Risk Factors Comparison 2023-08-25 to 2022-08-26 Form: 10-K

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This Annual Report on Form 10- K contains forward- looking statements that are subject to risks and uncertainties that could cause actual results to differ materially from those projected. These risks and uncertainties include, but are not limited to, the risk factors set forth below. These risks and uncertainties are not the only ones we face. If any event related to these known or unknown risks or uncertainties actually occurs, our business prospects, operating results, and financial condition could be materially adversely affected. Risk Factors Summary • our limited ability to forecast our results of operations and sales; • volatility and competition in the markets we serve or our inability to compete effectively with our competitors; • our reliance on a limited number of distributors for our products and the inability of our distributors to manage inventory of our products effectively, timely sell our products or estimate future demand for our products; • our inventory decisions, including, without limitation, for new product introductions, are based on assumptions and forecasts, which, if inaccurate, may result in write- downs of inventory or components **and increases of vendor deposits** ; • our inability to keep pace with rapid technological and market changes or to maintain competitive prices for products; • the technological complexity of our products, which may contain undetected hardware defects or software bugs; • our inability to anticipate or mitigate cyberattacks, security vulnerabilities or other fraudulent or illegal activity; • our inability to manage our growth and expand our operations; • our inability to maintain or enhance the strength of our brand; • our reliance on a limited number of contract manufacturers to manufacture our products, and potential quality or product supply problems for our products if we are unable to secure sufficient components for our products or there is a shortage of manufacturing capacity; • our reliance on a limited number of suppliers and our inability to predict shortages in components, such as the global shortage in chipsets, or other supply disruptions ~~, including, without limitation,~~ as a result of ~~COVID- 19~~ **, including, without limitation** , the military conflict between Russia and Ukraine, the escalating tensions between China and Taiwan, or our failure to identify or qualify alternative suppliers; • disruption to the manufacturing or shipping of our products due to natural disasters, labor shortages or operational reductions from outbreaks of diseases or other public health events ~~, including, without limitation, COVID- 19~~ , the military conflict between Russia and Ukraine, the escalating tensions between China and Taiwan, or similar disruptions in the countries or regions in which our contract manufacturers or logistics contractors are located; • a global economic downturn; • lower than expected returns **and exposure to increased operational risks** from our investments in ~~growth areas or~~ **business lines, products, services, technologies, joint ventures and other strategic transactions; •** our enterprise and service provider technologies; • the ineffective management of product introductions, product transitions and marketing or our inability to remain competitive and stimulate customer demand for our products; • our inability to anticipate consumer preferences and develop desirable consumer products and solutions, or to execute our strategy for our consumer products or develop our sales channels; • general credit, liquidity, market, and interest rate risks to our investment securities; • exposure to **adverse developments affecting financial institutions at which we maintain deposits • exposure to** increased economic and operational uncertainties from our international operations, including, without limitation, as a result of foreign policy and geopolitical developments, particularly those involving China and Russia, varying legal and regulatory regimes and the effects of foreign currency exchange rates; • the failure of our foreign warehouse and logistics providers to safeguard, manage and properly report our inventory; • exposure to increased operational risks and liability to the extent we develop our own foreign manufacturing capacity; • our inability to manage geographically dispersed research and development teams; • our limited ability to obtain and enforce our intellectual property rights, particularly in China, Russia and South America; • the misappropriation of our intellectual property and trade secrets by our contract manufacturers or others to manufacture competitive products or counterfeit products; • our exposure to extensive intellectual property litigation; • the risks of using open source software in our products; • our debt levels and the impact our debt levels may have on our ability to raise capital or otherwise finance our business; • the risks of expanding our product offerings or our operations or increases in our operating expenses; • ~~exposure to increased operational risks associated with our investments in new businesses, products, services, technologies, joint ventures and other strategic transactions; •~~ our reliance on third- party software and services for certain aspects of our operations, including, without limitation, our financial reporting functions; • **uncertainty surrounding the elimination of** ~~our inability to integrate future acquisitions; • changes in~~ LIBOR ~~reporting practices~~ and the **transition** ~~index used~~ to **SOFR** ~~replace LIBOR~~ ; • our reliance on our founder and chief executive officer, who owns a majority of our common stock; • volatility in the price of our common stock due to volatility in our results of operations or our failure to pay cash dividends or to repurchase shares of our common stock pursuant to our repurchase programs; • the reliance of our products on unlicensed radio frequency spectrum, and the increasing reliance of consumer and other products on the same spectrum or from the introduction of regulation of such spectrum; • potential liability under trade protection, anti- corruption, and other laws resulting from our global operations; • changes in laws and regulations relating to the handling of personal data; • the adverse impact from litigation matters; • the adverse impact to our results of operations from successful warranty claims, product losses or recalls; • indemnification claims against us for intellectual property infringement, defective products, and security vulnerabilities; • our inability to maintain an effective system of internal controls; and • changes in tax laws and regulations or reviews or audits of our tax returns. Risks Related to Our Business and Industry We have limited visibility into future sales **as a result of our reliance on distributors** , which **may increase volatility in our results and** makes it difficult to forecast our future results of operations. Because of our limited visibility into end customer demand and channel inventory levels, our ability to accurately forecast our future sales is limited. We sell our products and solutions globally to network operators, service providers and consumers, primarily through our network of distributors and resellers. We do not employ a traditional direct sales force. Sales to our distributors have accounted for the majority of our revenues. Our distributors do not make long term purchase commitments to us, and do not typically provide us with information about market demand for our products. We endeavor to obtain information on inventory levels and sales data from our distributors. This information has been generally difficult to obtain in a timely manner, and we cannot always be certain that the information is reliable. If we over forecast demand, we may **build excess inventory, increase vendor deposits and we may** not be able to decrease our expenses in time to offset any shortfall in revenues, which could harm our ability to achieve or sustain expected results of operations. If we under forecast demand, our ability to fulfill sales orders will be compromised and sales to distributors may be deferred or lost altogether, which **may impair our distributor relationships,** would reduce our revenues and could harm our ability to achieve or sustain expected results of operations . The markets we serve can be...... with our distributors' inventory management practices . Our distributors purchase and maintain their own inventories of our products, and we do not control their inventory management. Distributors may manage their inventories in a manner that causes significant fluctuations in their purchases from quarter to quarter, and which may not be in alignment with the actual demand of end customers for our products. If some distributors decide to purchase more of our products than are required to satisfy their customers' demand in any particular quarter, because they do not accurately forecast demand or otherwise, they may reduce future orders until their inventory levels realign with their customers' demand. If some distributors decide to purchase less of our products than are required to satisfy their customers' demand in any particular quarter, because they do not accurately forecast demand or otherwise, sales of our products may be deferred or lost altogether, which could materially adversely affect our results of operations. **In addition** ~~If our forecasts of future sales are inaccurate~~ , ~~we may manufacture too many or not enough products. We may over or under forecast our customers' actual demand for our products or the actual mix of our products that they~~ - **the** ~~will ultimately demand. If we over- forecast demand, we may build excess inventory which could materially adversely affect our operating results. If we under- forecast demand, we may miss opportunities for sales and may impair our customer relationships, which could materially adversely affect our results of operations. The~~ lead times that we face for the procurement of components and subsequent manufacturing of our products are usually much longer than the lead time from our customers' orders to the expected delivery date. This increases the risk that we may manufacture too many or not enough products in any given period. This risk may be further exacerbated by supply chain constraints on the global supply of components, particularly the chipsets, that we use to manufacture our products, as well as longer shipping lead times and delays. ~~.~~ The markets we serve can be especially volatile,and weakness in orders could harm our future results of operations.Weakness in orders,directly or indirectly,from the markets we serve,including as a result of any slowdown in capital expenditures by the markets we service (which may be more prevalent during a global economic downturn,or periods of economic,political or regulatory uncertainty),could have a material adverse effect on our business,results of operations,liquidity and financial condition.Such slowdowns may continue or recur in future periods.Orders from the markets we serve could decline for many reasons other than the competitiveness of our products and services within their respective markets.These conditions have harmed our business and results of operations in the past,and some of these or other conditions in the markets we serve could affect our business and results of operations,liquidity or financial condition in any future period of such slowdowns **.** We may need to build inventory for new product announcements and shipments or decide to increase or maintain higher levels of inventory, which may result in inventory write- downs **and / or increased vendor deposits** . The Company must order components for its products ~~and~~ **,** build inventory, both of finished products and components, **and in certain cases, pay vendor deposits** in advance of new product announcements and shipments. Decisions to build inventory for new products or to increase or maintain higher inventory **levels and vendor deposit** levels are typically based upon uncertain forecasts or other assumptions and may expose us to a greater risk of carrying excess or obsolete inventory. Because the markets in which the Company competes are volatile, competitive and subject to rapid technology ~~and~~ **changes,** price changes **, shortages and other disruptions** , if the assumptions on which we base these decisions turn out to be incorrect, our financial performance could suffer and we could be required to write- off the value of excess products or components inventory **, increase vendor deposits** or not fully utilize firm purchase commitments. We rely ~~on~~ **upon** a limited number of distributors, and changes in our relationships with our distributors or changes within our distributors may disrupt our sales. Although we have a large number of distributors in numerous countries who sell our products, a limited number of these distributors represent a significant portion of our sales. One or more of our major distributors may suffer from a decline in their financial condition, decrease in demand from their customers, or a decline in other aspects of their business which could impair their ability to purchase and resell our products. Any distributor may also cease doing business with us at any time with little or no notice. The termination of a relationship with a major distributor, either by us or by the distributor, could result in a temporary or permanent loss of revenues, slower or impaired collection on accounts receivable and costly and time- consuming litigation or arbitration. We may not be successful in finding other suitable distributors on satisfactory terms, or at all, and this could adversely affect our ability to sell in certain geographic markets or to certain network operators and service providers. We do not generally obtain letters of credit or other security for payment from the distributors, so we are not protected against accounts receivable default by the distributors. We may not be able to enhance our products to keep pace with technological and market developments while offering competitive prices. The market for our wireless broadband networking equipment is ~~emerging and is~~ characterized by rapid technological change, evolving industry standards, frequent new product introductions and short product life cycles. The markets for enterprise networking equipment and consumer products possess similar characteristics of rapid technological updates, evolving industry standards, frequent changes in consumer preferences, frequent new product introductions and short and unpredictable product life cycles. Our ability to keep pace in these markets depends upon our ability to enhance our current products, and **to** continue to develop and introduce new products rapidly and at competitive prices. The success of new product introductions or updates on existing products depends on a number of factors including, but not limited to, timely and successful product development, market acceptance **, development of sales channels** , our ability to manage the risks associated with new product **forecast,** production ramp- up, the effective management of our inventory and manufacturing schedule and the risk that new products may have defects or other deficiencies in the early stages of introduction. The development of our products is complex and costly, and we typically have several products in development at the same time. Given the complexity, we occasionally have experienced, and could experience in the future, lower than expected yields on new or enhanced products and delays in completing the development and introduction of new products and enhancements to existing products. In addition, new products may have lower selling prices or higher costs than existing products, which could negatively impact our results of operations. Our ability to compete successfully will depend in large measure on our ability to maintain a technically skilled development and engineering staff, to successfully innovate, and to adapt to technological changes and advances in the industry. Development and delivery schedules for our products are difficult to predict. We may fail to introduce new products or enhancements to existing products in a timely fashion. If new releases of our products are delayed, our distributors may curtail their efforts to market and promote our products and our users may switch to competing products. The markets in which we compete are highly competitive. The networking, enterprise WLAN, routing, switching, video surveillance, wireless backhaul, machine- to- machine communications and consumer markets in which we primarily compete are highly competitive and are influenced by competitive factors including: • our ability to rapidly develop and introduce new high- performance integrated solutions; • the price and total cost of ownership and return on investment associated with the solutions; • the simplicity of deployment and use of the solutions; • the reliability and scalability of the solutions; • the market awareness of a particular brand; • our ability to provide secure access to wireless networks; • our ability to offer a suite of products and solutions; • our ability to allow centralized management of the solutions; and • our ability to provide product support. New entrants seeking to gain market share by introducing new technology and new products may also make it more difficult for us to sell our products, and could create increased pricing pressure. In addition, broadband equipment providers or system integrators may also offer wireless broadband infrastructure equipment for free or as part of a bundled offering, which could force us to reduce our prices or change our selling model to remain competitive. If there is a shift in the market such that network operators and service providers begin to use closed network solutions that only operate with other equipment from the same vendor, we could experience a significant decline in sales because our products would not be interoperable. We expect competition to continuously intensify as other established and new companies introduce new products in the same markets that we serve or intend to enter, as these markets consolidate. Our business, results of operations, liquidity and financial condition will suffer if we do not maintain our competitiveness. A number of our current or potential competitors have longer operating histories, greater