

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-Q**

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.
For the quarterly period ended September 28, 2025
or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.
For the transition period from _____ to _____

Commission file number: 000-50350

NETGEAR, Inc.

(Exact name of registrant as specified in its charter)

Delaware
*(State or other jurisdiction of
incorporation or organization)*
**3553 North First Street,
San Jose, California**
(Address of principal executive offices)

77-0419172
*(IRS Employer
Identification No.)*

95134
(Zip Code)

(408) 907-8000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class
Common Stock, \$0.001 par value

Trading symbol(s):
NTGR

Name of each exchange on which registered
The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-Accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of outstanding shares of the registrant's Common Stock, \$0.001 par value, was 28,402,755 as of October 24, 2025.

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PART I: FINANCIAL INFORMATION

Item 1. *Financial Statements*

NETGEAR, INC.

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

	September 28, 2025	December 31, 2024
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 203,480	\$ 286,444
Short-term investments	122,903	122,246
Accounts receivable, net of allowance for doubtful accounts of \$591 and \$507 as of September 28, 2025 and December 31, 2024, respectively	159,880	156,210
Inventories	166,561	162,539
Prepaid expenses and other current assets	29,120	30,590
Total current assets	681,944	758,029
Property and equipment, net	23,137	11,288
Operating lease right-of-use assets	38,689	28,047
Intangible assets, net	4,078	—
Goodwill	45,803	36,279
Other non-current assets	17,155	16,587
Total assets	\$ 810,806	\$ 850,230
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 58,204	\$ 58,481
Accrued employee compensation	27,543	23,290
Other accrued liabilities	124,630	148,078
Deferred revenue	27,938	30,261
Income taxes payable	843	9,973
Total current liabilities	239,158	270,083
Non-current income taxes payable	8,538	7,583
Non-current operating lease liabilities	42,986	19,796
Other non-current liabilities	13,276	11,702
Total liabilities	303,958	309,164
Commitments and contingencies (Note 9)		
Stockholders' equity:		
Common stock	28	29
Additional paid-in capital	1,027,809	997,912
Accumulated other comprehensive income	152	241
Accumulated deficit	(521,141)	(457,116)
Total stockholders' equity	506,848	541,066
Total liabilities and stockholders' equity	\$ 810,806	\$ 850,230

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

NETGEAR, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	September 28, 2025	September 29, 2024	September 28, 2025	September 29, 2024
Net revenue	\$ 184,561	\$ 182,854	\$ 517,153	\$ 491,340
Cost of revenue	112,309	126,371	324,597	354,797
Gross profit	72,252	56,483	192,556	136,543
Operating expenses:				
Research and development	23,328	20,905	62,482	60,983
Sales and marketing	33,762	31,196	92,856	91,482
General and administrative	20,619	8,357	59,372	45,610
Litigation reserves, net	98	(100,855)	136	(92,625)
Restructuring and other charges	1,514	1,072	7,118	3,792
Total operating expenses	79,321	(39,325)	221,964	109,242
Income (loss) from operations	(7,069)	95,808	(29,408)	27,301
Other income, net	3,028	3,485	15,175	9,048
Income (loss) before income taxes	(4,041)	99,293	(14,233)	36,349
Provision for income taxes	736	14,219	3,006	15,100
Net income (loss)	\$ (4,777)	\$ 85,074	\$ (17,239)	\$ 21,249
Net income (loss) per share				
Basic	\$ (0.17)	\$ 2.96	\$ (0.60)	\$ 0.73
Diluted	\$ (0.17)	\$ 2.90	\$ (0.60)	\$ 0.72
Weighted average shares used to compute net income (loss) per share:				
Basic	28,638	28,705	28,756	28,992
Diluted	28,638	29,364	28,756	29,389

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

NETGEAR, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In thousands)

	Three Months Ended		Nine Months Ended	
	September 28, 2025	September 29, 2024	September 28, 2025	September 29, 2024
Net income (loss)	\$ (4,777)	\$ 85,074	\$ (17,239)	\$ 21,249
Other comprehensive income (loss), before tax:				
Change in unrealized gains and losses on derivatives	109	(224)	(56)	(248)
Change in unrealized gains and losses on available-for-sale investments	94	452	(40)	233
Other comprehensive income (loss), before tax	203	228	(96)	(15)
Tax benefit (provision) related to derivatives	(17)	28	7	31
Other comprehensive income (loss), net of tax	186	256	(89)	16
Comprehensive income (loss)	\$ (4,591)	\$ 85,330	\$ (17,328)	\$ 21,265

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

NETGEAR, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands)

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholder's Equity
	Shares	Amount				
Balance as of December 31, 2024	28,500	\$ 29	\$ 997,912	\$ 241	\$ (457,116)	\$ 541,066
Change in unrealized gains and losses on available-for-sale investments, net of tax	—	—	—	(78)	—	(78)
Change in unrealized gains and losses on derivatives, net of tax	—	—	—	(245)	—	(245)
Net loss	—	—	—	—	(6,034)	(6,034)
Stock-based compensation	—	—	5,496	—	—	5,496
Repurchase of common stock	(254)	—	—	—	(7,500)	(7,500)
Restricted stock unit withholdings	(186)	—	—	—	(5,141)	(5,141)
Issuance of common stock under stock-based compensation plans	722	—	6,679	—	—	6,679
Balance as of March 30, 2025	28,782	29	1,010,087	(82)	(475,791)	534,243
Change in unrealized gains and losses on available-for-sale investments, net of tax	—	—	—	(56)	—	(56)
Change in unrealized gains and losses on derivatives, net of tax	—	—	—	104	—	104
Net loss	—	—	—	—	(6,428)	(6,428)
Stock-based compensation	—	—	6,675	—	—	6,675
Repurchase of common stock	(258)	—	—	—	(7,500)	(7,500)
Restricted stock unit withholdings	(184)	—	—	—	(4,556)	(4,556)
Issuance of common stock under stock-based compensation plans	653	—	676	—	—	676
Balance as of June 29, 2025	28,993	29	1,017,438	(34)	(494,275)	523,158
Change in unrealized gains and losses on available-for-sale investments, net of tax	—	—	—	94	—	94
Change in unrealized gains and losses on derivatives, net of tax	—	—	—	92	—	92
Net loss	—	—	—	—	(4,777)	(4,777)
Stock-based compensation	—	—	8,808	—	—	8,808
Repurchase of common stock	(815)	(1)	—	—	(20,028)	(20,029)
Restricted stock unit withholdings	(82)	—	—	—	(2,061)	(2,061)
Issuance of common stock under stock-based compensation plans	289	—	1,563	—	—	1,563
Balance as of September 28, 2025	28,385	\$ 28	\$ 1,027,809	\$ 152	\$ (521,141)	\$ 506,848

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	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholder's Equity
	Shares	Amount				
Balance as of December 31, 2023	29,616	\$ 30	\$ 967,651	\$ 136	\$ (432,322)	\$ 535,495
Change in unrealized gains and losses on available-for-sale investments, net of tax	—	—	—	(166)	—	(166)
Change in unrealized gains and losses on derivatives, net of tax	—	—	—	51	—	51
Net loss	—	—	—	—	(18,650)	(18,650)
Stock-based compensation	—	—	4,544	—	—	4,544
Repurchase of common stock	(783)	(1)	—	—	(11,443)	(11,444)
Restricted stock unit withholdings	(32)	—	—	—	(454)	(454)
Issuance of common stock under stock-based compensation plans	270	—	1,986	—	—	1,986
Balance as of March 31, 2024	29,071	29	974,181	21	(462,869)	511,362
Change in unrealized gains and losses on available-for-sale investments, net of tax	—	—	—	(53)	—	(53)
Change in unrealized gains and losses on derivatives, net of tax	—	—	—	(72)	—	(72)
Net loss	—	—	—	—	(45,175)	(45,175)
Stock-based compensation	—	—	5,888	—	—	5,888
Repurchase of common stock	(800)	(1)	—	—	(10,120)	(10,121)
Restricted stock unit withholdings	(165)	—	—	—	(2,431)	(2,431)
Issuance of common stock under stock-based compensation plans	573	1	—	—	—	1
Balance as of June 30, 2024	28,679	29	980,069	(104)	(520,595)	459,399
Change in unrealized gains and losses on available-for-sale investments, net of tax	—	—	—	452	—	452
Change in unrealized gains and losses on derivatives, net of tax	—	—	—	(196)	—	(196)
Net income	—	—	—	—	85,074	85,074
Stock-based compensation	—	—	5,620	—	—	5,620
Repurchase of common stock	(99)	—	—	—	(1,461)	(1,461)
Restricted stock unit withholdings	(25)	—	—	—	(445)	(445)
Issuance of common stock under stock-based compensation plans	213	—	1,887	—	—	1,887
Balance as of September 29, 2024	28,768	29	987,576	152	(437,427)	550,330

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

NETGEAR, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Nine Months Ended	
	September 28, 2025	September 29, 2024
Cash flows from operating activities:		
Net income (loss)	\$ (17,239)	\$ 21,249
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	5,109	4,761
Stock-based compensation	20,979	16,052
Gain on investments, net	(1,141)	(2,971)
Deferred income taxes	(214)	254
Provision for excess and obsolete inventory	2,878	5,084
Changes in assets and liabilities:		
Accounts receivable, net	(3,670)	7,733
Inventories	(6,901)	81,790
Prepaid expenses and other assets	1,336	3,146
Accounts payable	(936)	4,727
Accrued employee compensation	4,253	(1,322)
Other accrued liabilities	(10,093)	(9,608)
Deferred revenue	(2,898)	3,073
Income taxes payable	(9,365)	9,347
Net cash provided by (used in) operating activities	(17,902)	143,315
Cash flows from investing activities:		
Purchases of short-term investments	(89,579)	(107,454)
Proceeds from maturities of short-term investments	90,000	90,290
Purchases of property and equipment	(14,631)	(6,502)
Purchases of long-term investments	(165)	(225)
Payments made in connection with business acquisitions, net of cash acquired	(12,185)	—
Net cash used in investing activities	(26,560)	(23,891)
Cash flows from financing activities:		
Repurchases of common stock	(35,662)	(22,917)
Restricted stock unit withholdings	(11,758)	(3,330)
Proceeds from exercise of stock options	5,266	308
Proceeds from issuance of common stock under employee stock purchase plan	3,652	3,565
Net cash used in financing activities	(38,502)	(22,374)
Net increase (decrease) in cash and cash equivalents	(82,964)	97,050
Cash and cash equivalents, at beginning of period	286,444	176,717
Cash and cash equivalents, at end of period	\$ 203,480	\$ 273,767
Non-cash investing and financing activities:		
Unpaid property and equipment	\$ 3,283	\$ 1,112

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

NETGEAR, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1. The Company and Basis of Presentation

NETGEAR, Inc. (“NETGEAR” or the “Company”) was incorporated in Delaware in January 1996. The Company is a global leader in innovative and advanced networking technologies for businesses, homes, and service providers. The Company delivers a wide range of intelligent solutions designed to unleash the full potential of connectivity. Its highly differentiated connected solutions range from switching and wireless products to augment business networks and audio and video (“AV”) over Ethernet for Pro AV applications to the good, better, and best WiFi solutions, security and support services to protect and enhance business and home networks. Additionally, the Company continually invests in research and development to create new technologies and services and to capitalize on technological inflection points and trends, such as audio and video over Ethernet, multi-Gigabit internet service to homes, WiFi 7, eSIM and future technologies. Its product line helps to create and extend wired and wireless networks as well as devices that attach to the network, such as services that complement and enhance its product line offerings. These products are available in multiple configurations to address the changing needs of our customers in each geographic region.

The Company sells networking products through multiple sales channels worldwide, including traditional retailers, online retailers, wholesale distributors, direct market resellers (“DMRs”), value-added resellers (“VARs”), broadband service providers and its direct online store at www.netgear.com.

The accompanying unaudited condensed consolidated financial statements include the accounts of NETGEAR, Inc. and its wholly owned subsidiaries. They have been prepared in accordance with established guidelines for interim financial reporting and the instructions of Form 10-Q and Article 10 of Regulation S-X. All significant intercompany balances and transactions have been eliminated in consolidation. The balance sheet dated December 31, 2024, has been derived from audited financial statements at such date. These unaudited condensed consolidated financial statements do not include all of the information and footnotes typically found in the audited consolidated financial statements and footnotes thereto included in the Annual Report on Form 10-K. In the opinion of management, the unaudited condensed consolidated financial statements reflect all normal recurring adjustments considered necessary to fairly state the Company's financial position, results of operations, comprehensive income (loss), stockholder's equity and cash flows for the periods indicated. These unaudited condensed consolidated financial statements should be read in conjunction with the notes to the audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2024 (the “Annual Report”).

The Company's fiscal year begins on January 1 of the year stated and ends on December 31 of the same year. The Company reports its results on a fiscal quarter basis rather than on a calendar quarter basis. Under the fiscal quarter basis, each of the first three fiscal quarters ends on the Sunday closest to the calendar quarter end, with the fourth quarter ending on December 31.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect (i) the reported amounts of assets and liabilities, (ii) the disclosure of contingent assets and liabilities at the date of the financial statements, and (iii) the reported amounts of net revenue and expenses during the reported period. The Company bases these estimates on historical and anticipated results, trends and various other assumptions that it believes are reasonable under the circumstances. As of the date of issuance of these condensed consolidated financial statements, the Company is not aware of any specific event or circumstance that would require it to update its estimates, judgments or revise the carrying value of its assets or liabilities. These estimates may change, as new events occur and additional information is obtained, and are recognized in the condensed consolidated financial statements as soon as they become known. Actual results could differ materially from those estimates and operating results for the three and nine months ended September 28, 2025 are not necessarily indicative of the results that may be expected for the year ending December 31, 2025, or any future period.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Segments

As previously announced, in the first fiscal quarter of 2025, the Company realigned its business structure by separating the Connected Home segment into two distinct reportable segments: Home Networking and Mobile. This realignment is intended to further strengthen the Company's operational and financial management and enable further focus on growth opportunities while maintaining financial discipline. Effective January 1, 2025, the Company operates and reports in three segments: Enterprise (formerly known as NETGEAR for Business), Home Networking, and Mobile. The prior-year segment financial information has been recast to conform to the current-year presentation. None of the changes impacted previously reported consolidated net revenue, income (loss) from operations, net income (loss) per share, total assets, or stockholders' equity. In addition, as the goodwill balance was zero for the Connected Home segment before the segment realignment, no goodwill has been allocated to the Home Networking and Mobile segments, and the entire goodwill balance of \$36.3 million prior to the segment realignment in the first quarter of 2025 remained in the Enterprise segment. An additional \$9.5 million of goodwill was recorded in the Enterprise segment during the nine months ended September 28, 2025 in connection with the acquisition of Exium Inc. Refer to Note 4, *Business Acquisition* and Note 12, *Segment Information* for additional information.

Note 2. Summary of Significant Accounting Policies

No material changes have been made to the Company's significant accounting policies disclosed in Note 1, *The Company and Summary of Significant Accounting Policies*, in Part II, Item 8 "Financial Statements and Supplementary Data" in its Annual Report.

Recent Accounting Pronouncements

Accounting Pronouncements Recently Adopted

In November 2023, the FASB issued ASU 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures", which improves reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. ASU 2023-07 is effective for the Company for the year ended December 31, 2024 and early adoption is permitted. The Company adopted the new standard effective December 31, 2024 on a retrospective basis. The adoption did not have any impact on the Company's financial position, results of operations or cash flows. Refer to Note 12, *Segment Information*, for details.

Accounting Pronouncements Not Yet Effective

In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures", which enhances annual income tax disclosures. ASU 2023-09 requires the Company to disclose specified additional information in its income tax rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold. ASU 2023-09 also requires the Company to disaggregate its income taxes paid disclosure by federal, state and foreign taxes, with further disaggregation required for significant individual jurisdictions. ASU 2023-09 is effective for the Company for the annual reporting period of the year ending December 31, 2025 and early adoption is permitted. The guidance allows for adoption using either a prospective or retrospective transition method. The Company is evaluating the impact that the updated standard will have on its financial statement disclosures.

In November 2024, the FASB issued ASU 2024-03, "Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses", which expands the disclosure requirements for specific costs and expenses. ASU 2024-03 is effective for the Company for the year ending December 31, 2027 and early adoption is permitted. Upon adoption, the guidance should be applied retrospectively to all prior periods presented in the financial statements. The Company does not expect that the guidance will have material impacts on its financial position, results of operations or cash flows. The Company is evaluating the impact that the updated standard will have on its financial statement disclosures.

In July 2025, the FASB issued ASU 2025-05, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets", which introduces a practical expedient permitting entities to assume that current economic conditions as of the balance sheet date do not change over the remaining life of current accounts receivable and contract assets arising from transactions within the scope of ASC 606, including assets acquired in a business combination. ASU 2025-05 is effective for the Company for its fiscal year and all interim periods beginning January 1, 2026 on a prospective basis. Early adoption is permitted. The Company is evaluating the impact that the updated standard will have on its financial position, results of operations or cash flow.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

In September 2025, the FASB issued ASU 2025-06, “Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software”, which eliminates project stages and requires capitalizing costs when management has committed to funding the project and it is probable of completion. ASU2025-06 is effective for the Company for its fiscal year and all interim periods beginning January 1, 2028 on a prospective basis. Early adoption is permitted. The Company is evaluating the impact that the updated standard will have on its financial position, results of operations or cash flow.

With the exception of the new standards discussed above, there have been no other new accounting pronouncements that have significance, or potential significance, to the Company’s financial position, results of operations and cash flows.

Note 3. Revenue

Revenue from contracts with customers is recognized when control of the promised goods or services is transferred to the customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services.

Transaction Price Allocated to the Remaining Performance Obligations

Remaining performance obligations represent the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied as of the end of the reporting period. Unsatisfied and partially unsatisfied performance obligations consist of contract liabilities, in-transit orders with destination terms, and non-cancellable backlog. Non-cancellable backlog includes goods for which customer purchase orders have been accepted, that are scheduled or in the process of being scheduled for shipment, and that are not yet invoiced.

The following table summarizes estimated revenue expected to be recognized in the future related to performance obligations that were unsatisfied (or partially unsatisfied) as of September 28, 2025:

(In thousands)	Less than 1 year	1 to 2 years	Beyond 2 years	Total
Performance obligations	\$ 70,280	\$ 2,538	\$ 2,050	\$ 74,868

Contract Balances

The Company records accounts receivable when it has an unconditional right to consideration. Contract liabilities are recorded when cash payments are received or due in advance of performance. Contract liabilities consist of advance payments and deferred revenue, where the Company has unsatisfied performance obligations. Contract liabilities are mainly classified as Deferred revenue on the unaudited condensed consolidated balance sheets.

Payment terms vary by customer. The time between invoicing and when payment is due is not significant. For certain products or services and customer types, payment is required before the products or services are delivered to the customer.

The following table reflects the contract balances:

(In thousands)	Balance Sheet Location	September 28, 2025	December 31, 2024
Accounts receivable, net	Accounts receivable, net	\$ 159,880	\$ 156,210
Contract liabilities – current	Deferred revenue	\$ 27,938	\$ 30,261
Contract liabilities – non-current	Other non-current liabilities	\$ 4,526	\$ 5,101

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The difference in the balances of the Company's contract assets and liabilities as of September 28, 2025 and December 31, 2024, primarily results from the timing difference between the Company's performance and the customer's payment. During the nine months ended September 28, 2025, \$35.2 million of revenue was deferred primarily due to unsatisfied performance obligations for service contracts, \$38.1 million of revenue was recognized for the satisfaction of performance obligations and \$26.6 million of this recognized revenue was included in the contract liability balance at the beginning of the period.

There were no significant changes in estimates during the period that would affect the contract balances.

Disaggregation of Revenue

In the following tables, net revenue is disaggregated by geographic region and sales channel. The Company conducts business across three geographic regions: Americas; Europe, Middle East and Africa ("EMEA"); and Asia Pacific ("APAC"). The tables also include reconciliations of the disaggregated revenue by reportable segment. As disclosed above, effective January 1, 2025, the Company operates and reports in three segments: Enterprise, Home Networking and Mobile. The prior-year segment financial information has been recast to conform to the current-year presentation. Sales and usage-based taxes are excluded from net revenue.

(In thousands)	Three Months Ended							
	September 28, 2025				September 29, 2024			
	Enterprise	Home Networking	Mobile	Total	Enterprise	Home Networking	Mobile	Total
Geographic regions ⁽¹⁾ :								
Americas	\$ 47,596	\$ 64,835	\$ 15,654	\$ 128,085	\$ 42,035	\$ 65,906	\$ 19,811	\$ 127,752
EMEA	28,011	5,153	3,772	36,936	22,975	6,295	3,528	32,798
APAC	15,231	2,659	1,650	19,540	13,520	5,539	3,245	22,304
Total	\$ 90,838	\$ 72,647	\$ 21,076	\$ 184,561	\$ 78,530	\$ 77,740	\$ 26,584	\$ 182,854
Sales channels:								
Service provider	\$ 331	\$ 846	\$ 15,920	\$ 17,097	\$ 268	\$ 2,675	\$ 20,274	\$ 23,217
Non-service provider	90,507	71,801	5,156	167,464	78,262	75,065	6,310	159,637
Total	\$ 90,838	\$ 72,647	\$ 21,076	\$ 184,561	\$ 78,530	\$ 77,740	\$ 26,584	\$ 182,854

(In thousands)	Nine Months Ended							
	September 28, 2025				September 29, 2024			
	Enterprise	Home Networking	Mobile	Total	Enterprise	Home Networking	Mobile	Total
Geographic regions ⁽¹⁾ :								
Americas	\$ 129,767	\$ 179,111	\$ 43,247	\$ 352,125	\$ 103,189	\$ 172,155	\$ 57,839	\$ 333,183
EMEA	79,298	13,052	11,090	103,440	64,549	15,216	11,575	91,340
APAC	43,585	9,374	8,629	61,588	39,282	17,294	10,241	66,817
Total	\$ 252,650	\$ 201,537	\$ 62,966	\$ 517,153	\$ 207,020	\$ 204,665	\$ 79,655	\$ 491,340
Sales channels:								
Service provider	\$ 839	\$ 2,507	\$ 47,182	\$ 50,528	\$ 713	\$ 9,298	\$ 60,936	\$ 70,947
Non-service provider	251,811	199,030	15,784	466,625	206,307	195,367	18,719	420,393
Total	\$ 252,650	\$ 201,537	\$ 62,966	\$ 517,153	\$ 207,020	\$ 204,665	\$ 79,655	\$ 491,340

⁽¹⁾ No individual foreign country represented more than 10% of the Company's total net revenue in the periods presented.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 4. Business Acquisition

On June 16, 2025, the Company acquired Exium Inc. (“Exium”), a cybersecurity company focused on developing and delivering Secure Access Service Edge (SASE) platforms, as part of its continued investment in cloud-based solutions for advanced business connectivity. The Company believes that Exium’s products and expertise will enhance its network offering by adding an integrated SASE platform tailored for small and medium enterprises, which strategically aligns with its existing products, teams, and target markets.

The preliminary total purchase consideration was \$12.6 million, which consisted of \$12.1 million in cash paid in the second quarter of 2025, and \$0.5 million in acquisition holdback for potential purchase price adjustments and indemnification, if any. In addition, \$2.4 million may be payable as retention compensation. The acquisition qualified as a business combination and was accounted for using the acquisition method. The results of Exium have been included in the unaudited condensed consolidated financial statements since the date of acquisition. Pro forma results of operations for the acquisition are not presented as the financial impact to the Company's consolidated results of operations is not material.

Of the total preliminary purchase consideration, \$9.5 million was allocated to goodwill, \$4.2 million to developed technology platform, and \$1.1 million to deferred tax liability. All the other assets acquired and liabilities assumed were immaterial.

The goodwill recorded on the acquisition of Exium is not deductible for U.S. federal or U.S. state income tax purposes. The goodwill recognized was allocated to the Company's Enterprise segment, and it is primarily attributable to expected synergies, and future growth opportunities associated with Exium’s cybersecurity platform.

Developed technology platform of \$4.2 million was valued using the multi-period excess earnings method under the income approach, which discounted the asset's projected future cash flows at 28.0%. The provisional amortization period is seven years.

In connection with the acquisition, the Company recorded net deferred tax liabilities of \$1.1 million, resulting from the recognition of \$4.3 million in gross temporary differences related to the book basis of the intangible assets for which the Company has no tax basis.

Note 5. Balance Sheet Components

Available-for-sale investments

Amortized cost and estimated fair market value of investments classified as available-for-sale, excluding cash equivalents, as of September 28, 2025 and December 31, 2024, were as follows:

	September 28, 2025			
(In thousands)	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
U.S. treasury securities	\$ 119,748	\$ 131	\$ —	\$ 119,879
Total	<u>\$ 119,748</u>	<u>\$ 131</u>	<u>\$ —</u>	<u>\$ 119,879</u>

	December 31, 2024			
(In thousands)	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
U.S. treasury securities	\$ 119,199	\$ 171	\$ —	\$ 119,370
Total	<u>\$ 119,199</u>	<u>\$ 171</u>	<u>\$ —</u>	<u>\$ 119,370</u>

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The contractual maturities on the U.S. treasury securities as of September 28, 2025 are all due within one year. Accrued interest receivable as of September 28, 2025 was \$1.4 million and was recorded within Prepaid expenses and other current assets on the unaudited condensed consolidated balance sheet.

There were no investments classified as available-for-sale in a continuous unrealized loss position for which an allowance for credit losses was not recorded as of September 28, 2025 and December 31, 2024.

In the three and nine months ended September 28, 2025 and September 29, 2024, no unrealized losses on available-for-sale securities were recognized in income. The Company does not intend to sell, and it is unlikely that it will be required to sell the investments in an unrealized loss position prior to their anticipated recovery. There were no other-than-temporary impairments for these securities during the three and nine months ended September 28, 2025 and September 29, 2024. Refer to Note 13, *Fair Value Measurements*, for detailed disclosures regarding fair value measurements.

Inventories

(In thousands)	September 28, 2025	December 31, 2024
Raw materials	\$ 10,710	\$ 13,439
Finished goods	155,851	149,100
Total	<u>\$ 166,561</u>	<u>\$ 162,539</u>

The Company records provisions for excess and obsolete inventory based on assumptions about future demand and market conditions and the amounts incurred were \$0.7 million and \$2.9 million for the three and nine months ended September 28, 2025, respectively, and \$2.1 million and \$5.1 million for the three and nine months ended September 29, 2024, respectively. While management believes the estimates and assumptions underlying its current forecasts are reasonable, there is a risk that additional charges may be necessary if current forecasts are greater than actual demand.

