** we **do are** not successfully **successful in** coordinate the timely manufacturing and distribution of our products by such manufacturers, if such manufacturers are unable to successfully and timely process our orders or **our efforts to onboard new contract** if we do not receive timely and accurate information from such manufacturers, we may have an insufficient supply of products to meet customer demand, we may lose sales, we may experience a build-up in inventory, we may incur additional costs, and our financial performance and reporting may be adversely affected. **By adding manufacturers in other countries, we may experience increased transportation costs, fuel costs, labor unrest, impact of natural disasters and other adverse effects on our ability, timing and cost of delivering products, which may increase our inventory, decrease our margins, adversely affect our relationships with distributors and other customers and otherwise adversely affect our operating results and financial condition.** We depend on a limited number of third-party components suppliers and logistics providers, and many of our components have long lead times, and our business and operating results could be adversely affected by shortages, disruptions and related challenges. We are dependent on a limited number of suppliers for various key components used in our products, and we may from time to time have sole source suppliers. The cost, quality and availability of these components are essential to the successful production and sale of our products. We are subject to the risk of industry-wide shortages, price fluctuations and long lead times in the supply of these components and other materials. If the supply of these components is delayed or constrained, or if one or more of our main suppliers were to go out of business, alternative sources or suppliers may not be available on acceptable terms or at all. In the event that any of our suppliers were to discontinue production of our key product components, developing alternate sources of supply for these components would be time consuming, difficult and costly. In the event we are unable to obtain components in sufficient quantities on a timely basis and on commercially reasonable terms, our ability to sell our products in order to meet market demand would be affected and could materially and adversely affect our brand, image, business prospects and operating results. In addition, the longer lead time for many of our components presents challenges in our efforts to manage component

inventory, as we procure such components based on our then current forecast of demand for our products. **In For example, during the pandemic past, we have had to increased- increase our investments in, and purchase commitments and investments during industry- wide** for components with longer lead times where possible to secure inventory in anticipation of shortages and strong demand, and we may need to do so again in the future. In the event that actual demand for our products differs from our forecast, we may end up with an excess **component** inventory of components, as we saw in fiscal 2023-2024, negatively impacting our working capital. We also use a small number of logistics providers for substantially all our product delivery to both distributors and retailers. If one of these providers were to experience financial difficulties or disruptions in its business, or be subject to closures or other disruptions, our own operations could be adversely affected. Because substantially all of our products are distributed from and into a small number of locations and by a small number of companies, we are susceptible to both isolated and system- wide interruptions caused by events out of our control. Any disruption to the operations of our distribution facilities could delay product delivery, harm our reputation among our customers and adversely affect our operating results and financial condition. We have limited control over the third- party suppliers and logistics providers on which our business depends. If any of these parties fails to perform its obligations to us, we may be unable to deliver our products to customers in a timely manner. Further, we do not have long- term contracts with all of these parties, and there can be no assurance that we will be able to renew our contracts with them on favorable terms or at all. We may be unable to replace an existing supplier or logistics provider or supplement a provider in the event we experience significantly increased demand. Accordingly, a loss or interruption in the service **of any key party could adversely impact our revenue, gross margin and operating results**. We have and may in the future discontinue support for older versions of our products, resulting in customer dissatisfaction that could negatively affect our business and operating results. We have historically maintained, and we believe our customers may expect, extensive backward compatibility for our older products and the software that supports them, allowing older products to continue to benefit from new software updates. We expect that as we continue to improve and enhance our software platform, this backward compatibility will no longer be practical or cost- effective, and we may decrease or discontinue service for our older products. For example, certain of our legacy products continue to work but no longer receive software updates (other than bug fixes and patches). To the extent we no longer provide extensive backward capability for our products, we may damage our relationship with our existing customers, as well as our reputation, brand loyalty and ability to attract new customers. For these reasons, any decision to decrease or discontinue backward capability may decrease sales, generate legal claims and adversely affect our business, operating results and financial condition. Product quality issues and a higher- than- expected number of warranty claims or returns could harm our business and operating results. The products that we sell could contain defects in design or manufacture. Defects could also occur in the products or components that are supplied to us. There can be no assurance we will be able to detect and remedy all defects in the hardware and software