brand recognition, larger customer bases and significantly greater resources than we do. As we move into new markets for different types of products, our brand may not be as well- known as the incumbents' brands in those markets. Potential customers may prefer to purchase from their existing suppliers or well- known brands rather than a new supplier, regardless of product performance or features. We expect increased competition from other established and emerging companies ~~if~~ **as** our market continues to develop and expand. As we enter new markets, we expect to face competition from incumbent and new market participants and there is no assurance that our entry into new markets will be successful. Many of these companies have significantly greater financial, technical, marketing, distribution and other resources than we do and are better positioned to acquire and offer complementary products and technologies. Industry consolidation, acquisitions and other arrangements among competitors may adversely affect our competitiveness because it may be more difficult to compete with entities that have access to their combined resources. As a result of such consolidation, acquisition or other arrangements, our current and potential competitors might be able to adapt more quickly to new technologies and consumer preference, devote greater resources to the marketing and promotion of their products, initiate or withstand price competition, and take advantage of acquisitions or other opportunities more readily and develop and expand their products more quickly than we do. These combinations may also affect customers' perceptions regarding the viability of companies of our size and, consequently, affect their willingness to purchase our products. The complexity of our products could result in unforeseen delays or expenses caused by undetected defects or bugs. Our products may contain defects and bugs when they are introduced, or as new versions are released. We have focused, and intend to focus in the future, on getting our new products to market quickly. Due to our rapid product introductions, defects and bugs that may be contained in our products may not yet have manifested. We have in the past experienced, and may in the future experience, defects and bugs. If any of our products contain material defects or bugs, or have reliability, quality or compatibility problems, we may not be able to correct these problems promptly or successfully. The existence of defects or bugs in our products may damage our reputation and disrupt our sales. If any of these problems are not found until after we have commenced commercial production and distribution of a new product, we may be required to incur additional development costs, repair or replacement costs, and other costs relating to regulatory proceedings, product recalls and litigation, which could harm our reputation and results of operations. Undetected defects or bugs may lead to negative online Internet reviews of our products, which are increasingly becoming a significant factor in the success of our new product launches, especially for our consumer products. If we are unable to quickly respond to negative reviews, including end user reviews posted on various prominent online retailers, our ability to sell these products will be harmed. Moreover, we may offer stock rotation rights to our distributors. If we experience greater returns from retailers or end customers, or greater warranty claims, in excess of our reserves, our business, revenue and results of operations could be harmed. Security vulnerabilities in our products, services and systems, ~~or~~ in our distribution channel, **or supply chain** could lead to reduced revenues and claims against us. The quality and performance of some of our products and services may depend upon their ability to withstand cyber- attacks. Third parties may develop and deploy viruses, worms and other malicious software programs, some of which may be designed to attack our products, systems, or networks. Some of our products and services also involve the storage and transmission of users' and customers' proprietary information which may be the target of cyber- attacks. Hardware and software that we produce or procure from third parties also may contain defects in manufacture or design, including bugs and other problems, which could compromise their ability to withstand cyber- attacks. Additionally, our sales to **end** customers through our webstores have increased, which may expose us to liabilities associated with the online collection of customer data, including credit card information, and the costs we may incur to mitigate such risks. Our sales to **end** customers through our webstores require the transmission of confidential information, including credit card information, securely over public networks. Third parties may have the technology or knowledge to breach the security of customer transaction data. Although we have security measures related to our systems and the privacy of our **end** customers, we cannot guarantee these measures will effectively prevent others from obtaining unauthorized access to our information and our customers' information. Any person who circumvents our security measures could destroy or steal valuable information and / or disrupt our operations. Any security breach could also expose us to risks of data loss, litigation and liability, and could seriously disrupt operations and harm our reputation, any of which could adversely affect our financial condition and results of operations. In addition, state and federal laws and regulations are increasingly enacted to protect consumers against identity theft. These laws and regulations will likely increase the costs of doing business and if we fail to implement appropriate security measures, or to detect and provide prompt notice of unauthorized access as required by some of these laws and regulations, we could be subject to potential claims for damages and other remedies, which could adversely affect our business and results of operations. For additional information regarding the impact of privacy regulations applicable to our business, see " — Risks Related to Regulatory, Legal and Tax Matters — Our failure to comply with U. S. and foreign laws related to privacy, data security, cybersecurity and data protection, such as the E. U. Data Protection Directive and China Cybersecurity Law, could adversely affect our financial condition, results of operations, and our brand. " We and certain of our vendors have experienced cyber- attacks in the past, and **we, our vendors, suppliers, and distributors** may experience cyber- attacks in the future. As a result, unauthorized parties have obtained, and may in the future obtain, access to our systems **, our confidential business information** and data and may have obtained, and may in the future obtain, our users' or customers' data. Our security measures have in the past, and may in the future, be breached due to ~~employee~~ **human** error, malfeasance, or otherwise. Third parties may also attempt to induce employees, users, or customers or those of our vendors to disclose sensitive information in order to gain access to our data or our users' or customers' data. Any such breach or unauthorized access could result in significant legal and financial exposure, costly and time- intensive notice requirements or other remediation efforts, damage to our reputation, and a loss of confidence in the security of our products and services. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently, and often are not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. For example, in January 2021, we became aware that certain of our information technology systems hosted by a third **-** party cloud provider were improperly accessed and certain of our source code and the credentials used to access the information technology systems themselves had been compromised. We received a threat to publicly release these materials unless we made a payment, which we have not done. As a result, it is possible that the source code and other information could be publicly disclosed or made available to our competitors. Due to the nature of the source code and the other information that we believe was improperly accessed, we at this time do not believe that any public disclosure will have a material adverse effect on our business or operations, but it is impossible to gauge the precise impact of any such disclosure. We have taken, and will continue to take, steps to remediate access controls to our information technology systems. The costs to us to eliminate or alleviate security vulnerabilities can be significant, and our efforts to address these problems may not be successful and could result in interruptions, delays, cessation of service and loss of existing or potential customers that may impede our sales, manufacturing, distribution or other critical functions, as well as potential liability to the company. The risk that these types of events could seriously harm our business is likely to increase as we expand the web- based products and services that we offer. We may be unable to anticipate or fail to adequately mitigate against increasingly sophisticated methods to engage in illegal or fraudulent activities against us. Despite any defensive measures we take to manage threats to our business, our risk and exposure to these matters remain heightened because of, among other things, the evolving nature of such threats in light of advances in computer capabilities, new discoveries in the field of cryptography, new and sophisticated methods used by criminals including phishing, social engineering or other illicit acts, the increasing use of our webstores by customers, or other events or developments that we may be unable to anticipate or fail to adequately mitigate. In June 2015, we determined that we were the victim of criminal fraud known to law enforcement authorities as business e- mail compromise fraud which involved employee impersonation and fraudulent requests targeting our finance department. The fraud resulted in transfers of funds aggregating $ 46. 7 million held by a Company subsidiary incorporated in Hong Kong to other overseas accounts held by third parties. ~~To date~~ **As of March 2021** , the Company has recovered $ 18. 6 ~~million. The Company recovered $ 8. 1 million in fiscal 2015, resulting in a charge of $ 39. 1 million in the fourth quarter of fiscal 2015, including additional expenses consisting of professional service fees associated with the fraud loss. In fiscal 2016, the Company recorded a net recovery of an additional $ 8. 3 million, comprised of an $ 8. 6 million recovery less $ 0. 3 million of professional service fees associated with the recovery. In March 2021, the Company recorded a recovery of an additional $ 1. 9~~ million. No additional recoveries have been made since March 31, 2021. **Any** ~~The Company is continuing to pursue the recovery of the remaining $ 28. 1 million and is cooperating with numerous overseas law enforcement authorities who are actively pursuing a multi- agency criminal investigation. However, any~~ additional recoveries are likely remote and therefore cannot be assured. While we do not expect the fraud to have a material impact on our business, we have borne, and will continue to bear additional expenses in connection with the remediation and investigation of the fraud. Any future illegal acts such as phishing, social engineering or other fraudulent conduct that go undetected may have significant negative impacts on our reputation, operating results and stock price. Our business and prospects depend on the strength of our brand. Maintaining and enhancing our brand is critical to expanding our base of distributors and end customers. Maintaining and enhancing our brand will depend largely on our ability to continue to develop and provide products and solutions that address the price performance characteristics sought by end customers and the users of our products and services, particularly in developing markets which comprise a significant part of our business. If we fail to promote, maintain and protect our brand successfully, our ability to sustain and expand our business and enter new markets will suffer. We may fail to effectively manage the challenges associated with our growth. Over the past several years we have expanded, and continue to expand, our product offerings, the number of customers we sell to, our transaction volumes, the number and type of our facilities, and the number of contract manufacturers that we utilize to produce our products. Failure to effectively manage the increased complexity associated with this expansion, particularly in light of our lean management structure, would make it difficult to conduct our business, fulfill customer orders, and pursue our strategies. We may also need to increase costs to add personnel, upgrade or replace our existing reporting systems, as well as improve our business processes and controls as a result of these changes. If we fail to effectively manage any of these challenges, we could suffer inefficiencies, errors and disruptions in our business, which in turn would adversely affect our results of operations. We rely ~~on~~ **upon** a limited number of contract manufacturers to produce our products. Shortages of components or manufacturing capacity could increase our costs or delay our ability to fulfill future orders and could have a material adverse impact on our business and results of operations. We retain contract manufacturers, located primarily in China and Vietnam, to manufacture our products. Any significant change in our relationship with these manufacturers could have a material adverse effect on our business, results of operations and financial condition. Our reliance on contract manufacturers for manufacturing our products can present significant risks to us because, among other things, we do not have direct control over their activities. If we fail to manage our relationship with our manufacturers effectively, or if they experience operational difficulties, our ability to ship products to our retailers and distributors could be impaired and our competitive position and reputation could be harmed. We significantly depend upon our contract manufacturers to: • assure the quality of our products; • manage capacity during periods of volatile demand; • qualify appropriate component suppliers; • ensure adequate supplies of components and materials; • deliver finished products at agreed upon prices and schedules; and • safeguard materials and finished goods. The ability and willingness of our contract manufacturers to perform is largely outside our control. Additionally, from time to time, unexpected events, such as the COVID- 19 pandemic, have had, and may ~~continue to~~ have in the future, adverse effects on the ability of our contract manufacturers to fulfill their obligations to us due to, among other things, work stoppages or slowdowns due to facility closures or other social distancing mitigation efforts, and, more recently, the inability of our contract manufacturers to procure adequate supplies of the components to manufacture our products, particularly chipsets. A shortage of adequate component supply or manufacturing capacity could increase our costs by requiring us to use alternative contract manufacturers or component suppliers, which may not be available to us on acceptable terms, if at all. Moreover, our use of chipsets from different or multiple sources may require us to significantly modify our designs and manufacturing processes to accommodate these different chipsets, which would also increase our manufacturing costs and could delay our ability to manufacture products and result in decreased sales of our products. These increases in manufacturing costs or delays in manufacturing could have a material adverse impact on our business and results of operations. For additional discussion of the risks associated with supply chain issues or supplies of components, including chipsets, see the risk factor below captioned " We rely upon a limited number of suppliers. If these sources fail to satisfy our supply requirements or we are unable to manage our supply requirements through other sources, it could disrupt our business or have a material adverse effect on our results of operations and financial condition. " In the event that we receive shipments of products that fail to comply with our technical specifications or that fail to conform to our quality control standards, and we are not able to obtain replacement products in a timely manner, we risk revenue losses from the inability to sell those products, increased administrative and shipping costs, and lower profitability. Additionally, if defects are not discovered until after distributors and / or end users purchase our products, they could lose confidence in the technical attributes of our products and our business and results of operations could be harmed. We do not control our contract manufacturers or suppliers, including their labor, environmental or other practices. Environmental regulations or changes in the supply, demand or available sources of natural resources may affect the availability and cost of goods and services necessary to run our business. Non- compliance or deliberate violations of labor, environmental or other laws by our contract manufacturer or suppliers, or a failure of these parties to follow ethical business practices, could lead to negative publicity and harm our reputation or brand. We believe that our orders may not represent a material portion of our contract manufacturers' total orders and, as a result, fulfilling our orders may not be a priority in the event our contract manufacturers are constrained in their capacity. If any of our contract manufacturers experiences problems in its manufacturing operations, or if we have to change or add additional contract manufacturers, our ability to ship products to our customers would be impaired. Additionally, any or all of the following could either limit supply or increase costs, directly or indirectly, to us or our contract manufacturers: • labor strikes or shortages; ~~including shortages in labor as a result of, or to mitigate, the spread of COVID- 19;~~ • financial problems of either contract manufacturers or component suppliers; • reservation of manufacturing capacity at our contract manufactures by other companies, inside or outside of our industry; • changes or uncertainty in tariffs, economic sanctions, and other trade barriers; and • industry consolidation occurring within one or more component supplier markets, such as the semiconductor market. We use components that are subject to price fluctuations, shortages or interruptions of supply, ~~including~~ **such as** chipsets ~~that have been subject to ongoing significant shortages~~ . The cost, quality and availability of these components are essential to the production and sale of all of our products and disruptions in our supply of these components could delay or disrupt the supply of our products and affect our business, results of operations and financial condition. In ~~fiscal 2021~~ **2020** and ~~fiscal~~ **through most of** ~~2022~~ **2023** , we experienced reduced availability of components used to manufacture our products, especially the chipsets, which ~~has~~ impacted ~~, and we expect will continue to impact~~ our ability and costs to manufacture our products. These supply shortages have resulted in increased component delivery lead times and increased costs to obtain components, particularly chipsets, and resulted in delays in product production. We do not stockpile sufficient components, particularly the chipsets, to cover the time it would take to re- engineer our products to replace the components used to manufacture ~~or~~ **our** products. **If there are shortages of chipsets or other components used to manufacture our products,** ~~While~~ **while** we **expect** ~~are continuing~~ to work closely with our suppliers and contract manufacturers to minimize the potential adverse impacts of ~~the~~ **such** supply shortage, there are many companies seeking to purchase the **same** ~~limited supply of chipsets and other~~ components, many of which have greater resources and larger market share than we have, which may limit the effectiveness of our efforts. ~~We expect that shortages of chipsets and other components will continue and may have an adverse impact on our ability to manufacture our products and meet demand for our products. Should the shortage of chipsets and other components used to manufacture our products continue, there~~ **There** is **also** no assurance that we will be able to obtain sufficient chipsets or other components on acceptable terms, if at all, which could delay or disrupt the supply of our products and affect our business, results of operations and financial condition. We purchase components, directly or through our contract manufacturers, from third parties that are necessary for the manufacture of our products. Shortages in the supply of components or other supply disruptions, including, without limitation, due to increasing demand for electronics and reductions in supply as a result of **unforeseen events such as** COVID- 19, **geopolitical conditions (including China- Taiwan relations) or commercial disputes with the suppliers,** may not be predicted in time to design- in different components or qualify other suppliers. Shortages or supply disruptions may also increase the prices of components due to market conditions **and reduce our gross margin and profitability if we are unable to pass these price increases through to our customers** . While many components are generally available from a variety of sources, we and our contract manufacturers currently depend on a single or limited number of suppliers for several components for our products. For example, we currently rely upon some chipset suppliers, such as Qualcomm Atheros and Broadcom, as single- source suppliers of certain components for some of our products, and a disruption in the supply of those components would significantly disrupt our business. We and our contract manufacturers generally rely on short- term purchase orders rather than long- term contracts with the suppliers of components for our products, particularly chipsets. As a result, even if the components for our products (including chipsets) are available, we and our contract manufacturers may not be able to procure sufficient components at reasonable prices to build our products in a timely manner. Further, in order to minimize their inventory risk, our manufacturers might not order components from third- party suppliers with adequate lead time, thereby impacting our ability to meet our demand forecast. We may, therefore, be unable to meet customer demand for our products, which would have a material adverse effect on our business, results of operations and financial condition. Our products, especially new products, sometimes utilize custom components available from only one or limited number of sources. When a component or product uses new technologies, capacity constraints may exist until the suppliers' yields have matured or manufacturing capacity has increased. Many factors may affect the continued availability of these components at acceptable prices, including if those suppliers decide to concentrate on the production of common components instead of components customized to meet our requirements. There is no assurance that the supply of such components will not be delayed or constrained. Our contract manufacturers, logistics centers and certain administrative and research and development operations, as well as our customers and suppliers, are located in areas likely to be subject to natural disasters, public health problems, military conflicts and geopolitical tensions, which could adversely affect our business, results of operations and financial condition. The manufacturing or shipping of our products at one or more facilities may be disrupted because our manufacturing and logistics contractors are primarily located in southern China **and Vietnam** . Our principal executive offices are located in New York, New York and we have operations in Ukraine, Taiwan and their surrounding countries. The risks of earthquakes, extreme storms and other natural disasters **(including as a result of climate change)** , military conflicts or geopolitical tensions in these geographic areas are significant **. In addition, global climate change may result in significant natural disasters occurring more frequently or with greater intensity, such as drought, wildfires, storm, sea- level rise and flooding** . Any disruption resulting from these events could cause significant delays in product development or shipments of our products until we are able to shift our development, manufacturing or logistics centers from the affected contractor to another vendor, or shift the affected administrative or research and development activities to another location. Our business may be materially adversely affected by public health problems, particularly in China. For example, in the last decade, China has suffered health crises related to the outbreak of avian influenza, severe acute respiratory syndrome and COVID- 19. The COVID- 19 pandemic, the military conflict between Russia and Ukraine, the escalating tensions between China and Taiwan and resulting global disruptions have caused significant volatility in financial markets and the domestic and global economy. This disruption can contribute to potential payment delays or defaults in our accounts receivable, affect asset valuations resulting in impairment charges, and affect the availability of financing credit as well as other segments of the credit markets. Public health problems may also result in quarantines, business closures, unavailability of key personnel, domestic and international transportation restrictions, import and export complications, and otherwise cause shortages in the supply of components or cause other disruptions within our supply chain. Public health problems ~~currently~~ **have** ~~cause~~ **caused** and, along with the military conflict between Russia and Ukraine and the escalating tensions between China and Taiwan, may ~~continue to~~ cause **in the future** disruptions, delays, shortages, and increased costs within our supply chain, and distribution channels. In addition, public health problems may require us to take precautionary measures to minimize the risk to our employees, including requiring our employees to work remotely and suspending non- essential travel, which could negatively affect our business. Additionally, **when** ~~we have experienced a disruption in our supply chain as a result of the COVID- 19 related restrictions that have impacted~~ our suppliers' ability to manufacture or provide key components or services **is impacted by supply chain disruptions** , ~~and~~ we have incurred, and **may** ~~continue to~~ incur **in the future** , additional costs to expedite deliveries of components and services ~~. The disruptions in our supply chain have not been fully remediated as of the date of this Annual Report on Form 10- K~~ . As a result of the transition to a remote working environment, we may experience disruptions or inefficiencies in our ability to operate our business. The continuation of these remote working measures also introduces additional operational risk, including increased cybersecurity risk. These cybersecurity risks include greater phishing, social engineering, malware, and other cybersecurity attacks, greater risk of a security breach resulting in the unauthorized release, destruction or misuse of valuable information, and potential impairment of our ability to perform critical functions, all of which could expose us to risks of data or financial loss, litigation and liability and could seriously disrupt our operations, which could materially and adversely affect our business, financial condition or results of operations. Public health problems may expose us to unanticipated liability or require us to change our business practices in a manner materially adverse to our business, results of operations and financial condition. In addition, the outbreak of communicable diseases could result in a widespread health crisis that could adversely affect general commercial activity and the economies and financial markets of many countries which may affect the demand for our products and services and our ability to obtain financing for our business. The extent to which public health problems ~~will~~ **may** impact our business, results of operations and financial conditions will depend on developments that are highly uncertain and cannot be predicted. Such developments may include the geographic spread of the public health problems, the severity of the public health problems, the duration of the outbreak and the type and duration of actions that may be taken by various governmental authorities in response to the outbreak and the impact on the U. S. and the global economy. An outbreak of public health problems, or the perception that such an outbreak could occur, and the measures taken by the government of countries affected, could adversely affect our business, results of operations, liquidity and financial condition. Additionally, the extent to which the military conflict between Russia and Ukraine or the escalating tensions between China and Taiwan may impact our business or results of operations in future periods will depend on future developments, including the severity and duration of the conflicts, their impact on regional and global economic conditions, as well as their impact on surrounding countries, including their impact on our employees and contractors in Ukraine, Taiwan, China and their surrounding countries, and its impact on global supply chains. A worsening of the conflict between Russia and Ukraine or the tensions between China and Taiwan, or the spread of either conflict to surrounding countries could adversely affect our business, results of operations, liquidity, and financial condition. General global economic downturns and macroeconomic trends, including inflation or slowed economic growth, may negatively affect our customers and their ability to purchase our products. A downturn or such other trends may decrease our revenues and increase our costs and may increase credit risk with our customers and impact our ability to collect account receivable and recognize revenue. The global macroeconomic environment has been challenging and inconsistent caused by **inflation,** instability in the global credit markets, the impact of uncertainty regarding global central bank monetary policy, **and** the instability in the geopolitical environment in many parts of the world **. Inflation in the United States and the other countries that we operate has decreased from its previous elevated level, however, it is uncertain whether inflation will continue to decrease or whether it may rise again. Rising inflation could have an adverse impact on our expenses. Our costs are subject to fluctuations** , including **due to the costs of raw materials, labor, transportation and energy. Therefore, our business results depend, in part, on our continued ability to manage** ~~the~~ **these** ~~June 2016 referendum impact on our expenses.Our costs are subject to fluctuations,including due to the costs of raw materials,labor,transportation and energy.Therefore,our business results depend,in part,on our continued ability to manage these~~ fluctuations through pricing actions,cost saving projects and sourcing decisions,while maintaining and improving margins and market share.Failure to manage these fluctuations could adversely impact our results of operations or ~~cash flows~~ **financial conditions** .Unfavorable macroeconomic conditions,such as a recession or continued slowed economic growth,may negatively affect demand for our products and exacerbate some of the other risks that affect our business,results of operations and financial condition. **Factors affecting the level of consumer spending include general market conditions,macroeconomic conditions,fluctuations in foreign exchange rates and interest rates,and other factors such as consumer confidence,the availability and cost of consumer credit,levels of unemployment and tax rates.** A tighter credit market for consumer,business,and service provider spending may have several adverse effects,including reduced demand for our products,increased price competition or deferment of purchases and orders ~~by our customers~~ by ~~the United Kingdom in which voters approved an exit from the European Union~~ **our customers. If global economic conditions are volatile or if economic conditions deteriorate** , ~~commonly referred to~~ **the consumer demand for our products may not reach our sales targets. Additional effects of unfavorable macroeconomic conditions may include increased demand for customer finance, difficulties in collection of accounts receivable, higher overhead costs** as ~~“ Brexit ”~~ **a percentage of revenue and higher interest expense, risk of supply constraints, risk of excess and obsolete inventories, risk of excess facilities and manufacturing capacity and increased risk of counterparty failures** . ~~The~~ **Our sensitivity to economic cycles and any related fluctuation in consumer demand could adversely affect our business, financial condition and results of operations. Additionally, the** United Kingdom ceased to be a member of the European Union on January 31, 2020 ~~. An agreement governing the U. K.’ s departure from the European Union~~ , **commonly referred to as “** Brexit ~~, was agreed to on December 24, 2020, but a “ transition period~~ ” ~~keeping most pre- departure arrangements in place ended on December 31, 2020~~ . ~~Accordingly, although~~ **Although** ~~an agreement on post- Brexit trade and future European Union- United Kingdom relations (the European Union- United Kingdom Trade and Cooperation Agreement) was reached on December 24, 2020, and~~ the formal ratification process was completed in April 2021, there continues to be uncertainty over some of the practical consequences of Brexit and as to its application, including as to the United Kingdom’ s trading policies with the European Union and other countries as it issues new rules and regulations ~~. The most significant impact of the new trade agreement is new regulations regarding trade, tax, and employees, among others, in the United Kingdom that resulted in the creation of non- tariff barriers and have increased our shipping and regulatory costs and complexities for moving our products between the United Kingdom and the European Union~~ . The full effects of Brexit will depend on agreements the United Kingdom may make and rules and regulations it may issue concerning trading among the United Kingdom and the European Union. Given the lack of comparable precedent, it is unclear what economic, financial, trade and legal implications the withdrawal of the United Kingdom from the European Union will have generally and how such withdrawal will affect us. The consequences of Brexit have brought legal uncertainty and increased complexity which could continue as national laws and regulations in the United Kingdom differ from the European Union laws and regulations and additional requirements come into effect in the United Kingdom and the European Union relating to testing, authorization, labeling and other requirements that may impact our ability to import, export and otherwise distribute our products, services, and solutions. Brexit could ~~continue to~~ cause disruptions in the markets that we serve. Additionally, we may be adversely affected by the Brexit in ways we do not currently anticipate . Disruptions in the financial markets have......, financial condition and results of operations . We have been investing and expect to continue to invest in growth areas and in our enterprise and service provider technologies, and if the return on these investments is lower or develops more slowly than we expect, our results of operations may be harmed. We have and we may continue to invest and dedicate resources into new growth areas, such as consumer products, while also focusing on our enterprise and service provider technologies. However, the return on our investments may be lower, or may develop more slowly, than we expect. If we do not achieve the benefits anticipated from these investments (including if our selection of areas for investment does not play out as we expect), or if the achievement of these benefits is delayed, our results of operations may be adversely affected. Additionally, as we invest and dedicate resources into new growth areas, there is no assurance that we may succeed at maintaining our competitive position in enterprise and service provider technologies. To remain competitive and stimulate customer demand, we must effectively manage product introductions, product transitions and marketing. We believe that we must continually develop and introduce new