Property and equipment, net

(In thousands)	September 28, 2025	December 31, 2024
Machinery and equipment	\$ 53,904	\$ 54,355
Furniture and fixtures	2,960	4,185
Leasehold improvements	18,715	15,843
Software	22,379	24,610
Computer equipment	5,060	5,384
Total property and equipment, gross	103,018	104,377
Accumulated depreciation	<u>\$ (79,881)</u>	<u>\$ (93,089)</u>
Total	<u>\$ 23,137</u>	<u>\$ 11,288</u>

Other non-current assets

(In thousands)	September 28, 2025	December 31, 2024
Non-current deferred income taxes	\$ 2,553	\$ 2,332
Long-term investments	8,718	8,381
Restricted cash	2,100	2,107
Other	3,784	3,767
Total	<u>\$ 17,155</u>	<u>\$ 16,587</u>

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
Long-term equity investments

The Company's long-term investments are primarily comprised of equity investments without readily determinable fair values and investments in limited partnership funds. The carrying value of the equity investments without readily determinable fair values was \$6.1 million as of September 28, 2025 and September 29, 2024, respectively. For such equity investments without readily determinable fair value still held at September 28, 2025, there were no cumulative downward adjustments for price changes or impairment, and the cumulative upward adjustments for price changes was \$0.3 million. Investments in limited partnership funds amounted to \$2.7 million as of September 28, 2025, \$2.4 million as of September 29, 2024, and \$2.3 million as of December 31, 2024 and December 31, 2023, respectively.

Other accrued liabilities

(In thousands)	September 28, 2025	December 31, 2024
Current operating lease liabilities	\$ 3,589	\$ 10,837
Sales and marketing	53,482	59,129
Warranty obligations	5,758	5,192
Sales returns ⁽¹⁾	24,067	31,711
Freight and duty	4,909	4,979
Other	32,825	36,230
Total	\$ 124,630	\$ 148,078

⁽¹⁾ Inventory expected to be received from future sales returns amounted to \$11.1 million and \$15.1 million as of September 28, 2025 and December 31, 2024, respectively. Provisions to write down expected returned inventory to net realizable value amounted to \$8.3 million and \$9.0 million as of September 28, 2025 and December 31, 2024, respectively.

Note 6. Derivative Financial Instruments

The Company's subsidiaries have material future cash flows related to revenue and expenses denominated in currencies other than the U.S. dollar, the Company's functional currency worldwide. The Company executes currency forward contracts that typically mature in less than six months to mitigate its currency risk, in currencies including Australian dollars, British pounds, euros, Canadian dollars, and Japanese yen. The Company does not enter into derivatives transactions for trading or speculative purposes. The Company's foreign currency forward contracts do not contain any credit-risk-related contingent features. The Company enters into derivative contracts with high-quality financial institutions and limits the amount of credit exposure to any individual counterparty.

The Company typically executes ten cash flow hedges per quarter with maturities under six months and with an average USD notional amount of approximately \$4.7 million that are designated as cash flow hedges.

The Company enters into non-designated hedges that are generally expected to offset the changes in value of its net non-functional currency asset and liability position resulting from foreign exchange rate fluctuations. The Company adjusts its non-designated hedges monthly and typically executes about eleven non-designated forwards per quarter with maturities less than three months and an average USD notional amount of approximately \$3.0 million.

Fair Value of Derivative Instruments

The fair values of the Company's derivative instruments and the line items on the unaudited condensed consolidated balance sheets to which they were recorded were summarized as follows:

(In thousands)	Balance Sheet		Balance Sheet			
	Location	September 28, 2025	December 31, 2024	Location	September 28, 2025	December 31, 2024
Derivatives not designated as hedging instruments	Prepaid expenses and other current assets	\$ 142	\$ 979	Other accrued liabilities	\$ 62	\$ 254
Derivatives designated as hedging instruments	Prepaid expenses and other current assets	19	74	Other accrued liabilities	4	19
Total		\$ 161	\$ 1,053		\$ 66	\$ 273

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Refer to Note 13, *Fair Value Measurements* for detailed disclosures regarding fair value measurements. Refer to Note 10, *Stockholders' Equity*, for details on the accumulated other comprehensive income (loss) activity related to derivatives and refer to Note 12, *Segment Information*, for details on gain/(loss), net pertaining to derivatives not designated as hedging instruments that were recognized in Other income (expenses), net.

Note 7. Net Income (Loss) Per Share

Basic net income (loss) per share is computed by dividing the net income (loss) for the period by the weighted average number of common shares outstanding during the period. Diluted net income (loss) per share is computed by dividing the net income (loss) for the period by the weighted average number of shares of common stock and potentially dilutive common stock outstanding during the period. Potentially dilutive common shares include common shares issuable upon exercise of stock options, vesting of Restricted Stock Units ("RSUs") and performance shares, and issuances of shares under the Employee Stock Purchase Plan (the "ESPP"), which are reflected in diluted net income (loss) per share by application of the treasury stock method. Potentially dilutive common shares are excluded from the computation of diluted net income (loss) per share when their effect is anti-dilutive.

Net income (loss) per share consisted of the following:

(In thousands, except per share data)	Three Months Ended		Nine Months Ended	
	September 28, 2025	September 29, 2024	September 28, 2025	September 29, 2024
Numerator:				
Net income (loss)	\$ (4,777)	\$ 85,074	\$ (17,239)	\$ 21,249
Denominator:				
Weighted average common shares – basic	28,638	28,705	28,756	28,992
Potentially dilutive common share equivalent	—	659	—	397
Weighted average common shares – dilutive	28,638	29,364	28,756	29,389
Basic net income (loss) per share	\$ (0.17)	\$ 2.96	\$ (0.60)	\$ 0.73
Diluted net income (loss) per share	\$ (0.17)	\$ 2.90	\$ (0.60)	\$ 0.72
Anti-dilutive employee stock-based awards, excluded	875	1,332	373	1,053

Note 8. Income Taxes

The income tax provision for the three and nine months ended September 28, 2025 was \$0.7 million, or an effective tax rate of (18.2)%, and \$3.0 million, or an effective tax rate of (21.1)%, respectively. The income tax provision for the three and nine months ended September 29, 2024 was \$14.2 million, or an effective tax rate of 14.3%, and \$15.1 million, or an effective tax rate of 41.5%, respectively. Due to the Company's full valuation allowance for U.S. federal and state tax purposes, the changes in taxes for the three and nine months ended September 28, 2025, compared to the prior year periods, were primarily a result of the Company reporting \$99.3 million and \$36.3 million of pretax book income for the three and nine months ended September 29, 2024, respectively, and the current income tax implications of this income with no deferred tax benefit in the 2024 year as compared to the Company reporting \$4.0 million and \$14.2 million of pretax book loss for the three and nine months ended September 28, 2025 and the current income tax implications in the 2025 year with no deferred tax benefit.

The Company is subject to income taxes in the U.S. and numerous foreign jurisdictions. The future foreign tax rate could be affected by changes in the composition in earnings in countries with tax rates differing from the U.S. federal rate. The Company is under examination in various U.S. and foreign jurisdictions.

The Company files income tax returns in the U.S. federal jurisdiction as well as various state, local, and foreign jurisdictions. Due to the uncertain nature of ongoing tax audits, the Company has recorded its liability for uncertain tax positions as part of its long-term liability as payments cannot be anticipated over the next twelve months. The existing tax positions of the Company continue to generate an increase in the liability for uncertain tax positions. The liability for uncertain tax positions

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

may be reduced for liabilities that are settled with taxing authorities or on which the statute of limitations could expire without assessment from tax authorities. The possible reduction in liabilities for uncertain tax positions in multiple jurisdictions in the next twelve months is approximately \$1.4 million excluding the interest, penalties and the effect of any related deferred tax assets or liabilities. The Company is currently under examination in various U.S. and foreign jurisdictions.

The Company accounts for income taxes under an asset and liability approach. Under this method, income tax expense is recognized for the amount of taxes payable or refundable for the current year. In addition, deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences resulting from different treatment for tax versus accounting for certain items, such as accruals and allowances not currently deductible for tax purposes. The deferred tax assets and liabilities represent the future tax return consequences of these differences, which will either be taxable or deductible when assets and liabilities are recovered or settled, as well as operating loss carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. These differences result in deferred tax assets and liabilities, which are included within the consolidated balance sheets. The Company must then assess the likelihood that the Company's deferred tax assets will be recovered from future taxable income and to the extent the Company believes that recovery is not more likely than not, the Company must establish a valuation allowance. The Company's assessment considers the recognition of deferred tax assets on a jurisdictional basis. Accordingly, in assessing its future taxable income on a jurisdictional basis, the Company considers the effect of its transfer pricing policies on that income. As of the period ended October 1, 2023, the Company determined that recovery of its U.S. federal and state deferred tax assets was no longer more likely than not and established a full valuation allowance on those net assets, based on evaluation of all available evidence, including actual and anticipated business results. Accordingly, the balance sheet net deferred tax assets from the U.S. federal and state jurisdictions reported in "Other Non-current Assets" were reduced after the effect of establishing the valuation allowance.

The Company evaluated the current results as of the period ended September 28, 2025, coupled with the expectations for the remainder of the year, and determined that it continues to not be more likely than not that the deferred tax assets would be realized, and accordingly, has recorded no benefit for the forecasted tax loss for the three months ended September 28, 2025.

The One Big Beautiful Bill Act ("OBBBA") was enacted on July 4, 2025 and the Company continues to evaluate the impact on its financial position. The OBBBA is not currently expected to materially impact the Company's effective tax rate or cash flows in the current fiscal year.

Note 9. Commitments and Contingencies

Purchase Obligations

The Company has entered into various inventory-related purchase agreements with suppliers. Generally, under these agreements, 50% of orders are cancelable by giving notice 46 to 60 days prior to the expected shipment date and 25% of orders are cancelable by giving notice 31 to 45 days prior to the expected shipment date. As of September 28, 2025, the Company had approximately \$60.5 million, as compared to \$57.4 million as of December 31, 2024, in short-term non-cancelable purchase commitments with suppliers or where the suppliers had procured unique materials and components upon receipts of the Company's purchase orders. Due to an elongation of the time from order placement to production that occurred several years ago, the Company issued purchase orders to supply chain partners beyond contractual termination periods. As of September 28, 2025, \$171.3 million of purchase orders beyond contractual termination periods remained outstanding. Consequently, the Company may incur expenses for materials and components, such as chipsets purchased by the supplier to fulfill the purchase order if the purchase order is cancelled. Expenses incurred in respect of cancelled purchase orders have historically not been significant relative to the original order value. For those orders not governed by master purchase agreements, the commitments are governed by the commercial terms on the Company's purchase orders subject to acknowledgment from its suppliers. The Company establishes a loss liability for all products it does not expect to sell or orders it anticipates canceling for which it has committed purchases from suppliers. Such loss liability is included in Other accrued liabilities on the Company's unaudited condensed consolidated balance sheets. Losses incurred in relation to purchase commitments, including unique materials and components, amounted to less than \$0.1 million and \$0.4 million for the three and nine months ended September 28, 2025, respectively, and a gain of \$1.2 million and a loss of \$5.0 million for the three and nine months ended September 29, 2024, respectively.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)***Non-Trade Commitments***

As of September 28, 2025, the Company had non-cancellable purchase commitments of \$9.4 million pertaining to non-trade activities.

Warranty Obligations

Changes in the Company's warranty obligations, which is included in Other accrued liabilities on the unaudited condensed consolidated balance sheets, were as follows:

(In thousands)	Three Months Ended		Nine Months Ended	
	September 28, 2025	September 29, 2024	September 28, 2025	September 29, 2024
Balance as of beginning of the period	\$ 5,565	\$ 4,771	\$ 5,192	\$ 5,738
Provision for warranty liability made	1,414	1,060	4,090	2,468
Settlements made	(1,221)	(1,046)	(3,524)	(3,421)
Balance as of the end of the period	<u>\$ 5,758</u>	<u>\$ 4,785</u>	<u>\$ 5,758</u>	<u>\$ 4,785</u>

Leases

During the third fiscal quarter of 2025, the lease commencement date for the new headquarters office lease, which was executed in 2024, occurred. While the contractual commencement date under the lease agreement differs from the accounting commencement date, the lease has a remaining non-cancelable term of 11 years and is now recognized on the unaudited consolidated balance sheets. Short-term and long-term undiscounted non-cancelable lease payments associated with this lease totaled approximately \$3.1 million and \$39.8 million, respectively, as of September 28, 2025. This lease replaced the Company's previous headquarters lease, which expired in September 2025, around the time of its relocation to the new facility.

Litigation and Other Legal Matters

From time to time, the Company is involved in disputes, litigation, and other legal actions. In all cases, at each reporting period, the Company evaluates whether or not a potential loss amount or a potential range of loss is probable and reasonably estimable under the provisions of the authoritative guidance that addresses accounting for contingencies. In such cases, the Company accrues for the amount, or if a range, the Company accrues the low end of the range, only if there is not a better estimate than any other amount within the range, as a component of legal expense within litigation reserves, net. The Company monitors developments in these legal matters that could affect the estimate the Company had previously accrued. In relation to such matters, the Company currently believes that there are no existing claims or proceedings that are likely to have a material adverse effect on its financial position within the next twelve months, or the outcome of these matters is currently not determinable. There are many uncertainties associated with any litigation, and these actions or other third-party claims against the Company may cause the Company to incur costly litigation and/or substantial settlement charges. In addition, the resolution of any intellectual property litigation may require the Company to make royalty payments, which could have an adverse effect in future periods. If any of those events were to occur, the Company's business, financial condition, results of operations, and cash flows could be adversely affected. The actual liability in any such matters may be materially different from the Company's estimates, which could result in the need to adjust the liability and record additional expenses.

The Company does not believe that it will incur a material loss for any of its pending litigation matters at this time, and consequently has not established any material loss provisions.

Note 10. Stockholders' Equity***Stock Repurchases***

From time to time, the Company's Board of Directors has authorized programs under which the Company may repurchase shares of its common stock, depending on market conditions, in the open market or through privately negotiated transactions. Under the authorizations, the timing and actual number of shares subject to repurchase are at the discretion of management and are contingent on a number of factors, such as levels of cash generation from operations, cash requirements for acquisitions and the price of the Company's common stock. During the nine months ended September 28, 2025 and September 29, 2024, the Company repurchased, retired and reported, based on trade date, approximately 1.3 million and 1.7

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

million shares of common stock, at a cost of approximately \$35.0 million and \$22.9 million, respectively. As of September 28, 2025, approximately 2.0 million shares remained authorized for repurchase under the repurchase program.

The Company's policy related to repurchases of its common stock is to charge the excess of cost over par value to retained earnings. All repurchases were made in compliance with Rule 10b-18 under the Securities Exchange Act of 1934, as amended.

Restricted Stock Unit Withholdings

The Company withholds shares of its common stock to facilitate the administrative process of withholding and remitting personal income and payroll taxes for individuals receiving RSUs. The Company withheld and reported, based on trade date, approximately 452,000 shares and 222,000 shares of common stock, at a cost of approximately \$11.8 million and \$3.3 million, during the nine months ended September 28, 2025 and September 29, 2024, respectively.

Accumulated Other Comprehensive Income (Loss)

The following tables set forth the changes in accumulated other comprehensive income (loss) ("AOCI") by component:

(In thousands)	Unrealized gains (losses) on available -for-sale investments	Unrealized gains (losses) on derivatives	Estimated tax benefit (provision)	Total
Balance as of December 31, 2024	\$ 169	\$ 79	\$ (7)	\$ 241
Other comprehensive income (loss) before reclassifications	(40)	(951)	195	(796)
Less: Amount reclassified from accumulated other comprehensive income (loss)	—	(895)	188	(707)
Net current period other comprehensive income (loss)	(40)	(56)	7	(89)
Balance as of September 28, 2025	<u>\$ 129</u>	<u>\$ 23</u>	<u>\$ —</u>	<u>\$ 152</u>

(In thousands)	Unrealized gains (losses) on available -for-sale investments	Unrealized gains (losses) on derivatives	Estimated tax benefit (provision)	Total
Balance as of December 31, 2023	\$ 126	\$ 7	\$ 3	\$ 136
Other comprehensive income (loss) before reclassifications	233	(821)	151	(437)
Less: Amount reclassified from accumulated other comprehensive income (loss)	—	(573)	120	(453)
Net current period other comprehensive income (loss)	233	(248)	31	16
Balance as of September 29, 2024	<u>\$ 359</u>	<u>\$ (241)</u>	<u>\$ 34</u>	<u>\$ 152</u>

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The following table provides details about significant amounts reclassified out of each component of AOCI:

(In thousands)	Three Months Ended		Nine Months Ended	
	September 28, 2025	September 29, 2024	September 28, 2025	September 29, 2024
Amount Reclassified from AOCI				
Gains (losses) on cash flow hedge:				
Foreign currency forward contracts				
Affected line item in the statement of operations				
Net revenue	\$ (64)	\$ (461)	\$ (1,128)	\$ (670)
Cost of revenue	(1)	—	2	—
Research and development	(4)	8	48	6
Sales and marketing	(3)	18	147	60
General and administrative	(3)	24	36	31
Total before tax	(75)	(411)	(895)	(573)
Tax impact	16	86	188	120
Total, net of tax	<u>\$ (59)</u>	<u>\$ (325)</u>	<u>\$ (707)</u>	<u>\$ (453)</u>

Note 11. Employee Benefit Plans
2025 Equity Incentive Plan

In April 2025, the Company's Board of Directors adopted the 2025 Equity Incentive Plan (the "2025 Plan") which was approved by the Company's stockholders at the 2025 Annual Meeting of Stockholders on May 29, 2025. The 2025 Plan provides for the granting of stock options, restricted stock, restricted stock units, stock appreciation rights, performance units and performance shares to eligible directors, employees and consultants of the Company. The maximum aggregate number of shares that may be issued under the 2025 Plan is 750,000 shares, plus (i) any shares that were available for grant under the 2016 Plan as of immediately prior to the date the 2025 Plan becomes effective, plus (ii) any shares granted under the 2016 Plan that expire, are forfeited to or repurchased by the Company. As of September 28, 2025, approximately 2.3 million shares were reserved and available for future grants under the 2025 Plan.

Time-based RSUs granted generally vest over three years with the first tranche at the end of twelve months from the vest start date and the remaining vesting quarterly over the remaining two years. RSUs do not have an expiration date. Performance-based RSUs granted generally vest at the end of a three-year period if performance conditions are met.

Any shares that are tendered by a participant or retained by the Company as full or partial payment for the purchase of an award or to satisfy tax withholding obligations in connection with an award granted under the 2025 Plan, or under the 2016 Plan after the 2025 Plan became effective, shall again be made available for issuance under the 2025 Plan.

2016 Equity Incentive Plan

The Company granted options, time-based RSUs and performance-based RSUs under the 2016 Incentive Plan (the "2016 Plan"), under which awards were granted to employees. Vesting periods under this plan were generally four years for options, three years for performance-based RSUs, and three or four years for time-based RSUs. As disclosed above, in May 2025, the Company adopted the 2025 Plan, which superseded the 2016 Plan with respect to new equity award grants. No additional awards will be granted under the 2016 Plan following the effective date of the 2025 Plan. However, (i) any shares that remained available for grant under the 2016 Plan immediately prior to the 2025 Plan's effective date and (ii) any shares subject to awards granted under the 2016 Plan that are subsequently forfeited, expire, or are repurchased by the Company, will become available for issuance under the 2025 Plan. All outstanding awards previously granted under the 2016 Plan remain outstanding and continue to be governed by the applicable terms and conditions of that plan. Any shares that are tendered by a participant of the 2016 Plan or retained by the Company as full or partial payment to the Company for the purchase of an award or to satisfy tax withholding obligations in connection with an award shall no longer again be made available for issuance under the 2016 Plan.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2024 Inducement Plan

In February 2024, the Company’s Board of Directors approved 2024 Inducement Equity Incentive Plan (the “2024 Inducement Plan”), under which options, restricted stock awards, RSUs, stock appreciation rights, performance units, performance shares, and other stock or cash awards can be granted to personnel for positions of substantial responsibility. In May 2025, the Company’s Board of Directors approved an amendment to the 2024 Inducement Plan which increased the number of shares of the Company’s common stock that may be issued under the 2024 Inducement Plan by an additional 600,000 shares. As of September 28, 2025, approximately 0.3 million shares were reserved for future grants under the 2024 Inducement Plan.

Employee Stock Purchase Plan

The Company sponsors an Employee Stock Purchase Plan (the “ESPP”). The terms of the plan include a look-back feature that enables employees to purchase stock semi-annually at a price equal to 85% of the lesser of the fair market value at the beginning of the offering period or the purchase date. The duration of each offering period is generally six months. In May 2025, the stockholders of the Company approved an amendment to the 2003 Employee Stock Purchase Plan to increase the number of shares of common stock authorized for sale under the ESPP by 1.5 million shares. As of September 28, 2025, approximately 1.7 million shares were available for issuance under the ESPP.

Option Activity

Stock option activity was as follows:

(In thousands, except per share amounts)	Number of Shares	Weighted Average Exercise Price Per Share
Outstanding as of December 31, 2024	475	\$ 32.60
Exercised	(198)	\$ 26.56
Expired	(170)	\$ 38.97
Outstanding as of September 28, 2025	107	\$ 33.73

Time-Based RSU Activity

Time-based RSU activity was as follows:

(In thousands, except per share amounts)	Number of Shares	Weighted Average Grant Date Fair Value Per Share
Outstanding as of December 31, 2024	2,550	\$ 17.64
Granted	1,032	\$ 27.79
Vested	(979)	\$ 18.48
Cancelled	(183)	\$ 18.31
Outstanding as of September 28, 2025	2,420	\$ 21.58

Performance-Based RSU Activity

Since 2020, the Company’s executives have been granted performance-based restricted stock units (“PSUs”) under the 2016 Plan with vesting occurring at the end of a three-year period, contingent upon the achievement of specified performance conditions. In February 2024, the Company granted PSUs under the 2024 Inducement Plan to its newly-hired Chief Executive Officer with 1/3 of the target PSUs being allocated to each tranche and vesting occurring at the end of each anniversary of the vesting commencement date over a three-year period. In addition, in 2024 and 2025, the Company granted PSUs under the 2016 Plan, 2024 Inducement Plan and 2025 Plan to its newly-hired employees or executives with vesting generally occurring at the end of a three-year period if performance conditions are met. The number of PSUs earned and eligible to vest are determined based on achievement of the pre-determined performance or market conditions and the recipients’ continued service with the Company. The number of PSUs to vest could range from 0% to up to 200% of the target shares granted. For PSUs with a performance condition, at the end of each reporting period, the Company evaluates the probability of achieving the performance conditions and records the related stock-based compensation expense based on performance to date over the

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

service period. The stock-based compensation expense relating to PSUs with a market condition is recognized ratably from the service inception date to the vesting date for each tranche.

PSU activity was as follows:

(In thousands, except per share amounts)	Number of Shares	Weighted Average Grant Date Fair Value Per Share
Outstanding as of December 31, 2024	655	\$ 20.93
Granted	423	\$ 44.37
Vested	(249)	\$ 20.85
Cancelled	(34)	\$ 22.13
Outstanding as of September 28, 2025	795	\$ 33.38

Valuation and Expense Information

The following table sets forth the stock-based compensation expense resulting from stock options, RSUs (time-based and performance-based) and the ESPP included in the Company's unaudited condensed consolidated statements of operations:

(In thousands)	Three Months Ended		Nine Months Ended	
	September 28, 2025	September 29, 2024	September 28, 2025	September 29, 2024
Cost of revenue	\$ 562	\$ 444	\$ 1,440	\$ 1,222
Research and development	1,483	868	3,075	2,410
Sales and marketing	2,450	1,520	5,579	3,992
General and administrative	4,313	2,788	10,885	8,428
Total	\$ 8,808	\$ 5,620	\$ 20,979	\$ 16,052

As of September 28, 2025, \$64.6 million of unrecognized compensation cost related to unvested RSUs (time-based and performance-based) expected to be recognized over a weighted-average period of 2.0 years.

Note 12. Segment Information

Operating segments are components of an enterprise about which separate financial information is available and is evaluated quarterly by management, namely the Chief Operating Decision Maker ("CODM") of an organization, in order to determine operating and resource allocation decisions. By this definition, the Company has identified its CEO as the CODM. As previously announced, in the first fiscal quarter of 2025, the Company realigned its business structure by separating the Connected Home segment into two distinct reportable segments: Home Networking and Mobile. This realignment is intended to further strengthen the Company's operational and financial management and enable further focus on growth opportunities while maintaining financial discipline. The leadership team of each segment focuses on serving the unique needs of their customers through product and service development from both a product marketing and engineering standpoint, while also managing the sales and marketing functions that support their businesses. Effective January 1, 2025, the Company operates and reports in three segments: Enterprise, Home Networking and Mobile. The prior-year segment financial information has been recast to conform to the current-year presentation.

- Enterprise: Focuses on businesses and provides solutions for business networking, wireless local area network ("LAN"), audio and video over Ethernet for Pro AV applications, security and remote management providing enterprise-class functionality at an affordable price;
- Home Networking: Focuses on consumers and provides high-performance, dependable and easy-to-use WiFi internet networking solutions such as WiFi 6, WiFi 6E and WiFi 7 multi-band mesh systems, routers, and subscription services that provide consumers a range of value-added services focused on performance, security, privacy, and premium support;
- Mobile: Focuses on both consumers and businesses and provides high-performance Mobile (4G/5G) products, including WiFi 7, WiFi 6/6E-enabled portable mobile hotspots and mobile routers, designed to meet the growing demand for on-the-go, high-speed and reliable internet connectivity with advanced security features.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The results of the reportable segments are derived directly from the Company's management reporting system. The results are based on the Company's method of internal reporting and are not necessarily in conformity with accounting principles generally accepted in the United States. Management measures the performance of each segment based on several metrics, including contribution income (loss). Segment contribution income (loss) includes all product line segment revenues less the related cost of sales, research and development and sales and marketing costs. Contribution income (loss) is used, in part, to evaluate the performance of, and allocate resources to, each of the segments. Certain operating expenses are not allocated to segments because they are separately managed at the corporate level. These unallocated indirect costs include corporate costs, such as corporate research and development, corporate marketing and general and administrative expenses, amortization of intangible assets, stock-based compensation expense, acquisition related expenses, restructuring and other charges, litigation reserves, net, and other income (expenses), net.