we sell, which could result in product recalls, product redesign efforts, loss of revenue, reputational damage and significant warranty and other remediation expenses. Similar to other consumer electronics, our products have a risk of overheating and fire in the course of usage or upon malfunction. Any such defect could result in harm to property or in personal injury. If we determine that a product does not meet product quality standards or may contain a defect, the launch of such product could be delayed until we remedy the quality issue or defect. The costs associated with any protracted delay necessary to remedy a quality issue or defect in a new product could be substantial. We generally provide a one- year warranty on all our products, except in the European Union (" EU") and select other countries where we provide a minimum two- year warranty, depending on the region, on all our products. **In addition, as part of our commitments to our customers following the release of our redesigned Sonos app, in October 2024 we extended the warranty by one year for all home theater and plug- in speaker products then under warranty.** The occurrence of any material defects in our products could expose us to liability for warranty claims in excess of our current reserves, and we could incur significant costs to correct any defects, warranty claims or other problems. In addition, our failure to comply with past, present and future laws regulating extended warranties and accidental damage coverage could result in reduced sales of our products, reputational damage, penalties and other sanctions, which could harm our business and financial condition. Our international operations are subject to increased business and economic risks that could impact our financial results. We have operations outside the United States, and **generate a significant portion of we expect to continue to expand our revenue from international sales presence, especially in Asia. In Our products are sold in more than 60 countries and, in fiscal 2023-2024, 41-38. 3-7** % of our revenue was generated outside the United States. This subjects us to a variety of risks inherent in doing business internationally, including: • fluctuations in currency exchange rates and costs of imposing currency exchange controls; • political, social and / or economic instability; • tariffs, trade barriers and duties; • protectionist laws and business practices that favor local businesses in some countries; • higher levels of credit risk and payment fraud and longer payment cycles associated with, and increased difficulty of payment collections from certain international customers; • burdens and risks of complying with a number and variety of foreign laws and regulations, including the Foreign Corrupt Practices Act; • laws and regulations may change from time to time unexpectedly and may be unpredictably enforced; • potential negative consequences from changes in or interpretations of U. S. and foreign tax laws; • the cost of developing connected products for countries where Wi- Fi technology has been passed over in favor of more advanced cellular data networks; • reduced protection for intellectual property rights in some countries; • difficulties and associated costs in managing and staffing multiple international locations; and • delays from customs brokers or government agencies. If we are unable to manage the complexity of our global operations successfully, or if the risks above become substantial for us, our financial performance and operating results could suffer. Further, any measures that we may implement to reduce risks of our international operations may not be effective, may increase our expenses and may require significant management time and effort. **Entry into Our future success will depend in part on our ability to penetrate new international markets where we have limited experience and that requires- require considerable management time and financial resources related to market, personnel and facilities development before any significant revenue is generated. As a There can be no assurance that we will achieve success in these markets.**

Further, there can be no assurance that the markets we serve and target based on our business strategy will grow in the future, that we will be able to develop any necessary international distribution channels or that our existing and new products will achieve customer acceptance in these markets. Our failure to successfully manage these risks could harm our international operations and our plans for expansion into international markets, and have an adverse effect on our business, financial condition, and operating results. We use AI in our business, and challenges with properly managing its use could result in reputational harm, initial competitive harm, and legal liability, and adversely affect our results of operations in a new market may operate at low margins or may be unprofitable. We have in the past and may in the future incorporate AI, including generative AI, into our products, services and business. These technologies are complex and rapidly evolving and building them requires significant investment in infrastructure and personnel with no assurance that we will realize the desired or anticipated benefits. Our competitors, many of whom have greater technological and financial resources than we do, may more successfully incorporate AI into their products and achieve higher market acceptance of their AI solutions, which could impair our ability to compete effectively and adversely affect our results of operations in China. Also, where if we fail to keep pace with rapidly evolving technological developments in artificial intelligence, our competitive position and business results may suffer. As with many of innovations, the use of AI may lead to challenges, concerns and risks that listed above are significant particularly acute. China experiences high turnover of direct labor due to the intensely competitive and fluid market for labor that we may not be able to predict, and especially if our use of these technologies labor turnover rates are higher than we expect in that region, or our products we otherwise fail to adequately manage our labor needs, then our business and results of services becomes