products, enhance our existing products, effectively stimulate customer demand for new and upgraded products, and successfully manage the transition to these new and upgraded products to maintain or increase our revenue. The success of new product introductions depends on a number of factors including, but not limited to, timely and successful research and development, pricing, market and consumer acceptance, the effective forecasting and management of product demand, purchase commitments ~~and~~ **,** inventory **levels and vendor deposit** levels, the availability of products in appropriate quantities to meet anticipated demand, the management of manufacturing and supply costs, the management of risks associated with new product production ramp- up issues, and the risk that new products may have quality issues or other defects or bugs in the early stages of introduction. Therefore, we may not correctly determine in advance the ultimate effect of new product introductions and transitions. Additionally, if the assumptions on which we based our forecasts and management of product demand, purchase commitments ~~or~~ **,** inventory **levels or vendor deposit** levels turn out to be incorrect, our financial performance could suffer and we could be required to write- off the value of excess products or components inventory **, increase the vendor deposit levels,** or not fully utilize firm purchase commitments. In addition, the introduction or announcement of new products or product enhancements may shorten the life cycle of our existing products or reduce demand for our current products, thereby offsetting any benefits of successful product introductions and potentially lead to challenges in managing inventory of existing products. Failure to complete product transitions effectively or in a timely manner could harm our brand and lead to, among other things, lower revenue, excess prior generation product inventory, or a deficit of new product inventory and reduced profitability. In connection with introduction of new products, and our consumer products, in particular, we may spend significant amount on advertising and other marketing campaigns, such as television, print advertising, social media and others, as well as increased promotional activities, to build brand awareness and acquire new users. While we seek to structure our advertising campaigns in the manner that we believe is most likely to encourage people to use our products and services, we may fail to identify advertising opportunities that satisfy our anticipated return on advertising spend, accurately predict customer acquisition, or fully understand or estimate the conditions and behaviors that drive customer behavior ~~. If for any reason any of our advertising campaigns prove less successful than anticipated in attracting new customers, we may not be able to recover our advertising spend, and our rate of user acquisition may fail to meet our expectations, either of which could have an adverse effect on our business~~ . There can be no assurance that our advertising and other marketing efforts will result in increased sales of our consumer products. If we are unable to anticipate consumer preferences and successfully develop desirable consumer products and solutions, we might not be able to maintain or increase revenue and profitability. Our success in the consumer product market depends on our ability to identify and originate product trends as well as to anticipate, gauge and react to changing consumer demands in a timely manner. All of our consumer products are subject to changing consumer preferences that cannot be predicted with certainty and lead times for our products may make it more difficult for us to respond rapidly to new or changing product or consumer preferences. If we are unable to introduce appealing new consumer products or novel technologies in a timely manner, or our new consumer products or technologies are not accepted or adopted by consumers, our competitors may increase their market share, which could hurt our competitive position in the consumer product market. It is also possible that competitors could introduce new products and services that negatively impact consumer preference in the type of consumer products that we supply, which could result in decreased sales of our product and a loss in market share. We may not be able to achieve an acceptable return, if any, on our research and development efforts, and our business, results of operations, liquidity and financial condition may be adversely affected. As we continually seek to enhance our consumer products, we will incur additional costs to incorporate new or revised features. We might not be able to, or determine that it is not in our interests to, raise prices to compensate for any additional costs. Our strategy for our consumer products depends upon effectively maintaining and further developing our sales channels, including developing and supporting our retail sales channel and distributors. We depend upon effective sales channels to reach the consumers who are the ultimate purchasers of our consumer products. In the United States, we primarily sell our consumer products through a mix of retail channels, including **our webstores** , e- commerce, big box, mid- market and specialty retailers, and we reach certain U. S. markets **and international markets** through distributors ~~. In international markets, we primarily sell through distributors who in turn sell to local retailers~~ . With some of our consumer products, we depend on retailers to provide adequate and attractive space for our products in their stores. We further depend on our retailers to employ, educate and motivate their sales personnel to effectively sell our consumer products. If our retailers do not adequately display our products, choose to reduce the space for our products in their stores or locate them in less than premium positioning, choose not to carry some or all of our consumer products or promote competitors' products over ours, or do not effectively explain to customers the advantages of our consumer products, our sales could decrease and our business could be harmed. Similarly, our business could be adversely affected if any of our large retail customers were to experience financial difficulties, or change the focus of their businesses in a way that de-emphasized the sale of our products. Our distributors generally offer products from several different manufacturers. Accordingly, we are at risk that these distributors may give higher priority to selling other companies' products. We have limited number of distributors in certain regions, and if we were to lose the services of a distributor, we might need to find another distributor in that area and there can be no assurance of our ability to do so in a timely manner or on favorable terms ~~. Additionally, as a result of the COVID- 19 pandemic, certain of our distributors have been forced to temporarily suspend or otherwise reduce operations, which may adversely impact sales of our products~~ . Further, our distributors build inventory in anticipation of future sales, and if such sales do not occur as rapidly as they anticipate, our distributors will decrease the size of their future product orders. We are also subject to the risks of our distributors encountering financial difficulties, which could impede their effectiveness and also expose us to financial risk if they are unable to pay for the products they purchase from us. Additionally, our international distributors buy from us in U. S. dollars and generally sell to retailers in local currency so significant currency fluctuations could impact their profitability, and in turn, affect their ability to buy future products from us. ~~For example, the Brexit, caused significant short- term volatility in global stock markets as well as currency exchange rate fluctuations, resulting in further strengthening of the U. S. dollar.~~ Any reduction in sales by our current distributors, loss of key distributors or decrease in revenue from our distributors could adversely affect our revenue, results of operations and financial condition. We may experience risks in our investments due to changes in the market, which could adversely affect the value or liquidity of our investments. From time to time, we may maintain a portfolio of marketable securities in a variety of instruments, which may include, but not be limited to, money market funds, corporate bonds, U. S. agency bonds and commercial papers. These investments are subject to general credit, liquidity, market, and interest rate risks. As a result, we may experience a reduction in value or loss of liquidity of our investments. These market risks associated with our investment portfolio may have a negative adverse effect on our business, results of operations, and financial condition **. We maintain cash deposits in excess of federally insured limits. Adverse developments affecting financial institutions, including bank failures, could adversely affect our liquidity and financial performance. We maintain domestic cash deposits in Federal Deposit Insurance Corporation (“ FDIC ”) insured banks that exceed the FDIC insurance limits. We also maintain cash deposits in foreign banks where we operate, some of which are not insured or are only partially insured by the FDIC or similar agencies. Bank failures, events involving limited liquidity, defaults, non- performance, or other adverse developments that affect financial institutions, or concerns or rumors about such events, may lead to liquidity constraints. For example, on March 10, 2023, Silicon Valley Bank, in which we did not have deposits at the time, failed and was taken into receivership by the FDIC. The failure of a bank, or other adverse conditions in the financial or credit markets impacting financial institutions at which we maintain balances, could adversely impact our liquidity and financial performance. There can be no assurance that our deposits in excess of the FDIC or other comparable insurance limits will be backstopped by the U. S. or applicable foreign government, or that any bank or financial institution with which we do business will be able to obtain needed liquidity from other banks, government institutions, or by acquisition in the event of a failure or liquidity crisis. 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. ESG- related initiatives, goals, and / or commitments such as those regarding environmental matters, diversity, responsible sourcing and social investments, and other matters, could be difficult to achieve and costly to implement. The achievement of any goals that we may announce may rely on the accuracy of our estimates and assumptions supporting those goals. We could fail to achieve, or be perceived to fail to achieve, ESG- related initiatives, goals or commitments that we might set, and the timing, scope or nature of these initiatives, goals, or commitments, or for any revisions to them may not be acceptable to the Securities and Exchange Commission or other regulators or stakeholders, including our shareholders. Our actual or perceived failure to adopt or achieve any ESG- related initiatives, goals, or commitments that we make could negatively impact our reputation or otherwise materially harm our business** . Risks Related to Our International Operations Our business is susceptible to risks associated with operations outside of the United States. We have operations in China, the Czech Republic, Lithuania, Poland, Latvia, Ukraine, ~~Canada,~~ India, Taiwan **, Vietnam** and elsewhere, with our operations in Taiwan, in particular, increasingly important to our overall business. We also sell to distributors in numerous countries throughout the world. Our operations outside of the United States subject us to risks that we generally do not face in the United States. These include: • the burdens of complying with a wide variety of foreign laws and regulations, and the risks of non- compliance, including the increased burden of complying with anti- bribery regulations, such as the Foreign Corrupt Practices Act (“ FCPA ”) of the United States, and the risk associated with non- compliance with such laws; • fluctuations in currency exchange rates; • import and export license requirements, tariffs, economic sanctions, contractual limitations and other trade barriers; • increasing labor costs, especially in China **and Vietnam** ; • difficulties in managing the geographically remote personnel; • the complexities of foreign tax systems and changes in their tax rates and rules; • stringent consumer protection and product compliance regulations that are costly to comply with and may vary from country to country; • limited protection and enforcement regimes for intellectual property rights in some countries; • business disruptions created by health crises and outbreaks of communicable diseases, especially in China, such as the outbreak of COVID- 19; • increased financial accounting and reporting burdens and complexity; and • political, social and economic instability in some jurisdictions, including impacts of the military conflict between Russia and Ukraine, the escalating tensions between China and Taiwan and the responses by governments worldwide to such conflicts. Additionally, changes in the local political, social and economic environment in the countries in which we operate, including Taiwan and Ukraine and its surrounding countries, could adversely affect our operations outside of the United States, as well as our business, results of operations and financial condition. If any of these risks were to come to fruition, it could negatively affect our business outside the United States and, consequently, our results of operations. Additionally, operating in markets outside the United States requires significant management attention and financial resources. We cannot be certain that the investment and additional resources required to establish, acquire or integrate operations in other countries will produce anticipated levels of revenues or profitability. Our third- party logistics and warehousing providers in China **, Vietnam** and elsewhere may fail to safeguard and accurately manage and report our inventory. We use third- party logistics and warehousing providers located in China **, Vietnam** and other countries to fulfill a portion of our worldwide sales. We also rely on our third- party logistics and warehousing providers to safeguard and manage and report on the status of our products at their warehouse and in transit. These service providers may fail to safeguard our products, fail to accurately segregate and report our inventory, or fail to manage and track the delivery of our products, which could have a material adverse effect on our business, results of operations and financial condition. We face significant political risks associated with doing business in mainland China and Taiwan, particularly due to the tense relationship between mainland China and Taiwan, that could negatively affect our business. We conduct a portion of our business in mainland China and Taiwan, and our operations in mainland China and Taiwan are critical to our business. **For example, we currently operate significant R & D activities and a warehousing facility in Taiwan.** Accordingly, our **product development, supply chain operation and overall** business, financial condition and results of operations and the market price of our shares may be affected by changes in governmental policies, taxation, inflation or interest rates in mainland China and Taiwan and by social instability and diplomatic developments in or affecting mainland China and Taiwan, which are outside of our control. Relations between mainland China and Taiwan and other factors affecting military, political or economic conditions in mainland China and Taiwan, including responses by governments worldwide to the geopolitical tension or conflict between mainland China and Taiwan, could materially and adversely affect our business, financial condition and results of operations **. In addition, both China and Taiwan are leading manufacturers of the world' s semiconductor supply. Conflict between China and Taiwan might lead to trade sanctions, technology disputes, or supply chain disruptions, which could, in particular, affect the semiconductor industry, which might result in reduced availability of components used to manufacture our products, especially chipsets, which may impact our ability and costs to manufacture our products** . To the extent that we develop some of our own manufacturing capacity, we will be subject to various risks associated with such activities. We invested in developing our own manufacturing capacity to support our product development and prototyping. To the extent that we may invest in and expand or relocate these manufacturing capabilities, and increasingly rely upon such activities, we will face increased risks associated with: • bearing the fixed costs of these activities; • directly procuring components and materials; • regulatory and other compliance requirements, including import and export license requirements, tariffs, economic ~~•~~ sanctions, contractual limitations and other trade barriers; • exposure to casualty loss and other disruptions; • quality control; • labor relations; and • our limited experience in operating manufacturing facilities. Since these activities are currently conducted in China and **Vietnam and** could be expanded to other foreign countries, some of these risks may be more significant due to the less predictable legal and political environment. Additionally, changes in the local political, social and economic environment could adversely affect our ability and plans to develop our own manufacturing capacity. Our business may be negatively affected by political events and foreign policy responses. Geopolitical uncertainties and events could cause damage or disruption to international commerce and the global economy, and thus could have a material adverse effect on us, our suppliers, logistics providers, manufacturing vendors and customers, including our **distributors and other** channel partners. Changes in commodity prices may also cause political uncertainty and increase currency volatility that can affect economic activity. For example, escalating tensions between the U. S., China and other countries may result in changes in laws or regulations that will affect our ability to manufacture and sell our products. The vast majority of our products that are imported into the U. S. from China are currently subject to tariffs that range between 7. 