Financial information for each reportable segment and a reconciliation of segment contribution income to income (loss) before income taxes is as follows:

(In thousands, except percentage data)	Three Months Ended							
	September 28, 2025				September 29, 2024			
	Enterprise	Home Networking	Mobile	Total	Enterprise	Home Networking	Mobile ⁽²⁾	Total
Net revenue	\$ 90,838	\$ 72,647	\$ 21,076	\$ 184,561	\$ 78,530	\$ 77,740	\$ 26,584	\$ 182,854
Cost of revenue	44,486	52,543	14,538	111,567	43,436	60,770	21,721	125,927
Gross profit	46,352	20,104	6,538	72,994	35,094	16,970	4,863	56,927
Gross margin	51.0%	27.7%	31.0%	39.6%	44.7%	21.8%	18.3%	31.1%
Operating expenses	23,737	18,551	6,239	48,527	18,961	20,662	5,951	45,574
Contribution income (loss)	22,615	1,553	299	24,467	16,133	(3,692)	(1,088)	11,353
Contribution margin	24.9%	2.1%	1.4%	13.3%	20.5%	(4.7)%	(4.1)%	6.2%
Corporate and unallocated costs				(20,650)				(9,708)
Amortization of intangible assets				(180)				—
Stock-based compensation expense				(8,808)				(5,620)
Acquisition related expenses				(286)				—
Restructuring and other charges				(1,514)				(1,072)
Litigation reserves, net				(98)				100,855
Other income, net ⁽¹⁾				3,028				3,485
Income (loss) before income taxes				\$ (4,041)				\$ 99,293

(In thousands, except percentage data)	Nine Months Ended							
	September 28, 2025				September 29, 2024			
	Enterprise	Home Networking	Mobile	Total	Enterprise	Home Networking	Mobile ⁽²⁾	Total
Net revenue	\$ 252,650	\$ 201,537	\$ 62,966	\$ 517,153	\$ 207,020	\$ 204,665	\$ 79,655	\$ 491,340
Cost of revenue	131,052	146,709	45,216	322,977	123,045	165,956	64,574	353,575
Gross profit	121,598	54,828	17,750	194,176	83,975	38,709	15,081	137,765
Gross margin	48.1%	27.2%	28.2%	37.5%	40.6%	18.9%	18.9%	28.0%
Operating expenses	65,386	51,843	17,061	134,290	55,877	60,187	18,317	134,381
Contribution income (loss)	56,212	2,985	689	59,886	28,098	(21,478)	(3,236)	3,384
Contribution margin	22.2%	1.5%	1.1%	11.6%	13.6%	(10.5)%	(4.1)%	0.7%
Corporate and unallocated costs				(59,890)				(48,864)
Amortization of intangible assets				(180)				—
Stock-based compensation expense				(20,979)				(16,052)
Acquisition related expenses				(991)				—
Restructuring and other charges				(7,118)				(3,792)
Litigation reserves, net				(136)				92,625
Other income, net ⁽¹⁾				15,175				9,048
Income (loss) before income taxes				\$ (14,233)				\$ 36,349

⁽¹⁾ Amounts included interest income of \$2.7 million and \$9.1 million for the three and nine months ended September 28, 2025, respectively, and \$3.3 million and \$8.3 million for the three and nine months ended September 29, 2024, respectively. Amounts also included gain/(loss), net from derivatives not designated as hedging instruments of \$0.7 million and \$(2.4) million for the three and nine months ended September 28, 2025, respectively, and \$(1.6) million

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

and \$0.5 million for the three and nine months ended September 29, 2024, respectively. For the nine months ended September 28, 2025, the amount also included proceeds of \$4.7 million from a sale of patents.

(2) Financial information for the Home Networking and Mobile segment in the prior year periods were recast to conform to the current reportable segment structure.

The CODM does not evaluate operating segments using discrete asset information.

Operations by Geographic Region

For reporting purposes, revenue is generally attributed to each geographic region based on the location of the customer.

The following table shows net revenue by geography:

(In thousands)	Three Months Ended		Nine Months Ended	
	September 28, 2025	September 29, 2024	September 28, 2025	September 29, 2024
United States (U.S.)	\$ 124,330	\$ 124,305	\$ 341,131	\$ 324,388
Americas (excluding U.S.)	3,755	3,447	10,994	8,795
EMEA ⁽¹⁾	36,936	32,798	103,440	91,340
APAC ⁽¹⁾	19,540	22,304	61,588	66,817
Total net revenue	\$ 184,561	\$ 182,854	\$ 517,153	\$ 491,340

(1) No individual foreign country represented more than 10% of the Company's total net revenue in the periods presented.

Long-lived assets by Geographic Region

The following table presents the Company's long-lived assets located in geographic areas, which consist of property and equipment, net, and operating lease right-of-use assets:

(In thousands)	September 28, 2025	December 31, 2024
United States (U.S.)	\$ 42,125	\$ 19,057
Canada	4,588	5,573
Americas (excluding U.S. and Canada)	14	39
EMEA	2,770	3,127
Singapore	3,794	4,841
APAC (excluding Singapore) ⁽¹⁾	8,535	6,698
Total	\$ 61,826	\$ 39,335

(1) No individual country represented more than 10% of the Company's total long-lived assets in the periods presented.

Note 13. Fair Value Measurements

The following tables summarize assets and liabilities measured at fair value on a recurring basis:

(In thousands)	September 28, 2025		
	Total	Quoted market prices in active markets (Level 1)	Significant other observable inputs (Level 2)
Assets:			
Cash equivalents: money-market funds	\$ 92,182	\$ 92,182	\$ —
Available-for-sale investments: U.S. treasury securities ⁽¹⁾	119,879	—	119,879
Trading securities: mutual funds ⁽¹⁾	3,024	3,024	—
Foreign currency forward contracts ⁽²⁾	161	—	161
Total assets measured at fair value	\$ 215,246	\$ 95,206	\$ 120,040
Liabilities:			
Foreign currency forward contracts ⁽³⁾	\$ 66	\$ —	\$ 66
Total liabilities measured at fair value	\$ 66	\$ —	\$ 66

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(In thousands)	December 31, 2024		
	Total	Quoted market prices in active markets (Level 1)	Significant other observable inputs (Level 2)
Assets:			
Cash equivalents: money-market funds	\$ 111,043	\$ 111,043	\$ —
Available-for-sale investments: U.S. treasury securities ⁽¹⁾	119,370	—	119,370
Trading securities: mutual funds ⁽¹⁾	2,876	2,876	—
Foreign currency forward contracts ⁽²⁾	1,053	—	1,053
Total assets measured at fair value	<u>\$ 234,342</u>	<u>\$ 113,919</u>	<u>\$ 120,423</u>
Liabilities:			
Foreign currency forward contracts ⁽³⁾	\$ 273	\$ —	\$ 273
Total liabilities measured at fair value	<u>\$ 273</u>	<u>\$ —</u>	<u>\$ 273</u>

(1) Included in Short-term investments on the Company's unaudited condensed consolidated balance sheets.

(2) Included in Prepaid expenses and other current assets on the Company's unaudited condensed consolidated balance sheets.

(3) Included in Other accrued liabilities on the Company's unaudited condensed consolidated balance sheets.

The Company's investments in money-market funds and mutual funds are classified within Level 1 of the fair value hierarchy because they are valued based on quoted market prices in active markets. The Company's investments in U.S. treasury securities are classified within Level 2 of the fair value hierarchy because they are valued based on readily available pricing sources for comparable or identical instruments in less active markets. The Company's foreign currency forward contracts are classified within Level 2 of the fair value hierarchy as they are valued using pricing models that consider the contract terms as well as currency rates and counterparty credit rates. The Company verifies the reasonableness of these pricing models using observable market data for related inputs into such models. The Company enters into foreign currency forward contracts with only those counterparties that have long-term credit ratings of A-/A3 or higher. The carrying value of non-financial assets and liabilities measured at fair value in the financial statements on a recurring basis, including accounts receivable and accounts payable, approximate fair value due to their short maturities.

Note 14. Restructuring and Other Charges

The Company accounts for its restructuring plans under the authoritative guidance for exit or disposal activities. Accrued restructuring and other charges are classified within Accrued employee compensation and Other accrued liabilities on the condensed consolidated balance sheets.

Restructuring and other charges recognized in the three and nine months ended September 28, 2025 and September 29, 2024, respectively, were primarily for severance, and other costs in relation to the reorganization of the business. These initiatives were undertaken to reduce costs, and reinvest into the business to capitalize on the Company's highest priority opportunities to drive revenue growth and improve profitability. The vast majority of the liabilities as of September 28, 2025 are expected to be settled in 2025.

The following table provides a summary of the activity related to accrued restructuring and other charges:

(In thousands)	Accrued Restructuring and Other Charges at December 31, 2024	Additions	Cash Payments	Adjustments	Accrued Restructuring and Other Charges at September 28, 2025
Restructuring					
Employee termination charges	\$ 664	\$ 6,997	\$ (5,587)	\$ 20	\$ 2,094
Lease contract termination and other charges	—	121	(10)	(36)	75
Total Restructuring and other charges	<u>\$ 664</u>	<u>\$ 7,118</u>	<u>\$ (5,597)</u>	<u>\$ (16)</u>	<u>\$ 2,169</u>

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(In thousands)	Accrued Restructuring and Other Charges at December 31, 2023	Additions	Cash Payments	Adjustments	Accrued Restructuring and Other Charges at September 29, 2024
Restructuring					
Employee termination charges	\$ 257	\$ 3,493	\$ (3,061)	\$ (19)	\$ 670
Lease contract termination and other charges	30	299	(86)	(243)	—
Total Restructuring and other charges	<u>\$ 287</u>	<u>\$ 3,792</u>	<u>\$ (3,147)</u>	<u>\$ (262)</u>	<u>\$ 670</u>

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-looking Statements

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. Such statements are based upon current expectations that involve risks and uncertainties. Any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. For example, the words "believes," "anticipates," "plans," "expects," "intends," "could," "may," "will," and similar expressions are intended to identify forward-looking statements. The forward-looking statements represent NETGEAR's expectations or beliefs concerning future events based on information available at the time such statements were made and include statements regarding: NETGEAR's future operating performance and financial condition, including expectations regarding growth, revenue, expenses, operating margin, gross margin, continued profitability and cash generation; NETGEAR's reporting structure; NETGEAR's belief of the principal competitive factors in the business, consumer, and service provider markets for networking products; expectations regarding more predictable performance that is aligned to the market, including as a result of our efforts to work with our channel partners to optimize their inventory carrying levels; expectations regarding transportation costs; NETGEAR's strategy of capitalizing on technological inflection points, developing products that serve a broader segment and simplifying and developing service offerings that build recurring service revenue streams; expectations regarding paid revenue from paid subscription service plans; expectations regarding product mix and market demand for NETGEAR's products and services, including Enterprise, Home Networking and Mobile products and subscription services and NETGEAR's ability to respond to this demand; expectations regarding competition, competitive factors, consumer price sensitivity and demand for NETGEAR's products and services; expectations regarding sales channels, direct online store and in-app offerings; expectations regarding macroeconomic conditions and impacts to NETGEAR's operational and financial performance and business strategies; expectations regarding the consumer retail networking market; expectations regarding existing cash, cash equivalents and short-term investments and anticipated cash requirements; expectations regarding inventory levels, inventory management and inventory costs; expectations regarding research and development expenses, sales and marketing expenses and general and administration expenses; expectations regarding expected tax rates or tax expenses and changes in legislation related to the taxation of business entities; expectations regarding the impact of acquisitions, including the acquisition of Exium; expectations regarding our product portfolio, and expectations regarding NETGEAR's subscription services and service revenue. These statements are based on management's current expectations and are subject to a number of risks and uncertainties, including but not limited to those described in "Part II—Item 1A—Risk Factors" and "Liquidity and Capital Resources" below and in our other SEC filings, including our Annual Report. Further, certain forward-looking statements are based on assumptions as to future events that may not prove to be accurate. Therefore, our actual results and the timing of certain events may differ significantly from the results discussed in the forward-looking statements. All forward-looking statements in this document are based on information available to us as of the date hereof and we assume no obligation to update any such forward-looking statements except as required by law. The following discussion should be read in conjunction with our unaudited condensed consolidated financial statements and the accompanying notes contained in this quarterly report. Unless expressly stated or the context otherwise requires, the terms "we," "our," "us" and "NETGEAR" refer to NETGEAR, Inc. and its subsidiaries.

Business and Executive Overview

We are a global leader in innovative and advanced networking technologies for businesses, homes, and service providers. We deliver a wide range of intelligent solutions designed to unleash the full potential of connectivity. Our goal is to power extraordinary experiences where people collaborate and connect to a world of information and innovation. Our highly differentiated connected solutions range from switching and wireless products to augment business networks and audio and video ("AV") over Ethernet for Pro AV applications to our good, better, and best WiFi solutions, security and support services to protect and enhance business and home networks. Additionally, we continually invest in research and development to create new technologies and services and to capitalize on technological inflection points and trends, including cybersecurity and product security, audio and video over Ethernet, multi-Gigabit internet service to homes, WiFi 7, eSIM and future technologies. Our product line helps to create and extend wired and wireless networks as well as devices that attach to the network, such as services that complement and enhance our product line offerings. These products are available in multiple configurations to address the changing needs of our customers in each geographic region.

As we announced in February 2025, beginning with the first quarter of 2025, we realigned our business structure by separating the previously disclosed Connected Home segment into two distinct reportable segments: Home Networking and Mobile. This realignment strengthened our operational and financial management and enabled greater focus on

segment-specific growth opportunities while maintaining financial discipline. Effective January 1, 2025, we operate and report in three segments: Enterprise, Home Networking and Mobile. The leadership team of each segment focuses on serving the unique needs of their customers through product and service development from both a product marketing and engineering standpoint, while also managing the sales and marketing functions that support their businesses. The Enterprise segment focuses on businesses and provides solutions for business networking, wireless local area network (“LAN”), audio and video over Ethernet for Pro AV applications, security and remote management providing enterprise-class functionality at an affordable price. The Home Networking segment focuses on consumers and provides high-performance, dependable and easy-to-use WiFi internet networking solutions such as WiFi 6, WiFi 6E and WiFi 7 multi-band mesh systems, routers, and subscription services that provide consumers a range of value-added services focused on performance, security, privacy, and premium support. The Mobile segment focuses on both consumers and businesses and provides high-performance Mobile (4G/5G) products, including WiFi 7, WiFi 6/6E-enabled portable mobile hotspots and mobile routers, designed to meet the growing demand for on-the-go, high-speed and reliable internet connectivity with advanced security features. The prior-year segment financial information has been recast to conform to the current-year presentation.

Beginning in the fourth quarter of 2025, we plan to further streamline our reporting structure by transitioning to two reportable segments: NETGEAR Enterprise and NETGEAR Consumer. This next phase of realignment is intended to align our financial reporting more closely with our go-forward business strategy and customer focus. The simplified structure is designed to enhance operational efficiency, better align resources with our strategic priorities, and provide greater transparency into business performance.

We conduct business across three geographic regions: Americas, EMEA, and APAC.

Business Overview

The markets in which our segments operate are intensely competitive and subject to rapid technological evolution. We believe that the principal competitive factors in the business, consumer, and service provider markets for networking products include product breadth, price points, brand name, security and privacy, performance, features, functionality and reliability, product availability, timeliness of new product introductions, size and scope of the sales channel, ease-of-installation, maintenance and use, and customer service and support. To remain competitive, we believe we must continue to aggressively invest resources in highly differentiated, “good, better, best”, high performance reliable and trusted connectivity solutions, complemented by valuable subscription services, expanding our sales channels including our direct-to-consumer capabilities and custom installers, increasing engagement with our customers and manufacturing partners, and maintaining customer satisfaction worldwide. Our investments reflect our enhanced focus on the security of our products and systems, as the threat of cyber-attacks and exploitation of potential security vulnerabilities in our industry is on the rise and is increasingly a significant consumer concern.

We sell our products through multiple sales channels worldwide, including traditional and online retailers, wholesale distributors, DMRs, VARs, broadband service providers, and through our direct online store at www.netgear.com. Our retail channel includes traditional and online retail locations both domestically and internationally, such as Amazon.com (worldwide), Best Buy, Wal-Mart, Staples, Office Depot, Target, Electra (Sweden), Fnac Darty (Europe), JB HiFi (Australia), Elkjop (Norway), and Boulanger (France). Our DMRs include CDW Corporation, Insight Corporation, and Connection in domestic markets. Our main wholesale distributors include Ingram Micro, TD Synnex, and D&H Distribution Company. In addition, we also sell our products through broadband service providers, such as multiple system operators, xDSL, mobile, and other broadband technology operators domestically and internationally. Some of these retailers and broadband service providers purchase directly from us, while others are fulfilled through wholesale distributors around the world. A substantial portion of our net revenue is derived from a limited number of wholesale distributors, service providers and retailers. While we expect these channels to continue to be a significant part of our sales strategy, additionally customers are purchasing products and services directly from us. We expect revenue through our direct online store or in-app offerings to continue to increase for the foreseeable future.

Financial Overview

During the three months ended September 28, 2025, our net revenue increased by \$1.7 million, compared to the prior year period, primarily due to a \$12.3 million increase in the Enterprise segment, partially offset by a \$5.5 million decline in the Mobile segment and a \$5.1 million decline in the Home Networking segment. The increase in Enterprise net revenue was mainly attributable to continued strong demand for Pro AV product line of managed switches, which achieved double-digit end-market sales growth, benefiting from higher average selling prices and increased unit volumes. The decline in the Mobile

segment was mainly due to lower service provider channel sales. The decline in the Home Networking segment was primarily due to a reduction in market share amid increased competition. Gross margin improved by 820 basis points year-over-year, primarily due to a favorable product mix weighted toward Enterprise and lower inventory costs resulting from the depletion of older, higher-cost inventory. These improvements, along with higher net revenue, partially offset the operating loss for the current period. We recorded an operating loss of \$7.1 million, compared to operating income of \$95.8 million in the prior year period. The change was mainly attributable to the payment received from the successful settlement of TP-Link litigation in the prior year, which resulted in the recognition of a \$92.7 million contra-expense in litigation reserves, the reversal of an \$8.2 million contingent liability for success-based legal fees, and a \$10.9 million reduction in general and administrative expenses to offset the related legal fees incurred. Additionally, we incurred higher facility-related costs in the current quarter associated with the completion of our relocation to the new San Jose headquarters.

Geographically, net revenue from Enterprise segment increased in all three regions, while net revenue from Mobile segment slightly increased in EMEA but decreased in Americas and APAC, and net revenue from Home Networking segment declined in all three regions, during the three months ended September 28, 2025, compared to the prior year period, respectively.

Global Events Affecting our Business and Operations

Macroeconomic and geopolitical trends have continued to create uncertainty in the global economic environment. Contributing factors include persistent inflation, recent delays in the release of certain U.S. economic data, elevated though declining interest rates, foreign exchange rate fluctuation, particularly involving the U.S. dollar, and ongoing trade policy shifts, including tariffs related to the U.S. and key international countries as well as recently proposed U.S. tariffs and intensified trade actions. Geopolitical tensions and episodic maritime security incidents along with evolving supply chain disruptions and volatile ocean freight spot rates have further added to the complexity of the global landscape. In light of this environment, we continue to invest in cybersecurity, product security, and sourcing to enhance security of our products as well as regulatory compliance readiness. The extent of impacts from these macroeconomic and geopolitical trends and from our ongoing investment and go-to-market initiatives on our operational and financial performance, including our ability to execute our business strategies in the expected time frame, will depend on future developments. The broader implications of the macroeconomic uncertainty, and any related disruptions to channel partners and freight remain unpredictable. Refer to Item 1A, Risk Factors of Part II of this Quarterly Report on Form 10-Q for various risks and uncertainties associated with the macroeconomic trends, uncertainty and strategic investment initiatives.

Looking forward, we expect continued strong end-user demand for our Pro AV product line of managed switches within the Enterprise segment. While we anticipate ongoing improvements in our supply position, we expect supply constraints to persist, which may limit our ability to fully capture the topline potential of this growing business. For our Home Networking segment, we are seeing positive signs from our broader product portfolio as it continues to address market needs. For our Mobile segment, we expect revenue to remain consistent with the third fiscal quarter as we await new product introductions to expand the portfolio, with benefits expected to materialize next year. As we further ramp our planned investments, with a focus on insourcing software development capabilities and enhancing our go-to-market efforts to support our Enterprise business, we are also executing on our strategy of capitalizing on the technological inflection points of audio and video over Ethernet, WiFi 7, WiFi 6E, WiFi 6, and 5G, to develop products that serve a broader segment of the market with a good, better, best product strategy, and to simplify, develop and roll out service offerings that build recurring service revenue streams.

Critical Accounting Estimates

In preparing our condensed consolidated financial statements, we make assumptions, judgments and estimates that can have a significant impact on our revenue, operating income, and net income, as well as on the value of certain assets and liabilities on our condensed consolidated balance sheets. We base these estimates on historical and anticipated results, trends and various other assumptions that we believe are reasonable under the circumstances. As of the date of issuance of these condensed consolidated financial statements, we are not aware of any specific event or circumstance that would require us to update our estimates, judgments or revise the carrying value of our assets or liabilities. These estimates may change, as new events occur and additional information is obtained, and are recognized in the condensed consolidated financial statements as soon as they become known. Actual results could differ materially from those estimates under different assumptions and conditions.

For a complete description of what we believe to be the critical accounting estimates used in the preparation of our Unaudited Condensed Consolidated Financial Statements, refer to Part II, Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report.

Results of Operations

The following table sets forth the unaudited condensed consolidated statements of operations for the periods presented.

(In thousands, except percentage data)	Three Months Ended				Nine Months Ended			
	September 28, 2025		September 29, 2024		September 28, 2025		September 29, 2024	
Net revenue	\$ 184,561	100.0 %	\$ 182,854	100.0 %	\$ 517,153	100.0%	\$ 491,340	100.0%
Cost of revenue	112,309	60.9 %	126,371	69.1 %	324,597	62.8%	354,797	72.2%
Gross profit	72,252	39.1 %	56,483	30.9 %	192,556	37.2%	136,543	27.8%
Operating expenses:								
Research and development	23,328	12.6 %	20,905	11.4 %	62,482	12.1%	60,983	12.4%
Sales and marketing	33,762	18.2 %	31,196	17.1 %	92,856	17.9%	91,482	18.6%
General and administrative	20,619	11.2 %	8,357	4.6 %	59,372	11.5%	45,610	9.3%
Litigation reserves, net	98	0.1 %	(100,855)	(55.2)%	136	0.0%	(92,625)	(18.9)%
Restructuring and other charges	1,514	0.8 %	1,072	0.6 %	7,118	1.4%	3,792	0.8%
Total operating expenses	79,321	42.9 %	(39,325)	(21.5)%	221,964	42.9%	109,242	22.2%
Income (loss) from operations	(7,069)	(3.8)%	95,808	52.4 %	(29,408)	(5.7)%	27,301	5.6 %
Other income, net	3,028	1.6 %	3,485	1.9 %	15,175	2.9 %	9,048	1.8 %
Income (loss) before income taxes	(4,041)	(2.2)%	99,293	54.3 %	(14,233)	(2.8)%	36,349	7.4 %
Provision for income taxes	736	0.4 %	14,219	7.8 %	3,006	0.5 %	15,100	3.1 %
Net income (loss)	\$ (4,777)	(2.6)%	\$ 85,074	46.5 %	\$ (17,239)	(3.3)%	\$ 21,249	4.3%

Net Revenue by Geographic Region

Our net revenue consists of gross product shipments and service revenue, less allowances for estimated sales returns, price protection, end-user customer rebates and other channel sales incentives deemed to be a reduction of revenue per the authoritative guidance for revenue recognition, and net changes in deferred revenue.

For reporting purposes, revenue is generally attributed to each geographic region based upon the location of the customer.

(In thousands, except percentage data)	Three Months Ended			Nine Months Ended		
	September 28, 2025	% Change	September 29, 2024	September 28, 2025	% Change	September 29, 2024
Americas	\$ 128,085	0.3 %	\$ 127,752	\$ 352,125	5.7%	\$ 333,183
<i>Percentage of net revenue</i>	<i>69.4 %</i>		<i>69.9 %</i>	<i>68.1 %</i>		<i>67.8 %</i>
EMEA	\$ 36,936	12.6 %	\$ 32,798	\$ 103,440	13.2%	\$ 91,340
<i>Percentage of net revenue</i>	<i>20.0 %</i>		<i>17.9 %</i>	<i>20.0 %</i>		<i>18.6 %</i>
APAC	\$ 19,540	(12.4)%	\$ 22,304	\$ 61,588	(7.8)%	\$ 66,817
<i>Percentage of net revenue</i>	<i>10.6 %</i>		<i>12.2 %</i>	<i>11.9 %</i>		<i>13.6 %</i>
Total net revenue	\$ 184,561	0.9 %	\$ 182,854	\$ 517,153	5.3%	\$ 491,340

Americas

Net revenue in Americas increased in the three and nine months ended September 28, 2025, compared to the prior year periods, primarily due to growth in Enterprise segment's net revenue of 13.2% and 25.8%, partially offset by decreases in the Mobile segment's net revenue of 21.0% and 25.2%, respectively. Enterprise net revenue increased primarily due to higher demand for Pro AV product line of managed switches, while Mobile segment net revenue declined primarily due to lower sales in the service provider channel, compared to the prior year periods. Additionally, Enterprise net revenue for the nine-month period benefited from the prior year's first-half inventory optimization efforts with channel partners.

EMEA

Net revenue in EMEA increased in the three and nine months ended September 28, 2025, compared to the prior year periods, primarily driven by growth in the Enterprise segment, which increased 21.9% and 22.8%, respectively. The improvement reflected continued strong demand for the Pro AV product line of managed switches. Net revenue in EMEA in the nine-month period also benefited from the prior-year first-half inventory optimization efforts with our channel partners.

APAC

Net revenue in APAC decreased in the three and nine months ended September 28, 2025, compared to the prior year periods, primarily attributable to declines in the Home Networking segment's net revenue of 52.0% and 45.8%, respectively, mainly driven by lower sales in both the retail and the service provider channels. These declines were partially offset by growth in the Enterprise segment's net revenue of 12.7% and 11.0%, respectively, primarily attributable to higher demand for the Pro AV product line of managed switches.

For further discussions specific to our Enterprise, Home Networking and Mobile segments, refer to the "Segment Information" section below.

Cost of Revenue and Gross Margin

Cost of revenue consists primarily of the following: the cost of finished products from our third party manufacturers; overhead costs, including purchasing, product planning, inventory control, warehousing and distribution logistics; third-party software licensing fees; inbound freight; import duties/tariffs; warranty costs associated with returned goods; write-downs for excess and obsolete inventory; amortization of certain acquired intangible assets and software development costs; and costs attributable to the provision of service offerings.