more important to our operations could be adversely affected. We will need to improve our financial and operational systems to manage our growth effectively and support our increasingly complex business arrangements, and an inability to do so could harm our business and results of operations. To manage our growth and our increasingly complex business operations, especially as we move over into new markets internationally, we will need to upgrade our operational and financial systems and procedures, which requires management time and may result in significant additional expense. For example, we our AI- replaced- related efforts, particularly those related to generative AI, subject us to risks related to accuracy, intellectual property infringement our - or legacy enterprise resource planning ("ERP") misappropriation, data privacy, and cybersecurity, among others. Developing, testing and deploying AI system systems in fiscal 2022 in order a responsible and ethical manner may also increase the cost profile of our products due to accommodate the nature of the computing costs and costs to develop our- or expanding operations license proprietary datasets and machine learning models involved in such systems. We cannot Our business may be certain that disrupted if any of the third- party AI services we use become unavailable due to extended outages or interruptions or because they are no longer available on commercially reasonable terms or prices. Changes to existing regulations, their interpretation or implementation or new regulations could impede our use of AI and also may make it more difficult to operate our business or to protect our intellectual property and may vary jurisdiction from jurisdiction. AI also presents emerging ethical issues, and if our use of AI becomes controversial, we may experience brand or reputational harm, competitive harm, or legal liability. The rapid evolution of AI, including the regulation of AI by government or other regulatory agencies, will institute require significant resources to develop, in a timely test and maintain or our platforms efficient manner or at all, the products, and services to improvements- implement AI ethically to our managerial, operational and minimize financial systems and procedures necessary to support our anticipated increased levels of operations. Problems associated with, or disruptions resulting from, any unintended harmful impacts improvement or expansion of our operational and financial systems could adversely affect our relationships with our suppliers, manufacturers, resellers and customers, inhibit our ability to expand or take advantage of market opportunities, cause harm to our reputation, result in errors in our financial and other reporting, and affect our ability to maintain an effective internal control environment and meet our external reporting obligations, any of which could harm our business and operating results and affect our stock price. A significant disruption in our websites, servers or information technology systems, or those of our third- party partners, could impair our customers' listening experience or otherwise adversely affect our customers, damage our reputation or harm our business. As a consumer electronics company, our website and mobile app are important presentations of our business, identity and brand and an important means of interacting with, and providing information to, consumers of our products. We depend on our servers and centralized information technology systems, and those of third parties, for product functionality, to manage operations and to store critical information and intellectual property. Accordingly, we allocate significant resources to maintaining our information technology systems and deploying network security, data encryption, training and other measures to protect against unauthorized access or misuse. Nevertheless, our website and information technology systems, and those of the third parties we rely on, are susceptible to damage, viruses, disruptions or shutdowns due to foreseeable and unforeseeable events. System failures and disruptions could impede the manufacturing and shipping of products, functionality of our products, transactions processing and financial reporting, and result in the loss of intellectual property or data, require substantial repair costs and damage our reputation, competitive position, financial condition and results of operations. For example, we use Amazon Web Services ("AWS") to maintain the interconnectivity of our mobile app to our servers and those of the streaming services that our customers access to enjoy our products. Because AWS runs its own platform that we access, we are vulnerable to both system- wide and Sonos- specific service outages at AWS. Our access to AWS' infrastructure could be limited by a number of potential causes, including technical failures, natural disasters, fraud or security attacks that we cannot predict or prevent. Additionally, our products may contain flaws that make them susceptible to unauthorized access or use. For example, we previously discovered a vulnerability in our products that could be exploited when a customer visited a website with malicious content, allowing the customer's local network to be accessed by third parties who could then gain unauthorized access to the customer's playlists and other data and limited control of the customer's devices. While we devote significant resources to address and eliminate flaws and other vulnerabilities in our products, there can be no