5 % and 25 %. These tariffs have ~~already~~ affected our operating results and margins **. Additionally, the imposition of tariffs is dependent upon the classification of items under the Harmonized Tariff System (" HTS "), the value determination of the item and the country of origin of the item. Determination of the HTS, the value and the origin of the item is a technical matter that can be subjective in nature. Accordingly, although we believe our valuation determinations and classifications of HTS and origin are appropriate, there is no certainty that government agencies will agree with us. If these agencies do not agree with our determinations, we could be subject to investigation and could be required to pay additional amounts, including potential penalties which could have a material adverse effect on our business, results of operations and financial condition** . The progress and continuation of trade negotiations between the U. S. and China continues to be uncertain and a further escalation of the trade war remains a possibility. These tariffs have, and will continue to have, an adverse effect on our results of operations and margins. We can provide no assurance regarding the magnitude, scope or duration of the imposed tariffs or the magnitude, scope or duration from any relief in increases to such tariffs, as well as the potential for additional tariffs or trade barriers by the U. S., China or other countries, nor that any strategies we may implement to mitigate the impact of such tariffs or other trade actions will be successful. Changes in U. S. social, political, regulatory and economic conditions or in laws and policies governing foreign trade, manufacturing, development and investment in the territories and countries where we currently develop and sell products, and any negative sentiments towards the U. S. as a result of such changes, could also adversely affect our business. For example, if the U. S. government withdraws or materially modifies existing or proposed trade agreements, places greater restriction on free trade generally or imposes increases on tariffs on goods imported into the U. S., particularly from China, our business, financial condition and results of operations could be adversely affected. In addition, negative sentiments towards the U. S. among non- U. S. customers and among non- U. S. employees or prospective employees could adversely affect sales or hiring and retention, respectively. The foreign policies of governments may be volatile and may result in rapid changes to import and export requirements, customs classifications, tariffs, trade sanctions and embargoes or other retaliatory trade measures that may cause us to raise prices, prevent us from offering products or providing services to particular entities or markets, may cause us to make changes to our operations, or create delays and inefficiencies in our supply chain. For example, political unrest and uncertainties in the Middle East, Eastern Europe and Asia Pacific, including the military conflict between Russia and Ukraine and the escalating tensions between China and Taiwan, may lead to disruptions in commerce in those regions, which would in turn impact our sales to those regions. Furthermore, if the U. S. government imposes new sanctions against certain countries or entities, such sanctions could sufficiently restrict our ability to market and sell our products and may materially adversely affect our results of operations. In addition, reports of certain intelligence gathering methods of the U. S. government could affect customers' perception of the products of companies based in the United States. Trust and confidence in us as an equipment supplier is critical to the development and growth of our markets. Impairment of that trust, or foreign regulatory actions taken in response to reports of certain intelligence gathering methods of the U. S. government, could affect the demand for our products from customers outside of the United States and could have an adverse effect on our results of operations. Our ability to introduce new products and support our existing products depends on our ability to manage geographically dispersed research and development teams. Significant parts of our research and development operations are conducted in geographically dispersed localities. Our success depends on the effectiveness of our research and development activities. We must successfully manage these geographically dispersed teams in order to meet our objectives for new product introduction, product quality and product support. It can be difficult to effectively manage geographically dispersed research and development teams. If we fail to do so, we could incur unexpected costs or delays in product development. Risks Related to Intellectual Property We have limited ability to obtain and enforce intellectual property rights, and may fail to effectively obtain and enforce such rights. Our success can depend significantly upon our intellectual property rights. We rely on a combination of patent, copyright, trademark, trade secret laws, and contractual rights to establish, maintain and protect these intellectual property rights, all of which afford only limited protection. Our patent rights, and the prospective rights sought in our pending patent applications, may not be meaningful or provide us with any commercial advantage and they could be opposed, contested, circumvented or designed around by our competitors or be declared invalid or unenforceable in legal proceedings. In addition, patents may not be issued from any of our current or future patent applications. Any failure of our patents or other intellectual property rights to adequately protect our technology might make it easier for our competitors to offer similar products or technologies. We may fail to apply for patents on important products, services, technologies or designs in a timely fashion, or at all. We may not have sufficient intellectual property rights in all countries where unauthorized third party copying or use of our proprietary technology occurs and the scope of our intellectual property might be more limited in certain countries. Our existing and future patents may not be sufficient to protect our products, services, technologies or designs and / or may not prevent others from developing competing products, services, technologies or designs. We cannot predict the validity and enforceability of our patents and other intellectual property with certainty. We have registered, and applied to register, certain of our trademarks in several jurisdictions worldwide. In some of those jurisdictions, third party filings exist for the same, similar or otherwise related products or services, which could block the registration of our marks. Even if we are able to register our marks, competitors may adopt or file similar marks to ours, register domain names that mimic or incorporate our marks, or otherwise infringe upon our trademark rights. Although we police our trademark rights carefully, there can be no assurance that we are aware of all third party uses or that we will prevail in enforcing our rights in all such instances. Any of these negative outcomes could impact the strength, value and effectiveness of our brand, as well as our ability to market our products. We have also registered domain names for websites, or URLs, that we use in our business, such as www. ui. com. If we are unable to protect our domain names, our brand, business, and results of operations could be adversely affected. Domain names similar to ours have already been registered in the United States and elsewhere, and we may be unable to prevent third parties from acquiring and using domain names that infringe, are similar to, or otherwise decrease the value of, our brand or our trademarks. In addition, although we own www. ui. com and various other global top- level domains, we might not be able to, or may choose not to, acquire or maintain other country- specific URLs in which we currently conduct or intend to conduct business. Confidentiality agreements with our employees, licensees, independent contractors and others may not effectively prevent disclosure of our trade secrets, and may not provide an adequate remedy in the event of unauthorized use or disclosure of our trade secrets. We may also fail or have failed to obtain such agreements from such persons due to administrative oversights or other reasons. Monitoring unauthorized use of our intellectual property is difficult and costly. Unauthorized use of our intellectual property, such as the production of counterfeits of our products, and unauthorized registration and use of our trademarks by third parties, is a matter of ongoing concern. The steps we have taken may not prevent unauthorized use of our intellectual property. We may fail to detect infringements of, or take appropriate steps to enforce, our intellectual property rights. Our competitors might independently develop similar technology without infringing our intellectual property rights. Our inability or failure to effectively protect our intellectual property could reduce the value of our technology and could impair our ability to compete. Any inability or failure by us to meaningfully protect our intellectual property could result in competitors offering products that incorporate our most technologically advanced features. We have initiated and may continue to initiate legal proceedings to enforce our intellectual property rights. Litigation, whether we are a plaintiff or a defendant, can be expensive and time- consuming, may place our intellectual property at risk of being invalidated or narrowed in scope, and may divert the efforts of our technical staff and managerial personnel. Enforcement of our intellectual property rights abroad, particularly in China **, Russia** and South America, is limited. The intellectual property protection and enforcement regimes in certain countries outside the United States are generally not as comprehensive as in the United States, and may not adequately protect our intellectual property. The legal regimes relating to the recognition and enforcement of intellectual property rights in China **, Russia** and South America are particularly limited. Legal proceedings to enforce our intellectual property in these jurisdictions may progress slowly, during which time infringement may continue largely unimpeded. Countries that have relatively inefficient intellectual property protection and enforcement regimes represent a significant portion of the demand for our products. These factors may make it more challenging for us to enforce our intellectual property rights against infringement. The infringement of our intellectual property rights, particularly in these jurisdictions, may materially harm our business in these markets and elsewhere by reducing our sales, and adversely affecting our results of operations, and diluting our brand or reputation. Our contract manufacturers may not respect our intellectual property, and may produce products that compete with ours. Our contract manufacturers operate primarily in China **and Vietnam** , where the prosecution of intellectual property infringement and trade secret theft is more difficult than in the United States. In the past, our contract manufacturers, their affiliates, their other customers or their suppliers have attempted to participate in efforts to misappropriate our intellectual property and trade secrets to manufacture our products for themselves or others without our knowledge. Even if the agreements with our contract manufacturers, and applicable laws, prohibit them from misusing our intellectual property and trade secrets, we may be unsuccessful in monitoring and enforcing our intellectual property rights against them. We have in the past, and may continue to discover, counterfeit goods being sold as our products or as other brands. We operate in an industry with extensive intellectual property litigation. Our commercial success depends in part upon us and our component suppliers not infringing intellectual property rights owned by others, and being able to resolve intellectual property claims without major financial expenditures. Our key component suppliers are often targets of intellectual property claims, and we are subject to claims as well. There are numerous patents and patent applications in the United States and other countries relating to communications technologies. It can be difficult or impossible to conduct meaningful searches for patents relating to our technologies, or to approach third parties to seek a license to their patents. Even extensive searches for patents that may be relevant to our products may not uncover all relevant patents and patent applications. Because of the existence of a large number of patents in the networking field, the secrecy of some pending patents, and the rapid rate of issuance of new patents, it is not economically practical or even possible to determine in advance whether a product or any of its components infringes or will infringe on the patent rights of others. The asserted claims and / or initiated litigation can include claims against us or our manufacturers, suppliers, or customers, alleging infringement of their proprietary rights with respect to our existing or future products or components of those products. Regardless of the merit of these claims, they can be time- consuming, result in costly litigation and diversion of technical and management personnel, or require us to develop a non-infringing technology or enter into license agreements. Where claims are made by customers, resistance even to unmeritorious claims could damage customer relationships. We cannot determine with certainty whether any existing or future third- party intellectual property rights would require us to alter our technologies, obtain licenses or cease certain activities. There can be no assurance that licenses will be available on acceptable terms and conditions, if at all, or that our suppliers will indemnify us, or that any indemnification will be adequate to cover our costs if a claim were brought directly against us or our customers. Furthermore, because of the potential for high court awards that are not necessarily predictable, it is not unusual to find even arguably unmeritorious claims settled for significant amounts. We have received, and may in the future receive, claims from third parties, including competitors and non- practicing entities, asserting intellectual property infringement and other related claims. We expect to continue to receive such intellectual property claims in the future. As our revenues grow and our profile increases, the frequency and significance of these claims may increase. Whether or not there is merit to a given claim, it can be time consuming and costly to defend against, and could: • adversely affect our relationships with our current or future users, customers and suppliers; • cause delays or stoppages in the shipment of our products; • cause us to modify or redesign our products; • cause us to rebrand our products or services; • subject us to a temporary or permanent injunction; • divert management' s attention and resources; • subject us to significant damages or settlements; • cause us to give up some of our intellectual property; • require us to enter into costly licensing agreements; or • require us to cease offering certain of our products or services. Some of our competitors may have substantially greater resources than we do and may be able to sustain the costs of complex intellectual property litigation to a greater degree and for longer periods of time than we could. In addition, patent holding companies and other third- party non- practicing entities that focus on extracting royalties and settlements by enforcing patent rights may target our component suppliers, manufacturers, us, our distributors, members of our sales channels, our network operators and service providers, or other purchasers of our products. These companies typically have little or no product revenues and therefore our patents may provide little or no deterrence against such companies filing patent infringement lawsuits against our component suppliers, manufacturers, us, our distributors, members of our sales channels, network operators and service providers, or other purchasers of our products. In addition to liability for monetary damages against us or, in certain circumstances, against end users of our products, we may be prohibited from developing, commercializing or continuing to provide certain of our products unless we obtain licenses from the holders of the patents or other intellectual property rights. We cannot assure you that we will be able to obtain any such licenses on commercially reasonable terms, or at all. If we do not obtain licenses, our business, results of operations and financial condition could be materially affected and we could, for example, be required to cease offering our products or be required to materially alter our products, which could involve substantial costs and time to develop. The production of counterfeit versions of our products may reduce our sales levels and damage our brand. We have in the past and continue to discover counterfeit versions of our products. Although we have taken steps to combat counterfeiting, it is difficult or impossible to detect or prevent all instances of counterfeiting. Particularly if the quality of counterfeit products is poor, damage could be done to our brand. Combating counterfeiting is difficult and expensive, and may not be successful, especially in countries that have a relatively weak legal regime for the protection of intellectual property. We use open source software in our products that may subject source code to public release or require us to re-engineer our products. We use open source software in certain of our products, and may use more open source software in the future. There have been claims challenging the ownership of software and claims of copyright infringement against companies that use open source software in the development of their products. We could become subject to claims regarding the ownership of what we believe to be our proprietary software and claims of copyright infringement. Usage of open source software can also lead to greater risks than the use of third- party commercial software, because open source licensors generally do not provide warranties or controls on origin of the software. Some open source licenses contain requirements that users make available and license the source code