We outsource our manufacturing, warehousing and distribution logistics. We believe this outsourcing strategy allows us to better manage our product costs and gross margin. Our gross margin can be affected by a number of factors, including fluctuation in foreign exchange rates, sales returns, changes in average selling prices, end-user customer rebates and other channel sales incentives, changes in our cost of goods sold due to fluctuations and increases in prices paid for components, net of vendor rebates, royalty and licensing fees, warranty and overhead costs, inbound freight and duty/tariffs, conversion costs, charges for excess or obsolete inventory, amortization of acquired intangible assets and capitalized software development costs. The following table presents costs of revenue and gross margin, for the periods indicated:

(In thousands, except percentage data)	Three Months Ended			Nine Months Ended		
	September 28, 2025	% Change	September 29, 2024	September 28, 2025	% Change	September 29, 2024
Cost of revenue	\$ 112,309	(11.1)%	\$ 126,371	\$ 324,597	(8.5)%	\$ 354,797
Gross margin percentage	39.1%		30.9%	37.2%		27.8%

Our gross margin increased for the three and nine months ended September 28, 2025, compared to the prior year periods, primarily due to a higher mix of Enterprise products, which generally carry higher gross margins, and lower inventory costs resulting from the depletion of older, higher-cost inventory. The increase in the nine-month period also benefited from reduced sales returns and lower charges for excess and obsolete inventory.

We expect our gross margin in the fourth fiscal quarter of 2025 to be in line with or slightly decrease from the third quarter of 2025 level. Forecasting gross margin percentages is difficult, and there are a number of risks related to our ability to maintain or improve our current gross margin levels. Our cost of revenue as a percentage of net revenue can vary significantly based upon factors such as: uncertainties surrounding revenue levels, broad-based inflationary pressures and the uncertain macroeconomic environment, future pricing and/or potential discounts as a result of the economy or in response to the strengthening of the U.S. dollar in our international markets, competition, the timing of sales, and related production level variances; import customs duties and imposed tariffs; changes in technology; changes in product mix; expenses associated with writing off excessive or obsolete inventory; variability of stock-based compensation costs; royalties to third parties; fluctuations in freight costs; manufacturing and purchase price variances; changes in prices on commodity components; and warranty costs. We expect that revenue derived from paid subscription service plans will continue to increase in the future, which may have a positive impact on our gross margin. However, we will continue to experience fluctuations in our gross margin due to the factors discussed above.

Operating Expenses

Research and Development

Research and development expenses consist primarily of personnel expenses, payments to suppliers for design services, safety and regulatory testing, product certification expenditures to qualify our products for sale into specific markets, prototypes, IT and facility allocations, and other consulting fees. Research and development expenses are recognized as they are incurred. Our research and development organization is focused on enhancing our ability to introduce innovative and easy-to-use products and services. The following table presents research and development expenses, for the periods indicated:

(In thousands, except percentage data)	Three Months Ended			Nine Months Ended		
	September 28, 2025	% Change	September 29, 2024	September 28, 2025	% Change	September 29, 2024
Research and development	\$ 23,328	11.6%	\$ 20,905	\$ 62,482	2.5%	\$ 60,983

Research and development expenses increased for the three and nine months ended September 28, 2025, compared to the prior year periods, primarily driven by higher personnel-related expenditures of \$1.9 million and \$3.8 million, respectively, mainly due to higher head count and higher variable compensation. These increases were partially offset by decreases in engineering projects and outside professional services of \$0.5 million and \$1.9 million, for the three- and nine-month periods, respectively. Additionally, IT and facility allocations increased by \$0.7 million for the three-month period but decreased by \$0.7 million for the nine-month period.

We believe that innovation and technological leadership is critical to our future success, and we are committed to continuing a significant level of research and development to develop new technologies, products and services. We expect research and development expenses in absolute dollar amount in the fourth fiscal quarter of 2025 to be in line or slightly increase from the third quarter of 2025 level. We continue to invest in research and development to grow audio and video over Ethernet, web-managed, AV over IP managed switches, Enterprise wireless products, our cloud platform capabilities, our recurring services and mobile applications, and to broaden our WiFi 7 offerings for consumers to align to our good-better-best strategy and broaden our 5G mobile products. Our Enterprise segment will continue to receive most of our incremental investments in the remainder of 2025 and we will be focused on in-sourcing our software capabilities, expanding our product portfolio that will allow us to grow our share in the sizable AV and enterprise WiFi markets. In the second quarter of 2025, we established an in-house research and development center in Chennai, India through the hiring of a team of experienced engineers, and completed the acquisition of Exium. These strategic initiatives are expected to accelerate the transition to internally managed software development, increase innovation velocity, reduce development costs, and reduce reliance on third-party vendors. The recently onboarded teams focus on leveraging artificial intelligence or integrating networking security to significantly simplify networking solutions for small and medium-sized businesses. Research and development expenses may fluctuate depending on the timing and number of development activities and could vary significantly as a percentage of net revenue, depending on actual revenues achieved in any given quarter.

Sales and Marketing

Sales and marketing expenses consist primarily of advertising, trade shows, corporate communications and other marketing expenses, product marketing expenses, outbound freight costs, amortization of certain intangible assets, personnel expenses for sales and marketing staff, technical support expenses, and IT and facility allocations. The following table presents sales and marketing expenses, for the periods indicated:

(In thousands, except percentage data)	Three Months Ended			Nine Months Ended		
	September 28, 2025	% Change	September 29, 2024	September 28, 2025	% Change	September 29, 2024
Sales and marketing	\$ 33,762	8.2%	\$ 31,196	92,856	1.5%	\$ 91,482

Sales and marketing expenses increased for the three and nine months ended September 28, 2025, compared to the prior year periods, primarily driven by higher personnel-related expenditures of \$3.1 million and \$6.8 million, respectively, mainly due to higher headcount and variable compensation. These increases were partially offset by decreases in brand marketing expenditures of \$0.8 million and \$2.9 million and in outside professional services of \$0.7 million and \$2.1 million for the three- and nine-month periods, respectively. Additionally, outbound freight costs increased by \$0.5 million for the three-month period but decreased by \$0.6 million for the nine-month period.

We expect sales and marketing expenses in absolute dollar amount in the fourth fiscal quarter of 2025 to be in line with the third quarter of 2025 level. We expect most of our incremental investments in sales and marketing in 2025 will be related to go-to-market capabilities of our product offerings in the Enterprise segment, partially offset by efficiencies in marketing on the consumer side. Expenses may fluctuate depending on revenue levels achieved as certain expenses, such as commissions, are determined based upon the revenues achieved. Forecasting sales and marketing expenses is highly dependent on expected revenue levels and could vary significantly depending on actual revenue achieved in any given quarter. Marketing expenses may also fluctuate depending upon the timing, extent and nature of marketing programs. Marketing expenditure committed with a customer is generally recorded as a reduction of revenue per authoritative guidance.

General and Administrative

General and administrative expenses consist of salaries and related expenses for executives, finance and accounting, human resources, information technology, professional fees, including legal costs associated with defending claims against us and business acquisition related expenses, allowance for doubtful accounts, IT and facility allocations, and other general corporate expenses. The following table presents general and administrative expenses, for the periods indicated:

(In thousands, except percentage data)	Three Months Ended			Nine Months Ended		
	September 28, 2025	% Change	September 29, 2024	September 28, 2025	% Change	September 29, 2024
General and administrative	\$ 20,619	146.7%	\$ 8,357	\$ 59,372	30.2%	\$ 45,610

General and administrative expenses increased for the three and nine months ended September 28, 2025, compared to the prior year periods, primarily due to the absence of a \$10.9 million reduction in expenses recorded in the prior year periods to offset legal fees associated with the successful TP-Link litigation settlement. The increases for the three- and nine-month periods were also driven by higher personnel-related expenditures of \$2.0 million and \$4.0 million, respectively. The higher personnel-related expenditures were mainly due to increased stock-based compensation associated with executive transitions, and higher variable compensation.

We expect general and administration expenses in absolute dollar amount in the fourth fiscal quarter of 2025 to decrease from the third quarter of 2025 level. General and administrative expenses could fluctuate depending on a number of factors, including the level and timing of expenditures associated with litigation defense costs in connection with the litigation matters described in Note 9, *Commitments and Contingencies*, in Notes to Unaudited Condensed Consolidated Financial Statements in Item 1 of Part I of this Quarterly Report on Form 10-Q. Future increases or decreases in general and administrative expenses are difficult to predict in absolute dollars due to the lack of visibility of certain costs, including legal costs associated with defending claims against us, asserting and enforcing our intellectual property portfolio, acquisition related activities, and other factors.

Litigation Reserves, Net

(In thousands, except percentage data)	Three Months Ended			Nine Months Ended		
	September 28, 2025	% Change	September 29, 2024	September 28, 2025	% Change	September 29, 2024
Litigation reserves, net	\$ 98	**	\$ (100,855)	\$ 136	**	\$ (92,625)

** Percentage change not meaningful.

The increases in litigation reserves, net for the three and nine months ended September 28, 2025, compared to the prior year periods, were primarily attributable to the prior-year recognition of a \$92.7 million contra-expense and the reversal of an \$8.2 million contingent liability for success-based legal fees, both resulting from payment received from the successful settlement of TP-Link litigation.

Restructuring and Other Charges

(In thousands, except percentage data)	Three Months Ended			Nine Months Ended		
	September 28, 2025	% Change	September 29, 2024	September 28, 2025	% Change	September 29, 2024
Restructuring and other charges	\$ 1,514	41.2%	\$ 1,072	\$ 7,118	87.7%	\$ 3,792

Restructuring and other charges increased for the three and nine months ended September 28, 2025, compared to the prior year periods, primarily due to restructuring activities initiated in January 2025 and carried out throughout the year. This restructuring was aimed at reducing costs, and reinvesting into the business to capitalize on our highest priority opportunities to drive revenue growth and improve profitability. For a detailed discussion of restructuring and other charges, refer to Note 14, *Restructuring and Other Charges*, in Notes to Unaudited Condensed Consolidated Financial Statements in Item 1 of Part I of this Quarterly Report on Form 10-Q.

Other Income, Net

Other income, net consists of interest income, which represents amounts earned and incurred on our cash, cash equivalents and short-term investments, and other income and expenses, which primarily represents gains and losses on transactions denominated in foreign currencies, gains and losses on investments, and other non-operating income and expenses. The following table presents other income, net for the periods indicated:

(In thousands, except percentage data)	Three Months Ended			Nine Months Ended		
	September 28, 2025	% Change	September 29, 2024	September 28, 2025	% Change	September 29, 2024
Other income, net	\$ 3,028	(13.1)%	\$ 3,485	\$ 15,175	67.7%	\$ 9,048

The decrease in other income, net for the three months ended September 28, 2025, compared to the prior year period, was primarily due to lower interest income resulting from lower cash and short-term investment balances. The increase in other income, net for the nine months ended September 28, 2025, compared to the prior year period, was primarily due to \$4.7 million of proceeds from the sale of patents in the current year, higher net gains on foreign currency transactions and contracts, and higher interest income resulting from higher average cash and short-term investment balances.

Provision for Income Taxes

(In thousands, except percentage data)	Three Months Ended			Nine Months Ended		
	September 28, 2025	% Change	September 29, 2024	September 28, 2025	% Change	September 29, 2024
Provision for income taxes	\$ 736	(94.8)%	\$ 14,219	\$ 3,006	(80.1)%	\$ 15,100
<i>Effective tax rate</i>	<i>(18.2)%</i>		<i>14.3 %</i>	<i>(21.1)%</i>		<i>41.5 %</i>

Due to our full valuation allowance for U.S. federal and state tax purposes, the changes in taxes for the three and nine months ended September 28, 2025, compared to the prior year periods, were primarily a result of our reporting \$99.3 million and \$36.3 million of pretax book income for the three and nine months ended September 29, 2024, respectively, and the current income tax implications of this income with no deferred tax benefit in the 2024 year as compared to our reporting \$4.0 million and \$14.2 million of pretax book loss for the three and nine months ended September 28, 2025 and the current income tax implications in the 2025 year with no deferred tax benefit.

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We are subject to income taxes in the U.S. and numerous foreign jurisdictions. Our future foreign tax rate could be affected by changes in the composition in earnings in countries with tax rates differing from the U.S. federal rate. We are under examination in various U.S. and foreign jurisdictions.

The One Big Beautiful Bill Act (“OBBBA”) was enacted on July 4, 2025 and we continue to evaluate the impact on its financial position. The OBBBA is not currently expected to materially impact our effective tax rate or cash flows in the current fiscal year.

Segment Information

As disclosed above, in the first fiscal quarter of 2025, we realigned our business structure by separating the Connected Home segment into two distinct reportable segments: Home Networking and Mobile. Effective January 1, 2025, we operate and report in three segments: Enterprise, Home Networking and Mobile. The prior-year segment financial information has been recast to conform to the current-year presentation. Additional information on the realignment, a description of our products and services, as well as segment financial data, for each segment and a reconciliation of segment contribution income (loss) to income (loss) before income taxes can be found in Note 12, *Segment Information*, and information on net revenue by sales channels can be found in *Disaggregation of Revenue* in Note 3, *Revenue*, in the Notes to Unaudited Condensed Consolidated Financial Statements in Item 1 of Part I of this Quarterly Report on Form 10-Q.

Enterprise Segment

(In thousands, except percentage data)	Three Months Ended			Nine Months Ended		
	September 28, 2025	% Change	September 29, 2024	September 28, 2025	% Change	September 29, 2024
Net revenue	\$ 90,838	15.7%	\$ 78,530	\$ 252,650	22.0%	\$ 207,020
<i>Percentage of net revenue</i>	49.2%		42.9%	48.8%		42.1%
Contribution income	\$ 22,615	40.2%	\$ 16,133	\$ 56,212	100.1%	\$ 28,098
<i>Contribution margin</i>	24.9%		20.5%	22.2%		13.6%

Enterprise segment's net revenue increased in the three and nine months ended September 28, 2025, primarily driven by continued strong demand for Pro AV product line of managed switches, compared to the prior year periods. This growth reflected double-digit end-market sales expansion, benefiting from higher average selling prices and increased unit volumes. We also began to see more predictable performance aligned to the market. Geographically, net revenue increased in all three regions in the three- and nine-month periods, driven by higher demand for the Pro AV product line of managed switches, with the nine-month period also benefiting from first-half prior-year inventory optimization efforts with our channel partners.

Enterprise segment's contribution income increased in the three and nine months ended September 28, 2025, compared to the prior year periods, primarily due to higher net revenue and improved gross margins, mainly driven by a higher mix of our Pro AV product line of managed switches. The increase for the nine-month period was also attributable to the reduced charges for excess or obsolete inventory.

Home Networking Segment

(In thousands, except percentage data)	Three Months Ended			Nine Months Ended		
	September 28, 2025	% Change	September 29, 2024	September 28, 2025	% Change	September 29, 2024
Net revenue	\$ 72,647	(6.6)%	\$ 77,740	\$ 201,537	(1.5)%	\$ 204,665
<i>Percentage of net revenue</i>	39.4%		42.6%	39.0%		41.7%
Contribution income (loss)	\$ 1,553	**	\$ (3,692)	\$ 2,985	**	\$ (21,478)
<i>Contribution margin</i>	2.1%		(4.7)%	1.5%		(10.5)%

** Percentage change not meaningful.

Home Networking segment's net revenue decreased in the three and nine months ended September 28, 2025, compared to the prior year periods. The decrease in the three-month period was primarily driven by reduced market share amid increased competition, while the decline in the nine-month period reflected the impact of broader market softness experienced earlier in the year. Our premium portfolio of products continued to outperform the market, and we saw growth in our service revenue, compared to the prior year periods. Geographically, Home Networking segment's net revenue declined across all three regions

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for the three and nine months ended September 28, 2025, compared to the prior year periods, except for an increase in Americas during the nine-month period.

Home Networking segment generated contribution income in the three and nine months ended September 28, 2025, compared to contribution losses in the prior year periods. The improvements were primarily driven by higher gross margins, which benefited from a more favorable product mix of WiFi 7 products, higher service revenue, lower product costs, reduced sales returns, decreased contra-revenue marketing expenses, and lower charges for excess and obsolete inventory. Additionally, operating expenses declined, largely due to the restructuring initiated in January 2025 and carried out throughout the year.

Mobile Segment

(In thousands, except percentage data)	Three Months Ended			Nine Months Ended		
	September 28, 2025	% Change	September 29, 2024	September 28, 2025	% Change	September 29, 2024
Net revenue	\$ 21,076	(20.7)%	\$ 26,584	\$ 62,966	(21.0)%	\$ 79,655
<i>Percentage of net revenue</i>	11.4%		14.5%	12.2%		16.2%
Contribution income (loss)	\$ 299	**	\$ (1,088)	\$ 689	**	\$ (3,236)
<i>Contribution margin</i>	1.4%		(4.1)%	1.1%		(4.1)%

** Percentage change not meaningful.

Mobile segment's net revenue decreased in the three and nine months ended September 28, 2025, compared to the prior year periods, primarily due to declines in net revenue in service provider channel. Geographically, Mobile segment's net revenue declined across all three regions for the three and nine months ended September 28, 2025, except for a slight increase in EMEA during the three-month period, compared to the prior year periods.

Mobile segment generated contribution income in the three and nine months ended September 28, 2025, compared to contribution losses in the prior year periods. The improvements were primarily due to higher gross margins, mainly driven by lower product cost, decreased contra-revenue marketing expenses, lower charges for excess or obsolete inventory, and favorable changes in product mix.

Liquidity and Capital Resources

Our principal sources of liquidity are cash, cash equivalents, short-term investments and cash generated from operations. As of September 28, 2025, we had cash, cash equivalents and short-term investment of \$326.4 million, a decrease of \$82.3 million from December 31, 2024.

As of September 28, 2025, approximately 27% of our cash and cash equivalents and short-term investments were outside of the U.S., which are subject to fluctuation based on the settlement of intercompany balances. As we repatriate these funds in accordance with our designation of funds not permanently reinvested outside of the U.S., we will be required to pay income taxes in certain U.S. states and applicable foreign withholding taxes during the period when such repatriation occurs. We have recorded deferred taxes for the tax effect of repatriating the funds to the U.S.

Cash Flows

The following table presents our cash flows for the periods presented.

(In thousands)	Nine Months Ended	
	September 28, 2025	September 29, 2024
Cash provided by (used in) operating activities	\$ (17,902)	\$ 143,315
Cash used in investing activities	(26,560)	(23,891)
Cash used in financing activities	(38,502)	(22,374)
Net cash increase (decrease)	\$ (82,964)	\$ 97,050

Operating activities

Net cash used in operating activities was \$17.9 million for the nine months ended September 28, 2025, compared to \$143.3 million provided in the prior year period. The change was primarily due to \$103.6 million of pre-tax net proceeds

received in the prior year period from the TP- Link litigation settlement, as well as unfavorable working capital movements in the current year period. Accounts receivable increased from \$156.2 million as of December 31, 2024 to \$159.9 million as of September 28, 2025, primarily due to the timing of cash collections. Our inventory increased from \$162.5 million as of December 31, 2024 to \$166.6 million as of September 28, 2025, as we work to realign inventory carrying levels with projected demands. Accounts payable (excluding payables related to property and equipment) decreased from \$57.4 million as of December 31, 2024 to \$54.9 million as of September 28, 2025, primarily due to the timing of inventory receipts and supplier payments.

Investing activities

Net cash used in investing activities increased by \$2.7 million for the nine months ended September 28, 2025, compared to the prior year period, mainly due to \$12.2 million of payments related to the acquisition of Exium, and higher purchases of property and equipment, primarily related to leasehold improvements for our new headquarters office, partially offset by lower net purchases of short-term investments.

Financing activities

Net cash used in financing activities increased by \$16.1 million for the nine months ended September 28, 2025, compared to the prior year period, primarily due to higher repurchases of our common stock and higher payments for restricted stock unit tax withholdings, partially offset by higher proceeds from the exercise of stock options.

Based on our current plans and market conditions, we believe that our existing cash, cash equivalents and short-term investments, together with cash generated from operations, will be sufficient to satisfy our anticipated cash requirements in the short-term and long-term. However, we may require or desire additional funds to support our operating expenses and capital requirements or for other purposes, such as acquisitions, and may seek to raise such additional funds through public or private equity financing or from other sources. We cannot assure you that additional financing will be available at all or that, if available, such financing would be obtainable on terms favorable to us and would not be dilutive. Our future liquidity and cash requirements will depend on numerous factors, including the introduction of new products and potential acquisitions of related businesses or technology.

Stock Repurchases and Restricted Stock Unit Withholdings

From time to time, our Board of Directors has authorized programs under which we may repurchase shares of our common stock. Under the authorizations, the timing and actual number of shares subject to repurchase are at the discretion of management and are contingent on a number of factors, such as levels of cash generation from operations, cash requirements for acquisitions and the price of our common stock. As of September 28, 2025, approximately 2.0 million shares remained authorized for repurchase under the repurchase program. We repurchased, retired and reported, based on trade date, approximately 1.3 million and 1.7 million shares of common stock, at a cost of approximately \$35.0 million and \$22.9 million under the repurchase authorization during the nine months ended September 28, 2025 and September 29, 2024, respectively. We also withheld and reported, based on trade date, approximately 452,000 shares and 222,000 shares of common stock, at a cost of approximately \$11.8 million and \$3.3 million during the nine months ended September 28, 2025 and September 29, 2024, respectively, to facilitate the administrative process of withholding and remitting personal income and payroll taxes for individuals receiving Restricted Stock Units. For a detailed discussion of our common stock repurchases, refer to Note 10, *Stockholders' Equity*, in Notes to Unaudited Condensed Consolidated Financial Statements in Item 1 of Part I of this Quarterly Report on Form 10-Q.

Contractual and Other Obligations

Except as follows, there were no material changes outside of the ordinary course of business in our contractual obligations as of September 28, 2025, from those as of December 31, 2024, disclosed in Part II, Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report.

As of September 28, 2025, we had \$60.5 million of purchase obligations which represented short-term non-cancellable inventory-related purchase agreements with suppliers, as compared to \$57.4 million as of December 31, 2024. Due to an elongation of the time from order placement to production that occurred several years ago, we issued purchase orders to supply chain partners beyond contractual termination periods. As of September 28, 2025, \$171.3 million of purchase orders beyond contractual termination periods remained outstanding. These purchase orders may be cancelled by either party, however we may incur expenses for materials and components, such as chipsets purchased by the supplier to fulfill the purchase order, in the event of cancellation. Expenses incurred in respect of cancelled purchase orders have historically not been significant relative to the original order value.

During the third fiscal quarter of 2025, the lease commencement date for the new headquarters office lease, which was executed in 2024, occurred. While the contractual commencement date under the lease agreement differs from the accounting commencement date, the lease has a remaining non-cancelable term of 11 years and is now recognized on the unaudited consolidated balance sheets. Short-term and long-term undiscounted non-cancelable lease payments associated with this lease totaled approximately \$3.1 million and \$39.8 million, respectively, as of September 28, 2025. This lease replaced our previous headquarters lease, which expired in September 2025, around the time of our relocation to the new facility.

For a detailed discussion, refer to Note 9, *Commitments and Contingencies*, in Notes to Unaudited Condensed Consolidated Financial Statements in Item 1 of Part I of this Quarterly Report on Form 10-Q.

Recent Accounting Pronouncements

Information with respect to this item may be found in Note 2, *Summary of Significant Accounting Policies*, in Notes to Unaudited Condensed Consolidated Financial Statements in Item 1 of Part I of this Quarterly Report on Form 10-Q, which are hereby incorporated by reference.

Item 3. *Quantitative and Qualitative Disclosures About Market Risk*

During the nine months ended September 28, 2025, there were no material changes to our market risk disclosures as set forth in Part II, Item 7A “Quantitative and Qualitative Disclosures About Market Risk” in our Annual Report.

Item 4. *Controls and Procedures*

Evaluation of Disclosure Controls and Procedures

Based on an evaluation under the supervision and with the participation of our management (including our Chief Executive Officer and Chief Financial Officer), our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) were effective as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures are effective to ensure that information we are required to disclose in reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms and (ii) accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosures.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting that occurred during the period covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially effect, our internal control over financial reporting. It should be noted that any system of controls, however well designed and operated, can provide only reasonable assurance, and not absolute assurance, that the objectives of the system are met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of future events. Because of these and other inherent limitations of control systems, there can be no assurance that any design will succeed in achieving its stated goals in all future circumstances.

PART II: OTHER INFORMATION

Item 1. *Legal Proceedings*

The information set forth under Note 9, *Commitments and Contingencies*, in the Notes to Unaudited Condensed Consolidated Financial Statements in Item 1 of Part I of this Quarterly Report on Form 10-Q, is incorporated herein by reference. For an additional discussion of certain risks associated with legal proceedings, see the section entitled “Risk Factors” in Part II, Item 1A of this Quarterly Report on Form 10-Q.

Item 1A. *Risk Factors*

Risk Factors Summary

The following is a summary of some of the risks and uncertainties as of the date of the filing of this Quarterly Report on Form 10-Q, some of which either have occurred or may occur in the future, that could materially adversely affect our business, financial condition and results of operations. You should read this summary together with the more detailed description of each risk factor contained below.

Risks Related to our Business, Industry and Operations

- Optimizing our channel partners' inventory levels and product mix within the current environment is challenging, and we have, and may in the future, incur costs associated with excess inventory, or lose sales from having too few products.
- To remain competitive and stimulate consumer and business demand, generally and in compliance with newly proposed or future regulations, we must successfully manage new product introductions and transitions of products and services, including with increasing investments in security features and sourcing of critical components from sources to enhance the security features of our products as well as regulatory compliance readiness.
- Changes in trade policy and regulation in the United States and other countries, including but not limited to the potential imposition of tariffs, may adversely impact our business, results of operations and financial condition.
- Investment in new business strategies could disrupt our ongoing business, present risks not originally contemplated and materially adversely affect our business, reputation, results of operations and financial condition.
- We rely on a limited number of traditional and online retailers, wholesale distributors and service provider customers for a substantial portion of our sales, and our net revenue could decline if they refuse to pay our requested prices or reduce their level of purchases, if there are unforeseen disruptions in their businesses, or if there is significant consolidation in our customer base that results in fewer customers for our products.
- We obtain several key components from limited or sole sources.
- Some of our competitors have substantially greater resources than we do, and to be competitive we may be required to lower our prices or increase our sales and marketing expenses, which could result in reduced margins or loss of market share and revenue.
- We depend substantially on our sales channels, and our failure to maintain and expand our sales channels would result in lower sales and reduced net revenue.
- We depend on a limited number of third-party manufacturers for substantially all of our manufacturing needs.
- Our sales and operations in international markets have exposed us to and may in the future expose us to operational, financial and regulatory risks.
- We depend on large, recurring purchases from certain significant customers, and a loss, cancellation or delay in purchases by these customers could negatively affect our revenue.
- The average selling prices of our products typically decrease rapidly over the sales cycle of the product, which may negatively affect our net revenue and gross margins.