assurance that our products will not be compromised in the future. Any such flaws or vulnerabilities, whether actual or merely potential, could harm our reputation, competitive position, financial condition and results of operations. Any cybersecurity breaches or our actual or perceived failure to comply with such legal obligations by us, or by our third- party service providers or partners, could harm our business. We collect, store, process and use our customers' personally identifiable information and other data, and we rely on third parties that are not directly under our control to do so as well. While we take measures intended to protect the security, integrity and confidentiality of the personal information and other sensitive information we collect, store or transmit, we cannot guarantee that inadvertent or unauthorized use or disclosure will not occur, or that third parties will not gain unauthorized access to this information. There have been a number of recent reported incidents where third parties have used software to access the personal data of their partners' customers for marketing and other purposes. If we or our third- party service providers were to experience a breach, disruption or failure of systems compromising our customers' data, or if one of our third- party service providers or partners were to access our customers' personal data without our authorization, our brand and reputation could be adversely affected, use of our products could decrease and we could be exposed to a risk of loss, litigation and regulatory proceedings. In addition, a breach could require expending significant additional resources related to the security of information systems and disrupt our operations. The use of data by our business and our business associates is highly regulated in all our operating countries. Privacy and information security laws and regulations change, and compliance with them may result in cost increases due to, among other things, systems changes and the development of new processes. If we or those with whom we share information fail to comply with laws and regulations, such as the General Data Protection Regulation (" GDPR") and California Consumer Privacy Act (" CCPA"), our reputation could be damaged, possibly resulting in lost business, and we could be subjected to additional legal risk or financial losses as a result of non- compliance. Complying with such laws may also require us to modify our data processing practices and policies and incur substantial expenditures -

~~Changes in how network operators manage data that travels across their networks or in net neutrality rules could harm our business. We rely upon the ability of consumers to access our service through the internet. If network operators block, restrict or otherwise impair access to our service over their networks, our service and business could be negatively affected. To the extent that network operators implement usage- based pricing, including meaningful bandwidth caps, or otherwise try to monetize access to their networks by data providers, we could incur greater operating expenses. Furthermore, to the extent network operators create tiers of internet access service and either charge us for or prohibit us from being available through these tiers, our business could be negatively impacted. Further, in the past, internet service providers (" ISPs") have attempted to implement usage- based pricing, bandwidth caps and traffic shaping or throttling. To the extent network operators create tiers of internet access service and charge our customers in direct relation to their consumption of audio content, our ability to attract and retain customers could be impaired, which would harm our business. Net neutrality rules, which were designed to ensure that all online content is treated the same by ISPs and other companies that provide broadband services, were repealed by the Federal Communications Commission (" FCC") effective June 2018. Although the FCC has preempted state jurisdiction over net neutrality, some states have taken executive action directed at reinstating aspects of the FCC' s 2015 order. Further, while many countries, including across the EU, have implemented net neutrality rules, in others, the laws may be nascent or non- existent. The absence or repeal of the net neutrality rules could force us to incur greater operating expenses, cause our streaming partners to seek to shift costs to us or result in a decrease in the streaming- based usage of our platform by our customers, any of which would harm our results of operations. In addition, given uncertainty around these rules, including changing interpretations, amendments or repeal, coupled with potentially significant political and economic power of local network operators, we could experience discriminatory or anti- competitive practices that could impede our growth, cause us to incur additional expense or otherwise negatively affect our business.~~

Our use of open source software could negatively affect our ability to sell our products and subject us to possible litigation. We incorporate open source software into our products, and we may continue to incorporate open source software into our products in the future. Open source software is generally licensed by its authors or other third parties under open source licenses. Some of these licenses contain requirements that we make available source code for modifications or derivative works we create based upon the open source software and that we license such modifications or derivative works under the terms of a particular open source license or other license granting third parties certain rights of further use. Additionally, if a third- party software provider has incorporated open source software into software that we license from such provider, we could be required to disclose any of our source code that incorporates or is a modification of our licensed software. If an author or other third party that distributes open source software that we use or license were to allege that we had not complied with the conditions of the applicable license, we could be required to incur significant legal expenses defending against those allegations and could be subject to significant damages, enjoined from offering or selling our products that contained the open source software and required to comply with the above conditions. Any of the foregoing could disrupt and harm our business and financial condition. **We track certain operational and business metrics with internal methods that are subject to inherent challenges in measurement, and real or perceived inaccuracies in such metrics may harm our reputation and negatively affect our business. We calculate certain of our key metrics, including households and registrations, using internal company data that has not been independently verified. While these numbers are based on what we believe to be reasonable calculations for the applicable period of measurement, there are inherent challenges in measuring our key metrics. Our process for tracking these metrics may change over time, including to improve their accuracy, which could result in unexpected changes to the data reported. As our business develops, we may revise or cease reporting certain metrics if we determine that such metrics are no longer accurate or appropriate measures of our performance. If we discover material inaccuracies in our key metrics, or if the metrics we rely on to track our performance do not provide an accurate measurement of our business, or if investors, analysts, or customers do not believe that they do, our reputation may be harmed, and our operating and financial results could be adversely affected.**