for the modifications or derivative works that they create based upon the open source software. If we combine our proprietary software with open source software we could, in some circumstances, be required to release our proprietary source code publicly or license such source code on unfavorable terms or at no cost. That could significantly diminish the value of some of our products and negatively affect our business. Risks Related to Our Management and Structure We are reliant on our founder and Chief Executive Officer, Robert J. Pera, and the departure or loss of Mr. Pera or other key personnel would disrupt our business. Our success and future growth depend on the skills, working relationships and continued services of our founder, Chairman and Chief Executive Officer, Robert J. Pera, as well as the other members of our management team. We do not maintain any significant key person insurance with regard to any of our personnel. Mr. Pera, in particular, is central to our product development efforts and overall strategic direction. The departure or loss of Mr. Pera or any of the other members of our management team and the inability to identify and hire a qualified replacement timely would adversely affect our business, results of operations and financial condition. Our business model relies in part on leanly staffed, independent and efficient research and development teams. Our research and development teams are organized around small groups or individual contributors for a given platform, and there is little overlap in knowledge and responsibilities. In the event that we are unable to retain the services of any key contributors or are unable to identify and attract additional contributors, we may be unable to bring our products or product improvements to market in a timely manner, if at all, due to disruption in our development activities. Our future success also depends on our ability to attract, retain and motivate our management and skilled personnel. Competition for personnel exists in the industries in which we participate, particularly for persons with specialized experience in areas such as antenna design and radio frequency equipment. If we are unable to attract and retain the necessary personnel our business, results of operations and financial condition could be materially adversely affected. We may fail to manage our growth effectively and develop and implement appropriate control systems. We have substantially expanded our business and operations in recent periods, including increases in the number of our distributors, contract manufacturers, headcount locations and facilities. This rapid expansion places a significant strain on our managerial, administrative, and operational resources. Our business model reflects our decision to operate with streamlined infrastructure, with lower support and administrative headcount. This may increase the risks associated with managing our growth, and we may not have sufficient internal resources to adapt or respond to unexpected challenges and compliance requirements. Our profitability may decline as we expand into new product areas. We receive a substantial majority of our revenues from the sale of outdoor wireless networking equipment and enterprise WLAN. As we expand into other products and services, such as video surveillance equipment, voice communication equipment, security access equipment, wireless backhaul, consumer electronics, and ~~machine~~ **Software** - ~~to~~ **as** - ~~machine communications~~ **a-Services** , we may not be able to compete effectively with existing market participants and may not be able to realize a positive return on the investment we have made in these products or services. Entering these markets may result in increased product development costs, and our new products may have extended time to market relative to our current products. If our introduction of a new product is not successful, or if we are not able to achieve the revenues or margins we expect, our results of operations may be harmed and we may not recover our product development and marketing expenditures. We may also be required to add a traditional direct sales force and customer support personnel to market and support new or existing products, which would cause us to experience substantially lower product margins or increase our operating expenses. Adding a traditional direct sales force or customer support personnel would reduce our operating income and may not be successful. Our operating expenses are increasing as we make expenditures to enhance and expand our operations. Over the past several years, we have increased our expenditure on infrastructure to support our anticipated growth. We are continuing to make significant investments in information systems, hiring more administrative personnel, using more professional services and expanding our operations outside the United States. We intend to make additional investments in systems and personnel and continue to expand our operations to support anticipated growth in our business. As a result, we expect our operating expenses to increase. In addition, we may need in the future to build a traditional direct sales force to market and sell our products or provide additional resources or cooperative funds to our distributors. Such changes to our existing sales model would likely result in higher selling, general and administrative expenses as a percentage of our revenues **.** We rely on third- party software and services to conduct our enterprise resource planning,financial planning and analysis,and financial reporting.We also rely on third party software and service for our computing,storage,bandwidth,and other services.Any disruption of or interference with these services would negatively affect our operations and seriously harm our business.We currently use NetSuite and other software and services to conduct our order management and financial processes.The availability of this service is essential to the management of our business.As we expand our operations,we expect to utilize additional systems and service providers that may also be essential to managing our business.Although the systems and services that we require are typically available from a number of providers,it is time consuming and costly to qualify and implement these relationships.We rely on third party service providers,such as G-Suite,Google Cloud and Amazon Web Services,to provide distributed computing infrastructure platforms for business operations,or what is commonly referred to as a “ cloud ” computing service.Any transition of the cloud services currently provided by these service providers to another cloud provider would be difficult to implement and will cause us to incur significant time and expense.If our existing cloud service providers experience interruptions in service regularly or for a prolonged basis,or other similar issues,our business would be seriously harmed.Additionally,our existing cloud service providers have broad discretion to change and interpret its terms of service and other policies with respect to us,and they may take actions beyond our control that could harm our business.Our ability to manage our business would suffer if one or more of our providers suffer an interruption in their business,or experience delays,disruptions or quality control problems in their operations,or we have to change or add additional systems and services.We may not be able to control the quality of the systems and services we receive from third party service providers,which could impair our financial reporting and may negatively impact our business,results of operations and financial condition.Our debt levels could adversely affect our ability to raise additional capital to pay dividends,repurchase our shares of common stock and fund our operations or limit our ability to react to changes in our industry or the economy.As of June 30, ~~2022~~ **2023** ,our balance outstanding under the ~~Third~~ Amended ~~and Restated~~ Credit Agreement for our Term ~~Facility~~ **Facilities** and Revolving Facility (each as defined herein),was $ ~~468~~ **690** . ~~8~~ **6** million and $ ~~320~~ **390** .0 million,respectively.In the future we may need to raise additional capital to finance our payment of dividends or repurchase shares of our common stock and fund our growth and operational goals.If additional financing is not available when required or on acceptable terms,we may not be able to pay dividends,repurchase shares of common stock,expand our business,develop or enhance our products,take advantage of business opportunities or respond to competitive pressures,which could result in lower revenues and reduce the competitiveness of our products.In addition,any potential debt level increases could have important consequences,including:• requiring a substantial portion of cash flows from operations to be dedicated to the payment of principal and interest on our indebtedness,thereby reducing our ability to use our cash flows to fund our operations and capital expenditures,pay dividends,repurchase shares of our common stock and pursue business opportunities;• increasing our vulnerability to general industry and economic conditions;• limiting our ability to make strategic acquisitions or causing us to make non- strategic divestitures;• limiting our ability to obtain additional financing for working capital,capital expenditures,debt service requirements,acquisitions and general corporate or other purposes;and • limiting our ability to adjust to changing market conditions and placing us at a competitive disadvantage compared to competitors who are less highly leveraged or have access to more capital.If we are unable to integrate future acquisitions successfully,our business,results of operations and prospects could be harmed.We may make acquisitions to improve or expand our product offerings.Our future acquisition strategy will depend on our ability to identify,negotiate,complete and integrate acquisitions.These transactions involve numerous risks,including:• difficulties in integrating and managing the operations,technologies and products of the companies we acquire,particularly in light of our lean organizational structure;• diversion of our management' s attention from normal daily operation of our business;• our inability to maintain the key business relationships and the brand equity of the businesses we acquire;• our inability to retain key personnel of the acquired business,particularly in light of the demands we place on individual contributors;• uncertainty of entry into markets in which we have limited or no prior experience and in which competitors have stronger market positions;• our dependence on unfamiliar affiliates and partners of the companies we acquire;• insufficient revenues to offset our increased expenses associated with acquisitions;• our responsibility for the liabilities of the businesses we acquire,including those which we may not anticipate;and • our inability to maintain internal standards,controls,procedures and policies,particularly in light of our lean organizational structure.We may be unable to secure the equity or debt funding necessary to finance future acquisitions on terms that are acceptable to us.Completing acquisitions could consume significant amounts of cash.If we finance acquisitions by issuing equity or convertible debt securities,our existing stockholders will likely experience dilution,and if we finance future acquisitions with debt funding,we will incur interest expense and may have to comply with covenants and secure that debt obligation with our assets.Our investments in new businesses,products,services,technologies,joint ventures and other strategic transactions are inherently risky,and could disrupt our current operations.We have invested and expect to continue to invest in new businesses,products,services,technologies,joint ventures and other strategic initiatives.These investments may involve significant risks and uncertainties,including insufficient revenues from such investments to offset any new liabilities assumed and expenses incurred in connection with these new investments,inadequate return of or loss of our investments,distraction of management from current operations,and unidentified issues not discovered in our due diligence of such investments that could cause us to fail to realize the anticipated benefits of such investments and incur unanticipated costs,expenses and liabilities.Because these investments are inherently risky,no assurance can be given that such investments will be successful and will not adversely affect our reputation,business prospects,results of operation and financial condition. ~~We~~ **Uncertainty surrounding the elimination of LIBOR and the transition to SOFR** may ~~be~~ adversely ~~affected~~ -- **affect** ~~by changes in LIBOR reporting practices or~~ **our financial condition,operating results** ~~the index used to replace LIBOR.Our Term Facility~~ and **cash flows** ~~Revolving Facility primarily use the London Interbank Offered Rate (" LIBOR ") to calculate interest due to our lenders~~ .On July ~~27~~ **30** , ~~2017~~ **2023** ,the United Kingdom' s Financial Conduct Authority,which regulates LIBOR, **ended** ~~announced that it~~ **its US dollar** ~~intends to phase out~~ LIBOR ~~by~~ **bank panel and** the **overnight and 12- month US dollar** ~~end of 2021.As a result,it is possible that~~ LIBOR **settings have permanently ceased** ~~will be discontinued as a reference rate~~ .The U.S.Federal Reserve,in conjunction with the Alternative Reference Rates Committee,a steering committee comprised of large U.S.financial institutions, ~~is considering~~ **has chosen to** ~~replacing~~ **replace** U.S.dollar LIBOR with a newly created index,calculated by reference to short- term repurchase agreements backed by U.S.Treasury securities,called ~~the Secured Overnight Financing Rate ("~~ SOFR ~~")~~ .Whether SOFR will become a widely accepted benchmark in place of LIBOR,however,remains in question. **The** ~~As such,the future of LIBOR and potential alternative reference rates are uncertain at this time.If LIBOR is discontinued,the~~ terms of our ~~Third~~ Amended ~~and Restated~~ Credit Agreement provide for the use of **SOFR,** ~~an~~ **and** ~~alternative rate.Such~~ **such** ~~an event would not affect our ability to borrow or maintain already outstanding borrowings,but the alternative~~ rate could be higher and more volatile than LIBOR ~~prior to its discontinuance~~ and may result in interest obligations which are higher or lower or that do not otherwise correlate over time with the interest **payments that would have been made on such debt if LIBOR had remained.Accordingly,the potential effects of the foregoing on our cost of capital cannot yet be determined.Further,the same costs and risks that led to the unavailability of LIBOR may make one or more of the alternative rate methods impossible or impracticable to determine.Any of these consequences could materially and adversely affect our financing costs,and as a result,our financial condition,operating results and cash flows** . Compliance with conflict mineral disclosure requirements necessitates additional compliance cost and may create reputational challenges. Pursuant to Section 1502 of the Dodd- Frank Act, United States publicly- traded companies are required to disclose use or potential use of certain minerals and their derivatives, including tantalum, tin, gold and tungsten, that are mined from the Democratic Republic of Congo and adjoining countries and deemed conflict minerals. These requirements necessitate due diligence efforts to assess whether such minerals are used in our products in order to make the relevant required annual disclosures. There are, and will be, ongoing costs associated with complying with these disclosure requirements, including diligence to determine the sources of those minerals that may be used or necessary to the production of our products. Accordingly, our ability to determine with certainty the origin and chain of custody of these raw materials is limited. We may face reputational challenges that could impact future sales if we determine that certain of our products contain minerals not determined to be conflict free or if we are unable to verify with sufficient accuracy the origins of all conflict minerals used in our products. We rely on third- party software......, operating results and cash flows. Risks Related to Our Common Stock Our Chief Executive Officer owns a majority of our common stock. Robert J. Pera, our founder, Chairman, and Chief Executive Officer, is able to exercise voting rights with respect to a majority of the voting power of our outstanding stock and therefore has the ability to control the outcome of matters submitted to our stockholders for approval, including the election of directors and any merger, consolidation, or sale of all or substantially all of our assets. This concentrated control could delay, defer, or prevent a change of control, merger, consolidation, or sale of all or substantially all of our assets that our other stockholders support, or conversely this concentrated control could result in the consummation of such a transaction that our other stockholders do not support. This concentrated control could also discourage certain potential investors from acquiring our common stock and might harm the trading price of our stock. In addition, Mr. Pera has the ability to control the management and major strategic investments of our company as a result of his position as our Chief Executive Officer and his ability to control the election or replacement of our directors. In the event of his death, the shares of our stock that Mr. Pera owns will be transferred to his successors **, who may desire or be required to sell a significant portion of such shares** . As a board member and officer, Mr. Pera owes a fiduciary duty to our stockholders and must act in good faith in a manner he reasonably believes to be in the best interests of our stockholders. As a stockholder, even a controlling stockholder, Mr. Pera is entitled to vote his shares in his own interests, which may not always be in the interests of our stockholders generally. As of August ~~26~~ **25** , ~~2022~~ **2023** , Mr. Pera beneficially owned 56, 278, 181 shares of our common stock. These shares are eligible for resale into the public market within the restrictions imposed by Rule 144 under the Securities Act of 1933. Sales of a significant amount of Mr. Pera' s shares could adversely affect the market price for our common stock. Mr. Pera had