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- If we fail to overcome the challenges associated with managing our broadband service provider sales channel, our net revenue and gross profit will be negatively impacted.
- We expect our operating results to fluctuate on a quarterly and annual basis, which could cause our stock price to fluctuate or decline.
- If disruptions in our transportation network continue to occur or our shipping costs substantially increase again in the future, we may be unable to sell or timely deliver our products, and our net revenue and gross margin could decrease.
- Expansion of our operations and infrastructure may strain our operations and increase our operating expenses.
- As part of growing our business, we have made and expect to continue to make acquisitions. If we fail to successfully select, execute or integrate our acquisitions, then our business and operating results could be harmed and our stock price could decline.
- We invest in companies primarily for strategic reasons but may not realize a return on our investments.

Risks Related to Our Products, Technology, Intellectual Property and Data

- We rely upon third parties for technology that is critical to our products, and if we are unable to continue to use this technology and future technology, our ability to develop, sell, maintain and support technologically innovative products would be limited.
- Product security vulnerabilities, system security risks, data protection breaches, cyber-attacks, improper use of artificial intelligence (“AI”) tools, and other threats and risks, could disrupt or otherwise compromise our products, services, internal operations or information technology systems, or those of third parties with whom we work. Actual or perceived non-compliance with our privacy and security obligations could lead to regulatory investigations or actions, litigation, fines and penalties, business operation disruption, reputational harm, loss of revenue or profits, loss of customers or sales, and other adverse business consequences.
- If we are unable to successfully leverage AI technology to automate and drive efficiencies in our operations and products and services, our business, reputation, results of operations and financial condition could be harmed.
- We make substantial investments in software research and development and unsuccessful investments could materially adversely affect our business, financial condition and results of operations.
- If our products contain defects or errors, we could incur significant unexpected expenses, experience product returns and lost sales, experience product recalls, suffer damage to our brand and reputation, and be subject to product liability or other claims.
- Our user growth, engagement, and monetization of our subscription services depend upon effective operation with mobile operating systems, networks, technologies, products, and standards that we do not control.
- If we are unable to secure and protect our intellectual property rights, our ability to compete could be harmed.

Financial, Legal, Regulatory and Tax Compliance Risks

- We are currently involved in litigation matters and may in the future become involved in additional litigation.
- We have been exposed to and may in the future be exposed to adverse currency exchange rate fluctuations in jurisdictions where we transact in local currency, which could harm our financial results and cash flows.
- We are exposed to the credit risk of some of our customers and to credit exposures in weakened markets.
- Changes in tax laws or exposure to additional income tax liabilities could affect our future profitability.
- We are subject to, and must remain in compliance with numerous new, existing and changing laws and regulations worldwide.
- We must comply with indirect tax laws in multiple jurisdictions, as well as complex customs duty regimes worldwide. Audits of our compliance with these rules may result in additional liabilities for taxes, duties, interest and penalties related to our international operations which would reduce our profitability.

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- We are exposed to credit risk and fluctuations in the market values of our investment portfolio.
- Governmental regulations of imports or exports affecting Internet security could affect our net revenue.
- If our goodwill becomes impaired, as occurred in 2022, we may be required to record a significant charge to earnings.

General Risk Factors

- If we lose the services of our key personnel, we may not be able to execute our business strategy effectively.
- Global economic and geopolitical conditions could materially adversely affect our revenue and results of operations.
- Political events, war, terrorism, public health issues, natural disasters, sudden changes in trade and immigration policies, and other circumstances could materially adversely affect us.
- Our stock price has experienced recent volatility and may be volatile in the future and your investment in our common stock could suffer a decline in value.
- We are required to evaluate our internal controls under Section 404 of the Sarbanes-Oxley Act of 2002 and any adverse results from such evaluation could impact investor confidence in the reliability of our internal controls over financial reporting.

Additional factors that could affect our businesses, results of operations and financial condition are discussed in Forward-Looking Statements in Management's Discussion and Analysis of Financial Condition and Results of Operations. However, other factors not discussed below or elsewhere in this Quarterly Report on Form 10-Q could also adversely affect our businesses, results of operations and financial condition. Therefore, the risk factors below should not be considered a complete list of potential risks that we may face.

Any risk factor described in this Quarterly Report on Form 10-Q or in any of our other SEC filings could by itself, or together with other factors, materially adversely affect our liquidity, competitive position, business, reputation, results of operations, capital position or financial condition, including by materially increasing our expenses or decreasing our revenues, which could result in material losses.

Investing in our common stock involves a high degree of risk. The risks described below are not exhaustive of the risks that might affect our business. Other risks, including those we currently deem immaterial, may also impact our business. Any of the following risks could materially adversely affect our business operations, results of operations and financial condition and could result in a significant decline in our stock price. Before deciding to purchase, hold or sell our common stock, you should carefully consider the risks described in this section. This section should be read in conjunction with the unaudited condensed consolidated financial statements and accompanying notes thereto, and Management's Discussion and Analysis of Financial Condition and Results of Operations included in this Quarterly Report on Form 10-Q.

We have marked with an asterisk () those risks described below that reflect substantive changes from the risks described under Part I, Item 1A "Risk Factors" included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 14, 2025.*

Risks Related to our Business, Industry and Operations

Optimizing our channel partners' inventory levels and product mix within the current environment is challenging, and we have, and may in the future, incur costs associated with excess inventory, or lose sales from having too few products.

If we are unable to properly monitor and optimize our channel partners' inventory levels and maintain an appropriate level and mix of products with our retail partners and wholesale distributors and within our sales channels, we may incur increased and unexpected costs associated with this inventory. In 2022 and the first half of 2023, many of our retail and service provider partners began significantly reducing their target inventory levels which adversely affected our results of operations. While we believe our channel partners' current inventory targets are at reasonable levels, the uncertain macroeconomic and geopolitical environment and high inflation and interest rates could change our partners' desired inventory targets. In the past, we have experienced lower revenue as a result of our channel partners lowering their inventory levels and higher cost of carrying excess channel inventory. On the other hand, low channel inventory levels increase the likelihood that our sales channel customers

may not be able to fulfill end user demand, leading to delayed or lost sales, unhappy customers and potential impacts to our brand and reputation. Inadequate stock levels could also hinder our ability to fulfill large orders or take advantage of unexpected demand spikes, thereby limiting revenue growth opportunities. Moreover, reductions in target inventory levels put pressure on our ability to accurately forecast customer demand and inventory requirements and increases the likelihood that the accuracy of such forecasts would be lower. We determine production levels based on our forecasts of demand for our products. Actual demand for our products depends on many factors, which makes it difficult to forecast. We have experienced differences between our actual and our forecasted demand in the past and expect differences to arise in the future. If we improperly forecast demand for our products and channel inventory levels, we could end up with too many products and be unable to sell the excess inventory in a timely manner, if at all, or, alternatively we could end up with too few products and not be able to satisfy demand. This problem is exacerbated because we attempt to closely match inventory levels with product demand leaving limited margin for error. Also, during the transition from an existing product to a new replacement product, we must accurately predict the demand for the existing and the new product. If we improperly forecast demand for our products and channel inventory levels, we could incur increased expenses associated with writing off excessive or obsolete inventory, lose sales, incur penalties for late delivery or have to ship products by air freight to meet immediate demand incurring incremental freight costs above the sea freight costs and suffering a corresponding decline in gross margins. For example, when demand for our products turns out to be lower than we previously forecasted, it results in our revenue for our products to come in lower than expected, as our channel partners in the U.S. replenish inventory slower than they sell through to end users to right size their inventory carrying position based on the lower demand levels than previously expected. In addition, we generally allow wholesale distributors and traditional retailers to return a limited amount of our products in exchange for other products. Under our price protection policy, if we reduce the list price of a product, we are often required to issue a credit in an amount equal to the reduction for each of the products held in inventory by our wholesale distributors and retailers. If our wholesale distributors and retailers are unable to sell their inventory in a timely manner, we might lower the price of the products, or these parties may exchange the products for newer products or decrease their purchases of our products in subsequent periods, which would adversely affect our revenue and results of operations.

****To remain competitive and stimulate consumer and business demand, generally and in compliance with newly proposed or future regulations, we must successfully manage new product introductions and transitions of products and services.***

We operate in a highly competitive, quickly changing environment, and our future success depends on our ability to develop or acquire and introduce new products and services, enhance existing products and services, effectively stimulate customer and business demand for new and upgraded products and services, and successfully manage the transition to these new and upgraded products and services. Our future success will depend in large part upon our ability to identify demand trends in the consumer, business and service provider markets, and to quickly develop or acquire, manufacture and market and sell products and services that satisfy these demands in a cost-effective manner. In order to differentiate our products from our competitors' products, we must continue to increase our focus and capital investment in research and development and marketing and sales, including software development for our products and complementary services and applications. For example, we previously made a strategic shift to focus on premium, higher margin products and have committed a substantial amount of resources to the development, manufacture, branding, marketing and sale of our Nighthawk mobile hotspot products, Orbi WiFi systems and Pro AV managed switches, and to introducing additional and improved models and services in these lines. In the third quarter of 2023, we launched our first WiFi 7 products, namely the Orbi 97X mesh system and the Nighthawk RS700 router, and will continue to invest in a strong pipeline of WiFi 7 introductions in 2024 across all our major product lines. Given the critical importance of cyber security in the networking space, we have also invested in cybersecurity, security features and procuring internet-connected components from sources outside of nations deemed foreign adversaries by the US government, including China, which enhance the protection of our customers, but also comes at greater cost. The success of new products and services depends on a number of factors, including timely and successful development either through rapid innovation or acquisition, market acceptance, our ability to manage the risks and costs, such as investment costs and marketing costs, associated with development and introduction of new products and services, the effective management of purchase commitments and channel inventory levels in line with anticipated product demand, availability of products in appropriate quantities and at expected costs to meet anticipated demand, the risk that new products and services may have delays, quality or other defects or deficiencies and our ability to effectively manage marketing and reviews of our products and services.

In addition, we have acquired companies and technologies in the past and as a result, have introduced new product lines in new markets. We may not be able to successfully manage integration of the new product lines with our existing products. Selling new product lines in new markets will require our management to learn different strategies in order to be successful. We may be unsuccessful in launching a newly acquired product line in new markets which requires management of new suppliers, potential new customers and new business models. Our management may not have the experience of selling in these new markets and we may not be able to grow our business as planned. If we are unable to effectively and successfully further

develop these new product lines, we may not be able to increase or maintain our sales and our gross margins may be adversely affected.

Accordingly, if we cannot properly drive customer and business demand, manage future introductions and transitions of products and services, this could result in:

- loss of or delay in revenue and loss of market share;
- negative publicity and damage to our reputation and brand;
- a decline in the average selling price of our products;
- adverse reactions in our sales channels, such as reduced shelf space, reduced channel inventory levels, reduced online product visibility, or loss of sales channels; and
- increased levels of product returns.

In addition, if we are unable to successfully introduce or acquire new products with higher gross margins, or enhance and improve our services and subscription offerings for customer retention or service revenue growth, or if we are unable to improve the margins on our previously introduced and rapidly growing product and services lines, our net revenue and overall gross margin would likely decline.

Changes in trade policy and regulation in the United States and other countries, including the imposition of tariffs and the resulting consequences, may adversely impact our business, results of operations and financial condition.

International trade disputes, geopolitical tensions, and military conflicts have led, and continue to lead, to new and increasing export restrictions, import restrictions, trade barriers, tariffs, and other trade measures that can increase our manufacturing and transportation costs, limit our ability to sell to certain customers or markets, limit our ability to procure, or increase our costs for, components or raw materials, impede or slow the movement of our goods across borders, or otherwise restrict our ability to conduct operations. Increasing protectionism, economic nationalism, and national security concerns may also lead to further changes in trade policy. For example, when the U.S. government engaged in extended trade negotiations with China, which resulted in the implementation of tariffs on a significant number of products manufactured in China and imported into the United States, we worked closely with our manufacturing partners to implement ways to mitigate the impact of these tariffs on our supply chain as promptly and reasonably as practicable, ultimately leading to the successful shift of our manufacturing entirely outside of China.

Additionally, the U.S. has announced substantial new tariffs affecting a wide range of products and jurisdictions and has indicated an intention to continue developing new trade policies. In response, certain foreign governments have announced or implemented retaliatory tariffs and other protectionist measures. These developments have created a dynamic and unpredictable trade landscape. Retaliatory trade policies or anti-U.S. sentiment in certain regions whether driven by trade tensions, political disagreements, or regulatory concerns may make customers, governments and investors more hesitant to engage with, purchase from or invest in U.S. firms. This may lead to increased preference for local competitors, changes to government procurement policies, heightened regulatory scrutiny, decreased intellectual property protections, delays in regulatory approvals or other retaliatory regulatory non-tariff policies, which may result in heightened international legal and operational risks and difficulties in attracting and retaining non-U.S. customers, suppliers, employees, partners and investors. While the tariffs as currently implemented do not have a material impact on our business, specifics regarding the scope and application of recently announced tariffs have not yet been announced and we expect that additional tariffs will be announced or implemented that could adversely impact our business. For example, we manufacture our products overseas in Thailand, Vietnam, Indonesia and Taiwan. If additional tariffs are announced or otherwise implemented in a manner that apply to our products imported to the United States from those countries, our margins will be adversely affected beginning as early as fiscal 2025 depending on the ultimate scope and duration of tariffs imposed. However, given the volatility and uncertainty regarding the scope and duration of such tariffs and other aspects of U.S. and foreign government trade policies, the ultimate impact on our operations and financial results remains uncertain but could be significant. The complexity of announced or future tariffs and potential additional trade policy and regulation may also increase the risk that we or our customers or suppliers may be subject to enforcement actions in the U.S. or foreign jurisdictions related to compliance with trade regulations. The evolving trade environment may also exacerbate broader macroeconomic and financial market weakness, including decreased consumer spending, inflationary pressures affecting interest rates, exchange rate volatility, and financing challenges due to market instability, which may result in decreased customer demand, delayed purchases, limited expansion opportunities with customers, increased operational costs,

and difficulties attracting capital. Ongoing tariff, trade policy and regulations and macroeconomic uncertainty may also contribute to volatility in the price of our common stock.

We cannot predict what further actions may be taken with respect to export regulations, import regulations, tariffs or other trade regulations between the United States and other countries, what products or companies may be subject to such actions, or what actions may be taken by other countries in retaliation. In addition, actions to mitigate the effect of new regulations could be disruptive to our operations, may not be completely successful and may result in higher long-term manufacturing costs. Moreover, there is no certainty that countries to which we have shifted our manufacturing operations will not be subject to similar tariffs in the future. As a result, the potential exists that we may need to raise our prices on certain products, which could result in the loss of customers and harm to our revenue, market share, competitive position and operating performance.

Additionally, the imposition of tariffs is dependent upon the classification of items under the Harmonized Tariff System (“HTS”) and the country of origin of the item. Determination of the HTS and the origin of the item is a technical matter that can be subjective in nature. Accordingly, although we believe our classifications of both HTS and origin are appropriate, there is no certainty that the U.S. government will agree with us. If the U.S. government does not agree with our determinations, we could be required to pay additional amounts, including potential penalties, and our profitability would be adversely impacted.

While we continue to monitor trade developments, the ultimate impact of these risks remains uncertain and any prolonged economic downturn, escalation in trade tensions, or deterioration in international perception of U.S.-based companies could materially and adversely affect our business, results of operations, financial condition and prospects. In addition, tariffs and other trade developments have and may continue to heighten the risks related to the other risk factors described elsewhere in this report.

****Investment in new business strategies could disrupt our ongoing business, present risks not originally contemplated and materially adversely affect our business, reputation, results of operations and financial condition.***

We have invested, and in the future may invest, in new business strategies and adjust existing business strategies, including but not limited to investments in cybersecurity, security features and the procurement of internet-connected components from sources to ensure the security of our products and regulatory readiness. Such endeavors may involve significant risks and uncertainties, including distraction of management from current operations, greater-than-expected liabilities and expenses, economic, legal and regulatory challenges, inadequate return on capital, potential impairment of tangible and intangible assets, and significant write-offs. Changes in business strategies are inherently risky and may not be successful. The failure of any significant investment could materially adversely affect our business, reputation, results of operations and financial condition. For example, as mentioned in the risk factor above “To remain competitive and stimulate consumer and business demand, we must successfully manage new product introductions and transitions of products and services”, we previously made a strategic shift to focus on premium, higher margin products and services and we continue to make changes in our business strategies, including pursuing new, adjacent markets. Changes in business strategy would require us to hire in key areas and make certain investments, including marketing; however, such investments may not prove to be successful. Additionally, a significant part of our business strategy and culture is to focus on long-term growth and as a result, our profitability may be lower than it would be if our strategy were to maximize short-term financial results. If we are ultimately unable to improve profitability at the level or during the time frame anticipated by securities or industry analysts and our stockholders, the trading price of our common stock may decline. If we fail to develop and successfully execute on our business strategies, our business, financial condition, results of operations and reputation could be materially adversely affected.

We rely on a limited number of traditional and online retailers, wholesale distributors and service provider customers for a substantial portion of our sales, and our net revenue could decline if they refuse to pay our requested prices or reduce their level of purchases, if there are unforeseen disruptions in their businesses, or if there is significant consolidation in our customer base that results in fewer customers for our products.

We sell a substantial portion of our products through traditional and online retailers, including Best Buy Co., Inc., Amazon.com, Inc. and their affiliates, wholesale distributors, including Ingram Micro, Inc. and TD Synnex, and service providers, such as AT&T. We expect that a significant portion of our net revenue will continue to come from sales to a small number of customers for the foreseeable future. In addition, because our accounts receivable are often concentrated with a small group of purchasers, the failure of any of them to pay on a timely basis, or at all, would reduce our cash flow. We are also exposed to increased credit risk if any one of these limited numbers of customers fails or becomes insolvent. We generally have no minimum purchase commitments or long-term contracts with any of these customers. These purchasers could decide at any time to discontinue, decrease or delay their purchases of our products. If our customers increase the size of their product

orders without sufficient lead-time for us to process the order, our ability to fulfill product demands would be compromised. These customers have a variety of suppliers to choose from and therefore can make substantial demands on us, including demands on product pricing and on contractual terms, which often results in the allocation of risk to us as the supplier. Accordingly, the prices that they pay for our products are subject to negotiation and could change at any time. For example, as mentioned below in the risk factors *“If disruptions in our transportation network continue to occur or our shipping costs substantially increase again in the future, we may be unable to sell or timely deliver our products, and net revenue and our gross margin could decrease”* and *“We obtain several key components from limited or sole sources, and if these sources fail to satisfy our supply requirements or we are unable to properly manage our supply requirements with our third-party manufacturers, we may lose sales and experience increased component costs,”* we had previously experienced high freight costs and component costs and had issued price increases to our customers. Our ability to maintain strong relationships with our principal customers is essential to our future performance. If any of our major customers reduce their level of purchases or refuse to pay the prices that we set for our products, our net revenue and operating results could be harmed.

Furthermore, some of our customers are also our competitors in certain product categories, which could negatively influence their purchasing decisions. For example, Amazon owns Eero, one of our competitors in the mesh WiFi systems product category. Our traditional retail customers have faced increased and significant competition from online retailers, and some of these traditional retail customers have increasingly become a smaller portion of our business. If key retail customers continue to reduce their level of purchases, our business could be harmed. Similarly, we sell products and services directly to consumers from our own e-commerce platforms and expect these revenues to grow proportionate to overall revenue. Some of our customers, such as Amazon and Best Buy, may consider this to be competitive with their own businesses, which could negatively influence their purchasing decisions with respect to our products. Furthermore, we have experienced a shift towards products being bought and sold online. If we are unable to adjust to this shift and effectively manage our business and inventory requirements amongst our online customers and traditional retail customers, this may lead to lower market share and lower revenues for us, and our net revenue and operating results could be harmed.

In addition, adverse changes in economic conditions or unforeseen disruptions in the businesses of any of our key customers could adversely impact the sale of our products to end users and the quantity of products our customers decide to purchase from us. For example, as mentioned above in the risk factor *“Optimizing our channel partners' inventory levels and product mix within the current environment is challenging, and we have, and may in the future, incur costs associated with excess inventory, or lose sales from having too few products,”* many of our retail and service provider customers have and continue to reduce their target inventory levels. This shift may have a longer-term impact on the inventory levels our customers choose to carry.

Additionally, concentration and consolidation among our customer base may allow certain customers to command increased leverage in negotiating prices and other terms of sale, which could adversely affect our profitability. If, as a result of increased leverage, customer pressures require us to reduce our pricing such that our gross margins are diminished, we could decide not to sell our products to a particular customer, which could result in a decrease in our revenue. Consolidation among our customer base may also lead to reduced demand for our products, elimination of sales opportunities, replacement of our products with those of our competitors and cancellations of orders, each of which would harm our operating results. Consolidation among our service provider customers worldwide may also make it more difficult to grow our service provider business, given the fierce competition for the already limited number of service providers worldwide and the long sales cycles to close deals. If consolidation among our customer base becomes more prevalent, our operating results may be harmed.

We obtain several key components from limited or sole sources, and if these sources fail to satisfy our supply requirements or we are unable to properly manage our supply requirements with our third-party manufacturers, we may lose sales and experience increased component costs.

Any shortage or delay in the supply of key product components, or any sudden, unforeseen price increase for such components, would harm our ability to meet product deliveries as scheduled or as budgeted. Many of the semiconductors used in our products are obtained from sole source suppliers on a purchase order basis. In addition, some components that are used in all our products are obtained from limited sources. We also obtain switching fabric semiconductors, which are used in our Ethernet switches and Internet gateway products, and WiFi chipsets, which are used in all of our wireless products, from a limited number of suppliers. We also use Cable Modem chipsets and Mobile chipsets in our cable and mobile products. Semiconductor suppliers have experienced and continue to experience component shortages themselves, such as with lead-frames and substrates used in manufacturing chipsets, which in turn adversely impact our ability to procure semiconductors from them in sufficient quantities and in a timely manner. For example, we had previously experienced certain chipset shortages for some of our switching products from two of our semiconductor suppliers who did not have enough wafer capacity to satisfy

our demand, and this shortage continued for several quarters. Our third-party manufacturers generally purchase these components on our behalf on a purchase order basis, and we do not have any guaranteed supply arrangements with our suppliers. If demand for a specific component increases, we may not be able to obtain an adequate number of that component in a timely manner, and prices to obtain such components may increase. In addition, if worldwide demand for the components increases significantly, the availability of these components could be limited and prices for such components may increase. For example, as the demand for Artificial Intelligence chips increase, semiconductor production capacity may be shifted to these specific components thereby constraining supply of or increasing cost on chips used in our products. Further, dependence on a sole source for certain key components of our products may allow such sole source suppliers to command increased leverage in negotiating prices and other terms of sale, which could adversely affect our profitability. As a result, we may be left with little choice but to accept such higher prices or other fees for key components in order to ensure continuity of supply. This could affect our profitability or if we choose to push back against more onerous terms, could lead to inadequate supply, which could materially adversely affect our business. Our suppliers may also experience financial or other difficulties as a result of uncertain and weak worldwide economic, geopolitical conditions, trade disputes or public health issues. Other factors which may affect our suppliers' ability or willingness to supply components to us include internal management product allocation decisions or reorganizational issues, such as roll-out of new equipment or disruptions to information infrastructure or power transmission or navigation miscalculations which may delay or disrupt supply of previously forecasted components, or industry consolidation and divestitures, which may result in changed business and product priorities among certain suppliers. It could be difficult, costly and time consuming to obtain alternative sources for components we currently procure, or to change product designs to make use of alternative components. In addition, difficulties in transitioning from an existing supplier to a new supplier could create delays in component availability that would have a significant impact on our ability to fulfill orders for our products.

We provide our third-party manufacturers with a rolling forecast of demand and purchase orders, which they use to determine our material and component requirements. Lead times for ordering materials and components vary significantly and depend on various factors, such as the specific supplier, contract terms and demand and supply for a component at a given time. Some of our components have long lead times, such as WiFi chipsets, switching fabric chips, physical layer transceivers, and logic, power, analog and RF chipsets. If our forecasts are not timely provided or are less than our actual requirements, our third-party manufacturers may be unable to manufacture products in a timely manner. If our forecasts are too high, our third-party manufacturers will be unable to use the components they have purchased on our behalf. Historically, the cost of the components used in our products tends to drop rapidly as volumes increase and the technologies mature. Therefore, if our third-party manufacturers are unable to promptly use components purchased on our behalf, our cost of producing products may be higher than our competitors due to an oversupply of higher-priced components. Moreover, if they are unable to use components ordered at our direction, we will need to reimburse them for any losses they incur, which could be material.

If we are unable to obtain a sufficient supply of components due to factors including but not limited to increased demand due to trade policy or regulatory requirements, or if we experience any interruption in the supply of components, our product shipments could be reduced or delayed or our cost of obtaining these components may increase. Component shortages and delays affect our ability to meet scheduled product deliveries, damage our brand and reputation in the market, and cause us to lose sales and market share. At times we have elected to purchase components on the spot market or to use more expensive transportation methods, such as air freight, to make up for manufacturing delays caused by component shortages, which reduces our margins.

Some of our competitors have substantially greater resources than we do, and to be competitive we may be required to lower our prices or increase our sales and marketing expenses, which could result in reduced margins or loss of market share and revenue.

We compete in a rapidly evolving and fiercely competitive market, and we expect competition to continue to be intense, including price competition. Our principal competitors in the consumer market include ARRIS, ASUS, D-Link, Eero (owned by Amazon), and TP-Link. Our principal competitors in the business market include Arista, Cisco Systems, D-Link, Extreme Networks, Fortinet, Hewlett-Packard Enterprise, Ruckus Networks, TP-Link, and Ubiquiti. Our principal competitors in the service provider market include Cradlepoint, Franklin, Huawei, Inseego, Nokia, Orbic, Sonim, TP-Link, WNC, and ZTE. Other competitors include numerous local vendors such as Xiaomi in China, AVM in Germany and Buffalo in Japan. In addition, these local vendors may target markets outside of their local regions and may increasingly compete with us in other regions worldwide. Our potential competitors also include other consumer electronics vendors, including Apple, LG Electronics, Microsoft, Panasonic, Sony, Toshiba and Vizio, who could integrate networking and streaming capabilities into their line of products, such as televisions, set top boxes and gaming consoles, and our channel customers who may decide to offer self-branded networking products. We also face competition from service providers who may bundle a free networking device with

their broadband service offering, which would reduce our sales if we were not the supplier of choice to those service providers. In the service provider space, we also face significant and increased competition from original design manufacturers, or ODMs, and contract manufacturers who sell and attempt to sell their products directly to service providers around the world.