Legal and Regulatory Risks Changes in international trade policies, including the imposition of tariffs have had, and may

continue to have, an adverse effect on our business, financial condition and results of operations. Under ~~In~~ the ~~past previous~~ ~~administration~~, the U. S. government ~~has~~ imposed significant ~~new~~ tariffs on China related to the importation of certain product categories, including those under the August 2019 Section 301 Tariff Action (List 4A) (" Section 301 tariffs"). These Section 301 tariffs ~~have~~ increased our cost of revenue and adversely impacted our results of operations. We were able to obtain an exemption from the Section 301 tariffs for certain of our products, including our core speaker products, for certain periods since fiscal 2020 . ~~In particular, with~~ on December 16, 2022, the ~~exemption~~ USTR granted an extension through September 30, 2023, of the exclusion for our core speaker products ~~product having expired in June 2024~~ . To date, we have ~~recovered~~ ~~virtually all~~ been able to obtain certain refunds ~~to which we are entitled~~ on tariffs paid through the fiscal 2022 ~~exemption~~ periods and are in the process of obtaining the minimal remaining refunds processed for such periods. ~~In addition, we have~~ ~~relocated a substantial portion of our contract manufacturing from China to Malaysia and Vietnam, mitigating the effects of the Section 301 tariffs on a going forward basis. It remains unclear what the U. S. or foreign governments will do with respect to tariffs, international trade agreements and policies on a short- term or long- term basis. In~~ the event that ~~of expansion of trade restrictions, the imposition of~~ future tariffs are imposed on imports of our products ~~or~~, we are not successful in any future exemption requests, the ~~other~~ amounts of existing ~~government actions related to~~ tariffs are increased, our ~~or~~ efforts to diversify our supply chain outside of China are delayed or otherwise not successful, or China or other countries take retaliatory trade ~~agreements~~ measures in response to existing or future tariffs, our business may be impacted and we may be required to raise prices or make changes to our operations, any of which could materially harm our revenue or operating results . ~~In response to future new tariffs, we may intensify our efforts to diversify outside of China, resulting in significant costs and disruption to our operations as we would need to pursue the time- consuming processes of recreating new supply chains, identifying substitute components and establishing new manufacturing locations~~ . We must comply with extensive regulatory requirements, and the cost of such compliance, and any failure to comply ~~or perceived failure to comply~~, may adversely affect our business, financial condition and results of operations. In our current business and as we expand into new markets and product categories, we must comply with a wide variety of laws, regulations, standards and other requirements governing, among other things, electrical safety, wireless emissions, health and safety, e- commerce, consumer protection, export and import requirements, hazardous materials usage, product related energy consumption, packaging, recycling and environmental matters. Compliance with these laws, regulations, standards and other requirements may be onerous and expensive, and they may be inconsistent from jurisdiction to jurisdiction or change from time to time, further increasing the cost of compliance and doing business. Our products may require regulatory approvals or satisfaction of other regulatory concerns in the various jurisdictions in which they are manufactured, sold or both. These requirements create procurement and design challenges that require us to incur additional costs identifying suppliers and manufacturers who can obtain and produce compliant materials, parts and products. Failure to comply with such requirements can subject us to liability, additional costs and reputational harm and, in extreme cases, force us to recall products or prevent us from selling our products in certain jurisdictions. We may incur costs in complying with changing tax laws in the United States and abroad, which could adversely impact our cash flow, financial condition and results of operations. We are a U. S.- based company subject to taxes in multiple U. S. and foreign tax jurisdictions. Our ~~profits, cash flow and~~ effective tax rate , ~~as well as our business, operating results and financial condition~~, could be adversely affected by changes in the tax rules and regulations in the jurisdictions in which we do business, unanticipated changes in statutory tax rates and changes to our global mix of earnings. As we expand our operations, any changes in the U. S. or foreign taxation of such operations may increase our worldwide effective tax rate. We are also subject to examination by the Internal Revenue Service (" IRS") and other tax authorities, including state revenue agencies and foreign governments. If any tax authority disagrees with any position we have taken, our tax liabilities and operating results may be adversely affected. While we regularly assess the likelihood of favorable or unfavorable outcomes resulting from examinations by the IRS and other tax authorities to determine the adequacy of our provision for income taxes, there can be no assurance that the actual outcome resulting from these examinations will not materially adversely affect our financial condition and results of operations. In addition, the distribution of our products subjects us to numerous complex and often- changing customs regulations. Failure to comply with these systems and regulations could result in the assessment of additional taxes, duties, interest and penalties. There is no assurance that tax and customs authorities agree with our reporting positions and upon audit may assess us additional taxes, duties, interest and penalties. If this occurs and we cannot successfully defend our position, our profitability will be reduced. Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited. ~~As of~~ For the year ended September 30-28, 2023-2024 , we utilized \$ 84.9 million U. S. federal net operating loss and ~~have no U. S. federal net operating loss carryforwards remaining~~ . As of September 30, 2023, we had gross state net operating loss carryforwards of \$ 25-33 . 4 million, which expire beginning in 2032, as well as \$ 46-39 . 9 million in foreign net operating loss carryforwards with an indefinite life. As of September 30-28, 2023-2024 , we also had U. S. federal research and development tax credit carryforwards as filed of \$ 54-37 . 46 million, and state research and development tax credit carryforwards as filed of \$ 47-48 . 0 million, which will expire beginning in 2038-2041 and 2025-2026 , respectively. Because of the change of ownership provisions of Sections 382 and 383 of the Code, use of a portion of the Company' s domestic net operating losses and tax credit carryforwards may be limited in future periods depending upon future changes in ownership. Further, a portion of the carryforwards may expire before being applied to reduce future income tax liabilities if sufficient taxable income is not generated in future periods. Risks Related to Ownership of Our Common Stock The stock price of our common stock has been and may continue to be volatile or may decline regardless of our operating performance. The stock price of our common stock has been and may continue to be volatile. The stock price of our common stock may fluctuate significantly in response to numerous factors in addition to the ones described in the preceding Risk Factors, many of which are beyond our control, including: • overall performance of the equity markets and the economy as a whole; • changes in the financial projections we or third parties may provide to the public or our failure to meet these projections; • actual or anticipated changes

in our growth rate relative to that of our competitors; • announcements of new products, or of acquisitions, strategic partnerships, joint ventures or capital-raising activities or commitments, by us or by our competitors; • additions or departures of key personnel; • failure of securities analysts to maintain coverage of us, changes in financial estimates by any securities analysts who follow our company or our failure to meet these estimates or the expectations of investors; • rumors and market speculation involving us or other companies in our industry; • sales of shares of our common stock by us or our stockholders particularly sales by our directors, executive officers and significant stockholders, or the perception that these sales could occur; and • additional stock issuances that result in significant dilution to shareholders. In addition, the stock market with respect to companies in the technology industry has experienced significant price and volume fluctuations that have affected and continue to affect the stock prices of these companies. In the past, stockholders have instituted securities class action litigation following periods of market volatility. If we were to become involved in securities litigation, it could subject us to substantial costs, divert resources and the attention of management from our business and adversely affect our business. We do not intend to pay dividends for the foreseeable future. We have never declared or paid any cash dividends on our common stock, and we do not intend to pay any cash dividends in the foreseeable future. We anticipate that we will retain all our future earnings for use in the development of our business and for general corporate purposes. Any determination to pay dividends in the future will be at the discretion of the Board. Accordingly, investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investments. In addition, the terms of our credit facilities contain restrictions on our ability to declare and pay cash dividends on our capital stock. Certain provisions in our corporate charter documents and under Delaware law may prevent or hinder attempts by our stockholders to change our management or to acquire a controlling interest in us. There are provisions in our restated certificate of incorporation and restated bylaws that may make it difficult for a third party to acquire, or attempt to acquire, control of our company, even if a change in control were considered favorable by our stockholders. These anti-takeover provisions include: • a classified Board so that not all members of the Board are elected at one time; • the ability of the Board to determine the number of directors and fill any vacancies and newly created directorships; • a requirement that our directors may only be removed for cause; • a prohibition on cumulative voting for directors; • the requirement of a super-majority to amend some provisions in our restated certificate of incorporation and restated bylaws; • authorization of the issuance of "blank check" preferred stock that the Board could use to implement a stockholder rights plan; • an inability of our stockholders to call special meetings of stockholders; and • a prohibition on stockholder actions by written consent, thereby requiring that all stockholder actions be taken at a meeting of our stockholders. In addition, our restated certificate of incorporation provides that the Delaware Court of Chancery is the exclusive forum for any derivative action or proceeding brought on our behalf; any action asserting a breach of fiduciary duty; any action asserting a claim against us arising pursuant to the Delaware General Corporation Law (the "DGCL"), our restated certificate of incorporation or our restated bylaws; or any action asserting a claim against us that is governed by the internal affairs