informed us he has entered into arrangements under which he has pledged up to 25 % of the shares of our common stock that he beneficially owns to secure loans with financial institutions. Mr. Pera had also indicated these loans have or will have various requirements to repay all or a portion of the loan upon the occurrence of various events, including when the price of the common stock goes below certain specified levels. Mr. Pera may need to sell shares of our common stock to meet these repayment requirements. Upon a default under one or more of these loans, the lender could sell the pledged shares into the market without limitation on volume or manner of sale. Sales of shares by Mr. Pera to reduce his loan balance or the lenders upon foreclosure are likely to adversely affect our stock price **. Mr. Pera has informed us that he expects to pay off the secured borrowing described above in the next two weeks, which will result in the release of the pledge of our common stock beneficially owned by Mr. Pera and used to secure such borrowing** . Mr. Pera has also indicated to us that he may in the future from time to time pledge additional shares of common stock as collateral for margin or other loans, enter into derivative transactions based on the value of our common stock, dispose of shares of common stock, otherwise monetize shares of his common stock and / or engage in other transactions relating to shares of our common stock and / or other securities of the company. Any of these activities by Mr. Pera may adversely affect the price of our common stock. However, Mr. Pera has also indicated that he intends to continue to own at least a majority of our outstanding shares of common stock. Not paying cash dividends to our stockholders, or repurchasing shares of our common stock pursuant to our previously announced stock repurchase program, could cause the market price for our common stock to decline. Our payment of cash dividends is subject to, among other things, declaration by the Board of Directors of the Company, our financial position and results of operations, available cash and cash flow, capital requirements, our obligations, contingent liabilities, applicable corporate legal requirements, and other factors. If the Company fails to meet expectations related to dividends, its stock price may decline, which could have a material adverse impact on investor confidence and employee retention. These and other factors may also affect the continuation of, or activity under, our previously announced stock repurchase program. Failure to pay cash dividends could cause the market price of our common stock to decline. The discontinuance of, or lack of activity under, our previously announced stock repurchase program could also result in a lower market price of our common stock. Fluctuations in our results of operations could cause the market price of our common stock to decline. Our quarterly results of operations fluctuate significantly due to a variety of factors, many of which are outside of our control and are difficult or impossible to predict. We expect our results of operations will continue to fluctuate. You should not rely on our past results as an indication of our future performance. If our revenues or results of operations fall below the expectations of investors or securities analysts, or below any estimates we may provide to the market, the price of our common stock would likely decline substantially, which could have a material adverse impact on investor confidence and employee retention. Our common stock has experienced substantial price volatility since our initial public offering. In addition, the stock market as a whole has experienced major price and volume fluctuations that have affected the stock price of many technology companies in ways that may have been unrelated to these companies' operating performance. Factors that could cause our results of operation and stock price to fluctuate include: • varying demand for our products due to the financial and operating condition of our distributors and their customers, distributor inventory management practices and general economic conditions; • shifts in our fulfillment practices including increasing inventory levels as part of efforts to decrease our delivery lead times; • failure of our suppliers to provide chips or other components; • failure of our contract manufacturers and suppliers to meet our demand; • success and timing of new product introductions by us, and our competitors; • increased warranty costs; • announcements by us or our competitors regarding products, promotions or other transactions; • costs related to legal proceedings or responding to government inquiries; • our ability to control and reduce product costs; and • expenses of our entry into new markets. In addition, our business may be subject to seasonality, although our recent growth rates and timing of product introductions may have historically masked our seasonal changes in demand. For example, our consumer products may be subject to general seasonal spending trends associated with holidays. We are subject to export control and economic sanctions laws in the United States and elsewhere which could impair our ability to compete in international markets and subject us to liability if we do not comply with applicable laws. A substantial majority of our sales are into countries outside of the United States. Sales of our products into certain countries are restricted or prohibited under U. S. export control and economic sanctions laws. In addition, certain of our products incorporate encryption components that are subject to export control regulations. In May 2011, we filed a self- disclosure statement with the U. S. Commerce Department, Bureau of Industry and Security' s (" BIS ") Office of Export Enforcement (" OEE ") relating a review conducted by us regarding certain export transactions from 2008 through March 2011 in which products may have been later sold into Iran by third parties. In June 2011, we also filed a self- disclosure statement with the U. S. Department of the Treasury' s Office of Foreign Asset Control (" OFAC ") regarding these compliance issues. We resolved the matters described in our self- disclosures with the BIS and OFAC, and have taken significant steps towards ensuring our compliance with export control regulations and embargoes. It is, however, possible that violations may occur in the future. If violations should occur in the future, the response of regulators may be more severe in light of prior compliance concerns. In addition to U. S. export regulations, various other countries regulate the import of certain encryption technology and products, and these laws could limit our ability to distribute our products or our 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 in other countries, prevent our customers with international operations from deploying our products or, in some cases, prevent the transfer of our products to certain countries altogether. Any change in export or import regulations or related legislation, shift in approach to the enforcement or scope of existing regulations, or change in the countries, persons or technologies targeted by such regulations, could negatively impact our ability to sell our products to existing customers or the ability of our current and potential distributors, network operators and service providers outside the United States. Even though we take precautions to prevent our products from being provided to targets of U. S. sanctions, our products, including our firmware updates, could be provided by our distributors, resellers and / or end users despite such precautions. Any such provision could have negative consequences, including government investigations, penalties and reputational harm. Our failure or inability to obtain required import or export approval for our products could harm our international and domestic sales and adversely affect our revenue. Existing and new regulations, changes in existing regulations, or the enforcement of any regulations related to our products may result in unanticipated burdens, **reduced demand,** costs and liabilities and could materially and adversely affect our financial condition, results of operations, and our brand. Our products are subject to governmental regulations in a variety of jurisdictions. In order to achieve and maintain market acceptance, our products must continue to comply with these regulations as well as a significant number of industry standards. For example, our wireless communication products operate through the transmission of radio signals, and radio emissions are subject to regulation in the United States and in other countries in which we do business. In the United States, various federal agencies including the Center for Devices and Radiological Health of the Food and Drug Administration, the Federal Communications Commission, the Occupational Safety and Health Administration and various state agencies have promulgated regulations that concern the use of radio / electromagnetic emissions standards. Member countries of the European Union and other countries have enacted similar standards concerning electrical safety and electromagnetic compatibility and emissions, and chemical substances and use standards. As these regulations and standards evolve, and if new regulations or standards are implemented, we will be required to modify our products or develop and support new versions of our products, and our compliance with these regulations and standards may become more burdensome. The failure of our products to comply, or delays in compliance, with the various existing and evolving industry regulations and standards could prevent or delay introduction of our products, which could harm our business. End customer uncertainty regarding future policies may also affect demand for communications products, including our products. **For example, changes in government regulations providing funding for capital investment in new industries, products or services, such as any government funding of products supporting wireline connectivity rather than wireless connectivity, could adversely impact products that are purchased by our end customers and adversely impact our business, results of operations and financial condition. Further, government requirements around the world requiring or providing preference to, domestically produced goods may limit our ability to sell our products to customers in such jurisdictions, impacting our ability to grow our sales in such jurisdictions, adversely impacting our revenues, operations and financial condition.** If existing laws or regulations regarding the use of our products or services are enforced in a manner not previously contemplated by us, our channel partners or our end customers, it could expose us or them to liability and could have a material adverse effect on our financial condition, results of operations, and our brand. Moreover, channel partners or end customers may require us, or we may otherwise deem it necessary or advisable, to alter our products to address actual or anticipated changes in the regulatory environment. Our inability to alter our products to address these requirements and any regulatory changes may have a material adverse effect on our financial condition, results of operations, and our brand. Further, the enforcement of laws and regulations may force us to withdraw one or more of our products from sale in certain jurisdictions or to recall one or more of our products in certain jurisdictions. We may incur costs and expenses relating to a withdrawal from a particular market or a recall of one or more of our products. The process of identifying products that have been widely distributed for withdrawals and recalls may be lengthy and require significant resources and we may incur significant replacement costs, damage claims and harm to our reputation. We are and expect to continue to be the subject of investigations, inquiries, data requests, actions, orders, and audits by government authorities and regulators in the United States, the European Union, and around the world. Orders issued by, or inquiries or enforcement actions initiated by, government or regulatory authorities could cause us to incur substantial costs, expose us to unanticipated liability or penalties or require us to change our business practices in a manner materially adverse to our financial condition, results of operations, and our brand. We are or may become subject to a variety of laws and regulations in the United States and abroad regarding privacy, data security, cybersecurity and data protection. These laws and regulations are continuously evolving and developing. The scope and interpretation of the laws that are or may be applicable to us and our business, including our webstore sales, are often uncertain and may be conflicting, particularly with respect to foreign laws. In particular, there are numerous U. S. federal, state, and local laws and regulations and foreign laws and regulations regarding privacy and the collection, sharing, use, processing, disclosure, and protection of personal information and other user data. Such laws and regulations often have changes in scope, may be subject to differing interpretations, and may be inconsistent among different jurisdictions **. The costs of compliance with, and other burdens imposed by, these regulations may limit the use and adoption of our products and services and could have**

an adverse impact on our business, results of operations and financial condition . For example, in April 2016, the E. U. Parliament approved a new data protection regulation, known as the General Data Protection Regulation (“ GDPR ”), which came into force on May 25, 2018. The GDPR includes operational requirements for companies that receive or process personal data of residents of the European Union that are different than those previously in place in the European Union, and that include significant penalties for non- compliance. Another example, in November 2016, the Standing Committee of China’ s National People’ s Congress passed China’ s first Cybersecurity Law (“ CSL ”), which took effect in June 2017. The CSL is the first Chinese law that systematically lays out the regulatory requirements on cybersecurity and data protection, subjecting many previously under- regulated or unregulated activities in cyberspace to government scrutiny. More recently, the Personal Information Security Specification went into effect in October 2020, which has broad but uncertain applications and imposes a number of new privacy and data security obligations. China is also implementing new legislation on the protection of privacy and personal data, including a Personal Information Protection Law and a Data Security Law, each of which went into effect in September 2021 and may impose new obligations on us. Additionally, California enacted the California Consumer Privacy Act (the “ CCPA ”) that, among other things, requires covered companies to provide new disclosures to California consumers, and afford such consumers new abilities to opt- out of certain sales of personal information. The CCPA took effect on January 1, 2020 with the privacy provisions enforceable by the California Attorney General as of July 1, 2020, and the regulations becoming enforceable as of August 1, 2020. **The** ~~Given the recent implementation of the regulations, we cannot yet predict the impact of the~~ CCPA **was significantly expanded** on **January 1** ~~our business or operations. The costs of compliance with~~ , **2023** ~~and other burdens imposed by~~ , **when** ~~the GDPR, CSL and CCPA may limit the use and adoption of our products and services and could have an adverse impact on our business, results of operations and financial condition. Further, it is anticipated that~~ the California Privacy Rights Act ~~, or~~ **(“** CPRA ~~,~~ **”) became** effective ~~January 1~~ **. The CPRA amendments** , ~~2023~~ **among other things** , ~~will significantly~~ **give California residents the ability to limit use of certain sensitive personal information, further restrict the use of cross- contextual advertising, establish restrictions on the retention of personal information,** expand the **types of data breaches subject to the** CCPA **’ s private right of action** , **provide** ~~creating obligations relating to consumer data beginning on January 1, 2023, with implementing regulations expected in the third or~~ **for** ~~fourth quarter~~ **increased penalties for CCPA violations concerning California residents under the age** of ~~2022~~ **16** , and **establish** ~~enforcement beginning July 1, 2023. It will also create~~ a new California Privacy Protection Agency ~~authorized~~ to **implement** ~~issue substantive regulations~~ and enforce the **new** ~~CPRA, which could result in increased privacy and information security enforcement. Other states have enacted data privacy laws~~ - **law** ~~as well. For example, Virginia passed the Consumer Data Protection Act, and Colorado passed the Colorado Privacy Act, both of which become effective in 2023~~ . In addition, data privacy and security laws have been proposed at the federal, state, and local levels in recent years, which could further complicate compliance efforts **. For example, states such as Virginia, Colorado, Utah, Connecticut, Iowa, Indiana, Tennessee, Montana and Texas have enacted their own data privacy laws. Given the recent implementation of these regulations, we cannot yet predict the impact of these regulations on our business or operations** . We strive to comply with all applicable laws, policies and legal obligations relating to privacy, data security, cybersecurity and data protection. However, given that the scope, interpretation, and application of these laws and regulations are often uncertain and may be conflicting, it is possible that these obligations may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices. Any failure or perceived failure by us or third- party service- providers to comply with our privacy or security policies or privacy- related legal obligations, or any compromise of security that results in the unauthorized release or transfer of personally identifiable information or other user data, may result in governmental enforcement actions, litigation, or negative publicity, and could have an adverse effect on our brand, results of operations and financial condition. Governments are continuing to focus on privacy, cybersecurity, data protection and data security and it is possible that new privacy or