Many of our existing and potential competitors have longer operating histories, greater name recognition and substantially greater financial, technical, sales, marketing and other resources. These competitors may, among other things, undertake more extensive marketing campaigns, adopt more aggressive pricing policies, obtain more favorable pricing from suppliers and manufacturers, and exert more influence on sales channels than we can. Certain of our significant competitors also serve as key sales and marketing channels for our products, potentially giving these competitors a marketplace advantage based on their knowledge of our business activities and/or their ability to negatively influence our sales opportunities. For example, Amazon provides an important sales channel for our products, but it also competes with us in the mesh WiFi systems product category through its subsidiary Eero. In addition, certain competitors may have different business models, such as integrated manufacturing capabilities, that may allow them to achieve cost savings and to compete on the basis of price. Other competitors may have fewer resources but may be more nimble in developing new or disruptive technology or in entering new markets. We anticipate that current and potential competitors will also intensify their efforts to penetrate our target markets. For example, in the past certain network security companies such as Symantec have introduced security routers for the home consumer market to compete with us and we believe that other network security companies may also seek to do the same. Also, due to our recent success in the audio visual over IP market, some of our competitors may seek to enter this market as well. Price competition is intense in our industry in certain geographical regions and product categories. Many of our competitors in the service provider and retail spaces price their products significantly below our product costs in order to gain market share. Certain substantial competitors have business models that are more focused on customer acquisition and access to customer data rather than on financial return from product sales, and these competitors have the ability to provide sustained price competition to many of our products in the market. Average sales prices have declined in the past and may again decline in the future. These competitors may have more advanced technology, more extensive distribution channels, stronger brand names, greater access to shelf space in retail locations, bigger promotional budgets and larger customer bases than we do. In addition, many of these competitors leverage a broader product portfolio and offer lower pricing as part of a more comprehensive end-to-end solution which we may not have. These companies could devote more capital resources to develop, manufacture and market competing products than we could. Our competitors may acquire other companies in the market and leverage combined resources to gain market share. In some instances, our competitors may be acquired by larger companies with additional formidable resources, such as the purchase of ARRIS by CommScope and Eero by Amazon. Additionally, in the case of Linksys, Foxconn is one of our main third-party manufacturing partners, which presents an additional risk if Foxconn decides to prioritize its interest in Linksys over its relationship with us. If any of these companies are successful in competing against us, our sales could decline, our margins could be negatively impacted and we could lose market share, any of which could seriously harm our business and results of operations.

We depend substantially on our sales channels, and our failure to maintain and expand our sales channels would result in lower sales and reduced net revenue.

To maintain and grow our market share, net revenue and brand, we must maintain and expand our sales channels. Our sales channels consist of traditional retailers, online retailers, DMRs, VARs, and broadband service providers. Some of these entities purchase our products through our wholesale distributor customers. We generally have no minimum purchase commitments or long-term contracts with any of these third parties.

Traditional retailers have limited shelf space and promotional budgets, and competition is intense for these resources. If the networking sector does not experience sufficient growth, retailers may choose to allocate more shelf space to other consumer product sectors and may choose to reduce their inventory levels. A competitor with more extensive product lines and stronger brand identity may have greater bargaining power with these retailers. Any reduction in available shelf space or inventory levels or increased competition for such shelf space would require us to increase our marketing expenditures simply to maintain current levels of retail shelf space and inventory levels, which would harm our operating margin. In addition, reduction in inventory levels puts pressure on our ability to accurately forecast customer demand. A failure to accurately predict high demand for a product could result in lost sales or higher product costs if we meet demand by paying higher costs for materials, production and delivery. We could also frustrate our customers and lose further shelf space and market share. A failure to predict low demand for a product could result in excess inventory, further reductions in target inventory levels, lower cash flows and lower margins if we are required to reduce product prices in order to reduce inventories.

Our traditional retail customers have faced increased and significant competition from online retailers. Further, we have experienced the shift to a greater percentage of purchases taking place online versus traditional retail customers. If we cannot

effectively manage our business and inventory requirements amongst our online customers and traditional retail customers, our business would be harmed. The recent trend in the consolidation of online retailers and DMR channels has resulted in intensified competition for preferred product placement, such as product placement on an online retailer's Internet home page. Expanding our presence in the VAR channel may be difficult and expensive. We compete with established companies that have longer operating histories and longstanding relationships with VARs that we would find highly desirable as sales channel partners. In addition, our efforts to realign or consolidate our sales channels may cause temporary disruptions in our product sales and revenue, and these changes may not result in the expected longer-term benefits. We also sell products and services directly to consumers from our own e-commerce platforms. This requires material investment in capital, time and resources and carries the risk that it may not achieve the expected return on investment that we are expecting, and that it may adversely affect our relationships with our existing channel partners, which ultimately may materially and adversely affect our results of operations.

We also sell products to broadband service providers. Competition for selling to broadband service providers is fierce and intense. Penetrating service provider accounts typically involves a long sales cycle and the challenge of displacing incumbent suppliers with established relationships and field-deployed products. If we are unable to maintain and expand our sales channels, our growth would be limited and our business would be harmed.

We must also continuously monitor and evaluate emerging sales channels. If we fail to establish a presence in an important developing sales channel, such as sales directly to consumers from our own e-commerce platforms, our business could be harmed.

We depend on a limited number of third-party manufacturers for substantially all of our manufacturing needs. If these third-party manufacturers experience any delay, disruption or quality control problems in their operations, we could lose revenue and our brand may suffer.

All of our products are manufactured, assembled, tested and generally packaged by a limited number of third-party manufacturers, including original design manufacturers, or ODMs, as well as their sub-contract manufacturers. In most cases, we rely on these manufacturers to procure approved components and, in some cases, subcontract engineering work. Some of our products are manufactured by a single manufacturer. We do not have any long-term contracts with any of our third-party manufacturers. Some of these third-party manufacturers produce products for our competitors or are themselves competitors in certain product categories. Due to uncertain and changing economic and geopolitical conditions, the viability of some of these third-party manufacturers may be at risk. The loss of the services of any of our primary third-party manufacturers could cause a significant disruption in operations and delays in product shipments. Qualifying a new manufacturer and commencing volume production is expensive and time consuming. Ensuring that a manufacturer is qualified to manufacture our products to our standards is time consuming. In addition, there is no assurance that a manufacturer can produce our products at the appropriate volumes and in the quality that we require. In addition, as we recently have transitioned a substantial portion of our manufacturing facilities to different regions, we are subject to additional significant challenges in ensuring that quality, processes and costs, among other issues, are consistent with our expectations. For example, while we expect our manufacturers to be responsible for penalties assessed on us because of excessive failures of the products, there is no assurance that we will be able to collect such reimbursements from these manufacturers, which causes us to take on additional risk for potential failures of our products.

Our reliance on third-party manufacturers also exposes us to the following risks over which we have limited control:

- unexpected increases in manufacturing and repair costs;
- inability to control the quality and reliability of finished products;
- inability to control delivery schedules;
- potential liability for expenses incurred by third-party manufacturers in reliance on our forecasts that later prove to be inaccurate, including the cost of components purchased by third-party manufacturers on our behalf, which may be material;
- potential lack of adequate capacity to manufacture all or a part of the products we require; and
- potential labor unrest affecting the ability of the third-party manufacturers to produce our products.

All of our products must satisfy safety and regulatory standards and some of our products must also receive government certifications. Our third-party manufacturers are primarily responsible for conducting the tests that support our applications for

most regulatory approvals for our products. If our third-party manufacturers fail to timely and accurately conduct these tests, we would be unable to obtain the necessary domestic or foreign regulatory approvals or certificates to sell our products in certain jurisdictions. As a result, we would be unable to sell our products and our sales and profitability could be reduced, our relationships with our sales channel could be harmed, and our reputation and brand would suffer.

Specifically, substantially all of our manufacturing and assembly occurs in the Asia Pacific region, and any disruptions due to natural disasters, climate change, health epidemics and political, social and economic instability in the region would affect the ability of our third-party manufacturers to manufacture our products. Furthermore, if the cost of production charged by our third-party manufacturers increases, it may affect our margins and ability to lower prices for our products to stay competitive. Labor or geopolitical unrest in locations where components and our products are manufactured may also affect our third-party manufacturers as workers may strike and cause production delays. If our third-party manufacturers fail to maintain good relations with their employees or contractors, and production and manufacturing of our products is affected, then we may be subject to shortages of products and quality of products delivered may be affected. Further, if our manufacturers or warehousing facilities are disrupted or destroyed, we would have no other readily available alternatives for manufacturing and assembling our products and our business would be significantly harmed.

In our typical ODM arrangement, our ODMs are generally responsible for sourcing the components of the products and warranting that the products will work against a product's specification, including any software specifications. If we needed to move to a contract manufacturing arrangement, we would take on much more, if not all, of the responsibility around these areas, including increased costs and personnel expertise. If we are unable to properly manage these risks, our products may be more susceptible to defects and our business would be harmed.

Our sales and operations in international markets have exposed us to and may in the future expose us to operational, financial and regulatory risks.

International sales comprise a significant amount of our overall net revenue. International sales were approximately 33% of overall net revenue in the third fiscal quarter of 2025 and 34% of overall net revenue in fiscal 2024. We continue to be committed to growing our international sales, and while we have committed resources to expanding our international operations and sales channels, these efforts may not be successful. For example, in fiscal 2022 we experienced the strengthening of the U.S. dollar, which had a meaningful negative impact on our international revenue and our profitability.

International operations are subject to a number of other risks, including:

- exchange rate fluctuations and inflation;
- tariffs, the threat of new or increased tariffs, and escalating trade tensions;
- geopolitical and economic tensions and international terrorism and anti-American sentiment, particularly in emerging markets;
- potential for violations of anti-corruption laws and regulations, such as those related to bribery and fraud;
- preference for locally branded products, and laws and business practices favoring local competition;
- changes in local tax and customs duty laws or changes in the enforcement, application or interpretation of such laws (including potential responses to the higher U.S. tariffs on certain imported products implemented by the U.S.);
- increased difficulty in managing inventory and reduced inventory level targets;
- delayed revenue recognition;
- unpredictable judicial systems, which may unfairly favor domestic plaintiffs over foreign corporations, or which may more easily impose harsher penalties such as import injunctions;
- less effective protection of intellectual property;
- stringent consumer protection and product compliance regulations, including but not limited to the Restriction of Hazardous Substances directive, the Waste Electrical and Electronic Equipment directive and the European Ecodesign directive, or EuP, that are costly to comply with and may vary from country to country;
- difficulties and costs of staffing and managing foreign operations; and

- business difficulties, including potential bankruptcy or liquidation, of any of our worldwide third-party logistics providers.

While we believe we generally have good relations with our employees, employees in certain jurisdictions have rights which give them certain collective rights. If management must expend significant resources and effort to address and comply with these rights, our business may be harmed. We are also required to comply with local environmental legislation and our customers rely on this compliance in order to sell our products. If our customers do not agree with our interpretations and requirements of new legislation, they may cease to order our products and our revenue would be harmed.

We depend on large, recurring purchases from certain significant customers, and a loss, cancellation or delay in purchases by these customers could negatively affect our revenue.

The loss of recurring orders from any of our more significant customers could cause our revenue and profitability to suffer. Our ability to attract new customers will depend on a variety of factors, including the cost-effectiveness, reliability, scalability, breadth and depth of our products. In addition, a change in the mix of our customers, or a change in the mix of direct and indirect sales, could adversely affect our revenue and gross margins.

Although our financial performance may depend on large, recurring orders from certain customers and resellers, we do not generally have binding commitments from them. For example:

- our reseller agreements generally do not require substantial minimum purchases;
- our customers can stop purchasing and our resellers can stop marketing our products at any time; and
- our reseller agreements generally are not exclusive.

Further, our revenue may be impacted by significant one-time purchases which are not contemplated to be repeatable. While such purchases are reflected in our financial statements, we do not rely on and do not forecast for continued significant one-time purchases. As a result, lack of repeatable one-time purchases will adversely affect our revenue.

Because our expenses are based on our revenue forecasts, a substantial reduction or delay in sales of our products to, or unexpected returns from, customers and resellers, or the loss of any significant customer or reseller, could harm or otherwise have a negative impact to our operating results. Although our largest customers may vary from period to period, we anticipate that our operating results for any given period will continue to depend on large orders from a small number of customers. This customer concentration increases the risk of quarterly fluctuations in our operating results and our sensitivity to any material, adverse developments experienced by our customers.

The average selling prices of our products typically decrease rapidly over the sales cycle of the product, which may negatively affect our net revenue and gross margins.

Our products typically experience price erosion, a fairly rapid reduction in the average unit selling prices over their respective sales cycles. In order to sell products that have a falling average unit selling price and maintain margins at the same time, we need to continually reduce product and manufacturing costs. To manage manufacturing costs, we must collaborate with our third-party manufacturers to engineer the most cost-effective design for our products. In addition, we must carefully manage the price paid for components used in our products. We must also successfully manage our freight and inventory costs to reduce overall product costs. We also need to continually introduce new products with higher sales prices and gross margins in order to maintain our overall gross margins. If we are unable to manage the cost of older products or successfully introduce new products with higher gross margins, our net revenue and overall gross margin would likely decline.

If we fail to overcome the challenges associated with managing our broadband service provider sales channel, our net revenue and gross profit will be negatively impacted.

We sell a significant number of products through broadband service providers worldwide. However, the service provider sales channel is challenging and exceptionally competitive. Difficulties and challenges in selling to service providers include a longer sales cycle, more stringent product testing and validation requirements, a higher level of customization demands, requirements that suppliers take on a larger share of the risk with respect to contractual business terms, competition from established suppliers, pricing pressure resulting in lower gross margins, and irregular and unpredictable ordering habits. For example, rigorous service provider certification processes may delay our sale of new products, or our products ultimately may

fail these tests. In either event, we may lose some or all of the amounts we expended in trying to obtain business from the service provider, as well as lose the business opportunity altogether. In addition, even if we have a product which a service provider customer may wish to purchase, we may choose not to supply products to the potential service provider customer if the contract requirements, such as service level requirements, penalties, and liability provisions, are too onerous. Accordingly, our business may be harmed and our revenues may be reduced. We have, in exceptional limited circumstances, while still in contract negotiations, shipped products in advance of and subject to agreement on a definitive contract. We do not record revenue from these shipments until a definitive contract exists. There is risk that we do not ultimately close and sign a definitive contract. If this occurs, the timing of revenue recognition is uncertain and our business would be harmed. In addition, we often commence building custom-made products prior to execution of a contract in order to meet the customer's contemplated launch dates and requirements. Service provider products are generally custom-made for a specific customer and may not be scalable to other customers or in other channels. If we have pre-built custom-made products but do not come to agreement on a definitive contract, we may be forced to scrap the custom-made products or re-work them at substantial cost and our business would be harmed.

Further, successful engagements with service provider customers requires a constant analysis of technology trends. If we are unable to anticipate technology trends and service provider customer product needs, and to allocate research and development resources to the right projects, we may not be successful in continuing to sell products to service provider customers. In addition, because our service provider customers command significant resources, including for software support, and demand extremely competitive pricing, certain ODMs have declined to develop service provider products on an ODM basis. Accordingly, as our ODMs increasingly limit development of our service provider products, our service provider business will be harmed if we cannot replace this capability with alternative ODMs or in-house development.

Orders from service providers generally tend to be large but sporadic, which causes our revenues from them to fluctuate and challenges our ability to accurately forecast demand from them. In particular, managing inventory, inventory levels and production of our products for our service provider customers is a challenge and may be further exacerbated by current macroeconomic uncertainties and geopolitical instability. Many of our service provider customers have irregular purchasing requirements. These customers may decide to cancel orders for customized products specific to that customer, and we may not be able to reconfigure and sell those products in other channels. These cancellations could lead to substantial write-offs. In addition, these customers may issue unforecasted orders for products which we may not be able to produce in a timely manner and as such, we may not be able to accept and deliver on such unforecasted orders. In certain cases, we may commit to fixed-price, long term purchase orders, with such orders priced in foreign currencies which could lose value over time in the event of adverse changes in foreign exchange rates. Even if we are selected as a supplier, typically a service provider will also designate a second source supplier, which over time will reduce the aggregate orders that we receive from that service provider. Further, as the technology underlying our products deployed by broadband service providers matures and more competitors offer alternative products with similar technology, we anticipate competing in an extremely price sensitive market and our margins may be affected. If we are unable to introduce new products with sufficiently advanced technology to attract service provider interest in a timely manner, our service provider customers may then require us to lower our prices, or they may choose to purchase products from our competitors. If this occurs, our business would be harmed and our revenues would be reduced.

If we were to lose a service provider customer for any reason, we may experience a material and immediate reduction in forecasted revenue that may cause us to be below our net revenue and operating margin expectations for a particular period of time and therefore adversely affect our stock price. For example, many of our competitors in the service provider space aggressively price their products in order to gain market share. We may not be able to match the lower prices offered by our competitors, and we may choose to forgo lower-margin business opportunities. Many of the service provider customers will seek to purchase from the lowest cost provider, notwithstanding that our products may be higher quality or that our products were previously validated for use on their proprietary network. Accordingly, we may lose customers who have lower, more aggressive pricing, and our revenues may be reduced. In addition, service providers may choose to prioritize the implementation of other technologies or the roll out of other services than home networking. Weakness in orders from this industry could have a material adverse effect on our business, operating results, and financial condition. We have seen slowdowns in capital expenditures by certain of our service provider customers in the past and believe there may be potential for similar slowdowns in the future. Any slowdown in the general economy, over supply, consolidation among service providers, regulatory developments and constraint on capital expenditures could result in reduced demand from service providers and therefore adversely affect our sales to them. If we do not successfully overcome these challenges, we will not be able to profitably manage our service provider sales channel and our financial results will be harmed.

We expect our operating results to fluctuate on a quarterly and annual basis, which could cause our stock price to fluctuate or decline.

Our operating results are difficult to predict and may fluctuate substantially from quarter-to-quarter or year-to-year for a variety of reasons, many of which are beyond our control. If our actual results were to fall below our estimates or the expectations of public market analysts or investors, our quarterly and annual results would be negatively impacted and the price of our stock could decline. Other factors that could affect our quarterly and annual operating results include those listed in the risk factors section of this report and others such as:

- operational disruptions, such as transportation delays or failure of our order processing system, particularly if they occur at the end of a fiscal quarter;
- component supply constraints, including specialized WiFi 7 or WiFi 6 chipsets, or sudden, unforeseen price increases from our manufacturers, suppliers and vendors;
- unanticipated increases in costs, including air and ocean freight, associated with shipping and delivery of our products;
- the inability to maintain stable operations by our suppliers, distribution centers and other parties with which we have commercial relationships;
- seasonal shifts in end market demand for our products, particularly in our Home Networking and Mobile business segments;
- our inability to accurately forecast product demand or optimal product mix such as the proportion of lower-priced products versus premium products resulting in increased inventory exposure and/or lost sales;
- unfavorable or compressed level of inventory and turns;
- changes in or consolidation of our sales channels and wholesale distributor relationships or failure to manage our sales channel inventory and warehousing requirements;
- unanticipated decreases, reduced inventory targets or delays in purchases of our products by our significant traditional and online retail customers;
- shift in overall product mix sales from higher to lower gross margin products, from lower-priced products to premium products, or from one business segment to another, that would adversely impact our revenue and gross margins;
- an increase in price protection claims, redemptions of marketing rebates, product warranty and stock rotation returns or allowance for doubtful accounts;
- delay or failure to fulfill orders for our products on a timely basis;
- changes in the pricing policies of or the introduction of new products by us or our competitors;
- unexpected challenges or delays in our ability to further develop services and applications that complement our products and result in meaningful subscriber growth and future recurring revenue;
- discovery or exploitation of security vulnerabilities in our products, services or systems, leading to negative publicity, decreased demand or potential liability, including potential breach of our customers' data privacy or disruption of the continuous operation of our cloud infrastructure and our products;
- introductions of new technologies and changes in consumer preferences that result in either unanticipated or unexpectedly rapid product category shifts;
- slow or negative growth in the networking product, personal computer, Internet infrastructure, smart home, home electronics and related technology markets;
- delays in the introduction of new products by us or market acceptance of these products;
- delays in regulatory approvals or consumer adoption of WiFi 7 or WiFi 6E technology in various regions;
- increases in expenses related to the development, introduction and marketing of new products that adversely impact our margins;

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- increases in expenses related to the development and marketing related to the Company's direct online sales channels that adversely impact our margins;
- changes in tax rates or adverse changes in tax laws that expose us to additional income tax liabilities;
- changes in U.S. and international trade policy and/or regulations that adversely affect our operations or supply chain, customs, tax or duty rates as well as tariffs, the threat of new or increased tariffs, and escalating trade tensions;
- foreign currency exchange rate fluctuations in the jurisdictions where we transact sales and expenditures in local currency;
- unanticipated increases in expenses related to periodic restructuring measures undertaken to achieve profitability and other business goals, including the reallocation or relocation of resources;
- delay or failure of our service provider customers to purchase at their historic volumes or at the volumes that they or we forecast;
- litigation involving alleged patent infringement, consumer class actions, securities class actions or other claims that could negatively impact our reputation, brand, business and financial condition;
- disruptions or delays related to our financial and enterprise resource planning systems;
- allowance for doubtful accounts exposure with our existing retailers, distributors and other channel partners and new retailers, distributors and other channel partners, particularly as we expand into new international markets;
- geopolitical disruption, including sudden changes in immigration policies and economic sanctions, leading to disruption in our workforce or delay or even stoppage of our operations in manufacturing, transportation, technical support and research and development;
- terms of our contracts with customers or suppliers that cause us to incur additional expenses or assume additional liabilities;
- epidemic or widespread product and/or component failure, performance problems or unanticipated safety issues in one or more of our products that could negatively impact our reputation, brand and business;
- any changes in accounting rules;
- challenges associated with integrating acquisitions that we make, or with realizing value from our strategic investments in other companies;
- failure to effectively manage our third-party customer support partners, which may result in customer complaints and/or harm to our brand;
- our inability to monitor and ensure compliance with our code of ethics, our anti-corruption compliance program and domestic and international anti-corruption laws and regulations, whether in relation to our employees or with our suppliers or customers;
- labor unrest at facilities managed by our third-party manufacturers;
- workplace or human rights violations in certain countries in which our third-party manufacturers or suppliers operate, which may require quarantine of affected products, affect our brand and negatively affect our products' acceptance by consumers;
- overall performance of the equity markets and the economy as a whole;
- unanticipated shifts or declines in profit by geographical region that would adversely impact our tax rate; and
- our failure to implement and maintain the appropriate internal controls over financial reporting which may result in restatements of our financial statements.

As a result, period-to-period comparisons of our operating results may not be meaningful, and you should not rely on them as an indication of our future performance.

If disruptions in our transportation network continue to occur or our shipping costs substantially increase again in the future, we may be unable to sell or timely deliver our products, and our net revenue and gross margin could decrease.

The transportation network is subject to disruption or congestion from a variety of causes, including labor disputes or port strikes, acts of war, terrorism or other geopolitical conflicts, like the Middle East conflict, natural disasters, effects of climate change, pandemics like COVID-19 and congestion resulting from higher shipping volumes. We are highly dependent upon the transportation systems we use to ship our products, including surface and air freight. Our attempts to closely match our inventory levels to our product demand intensify the need for our transportation systems to function effectively and without delay. On a quarterly basis, our shipping volume also tends to steadily increase as the quarter progresses, which means that any disruption in our transportation network in the latter half of a quarter will likely have a more material effect on our business than at the beginning of a quarter. For example, at times during the COVID-19 pandemic, we experienced significant limitations on the availability of key transportation resources and significant increases to the cost of air and ocean freight. When these occur, it has negatively impacted our profitability as we seek to transport an increased number of products from manufacturing locations in Asia to other markets around the world as quickly as possible. Moreover, feeder vessels that move containers to key trans-Pacific terminal locations can be subject to similar impacts due to the timing of container transfers and vessel departure dates. In addition, the global effects of climate change can result in increased frequency and severity of natural disasters that could also disrupt our transportation network. Furthermore, labor disputes among freight carriers and at ports of entry are common. A port worker strike, work slow-down or other transportation disruption in the ports of Singapore, Rotterdam, Los Angeles or Long Beach, California, where we have significant distribution centers, or East coast or Gulf coast of United States due to the volume of imports coming to the U.S. via ports there, could significantly disrupt our business. For example, at times, during the course of the COVID-19 pandemic, we had experienced disruptions at the ports, due to multiple factors, such as supply and demand imbalance, a shortage of warehouse workers, truck drivers, and transport equipment (tractors and trailers), and other causes, and had suffered from heightened congestion, bottleneck and gridlock, leading to abnormally high transportation delays. In addition, as mentioned above in the risk factor "*Optimizing our channel partners' inventory levels and product mix within the current environment is challenging, and we have, and may in the future, incur costs associated with excess inventory, or lose sales from having too few products,*" many of our retail and service provider customers have and continue to reduce their target inventory levels to more closely match with product demand. This further intensifies the need for our transportation systems to function effectively and without delay. Significant disruptions to the transportation network could lead to significant disruptions in our business, delays in shipments, increased shipping costs, and revenue and profitability shortfalls which could materially and adversely affect our business and financial results, especially if they were to take place within the last few weeks of any quarter.

Our international freight is regularly subjected to inspection by governmental entities. If our delivery times increase unexpectedly for these or any other reasons, our ability to deliver products on time would be materially adversely affected and would result in delayed or lost revenue as well as customer-imposed penalties. Similarly, transportation network disruptions such as those described in the preceding paragraph, have in the past and may in the future lead to an increase in transportation costs. For example, the cost of shipping our products by ocean freight had previously increased to at least eight times historical levels and had a corresponding impact upon our profitability. Moreover, the cost of shipping our products by air freight is greater than other methods. From time to time in the past, we have shipped products using extensive air freight to meet unexpected spikes in demand, shifts in demand between product categories, to bring new product introductions to market quickly and to timely ship products previously ordered. If we rely more heavily upon air freight to deliver our products, our overall shipping costs will increase. Just as ocean freight costs had previously increased due to the aforementioned supply chain and transportation disruptions, the cost of air freight had previously increased, as well, up to five times historical levels. While transportation costs have recently decreased, if the cost of ocean and air freight were to significantly increase again, it would severely disrupt our business and harm our operating results, and in particular, our profitability.

Expansion of our operations and infrastructure may strain our operations and increase our operating expenses.

We have expanded our operations and are pursuing market opportunities both domestically and internationally in order to grow our sales. This expansion has required enhancements to our existing management information systems, and operational and financial controls. In addition, if we continue to grow, our expenditures would likely be significantly higher than our historical costs. We may not be able to install adequate controls in an efficient and timely manner as our business grows, and our current systems may not be adequate to support our future operations. The difficulties associated with installing and implementing new systems, procedures and controls may place a significant burden on our management, operational and financial resources. In addition, if we grow internationally, we will have to expand and enhance our communications infrastructure. If we fail to continue to improve our management information systems, procedures and financial controls or encounter unexpected difficulties during expansion and reorganization, our business could be harmed.