doctrine. Our restated certificate of incorporation also provides that the federal district courts of the United States will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act of 1933, as amended. Further, Section 203 of the DGCL may discourage, delay or prevent a change in control of our company. Section 203 imposes certain restrictions on mergers, business combinations, and other transactions between us and holders of 15 % or more of our common stock. General Risk Factors The loss of one or more of our key personnel, or our failure to attract, assimilate and retain other highly qualified personnel in the future, could harm our business. We depend on the continued services and performance of our key personnel. The loss of key personnel, including key members of management as well as our product development, marketing, sales and technology personnel, could disrupt our operations and have an adverse effect on our ability to grow our business. In addition, the loss of key personnel in our finance and accounting departments could harm our internal controls, financial reporting capability and capacity to forecast and plan for future growth. Further, the market for highly skilled workers and leaders in our industry is extremely competitive. If we do not succeed in attracting, hiring and then integrating high-quality personnel or in retaining and motivating existing personnel, we may be unable to grow effectively, and our financial condition may be harmed. Natural disasters, geopolitical unrest, war, terrorism, pandemics, public health issues or other catastrophic events could disrupt the supply, delivery or demand of products, which could negatively affect our operations and performance. We are subject to the risk of disruption by earthquakes, floods and other natural disasters, fire, power shortages, geopolitical unrest, war, terrorist attacks and other hostile acts, public health issues, epidemics or pandemics, including COVID-19, and other events beyond our control and the control of the third parties on which we depend. Any of these catastrophic events, whether in the United States or abroad, may have a strong negative impact on the global economy, us, our contract manufacturers, our suppliers or customers, and could decrease demand for our products, create delays and inefficiencies in our supply chain and make it difficult or impossible for us to deliver products to our customers. Further, our headquarters are located in Santa Barbara County, California, in a seismically active region that is also prone to forest fires. Any catastrophic event that occurred near our headquarters, or near our manufacturing facilities in China, Malaysia or Vietnam, could impose significant damage to our ability to conduct our business and could require substantial recovery time, which could have an adverse effect on our business, operating results and financial condition. We may need additional capital, and we cannot be certain that additional financing will be available. In October 2021, we entered into a credit agreement with JPMorgan Chase Bank, N. A., Bank of America N. A., Morgan Stanley Senior Funding, Inc., and Goldman Sachs Bank USA (**the "Revolving Credit Agreement"**), which allows us to borrow up to \$ 100.0 million, with a maturity date of October 2026. We may require additional equity or debt financing to fund our operations and capital expenditures. Our ability to obtain financing will depend, among other things, on our development efforts, business plans, operating performance and the condition of the capital markets at the time we seek financing. We cannot assure you that additional financing will be available to us on favorable terms if and when required, or at all. We have and may in the future acquire other businesses or receive offers to be acquired, which could require significant management attention, disrupt our business, dilute stockholder value and adversely affect our operating

results. As part of our business strategy, we have and may in the future make investments in complementary businesses, products, services or technologies. These acquisitions and other transactions and arrangements involve significant challenges and risks, including not advancing our business strategy, receiving an unsatisfactory return on our investment, difficulty integrating and retaining new employees, business systems, and technology, or distracting management from our other business initiatives. If an arrangement fails to adequately anticipate changing circumstances and interests of a party, it may result in early termination or renegotiation of the arrangement. The success of these transactions and arrangements will depend in part on our ability to leverage them to enhance our existing products or develop compelling new ones. It may take longer than expected to realize the full benefits from these transactions and arrangements such as increased revenue or enhanced efficiencies, or the benefits may ultimately be smaller than we expected. These events could adversely affect our consolidated financial statements. If we fail to maintain an effective system of internal controls in the future, we may experience a loss of investor confidence and an adverse impact to our stock price. Pursuant to the Sarbanes- Oxley Act of 2002, we are required to document and test our internal control procedures and to provide a report by management on internal control over financial reporting, including management' s assessment of the effectiveness of such control. ~~We previously reported and remediated material weaknesses in internal control over financial reporting. Completion of remediation does not provide assurance that our remediation or other controls will continue to operate properly.~~ If we are unable to maintain effective internal control over financial reporting or disclosure controls and procedures, our ability to record, process and report financial information accurately, and to prepare consolidated financial statements within required time periods could be adversely affected, which could subject us to litigation or investigations requiring management resources and payment of legal and other expenses, negatively affect investor confidence in our consolidated financial statements and adversely impact our stock price.