data security laws will be passed or existing laws will be amended in a way that is material to our business. Any significant change to applicable laws, regulations, or industry practices regarding our employees’ and users’ data could require us to modify our business, services and products features, possibly in a material manner, and may limit our ability to develop new products, services, and features. Although we have made efforts to design our policies, procedures, and systems to comply with the current requirements of applicable state, federal, and foreign laws, changes to applicable laws and regulations in this area could subject us to additional regulation and oversight, any of which could significantly increase our operating costs. Government regulations designed to protect personal privacy may make it difficult for us to sell our products. Our products may transmit and store personal information. The handling of such information is increasingly subject to regulations in numerous jurisdictions around the world. These regulations are typically intended to protect the privacy and security of personal information that is collected, stored and transmitted in or from the governing jurisdiction. In addition, because various foreign jurisdictions have different regulations concerning the storage and transmission of personal information, we may face unknown requirements that pose compliance challenges in new geographic markets that we seek to enter. Our efforts to protect the privacy of information may also fail if our encryption and security technology is inadequate or fails to operate as expected. The difficulties in complying with privacy and data protection regulations could subject us to costs, delayed product launches, liabilities or negative publicity that could impair our ability to maintain or expand our operations into some countries and therefore limit our future growth. The vast majority of our products rely on the availability of specific unlicensed radio frequency spectrum. The vast majority of our products operate in unlicensed radio frequency (“ RF ”) spectrum, which is used by a wide range of devices such as cordless phones, baby monitors, and microwave ovens, and is becoming increasingly crowded. If such spectrum usage continues to increase through the proliferation of consumer electronics and products competitive with ours, and others, the resultant higher levels of clutter and interference in the frequency bands used by our products could decrease the usage of our products. Our business could be further harmed if currently unlicensed RF spectrum becomes subject to licensing in the United States or elsewhere. Network operators and service providers that use our products may be unable to obtain licenses for RF spectrum at reasonable prices or at all. Even if the unlicensed spectrum remains unlicensed, existing and new government regulations may require we make changes in our products. For example, to provide products for network operators and service providers who utilize unlicensed RF spectrum, we may be required to limit their ability to use our products in licensed RF spectrum. The operation of our products by network operators or service providers in the United States or elsewhere in a manner not in compliance with local law could result in fines, operational disruption, or harm to our reputation. In addition, if new spectrums, either licensed or unlicensed, are made available by government regulatory agencies for broadband wireless communication that may disrupt the competitive landscape of our industry and impact our business. We could be adversely affected by unfavorable results in litigation. We may be involved, from time to time, in a variety of claims, lawsuits, investigations, and proceedings relating to contractual disputes, intellectual property rights, employment matters, regulatory compliance matters, consumer or securities class- actions and other litigation matters relating to various claims that arise in the normal course of business and otherwise. It can be difficult or impossible to predict the outcome of legal proceedings with any degree of certainty, particularly given that laws may be ambiguous and factual findings can often be the result of incomplete evidence, opinions, varying standards or proof, and extraneous factors. Any such proceedings or matters may adversely affect how we operate the business, divert the attention of management from the operation of the business, have an adverse effect on our reputation, result in additional costs and adversely affect our results of operations. If one or more of the legal proceedings to which we may be or become a party are resolved against us, our results of operations and financial condition could be adversely affected. We may become subject to warranty claims, product liability and product recalls. We have received, and may in the future receive, warranty or product liability claims that may require us to make significant expenditures to defend these claims or pay damage awards. In the event of a successful warranty claim, we may also incur costs if we compensate the affected network operator or service provider. Such claims may require a significant amount of time and expense to resolve and defend against, and could also harm our reputation by calling into question the quality of our products. We also may incur costs and expenses relating to a recall of one or more of our products. The process of identifying recalled products that have been widely distributed may be lengthy and require significant resources and we may incur significant replacement costs, contract damage claims and harm to our reputation. Our customers and the users of our products may expect us to indemnify them against claims for intellectual property infringement, defective products and other losses. Our customers, users and other parties may expect us to indemnify them for losses incurred in connection with our products, including as a result of intellectual property infringement, defective products, and security vulnerabilities, even if our agreements with them do not require us to provide this indemnification. In some instances, we may decide to defend and indemnify them, irrespective of whether we believe that we have an obligation to do so. The expenses associated with providing indemnification can be substantial. We may also reject demands for indemnification, which may lead to disputes with a customer or other party and may negatively impact our relationships with them. If we fail to maintain an effective system of internal controls, we may not be able to accurately report our financial condition or results of operations or safeguard our assets. Effective internal controls over financial reporting are necessary for us to provide reliable financial reports and, together with other controls and procedures, are designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation, could cause us to fail to meet our reporting obligations, and prevent us from producing accurate and timely financial statements to manage our business. If we fail to do so, our business could be negatively affected and our independent registered public accounting firm may be unable to attest to the fair presentation of our ~~Consolidated~~ **consolidated** ~~Financial~~ **financial** ~~Statements~~ **statements** included elsewhere in this Annual Report on Form 10- K in accordance with accounting principles generally accepted in the United States of America (" GAAP ") and the effectiveness of our internal control over financial reporting, as required by Section 404 of the Sarbanes- Oxley Act. If we cannot provide reliable financial reports and effectively prevent fraud, our reputation and results of operations could be harmed. Even effective internal controls have inherent limitations, including the possibility of human error, the circumvention or overriding of controls, or fraud. Therefore, even effective internal controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements. The preparation of ~~Consolidated~~ **consolidated** ~~Financial~~ **financial** ~~Statements~~ **statements** also requires us to make estimates and assumptions. We base our estimates on historical experience and other assumptions that we believe are reasonable under the circumstances. To the extent that there are differences between our estimates and actual results, our future financial statement presentation, financial condition, results of operations and cash flows will be affected. ~~Additionally, as the COVID- 19 pandemic continues to develop, many of our estimates could require increased judgment and carry a higher degree of variability and volatility.~~ As events continue to evolve our estimates may change materially in future periods. In addition, projections of any evaluation of effectiveness of internal control over financial reporting in future periods are subject to the risk that the control may become inadequate because of changes in conditions or a deterioration in the degree of compliance with the policies or procedures. We have in the past and may in the future fail to maintain adequate internal controls. For example, as reported in the Annual Reports on Form 10- K for the years ended June 30, 2015 and 2016, management of the Company determined that the Company did not maintain an effective control environment, which contributed to three material weaknesses in internal control over financial reporting. As described in more detail in ~~this~~ **the** Annual Report on Form 10- K for the fiscal year ended June 30, 2017, under Item 9A. " Controls and Procedures ", the Company completed the remediation efforts of such material weakness, completed testing of the controls to address such material weaknesses and concluded that the previously reported material weaknesses in internal controls over financial reporting have been satisfactorily remediated as of June 30, 2017. Any such failure (including any failure to implement new or improved controls, difficulties in the execution of such implementation or deterioration of our current control practices) may result in an inability to prevent fraud, or cause us to fail to meet our reporting obligations. Any such failures may cause a material adverse effect on our business and financial results, and investor confidence and the market price of our stock may be adversely affected. Failure to comply with the FCPA and similar laws could subject us to penalties and other adverse consequences. We face significant risks if we fail to comply with the FCPA and other laws (such as the U. K. Bribery Act of 2010) that prohibit improper payments or offers of payment to foreign governments and their officials and political parties by us and other business entities acting on our behalf for the purpose of obtaining or retaining business, particularly as our foreign operations, such as in Taiwan, become increasingly important to our business. In many foreign countries, particularly in countries with developing economies, which represent our principal markets, it may be a local custom that businesses operating in such countries engage in business practices that are prohibited by the FCPA or other laws and regulations. Although we have implemented a company policy requiring our employees and consultants to comply with the FCPA and similar laws, there can be no assurance that all of our employees, and agents, as well as those companies to which we outsource certain of our business operations, will not take actions in violation of our policies, for which we may be ultimately held responsible. Any violation of FCPA or similar laws could result in severe criminal or civil sanctions and suspension or debarment from U. S. government contracting, which could have a material and adverse effect on our reputation, business, results of operations and financial condition. Our results could be adversely affected by unfavorable tax law changes, an unfavorable government review of our tax returns, or changes in our geographic earnings mix. We are subject to periodic audits or other reviews by tax authorities in the jurisdictions in which we conduct our activities. Tax authorities could challenge our assertions with respect to how we have conducted our business operations ~~as~~ **which** might result in a claim for larger tax payments from us, including, but not limited to, income and withholding taxes **and potential fines or penalties** . The expense of defending and resolving such audits may be significant **. The amount of time to resolve such audits is also unpredictable and may divert management' s attention from our business operations. We regularly assess the likelihood of favorable or unfavorable outcomes resulting from these audits or other reviews to determine the adequacy of our provision for income taxes. Although we believe our interpretation of tax laws and tax estimates are reasonable, there can be no assurance that any final determination by taxing authorities will not be materially different from the treatment reflected in our historical income tax provisions and accruals, which could materially and adversely affect our business, results of operations and financial condition** . In the ordinary course of our business, there are many instances where the determination of tax implications is uncertain. ~~Our calculations of income~~ **We record a liability for unrecognized** ~~taxes~~ -- **tax** ~~may be based on our~~ **benefits associated with uncertain tax positions which often involves significant management judgment as to the** interpretations of applicable tax laws in the jurisdictions in which we file. The final determination of our income tax liabilities **by taxing authorities** may be materially different than what is reflected in our income tax provisions and accruals **which could materially affect our tax obligations and effective tax rate** . The legislative bodies in many jurisdictions regularly consider proposed legislation that, if adopted, could affect our tax rate in such jurisdictions, and the carrying value of our deferred tax assets or our tax liabilities. Multi- jurisdictional changes enacted in response to the guidelines provided by the Organization for Economic Cooperation and Development (" OECD ") to address base erosion and profit shifting (" BEPS "), and additional amendments or guidance regarding comprehensive U. S. tax reform, among other things, may change certain U. S. tax rules impacting the way U. S. multinationals are taxed, increase tax uncertainty and adversely impact our provision for income taxes. As a global company, we conduct operations in multiple jurisdictions, and therefore our effective tax rate is influenced by the amounts of income and expense attributed to each such jurisdiction and the amount and type of presence in each such jurisdiction. If such amounts were to change so as to increase the amounts of our net income subject to taxation in higher tax jurisdictions, or if we were to increase our operations in jurisdictions assessing relatively higher tax rates, our effective tax rate could be adversely affected. Additionally, withholding taxes vary by jurisdiction and any changes to our operations in each jurisdiction could result in greater taxation to the company. A number of factors may affect our future effective tax rates including, but not limited to: • the interpretation of country- by- country reports and outcome of discussions with various tax authorities regarding intercompany transfer pricing arrangements; • changes that involve Ubiquiti' s supply chain outside of the United States; • changes in the composition of earnings in countries or states with differing tax rates; • the resolution of issues arising from tax audits with various tax authorities, • changes to tax laws regarding R & D tax credits; • changes in ~~stock~~ **share** - based compensation; and • changes in tax law and / or generally accepted accounting principles. From time to time the United States, foreign and state governments make substantive changes to tax ~~rules~~ **laws** and ~~the application of rules to companies which may impact our taxes on international earnings. We regularly assess the likelihood of favorable or unfavorable outcomes resulting from examinations to determine the adequacy of our provision for income taxes. Although we believe our tax estimates are reasonable, there can be no assurance that any final determination will not be materially different than the treatment reflected in our historical income tax provisions and accruals, which could materially and adversely affect our business results of operations and financial condition. Changes in applicable tax~~ regulations ~~could negatively affect our financial results~~ . **For example** ~~On December 22~~ , **in** 2017, the U. S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act **, which made a number** ~~(the " 2017 Tax Act "). A significant portion~~ of ~~our earnings are earned by our subsidiaries outside the U. S. Changes~~ **changes** ~~to~~ **, including changing** the taxation of certain foreign earnings **and** ~~resulting from~~ the ~~2017 Tax~~ **requirement to capitalize and amortize research and development expenditures. Further, in 2022, the U. S. government enacted the Inflation Reduction** Act, ~~along~~ **which made a number of changes, including adding a 1 % excise tax on stock buybacks by publicly- traded corporations and a 15 % corporate minimum tax for companies** with **higher than $ 1 billion of certain adjusted financial statement income. As a result of** the ~~state~~ **1 % excise** tax **,** ~~impact of these~~ -- **the cost to us of making repurchases will increase and the number of shares repurchased pursuant to our stock repurchase programs will be reduced.** ~~changes~~ **Changes in** ~~and potential future cash distributions, may have an adverse effect on our effective~~ tax ~~rate. Furthermore~~ **laws and regulations and interpretations of such laws and regulations** , **including** ~~changes to the~~ taxation of ~~undistributed foreign~~ earnings **outside** ~~could change our future intentions regarding reinvestment~~ of ~~such earnings. Although~~ the **U** ~~accounting for the impact of the 2017 Tax Act was completed as of December 22, 2018, we are continuing to monitor ongoing changes and ruling updates to the 2017 Tax Act~~ . **S., may** ~~There can be no assurance that further changes in the 2017 Tax Act will not~~ materially and adversely affect our **business** ~~effective tax rate~~ , ~~tax payments,~~ **results of operations and** financial condition ~~and results of operations~~ .