For example, we have invested, and will continue to invest, significant capital and human resources in the design and enhancement of our financial and enterprise resource planning systems, which may be disruptive to our underlying business. We depend on these systems in order to timely and accurately process and report key components of our results of operations, financial position and cash flows. If the systems fail to operate appropriately or we experience any disruptions or delays in enhancing their functionality to meet current business requirements, our ability to fulfill customer orders, bill and track our customers, fulfill contractual obligations, accurately report our financials and otherwise run our business could be adversely affected. Even if we do not encounter these adverse effects, the enhancement of systems may be much more costly than we anticipated. If we are unable to continue to enhance our information technology systems as planned, our financial position, results of operations and cash flows could be negatively impacted.

As part of growing our business, we have made and expect to continue to make acquisitions. If we fail to successfully select, execute or integrate our acquisitions, then our business and operating results could be harmed and our stock price could decline.

From time to time, we will undertake acquisitions to add new product lines and technologies, gain new sales channels or enter into new sales territories. Acquisitions involve numerous risks and challenges, including but not limited to the following:

- integrating the companies, assets, systems, products, sales channels and personnel that we acquire;
- higher than anticipated acquisition and integration costs and expenses;
- reliance on third parties to provide transition services for a period of time after closing to ensure an orderly transition of the business;
- growing or maintaining revenues to justify the purchase price and the increased expenses associated with acquisitions;
- entering into territories or markets with which we have limited or no prior experience;
- establishing or maintaining business relationships with customers, vendors and suppliers who may be new to us;
- overcoming the employee, customer, vendor and supplier turnover that may occur as a result of the acquisition;
- disruption of, and demands on, our ongoing business as a result of integration activities including diversion of management's time and attention from running the day-to-day operations of our business;
- inability to implement uniform standards, disclosure controls and procedures, internal controls over financial reporting and other procedures and policies in a timely manner;
- inability to realize the anticipated benefits of or successfully integrate with our existing business the businesses, products, technologies or personnel that we acquire; and
- potential post-closing disputes.

As part of undertaking an acquisition, we may also significantly revise our capital structure or operational budget, such as issuing common stock that would dilute the ownership percentage of our stockholders, assuming liabilities or debt, utilizing a substantial portion of our cash resources to pay for the acquisition or significantly increasing operating expenses. Our acquisitions have resulted and may in the future result in charges being taken in an individual quarter as well as future periods, which results in variability in our quarterly earnings. In addition, our effective tax rate in any particular quarter may also be impacted by acquisitions. Following the closing of an acquisition, we may also have disputes with the seller regarding contractual requirements and covenants. Any such disputes may be time consuming and distract management from other aspects of our business. In addition, if we increase the pace or size of acquisitions, we will have to expend significant management time and effort into the transactions and the integrations and we may not have the proper human resources bandwidth to ensure successful integrations and accordingly, our business could be harmed.

As part of the terms of acquisition, we may commit to pay additional contingent consideration if certain revenue or other performance milestones are met. We are required to evaluate the fair value of such commitments at each reporting date and adjust the amount recorded if there are changes to the fair value. Additionally, future or past business transactions (such as acquisitions or integrations) could also expose us to additional cybersecurity risks and vulnerabilities, as our systems or products could be negatively affected by vulnerabilities present in acquired or integrated entities' systems and technologies.

We cannot ensure that we will be successful in selecting, executing and integrating acquisitions. Failure to manage and successfully integrate acquisitions could materially harm our business and operating results. In addition, if stock market analysts or our stockholders do not support or believe in the value of the acquisitions that we choose to undertake, our stock price may decline.

We invest in companies primarily for strategic reasons but may not realize a return on our investments.

We have made investments in companies around the world to further our strategic objectives and support our key business initiatives. These investments have included equity or debt instruments of public or private companies, and may be non-marketable at the time of our initial investment. If any company in which we invest fails, we could lose all or part of our investment in that company. If we determine that an other-than-temporary decline in the fair value exists for an equity or debt investment in a public or private company in which we have invested, we will have to write down the investment to its fair value and recognize the related write-down as an investment loss. The performance of any of these investments could result in significant impairment charges and gains (losses) on investments. We must also analyze accounting and legal issues when making these investments. If we do not structure these investments properly, we may be subject to certain adverse accounting issues, such as potential consolidation of financial results.

Furthermore, if the strategic objectives of an investment have been achieved, or if the investment or business diverges from our strategic objectives, we may seek to dispose of the investment. Our non-marketable equity investments in private companies are not liquid, and we may not be able to dispose of these investments on favorable terms or at all. The occurrence of any of these events could harm our results. Gains or losses from equity securities could vary from expectations depending on gains or losses realized on the sale or exchange of securities and impairment charges related to debt instruments as well as equity and other investments.

Risks Related to Our Products, Technology, Intellectual Property and Data

We rely upon third parties for technology that is critical to our products, and if we are unable to continue to use this technology and future technology, our ability to develop, sell, maintain and support technologically innovative products would be limited.

We rely on third parties to obtain non-exclusive patented hardware and software license rights in technologies that are incorporated into and necessary for the operation and functionality of most of our products. In these cases, because the intellectual property we license is available from third parties, barriers to entry into certain markets may be lower for potential or existing competitors than if we owned exclusive rights to the technology that we license and use. Moreover, if a competitor or potential competitor enters into an exclusive arrangement with any of our key third-party technology providers, or if any of these providers unilaterally decide not to do business with us for any reason, our ability to develop and sell products containing that technology would be severely limited. If we are shipping products that contain third-party technology that we subsequently lose the right to license, then we will not be able to continue to offer or support those products. In addition, these licenses often require royalty payments or other consideration to the third-party licensor. Our success will depend, in part, on our continued ability to access these technologies, and we do not know whether these third-party technologies will continue to be licensed to us on commercially acceptable terms, if at all. If we are unable to license the necessary technology, we may be forced to acquire or develop alternative technology of lower quality or performance standards, which would limit and delay our ability to offer new or competitive products and increase our costs of production. As a result, our revenue, margins, market share, and operating results could be significantly harmed.

We also utilize third-party software development companies to develop, customize, maintain and support software that is incorporated into our products. For example, we license software from Bitdefender for our NETGEAR Armor cybersecurity services offering and we license software from Circle Media Labs, Inc., a wholly owned subsidiary of Aura, for our parental controls service offering. If these companies fail to timely deliver or continuously maintain and support the software, as we require of them, we may experience delays in releasing new products or difficulties with supporting existing products and customers. In addition, if these third-party licensors fail or experience instability, then we may be unable to continue to sell products that incorporate the licensed technologies in addition to being unable to continue to maintain and support these products. We do require escrow arrangements with respect to certain third-party software which entitle us to certain limited rights to the source code, in the event of certain failures by the third party, in order to maintain and support such software. However, there is no guarantee that we would be able to fully understand and use the source code, as we may not have the expertise to do so. We are increasingly exposed to these risks as we continue to develop and market more products and services containing third-party software, such as our subscription service offerings related to network security and smart parental

controls. If we are unable to license the necessary technology, we may be forced to acquire or develop alternative technology, which could be of lower quality or performance standards. The acquisition or development of alternative technology may limit and delay our ability to offer new or competitive products and services and increase our costs of production. As a result, our business, operating results and financial condition could be materially adversely affected.

Product security vulnerabilities, system security risks, data protection breaches, cyber-attacks, improper use of artificial intelligence (“AI”) tools, and other threats and risks, could disrupt or otherwise compromise our products, services, internal operations or information technology systems, or those of third parties with whom we work. Actual or perceived non-compliance with our privacy and security obligations could lead to regulatory investigations or actions, litigation, fines and penalties, business operation disruption, reputational harm, loss of revenue or profits, loss of customers or sales, and other adverse business consequences.

We and the third parties with whom we work process personal data and other sensitive information, and we disclose certain such sensitive information to relevant third parties as reasonably necessary to operate our business while maintaining measures designed to protect such information. Among other products and services, we offer comprehensive online cloud management services paired with a number of our products. Our products and services could be compromised due to a variety of evolving threats and security vulnerabilities. We have in the past experienced, and expect to continue to be the target of, cyber attacks (including by highly sophisticated nation-state actors) or other sources of compromise, and given the increasingly sophisticated and evolving threat landscape, we could experience a cyber incident that would materially affect our business operations. We devote considerable time and resources to uncovering and remedying these threats and vulnerabilities, using both internal and external resources, but the threats to network and data security are increasingly diverse and sophisticated and we continue to implement additional protections and increase our monitoring and threat intelligence. Despite our efforts and processes to prevent breaches, our systems and products are vulnerable to cybersecurity risks, including cyber-attacks such as viruses and worms, vulnerabilities such as command injection, cross site scripting, credential stuffing attacks, authentication and session management, and stack-based buffer overflow, social-engineering attacks (including through deep fakes, which may be increasingly difficult to identify as fake and phishing attacks), supply-chain attacks, malware (including as a result of advanced persistent threat intrusions), and other sophisticated attacks or exploits. These threats can come from a variety of sources, including traditional computer “hackers,” threat actors, “hacktivists,” organized criminal threat actors, personnel (such as through error or malfeasance), sophisticated nation states, and nation-state-supported actors. Additionally, our systems and products may be disrupted for reasons other than a cyberattack, such as software bugs, server malfunctions, software or hardware failures, loss of data or other information technology assets, adware, telecommunications failures, earthquakes, fires, and floods. It is also possible that an attacker could compromise our internal code repository or those of our partners and insert a ‘backdoor’ that would give them easy access to any of our devices using this code. Severe ransomware attacks are also becoming increasingly prevalent and can lead to significant interruptions in our operations, ability to provide our products or services, loss of sensitive data and income, reputational harm, and diversion of funds. Further, most of our major offices worldwide operate under a hybrid work model, allowing personnel the flexibility to work from home and at the workplace. Work from home arrangements present additional cybersecurity risks, including potential increases in malware and phishing attacks, greater challenges to secure home office data, and potential service degradation or disruption to key internal business applications and third-party services. Although we have taken measures to address these risks, they present challenges that could impact business operations and could cause recovery times to increase.

We have not in the past and may not in the future successfully discover, get ahead of and/or protect against these threats and vulnerabilities, and if unable to remedy compromises of our products, services or data in a timely manner, or at all, it may impact our brand and reputation and otherwise harm our business. For example, with respect to our making available patches or information for vulnerabilities in our products or services, our customers may be unwilling or unable to deploy such patches and use such information effectively and in a timely manner. In the past, we have experienced attempted exploitation of such vulnerabilities and anticipate continuing to experience similar attempts in the future. Such attacks against and other compromises of us, our customers or third parties with whom we work could lead to material interruptions, delays or loss of data, unauthorized access to data, and loss of consumer confidence. Successful attacks or actual compromises could materially adversely affect our business, be expensive to remedy, damage our reputation, result in negative publicity, adversely affect our brand, decrease demand for our products and services, and otherwise materially adversely affect our operating results and financial condition. Applicable data privacy and security obligations may require us, or we may voluntarily choose to, notify relevant stakeholders, including affected individuals, customers, regulators, investors and others of security breaches. Such disclosures and related actions can be costly and the disclosure or the failure to comply with such applicable requirements could lead to adverse consequences. Further, under certain circumstances, we may need to prioritize fixing vulnerabilities or responding to security breaches over new product development, which may impact our revenues and adversely affect our business.

With respect to certain of our products and services, we employ a shared responsibility model where our customers are responsible for using, configuring and otherwise implementing security measures related to our products and services in a manner that addresses their information security risks. As part of this shared responsibility security model, we make certain security features available to our customers that can be implemented at our customers' discretion or identify security areas or measures for which our customers are responsible. For example, customers may choose not to enable two-factor authentication for their NETGEAR account (which would likely increase the risk of compromise) or they could choose to disable automatic updates (which would likely delay or prevent entirely, important security updates). In certain cases, where our customers choose not to implement or incorrectly implement those features or measures, misuse our products or services, continued use of old NETGEAR equipment no longer receiving security updates or otherwise experience their own vulnerabilities or other compromises, even if we are not the cause of a resulting customer security issue or incident, our customer relationships, reputation and revenue could be adversely impacted. If our products or services are compromised, a significant number or, in some instances, all of our customers could be simultaneously affected. The potential liability and associated consequences we could suffer as a result of such a large-scale event could result in irreparable harm.

We rely on third-party providers for a number of critical aspects of our cloud services, e-commerce site, software development, manufacturing and customer support, including web hosting services, billing and payment processing, and consequently we do not maintain direct control over the security or stability of the associated systems. Our reliance on third parties exposes us to cybersecurity risks and vulnerabilities if such third parties or their partners are targeted by cyber attack or other sources of compromise.

Maintaining the security of our information systems, communication systems and data is a critical issue for us and our customers. Malicious actors may develop and deploy malware that is designed to manipulate our products and systems, including our internal network, or those of our vendors or customers. Additionally, outside parties may attempt to fraudulently induce our personnel to disclose sensitive information in order to gain access to our information systems, our data or our customers' data. We have established a crisis management plan, business continuity program, information security incident response plan and Generative AI policy. While we test and update these plans, policies and programs, there can be no assurance that the plans, policies and programs can withstand an actual or serious disruption in our business, including a data protection breach or cyber-attack. For example, much of our order fulfillment process is automated and the order information is stored on our servers. A significant business interruption could result in losses or damages and harm our business. If our information systems become unavailable, our ability to recognize revenue may be delayed until we are able to utilize back-up systems and continue to process and ship our orders, which could cause our stock price to decline significantly.

We devote considerable internal and external resources to network security, data encryption and other security measures to protect our information systems and customer data, but our efforts cannot provide an absolute guarantee of security. In addition, U.S. and foreign regulators have increased their focus on cybersecurity (including imposing specific security measures related to the products and services we sell) and data protection and many states, countries and jurisdictions have laws and regulations that may impose significant penalties and fines for failure to comply with these requirements. Compliance with laws, regulations, industry standards, contracts, policies and other obligations concerning artificial intelligence, privacy, cybersecurity, data governance and data protection is a rigorous and time-intensive process, that continuously evolves and develops, and we may be required to put in place additional mechanisms ensuring compliance with such obligations and incur substantial expenditures. Many of these laws are new, in the nascent stages of applicability, untested in terms of scope by applicable courts, regulators and/or administrative bodies, and technically complex. As such, their interpretation remains inherently uncertain. If we fail to properly interpret or otherwise comply with any such obligations, we may face significant fines and penalties that could adversely affect our business, financial condition and results of operations. Furthermore, obligations (including laws and regulations) are not consistent and compliance remains costly.

Actual and potential breaches of our security measures as well as the loss, disclosure or dissemination of proprietary information or sensitive or confidential data about us, our personnel or our customers, including the potential loss or disclosure of such information or data as a result of improper use of AI tools, personnel error or other personnel actions, hacking, fraud, social engineering or other forms of deception, could expose us, our customers or the individuals affected to a risk of loss or misuse of this information, result in litigation and potential liability for us, subject us to significant governmental fines and penalties (as well as other enforcement and remediation actions), damage our brand and reputation, or otherwise harm our business. Security incidents and attendant material consequences may prevent or cause customers to stop using our products and services, deter new customers from using our products and services, and otherwise negatively impact our ability to grow and operate our business. In particular, because our product and service offerings involve protecting the information or systems of our customers, a security incident could heighten the impact of these material adverse consequences because of the nature

of our business and our customers' expectations. It may be difficult and/or costly to detect, investigate, mitigate, contain and remediate security breaches and our efforts to do so may not be successful. Actions taken by us or third parties with whom we work to detect, investigate, mitigate, contain and remediate a security breach could result in outages, data losses, disruptions to our business and otherwise harm our business. Unauthorized parties may also gain access to other networks, systems and products after a compromise of our networks, systems, and products. For example, threat actors (including those sponsored by nation states) have, in the past, attacked or otherwise sought to compromise our products and other hardware nearing end of life and/or running on outdated firmware without the latest security updates.

Limitations of liability in our contracts and our insurance coverage may be inadequate to address losses or other expenditures arising out of or related to non-compliance with our obligations or security incidents. A large claim against our insurance coverage may exceed our coverage and otherwise impact our ability to obtain coverage in the future. Our management has spent increasing amounts of time, effort and expense in this area, and in the event of the discovery of significant product or system security vulnerability, or improper use of AI tools or other cybersecurity incidents, we could incur additional substantial expenses and our business and reputation could be harmed. If we or our third-party providers are unable to successfully prevent breaches of security relating to our products, services, systems or customer private information, including customer personal data, or if these third-party systems failed for other reasons, it could result in litigation and potential liability for us, damage our brand and reputation, or otherwise harm our business.

In the United States, federal, state, and local governments have enacted numerous data privacy and security laws, including data breach notification laws, personal data privacy laws, consumer protection laws and other similar laws (such as wiretapping laws). Certain US states have enacted comprehensive consumer privacy laws that impose significant and costly obligations on covered businesses. Outside the United States, an increasing number of laws, regulations and industry standards govern data privacy and security. For example, the European Union's General Data Protection Regulation ("EU GDPR") and the United Kingdom's GDPR ("UK GDPR") (collectively, "GDPR"), Australia's Privacy Act, and Canada's Personal Information Protection and Electronic Documents Act ("PIPEDA") (as well as various related provincial laws) impose strict requirements for processing personal data. For example, under the GDPR, companies may face temporary or definitive bans on data processing and other corrective actions; fines of up to 20 million Euros under the EU GDPR, 17.5 million pounds sterling under the UK GDPR or, in each case, 4% of annual global revenue, whichever is greater; or private litigation related to processing of personal data brought by classes of data subjects or consumer protection organizations authorized at law to represent their interests. In Europe, the Network and Information Security Directive ("NIS2") regulates resilience and incident response capabilities of entities operating in a number of sectors. Non-compliance with NIS2 may lead up to administrative fines of a maximum of 10 million Euros or up to 2% of the total worldwide revenue of the preceding fiscal year.

In the ordinary course of business, we transfer personal data from Europe and other jurisdictions to the United States and other countries. Europe and other jurisdictions have enacted laws requiring data to be localized or limiting the transfer of personal data to other countries. These data localization and cross-border data transfer laws could lead to adverse consequences such as interruption of our operations, increased exposure to regulatory actions, and difficulty transferring data to partners, vendors and other third parties with whom we work.

Preparing for and complying with our data privacy and security obligations requires us to devote significant resources which has in the past and may in the future necessitate changes to our products and services, information systems and practices. At times, we have in the past and may in the future fail in our efforts to comply with our data privacy and security obligations. If we or the third parties with whom we work fail (or are perceived to have failed) to comply with applicable data privacy or security obligations, we could face significant consequences including but not limited to: government enforcement actions (e.g., investigations, fines, penalties, audits, inspections, and similar); litigation (including class action claims and mass arbitration demands); additional reporting requirements and/or oversight; bans or restrictions on processing personal data; or orders to destroy or not use personal data. For example, from time to time we have received and may in the future receive inquiries from government officials regarding data protection efforts, our security measures, cyber threats, and the cyber risk environment. Any of these events could have a material adverse effect on our reputation, business or financial condition, including but not limited to: loss of customers; interruptions or stoppages in our business operations; inability to process personal data or operate in certain jurisdictions; limited ability to develop or commercialize our products and services; expenditure of time and resources to defend against claims or inquiries; adverse publicity; or changes to our business model or operations.

If we are unable to successfully leverage AI technology to automate and drive efficiencies in our operations and products and services, our business, reputation, results of operations and financial condition could be harmed.

We have embarked on an AI transformation effort to take full advantage of automation, artificial intelligence, machine learning and other technologies to drive efficiencies and improve productivity within our Company and to develop and improve our products, services and customer experiences. As we increase our investment in technology, software and systems to support this transformation effort, such investments may not increase productivity, result in more efficient operations or deliver better products, services and customer experiences. In addition, the evolution of these technologies may create unforeseen competitive pressures or cause disruption or delays to our operations, which may harm our business. Our competitors may incorporate AI technologies into their products and services more quickly or more successfully than us and could impair our ability to compete effectively and adversely affect our results of operations. Further, the rapid evolution of AI may require the dedication of significant resources to develop, test and maintain AI technologies. If our incorporation of AI technologies does not increase our operational efficiency in accordance with our expectations, or if competition increases for the technology and services provided by third parties, our business, results of operations and financial condition may be harmed. While we have established an AI transformation leadership team to coordinate and oversee our approach to AI adoption, the legal and regulatory landscape surrounding generative AI technologies is rapidly evolving and uncertain, including in the areas of intellectual property, discrimination, cybersecurity, privacy and data protection. Compliance with existing, new, and changing laws, regulations, and industry standards relating to AI may limit some uses of AI, impose significant operational costs, and limit our ability to develop, deploy, or use AI technologies. Further, the continued integration of any AI technologies into our products and services may result in new or enhanced governmental or regulatory scrutiny. Failure to appropriately respond to this evolving landscape may result in legal liability, regulatory action, or brand and reputational harm.

Any sensitive information (including confidential, competitive, proprietary, or personal data) that we input into a third-party generative AI platform could be leaked or disclosed to others or otherwise result in an information- or cyber-security incident, including if sensitive information is used to train the third parties' AI model. Additionally, where an AI model ingests personal data and makes connections using such data, those technologies may reveal other personal or sensitive information generated by the model. Moreover, AI models may create flawed, incomplete, or inaccurate outputs, some of which may appear correct. This may happen if the inputs that the model relied on were inaccurate, incomplete or flawed (including if a bad actor "poisons" the AI with bad inputs or logic), or if the logic of the AI is flawed (a so-called "hallucination"). We may use AI outputs to make certain decisions. Due to these potential inaccuracies or flaws, the model could be biased and could lead us to make decisions that could bias certain individuals (or classes of individuals), and adversely impact their rights, employment, and ability to obtain certain pricing, products, services, or benefits.

We make substantial investments in software research and development and unsuccessful investments could materially adversely affect our business, financial condition and results of operations.

We continue to evolve our historically hardware-centric business model towards a model that includes more sophisticated software offerings, including subscription services and applications that complement our products and are intended to drive subscriber growth and future recurring revenue. As such, we have evolved the focus of our organization towards the delivery of more integrated hardware and software solutions for our customers, as well as related services, and we have and will continue to expend additional resources in this area in the future, including key new hires. Such endeavors may involve significant risks and uncertainties, including distraction of management from current operations and insufficient revenue to offset expenses associated with this strategy. Software development is inherently risky for a company such as ours with a historically hardware-centric business model, and accordingly, our efforts in software development may not be successful and could materially adversely affect our financial condition and operating results.

If we cannot proportionately decrease our cost structure in response to competitive price pressures, our gross margin and, therefore, our profitability could be adversely affected. In addition, if our software solutions, services, applications, pricing and other factors are not sufficiently competitive, or if there is an adverse reaction to our product and services decisions, we may lose market share in certain areas, which could adversely affect our revenue, profitability and prospects.

Software research and development is complex. We must make long-term investments, develop or obtain appropriate intellectual property and commit significant resources before knowing whether our output from these investments will successfully result in meaningful customer demand and retention for our products and services. We must accurately forecast mixes of software solutions and configurations that meet customer requirements, and we may not succeed at doing so within a given product's life cycle or at all. Any delay in the development, production or marketing of a new software solution could result in us not being among the first to market, which could further harm our competitive position. In addition, our regular

testing and quality control efforts may not be effective in controlling or detecting all quality issues and defects. We may be unable to determine the cause, find an appropriate solution or offer a temporary fix to address defects. Finding solutions to quality issues or defects can be expensive and may result in additional warranty, replacement and other costs, adversely affecting our profits. If new or existing customers have difficulty with our software solutions or are dissatisfied with our services, our operating margins could be adversely affected, and we could face possible claims if we fail to meet our customers' expectations. In addition, quality issues can impair our relationships with new or existing customers and adversely affect our brand and reputation, which could adversely affect our operating results.

If our products contain defects or errors, we could incur significant unexpected expenses, experience product returns and lost sales, experience product recalls, suffer damage to our brand and reputation, and be subject to product liability or other claims.

Our products are complex and may contain defects, errors or failures, particularly when first introduced or when new versions are released. The industry standards upon which many of our products are based are also complex, experience change over time and may be interpreted in different manners. Some errors and defects may be discovered only after a product has been installed and used by the end-user. As also noted in the risk factor "*We make substantial investments in software research and development and unsuccessful investments could materially adversely affect our business, financial condition and results of operations*" above, we devote considerable time and resources on testing and quality control efforts to detect quality issues and defects, and any reallocation of resources to fix such quality issues and defects could lead to delays in product introductions, which could further harm our competitive position. Additionally, certain software components in our product and corporate systems can be directly updated by our third-party partners. Defects, errors or failures in such updates could impact our customer's experience or cause business interruptions.

In addition, epidemic failure clauses are found in certain of our customer contracts, especially contracts with service providers. If invoked, these clauses may entitle the customer to return for replacement or obtain credits for products and inventory, as well as assess liquidated damage penalties and terminate an existing contract and cancel future or then current purchase orders. In such instances, we may also be obligated to cover significant costs incurred by the customer associated with the consequences of such epidemic failure, including freight and transportation required for product replacement and out-of-pocket costs for truck rolls to end user sites to collect the defective products. Costs or payments we make in connection with an epidemic failure may materially adversely affect our results of operations and financial condition. If our products contain defects or errors, or are found to be noncompliant with industry standards, we could experience decreased sales and increased product returns, loss of customers and market share, and increased service, warranty and insurance costs. In addition, defects in, or misuse of, certain of our products could cause safety concerns, including the risk of property damage or personal injury. If any of these events occurred, our reputation and brand could be damaged, and we could face product liability or other claims regarding our products, resulting in unexpected expenses and adversely impacting our operating results. For instance, if a third party were able to successfully overcome the security measures in our products, such a person or entity could misappropriate customer data, third party data stored by our customers and other information, including intellectual property and personal information. In addition, the operations of our end-user customers may be interrupted. If that happens, affected end-users or others may file actions against us alleging product liability, tort, or breach of warranty claims.

Our user growth, engagement, and monetization of our subscription services on mobile devices depend upon effective operation with mobile operating systems, networks, technologies, products, and standards that we do not control.

The substantial majority of our revenue from our subscription services is generated from use of such services on mobile devices. We are dependent on the interoperability of Armor and our parental controls services and our other products and services with popular mobile operating systems, networks, technologies, products, and standards that we do not control, such as the Android and iOS operating systems and mobile browsers. Any changes, bugs, or technical issues in such systems, or changes in our relationships with mobile operating system partners, handset manufacturers, browser developers, or mobile carriers, or in their terms of service or policies that degrade our products' functionality, reduce or eliminate our ability to update or distribute our products or services, give preferential treatment to competitive products, or charge fees related to the distribution of our products could adversely affect the usage of our subscription services products or our other products and services on mobile devices. We may not be successful in maintaining or developing relationships with key participants in the mobile ecosystem or in developing products and services that operate effectively with these technologies, products, systems, networks, or standards. In the event that it is more difficult for our users to access and use our subscription services products or our other products on their mobile devices, or if our users choose not to access or use our subscription services products or our other products on their mobile devices, our user growth and user engagement and our business could be harmed.

If we are unable to secure and protect our intellectual property rights, our ability to compete could be harmed.

We rely upon third parties for a substantial portion of the intellectual property that we use in our products. At the same time, we rely on a combination of copyright, trademark, patent and trade secret laws, nondisclosure agreements with employees, consultants and suppliers and other contractual provisions to establish, maintain and protect our intellectual property rights and technology. Despite efforts to protect our intellectual property, unauthorized third parties may attempt to design around, copy aspects of our product design or obtain and use technology or other intellectual property associated with our products. For example, one of our primary intellectual property assets is the NETGEAR name, trademark and logo. We may be unable to stop third parties from adopting similar names, trademarks and logos, particularly in those international markets where our intellectual property rights may be less protected. Furthermore, our competitors may independently develop similar technology or design around our intellectual property. In addition, we manufacture and sell our products in many international jurisdictions that offer reduced levels of protection and recourse from intellectual property misuse or theft, as compared to the United States. Our inability to secure and protect our intellectual property rights could significantly harm our brand and business, operating results and financial condition.

Financial, Legal, Regulatory and Tax Compliance Risks

We are currently involved in numerous litigation matters in the ordinary course and may in the future become involved in additional litigation, including litigation regarding intellectual property rights, consumer class actions and securities class actions, any of which could be costly and subject us to significant liability.

The networking industry is characterized by the existence of a large number of patents and frequent claims and related litigation regarding infringement of patents, trade secrets and other intellectual property rights. In particular, leading companies in the data communications markets, some of which are our competitors, have extensive patent portfolios with respect to networking technology. From time to time, third parties, including these leading companies, have asserted and may continue to assert exclusive patent, copyright, trademark and other intellectual property rights against us demanding license or royalty payments or seeking payment for damages, injunctive relief and other available legal remedies through litigation. These also include third-party non-practicing entities who claim to own patents or other intellectual property that cover industry standards that our products comply with. If we are unable to resolve these matters or obtain licenses on acceptable or commercially reasonable terms, we could be sued or we may be forced to initiate litigation to protect our rights. The cost of any necessary licenses or cost to defend litigation could significantly harm our business, operating results and financial condition. We may also choose to join defensive patent aggregation services in order to prevent or settle litigation and avoid the associated significant costs and uncertainties of litigation. These patent aggregation services may obtain, or have previously obtained, licenses for the alleged patent infringement claims against us and other patent assets that could be used offensively against us. The costs of such defensive patent aggregation services, while potentially lower than the costs of litigation, may be significant as well. At any time, any of these non-practicing entities, or any other third-party could initiate litigation against us, or we may be forced to initiate litigation against them, which could divert management attention, be costly to defend or prosecute, prevent us from using or selling the challenged technology, require us to design around the challenged technology and cause the price of our stock to decline. For example, in the past, various third parties have initiated litigation against us in Europe, China and the United States that carried the threat of an injunction on the importation of our products into certain territories, as well as a significant increase in time and resources to defend against. In addition, third parties, some of whom are potential competitors, have initiated and may continue to initiate litigation against us, our manufacturers, suppliers, members of our sales channels or our service provider customers or even end user customers, alleging infringement of their proprietary rights with respect to existing or future products. In the event successful claims of infringement are brought by third parties, and we are unable to obtain licenses or independently develop alternative technology on a timely basis, we may be subject to indemnification obligations, be unable to offer competitive products, or be subject to increased expenses. Consumer class-action lawsuits related to the marketing and performance of our home networking products have been asserted and may in the future be asserted against us. Finally, we have been sued in securities class action lawsuits, and may in the future be named in other similar lawsuits. For additional information regarding certain of the lawsuits in which we are involved, see the information set forth in Note 9, *Commitments and Contingencies*, in Notes to Unaudited Condensed Consolidated Financial Statements in Item 1 of Part I of this Quarterly Report on Form 10-Q. If we do not resolve these claims on a favorable basis, our business, operating results and financial condition could be significantly harmed.

We have been exposed to and may in the future be exposed to adverse currency exchange rate fluctuations in jurisdictions where we transact in local currency, which could harm our financial results and cash flows.

Because a significant portion of our business is conducted outside the United States, we face exposure to adverse movements in foreign currency exchange rates. These exposures may change over time as business practices evolve, and they could have a material adverse impact on our results of operations, financial position and cash flows. Although a portion of our international sales are currently invoiced in United States dollars, we have implemented and continue to implement for certain countries and customers both invoicing and payment in foreign currencies. Our primary exposure to movements in foreign currency exchange rates relates to non-U.S. dollar denominated sales in Europe, Japan and Australia as well as our global operations, and non-U.S. dollar denominated operating expenses and certain assets and liabilities. In addition, weaknesses in foreign currencies for U.S. dollar denominated sales could adversely affect demand for our products. For example, the volatility and strengthening of the U.S. dollar in 2022 had a meaningful negative impact on our international revenue and our profitability. Conversely, a strengthening in foreign currencies against the U.S. dollar could increase foreign currency denominated costs. As a result, we may attempt to renegotiate pricing of existing contracts or request payment to be made in U.S. dollars. We cannot be sure that our customers would agree to renegotiate along these lines. This could result in customers eventually terminating contracts with us or in our decision to terminate certain contracts, which would adversely affect our sales.

We hedge our exposure to fluctuations in foreign currency exchange rates as a response to the risk of changes in the value of foreign currency-denominated assets and liabilities. We may enter into foreign currency forward contracts or other instruments, the majority of which mature within approximately five months. Our foreign currency forward contracts reduce, but do not eliminate, the impact of currency exchange rate movements. For example, we do not execute forward contracts in all currencies in which we conduct business. In addition, we hedge to reduce the impact of volatile exchange rates on net revenue, gross profit and operating profit for limited periods of time. However, the use of these hedging activities may only offset a portion of the adverse financial effect resulting from unfavorable movements in foreign exchange rates.

We are exposed to the credit risk of some of our customers and to credit exposures, including bank failures, in weakened markets, which could result in material losses.

A substantial portion of our sales are on an open credit basis, with typical payment terms of 30 to 60 days in the United States and, because of local customs or conditions, longer in some markets outside the United States. We monitor individual customer financial viability in granting such open credit arrangements, seek to limit such open credit to amounts we believe the customers can pay, and maintain reserves we believe are adequate to cover exposure for doubtful accounts.

In the past, there have been bankruptcies amongst our customer base, and certain of our customers' businesses face financial challenges that put them at risk of future bankruptcies. Although losses resulting from customer bankruptcies have not been material to date, any future bankruptcies could harm our business and have a material adverse effect on our operating results and financial condition. In addition, recent banking sector troubles and liquidity concerns in the financial services industry have impacted certain of our suppliers. Although such impacts have not resulted in material losses to date, any future bank sector disruptions could harm our business and have a material adverse effect on our operating results and financial condition. Furthermore, to the degree that turmoil in the credit markets makes it more difficult for some customers to obtain financing, our customers' ability to pay could be adversely impacted, which in turn could have a material adverse impact on our business, operating results, and financial condition.

Changes in tax laws or exposure to additional income tax liabilities could affect our future profitability.

Factors that could materially affect our future effective tax rates include but are not limited to:

- changes in tax laws or the regulatory environment;
- changes in accounting and tax standards or practices;
- changes in the composition of operating income by tax jurisdiction; and
- our operating results before taxes.

We are subject to income taxes in the United States and numerous foreign jurisdictions. Our effective tax rate has fluctuated in the past and may fluctuate in the future. Future effective tax rates could be affected by changes in the composition of earnings in countries with differing tax rates, changes in deferred tax assets and liabilities, or changes in tax laws. Foreign jurisdictions have increased the volume of tax audits of multinational corporations. Further, many countries continue to consider changes in their tax laws by implementing new taxes such as the digital service tax and initiatives such as the Organization for Economic Co-operation and Development's (OECD) Pillar II global minimum tax. More than 140 countries agreed to enact the Pillar II

global minimum tax. While the OECD issued a framework model, many countries have enacted their own laws to incorporate Pillar II while certain countries, most notably the United States have not incorporated Pillar II into law. While Pillar II is a global model, the country by country enactment of different laws to incorporate the framework is complex and there is uncertainty as to how the enactment of these laws will impact the Company. These changes could increase our total tax burden in the future. In addition, the acceleration of employee mobility as a result of the pandemic potentially increases the jurisdictional tax risk of our workforce. Changes in tax laws could affect the distribution of our earnings, result in double taxation and adversely affect our results.

The Tax Cuts and Jobs Act of 2017 included provisions effective for the 2022 tax year that eliminate the option to deduct research and development (R&D) expenditures immediately in the year incurred and required taxpayers to amortize such expenditures over five years for domestic payments and 15 years for payments to foreign parties. These provisions were recently modified under The One Big Beautiful Bill Act (“OB3A”) which was enacted into law on July 4, 2025. Under OB3A U.S. domestic R&D expenses are retroactively deductible as of January 1, 2025. Under prior law, in years where we are profitable, these provisions had a material impact on our cash taxes. While changes to the treatment of domestic R&D expenses is favorable, there is continuing risk that foreign R&D expenses that are still required to be capitalized could have adverse consequences on both cash taxes and tax expense since the company has a full valuation allowance on its US deferred tax assets.

We have been audited by the Italy Tax Authority (“ITA”) for the 2004 through 2012 tax years. The ITA examination included an audit of income, gross receipts and value-added taxes. We have been in litigation with the ITA for the 2004 through 2012 years. This litigation was appealed by the ITA to the Italian Supreme Court. Our hearing on all years at the Italian Supreme Court was held on March 6, 2024. Decisions were issued in the Company’s favor for the 2007 through 2012 tax years. Decisions on the 2004 through 2006 tax years were reverted back to the lower court for re-hearing. If we are unsuccessful in defending our tax positions for the remaining years, our profitability will be reduced.

We are also subject to examination by other tax authorities, including state revenue agencies and other foreign governments. While we regularly assess the likelihood of favorable or unfavorable outcomes resulting from examinations by the IRS and other tax authorities to determine the adequacy of our provision for income taxes, there can be no assurance that the actual outcome resulting from these examinations will not materially adversely affect our financial condition and operating results. Additionally, the IRS and several foreign tax authorities have increasingly focused attention on intercompany transfer pricing with respect to sales of products and services and the use of intangible assets. Tax authorities could disagree with our intercompany charges, cross-jurisdictional transfer pricing or other matters and assess additional taxes. If we do not prevail in any such disagreements, our profitability may be affected.

Historically the computation of our tax provision assumes that we will have sufficient profitability in the respective jurisdictions to continue to record deferred tax assets without a valuation allowance. As of the period ended October 1, 2023, we determined that it was no longer more likely than not that we would have sufficient profitability to realize the U.S. federal and state deferred tax assets. Accordingly, we recorded a full valuation allowance to impair U.S. federal and state deferred tax assets. Future benefit of these deferred tax assets will be realized in the period they are utilized.

We are subject to, and must remain in compliance with numerous new, existing and changing laws and regulations worldwide concerning the manufacturing, use, distribution and sale of our products. Some of our customers also require that we comply with their own unique requirements relating to these matters. Any failure to comply with such laws, regulations and requirements, and any associated unanticipated costs, may adversely affect our business, financial condition and results of operations.

We are a global company subject to numerous U.S. and foreign laws and regulations. Many of these laws and regulations are continuously evolving and developing, and the interpretations, application or impact of these laws and regulations on us are uncertain and could be interpreted in ways that harm our business. For example, we manufacture and sell products which contain electronic components, and such components may contain materials that are subject to government regulation in both the locations that we manufacture and assemble our products, as well as the locations where we sell our products. Certain regulations also limit the use of lead in electronic components. To our knowledge, we maintain compliance with all applicable current government regulations concerning the materials utilized in our products, for all the locations in which we operate. Since we operate on a global basis, this is a complex process which requires continual monitoring of regulations and an ongoing compliance process to ensure that we and our suppliers are in compliance with all existing regulations. There are areas where new regulations have been enacted which could increase our cost of the components that we utilize or require us to expend additional resources to ensure compliance. For example, the SEC’s “conflict minerals” rules apply to our business, and we

expended significant resources to ensure compliance. The implementation of these requirements by government regulators and our partners and/or customers could adversely affect the sourcing, availability, and pricing of minerals used in the manufacture of certain components used in our products. In addition, the supply-chain due diligence investigation required by the conflict minerals rules require expenditures of resources and management attention regardless of the results of the investigation. Additionally, beginning August 1, 2025, products sold in Europe must comply with the Radio Equipment Directive (RED) (Directive 2014/53/EU). If our products do not fully comply with RED requirements on a timely basis, including as a result of the directive being interpreted by authorities in unforeseen or unanticipated ways, our ability to sell our products in the Europe will be impacted, which may negatively impact our international revenue and our profitability. If there is an unanticipated new regulation or new interpretations or applications of existing laws and regulations which significantly impacts our use of various components or requires more expensive components, that regulation would have a material adverse impact on our business, financial condition and results of operations.

One area which has a large number of evolving and developing regulations is environmental compliance. Management of environmental pollution, climate change and other ESG considerations has produced significant legislative and regulatory efforts on a global basis, and we believe this will continue both in scope and the number of countries participating. These changes could directly increase the cost of energy which may have an impact on the way we manufacture products or utilize energy to produce our products. In addition, any new regulations or laws in the environmental area might increase the cost of raw materials we use in our products. Environmental regulations require us to reduce product energy usage, monitor and exclude an expanding list of restricted substances and to participate in required recover and recycling of our products. While future changes in regulations are certain, we are currently unable to predict how any such changes will impact us and if such impacts will be material to our business. If there is a new law or regulation, or a new interpretation and application of existing laws, that significantly increases our costs of manufacturing or causes us to significantly alter the way that we manufacture our products, this would have a material adverse effect on our business, financial condition and results of operations.

Our selling and distribution practices are also regulated in large part by U.S. federal and state as well as foreign antitrust and competition laws and regulations. In general, the objective of these laws is to promote and maintain free competition by prohibiting certain forms of conduct that tend to restrict production, raise prices, or otherwise control the market for goods or services to the detriment of consumers of those goods and services. Potentially prohibited activities under these laws may include unilateral conduct, or conduct undertaken as the result of an agreement with one or more of our suppliers, competitors, or customers. The potential for liability under these laws can be difficult to predict as it often depends on a finding that the challenged conduct resulted in harm to competition, such as higher prices, restricted supply, or a reduction in the quality or variety of products available to consumers. We utilize a number of different distribution channels to deliver our products to the end consumer, and regularly enter agreements with resellers of our products at various levels in the distribution chain that could be subject to scrutiny under these laws in the event of private litigation or an investigation by a governmental competition authority. In addition, many of our products are sold to consumers via the Internet. Many of the competition-related laws that govern these Internet sales were adopted prior to the advent of the Internet, and, as a result, do not contemplate or address the unique issues raised by online sales. New interpretations or applications of existing laws and regulations, whether by courts or by the state, federal or foreign governmental authorities charged with the enforcement of those laws and regulations, may also impact our business in ways we are currently unable to predict. Any failure on our part or on the part of our employees, agents, distributors or other business partners to comply with the laws and regulations governing competition can result in negative publicity and diversion of management time and effort and may subject us to significant litigation liabilities and other penalties.

In addition to government regulations, many of our customers require us to comply with their own requirements regarding manufacturing, health and safety matters, corporate social responsibility, employee treatment, anti-corruption, use of materials, environmental concerns and other ESG considerations. Some customers may require us to periodically report on compliance with their unique requirements, and some customers reserve the right to audit our business for compliance. We are increasingly subject to requests for compliance with these customer requirements. For example, there has been significant focus from our customers as well as the press regarding corporate social responsibility policies and other ESG considerations. We regularly audit our manufacturers; however, any deficiencies in compliance by our manufacturers may harm our business and our brand. In addition, we may not have the resources to maintain compliance with these customer requirements and failure to comply may result in decreased sales to these customers, which may have a material adverse effect on our business, financial condition and results of operations.

We must comply with indirect tax laws in multiple jurisdictions, as well as complex customs duty regimes worldwide. Audits of our compliance with these rules may result in additional liabilities for taxes, duties, interest and penalties related to our international operations which would reduce our profitability.

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Our operations are routinely subject to audit by tax authorities in various countries. Many countries have indirect tax systems where the sale and purchase of goods and services are subject to tax based on the transaction value. These taxes are commonly referred to as sales and/or use tax, value-added tax ("VAT") or goods and services tax ("GST"). In addition, the distribution of our products subjects us to numerous complex customs regulations, which frequently change over time. Failure to comply with these systems and regulations can result in the assessment of additional taxes, duties, interest and penalties. While we believe we are in compliance with local laws, we cannot assure that tax and customs authorities would agree with our reporting positions and upon audit may assess us additional taxes, duties, interest and penalties.

Additionally, some of our products are subject to U.S. export controls, including the Export Administration Regulations and economic sanctions administered by the Office of Foreign Assets Control. We also incorporate encryption technology into certain of our solutions. These encryption solutions and underlying technology may be exported outside of the United States only with the required export authorizations or exceptions, including by license, a license exception, appropriate classification notification requirement and encryption authorization.

Furthermore, our activities are subject to U.S. economic sanctions laws and regulations that prohibit the shipment of certain products and services without the required export authorizations, including to countries, governments and persons targeted by U.S. embargoes or sanctions. Additionally, the current U.S. administration has been critical of existing trade agreements and may impose more stringent export and import controls. Obtaining the necessary export license or other authorization for a particular sale may be time consuming and may result in delay or loss of sales opportunities even if the export license ultimately is granted. While we take precautions to prevent our solutions from being exported in violation of these laws, including using authorizations or exceptions for our encryption products and implementing IP address blocking and screenings against U.S. government and international lists of restricted and prohibited persons and countries, we have not been able to guarantee, and cannot guarantee that the precautions we take will prevent all violations of export control and sanctions laws, including if purchasers of our products bring our products and services into sanctioned countries without our knowledge. Violations of U.S. sanctions or export control laws can result in significant fines or penalties and incarceration could be imposed on employees and managers for criminal violations of these laws.

Also, various countries, in addition to the United States, regulate the import and export of certain encryption and other technology, including import and export licensing requirements, and have enacted laws that could limit our ability to distribute our products and services or our end-users' ability to utilize our solutions in their countries. Changes in our products and services or changes in import and export regulations may create delays in the introduction of our products in international markets.

Adverse action by any government agencies related to indirect tax laws could materially adversely affect our business, operating results and financial condition.

We are exposed to credit risk and fluctuations in the market values of our investment portfolio.

Although we have not recognized any material losses on our cash equivalents and short-term investments, future declines in their market values could have a material adverse effect on our financial condition and operating results. Given the global nature of our business, we have investments with both domestic and international financial institutions. Accordingly, we face exposure to fluctuations in interest rates, which may limit our investment income. If these financial institutions default on their obligations or their credit ratings are negatively impacted by liquidity issues, credit deterioration or losses, financial results, or other factors, the value of our cash equivalents and short-term investments could decline and result in a material impairment, which could have a material adverse effect on our financial condition and operating results.

Governmental regulations of imports or exports affecting Internet security could affect our net revenue.

Any additional governmental regulation of imports or exports or failure to obtain required export approval of our encryption technologies could adversely affect our international and domestic sales. The United States and various foreign governments have imposed controls, export license requirements, and restrictions on the import or export of some technologies, particularly encryption technology. In addition, from time to time, governmental agencies have proposed additional regulation of encryption technology, such as requiring the escrow and governmental recovery of private encryption keys. In response to terrorist activity, governments could enact additional regulation or restriction on the use, import, or export of encryption technology. This additional regulation of encryption technology could delay or prevent the acceptance and use of encryption products and public networks for secure communications, resulting in decreased demand for our products and services. In addition, some foreign

competitors are subject to less stringent controls on exporting their encryption technologies. As a result, they may be able to compete more effectively than we can in the United States and the international Internet security market.

If our goodwill becomes impaired, as occurred in 2022, we may be required to record a significant charge to earnings.

Goodwill is required to be tested for impairment at least annually. Factors that may be considered when determining if the carrying value of our goodwill may not be recoverable include a significant decline in our expected future cash flows or a sustained, significant decline in our stock price and market capitalization.

As a result of our acquisitions, we have significant goodwill recorded on our balance sheets. In addition, significant negative industry or economic trends, such as those that have occurred as a result of the recent economic downturn, including reduced estimates of future cash flows or disruptions to our business could indicate that goodwill might be impaired. If, in any period our stock price decreases to the point where our market capitalization is less than our book value, this too could indicate a potential impairment and we may be required to record an impairment charge in that period. Our valuation methodology for assessing impairment requires management to make judgments and assumptions based on projections of future operating performance. The estimates used to calculate the fair value of a reporting unit change from year to year based on operating results and market conditions. Changes in these estimates and assumptions could materially affect the determination of fair value and goodwill impairment for each reporting unit. For example, in 2022, the market price of our common stock and market capitalization declined and the U.S. WiFi market contracted, which had a significant negative impact on our then-Connected Home business. As a result, we recognized a goodwill impairment charge in the first quarter of 2022. We have not recognized any impairment charge on our Enterprise reporting unit. However, we operate in highly competitive environments and projections of future operating results and cash flows may vary significantly from actual results. As a result, we may incur substantial impairment charges to earnings in our financial statements should an impairment of our goodwill be determined on our Enterprise reporting unit, resulting in an adverse impact on our results of operations.

General Risk Factors

If we lose the services of our key personnel, we may not be able to execute our business strategy effectively.

Changes in our management team may disrupt our business, strategic and employee relationships, which may delay or prevent the achievement of our business objectives. During the transition periods, there may be uncertainty among investors, employees and others concerning our future direction and performance. For example, we appointed a new Chief Executive Officer effective January 31, 2024 and have made other leadership changes and hires. The failure to successfully transition could adversely affect our results of operations. We do not maintain any key person life insurance policies. Our business model requires extremely skilled and experienced senior management who are able to withstand the rigorous requirements and expectations of our business. Our success depends on senior management being able to execute at a very high level. The loss of our senior management or other key engineering, research, development, sales or marketing personnel, particularly if lost to competitors, could harm our ability to implement our business strategy and respond to the rapidly changing needs of our business. Our future success also depends on our ability to hire for key functions. The market for talent in the technology industry, especially in the areas of software and subscription services is competitive, and we may not have the resources to compete at the same level as larger companies who are able to offer more compelling compensation packages. Therefore, our ability to recruit new talent and retain existing talent may be adversely affected, and as a result our business as a whole may suffer. While we believe that we have mitigated some of the business execution and business continuity risk with our organization into three business segments with separate leadership teams, the loss of any key personnel would still be disruptive and harm our business, especially given that our business is leanly staffed and relies on the expertise and high performance of our key personnel.

Global economic conditions could materially adversely affect our revenue and results of operations.

Our business has been and may continue to be affected by a number of factors that are beyond our control, such as general geopolitical, economic and business conditions, conditions in the financial markets, and changes in the overall demand for Pro AV, networking and smart home products. A severe and/or prolonged economic downturn could adversely affect our customers' financial condition and the levels of business activity of our customers. Weakness in, and uncertainty about, global economic conditions may cause businesses to postpone spending in response to tighter credit, negative financial news and/or declines in income or asset values, which could have a material negative effect on the demand for networking products. Adverse changes in economic conditions, including inflation, slower growth or recession, new or increased tariffs and other barriers to trade, changes to fiscal and monetary policy, tighter credit, higher interest rates, high unemployment and currency fluctuations

could adversely impact the demand and sale of our products to end users and the quantity of products our customers decide to purchase from us (or change the mix of products demanded) and make it more challenging to forecast our operating results and make business decisions.

The uncertainty in global and regional economic conditions have also affected the financial markets and financial institutions on which we rely and have resulted in a number of adverse effects including a low level of liquidity in many financial markets, banking sector disruptions, extreme volatility in credit, equity, currency and fixed income markets, instability in the stock market, high inflation and high unemployment. Macroeconomic weakness and uncertainty also make it more difficult for us to accurately forecast revenue, gross margin and expenses. If we are unable to successfully anticipate changing economic, geopolitical and financial conditions, we may be unable to effectively plan for and respond to those changes which could further disrupt our business or limit our ability to access certain assets and materially adversely affect our business and results of operations.

In addition, availability of our products from third-party manufacturers and our ability to distribute our products into the United States and non-U.S. jurisdictions may be impacted by factors such as an increase in duties, tariffs or other restrictions on trade; raw material shortages or price increases, work stoppages, strikes and political unrest; uncertain economic conditions; economic crises and international disputes or conflicts; changes in leadership and the political climate in countries from which we import products; and failure of the United States to maintain normal trade relations with countries around the world. Any of these occurrences could materially adversely affect our business, operating results and financial condition.

Furthermore, uncertainty about, or worsening of economic conditions could adversely affect consumer sentiment and demand for our products and services. Consumer confidence and spending could be adversely affected by financial market volatility, negative financial news, conditions in the real estate, mortgage and technology markets, declines in income or asset values, changes to fuel and other energy costs, labor reductions, labor and healthcare costs and other economic factors. This could also impact the quantity of products our customers decide to purchase from us and may have a longer-term impact on the inventory levels these customers choose to carry. Lower demands could also impact manufacturing capacity utilization and contribute to further increased component costs. These and other economic factors could materially and adversely affect our revenue and results of operations.

Political events, war, terrorism, public health issues, climate changes, natural disasters, sudden changes in trade and immigration policies, and other circumstances could materially adversely affect us.

Our corporate headquarters are located in Northern California and one of our warehouses is located in Southern California. Substantially all of our critical enterprise-wide information technology systems, including our main servers, are currently housed in colocation facilities in Arizona and different geographic regions in the United States. The majority of our manufacturing occurs in Southeast Asia. These regions are known for or susceptible to seismic activity and other natural disasters, such as drought, wildfires, storms, sea-level rise, and flooding. Future extreme weather events could cause physical damage or disrupt operations. If our manufacturers or warehousing facilities are disrupted or destroyed, we would be unable to distribute our products on a timely basis, which could harm our business. This could also lead to increased costs and decreased revenues.

In addition, health epidemics, war, terrorism, geopolitical uncertainties, social and economic instability, public health issues, sudden changes in trade and immigration policies, and other business interruptions have caused and could cause damage or disruption to international commerce and the global economy, and thus could have a strong negative effect on us, our suppliers, logistics providers, manufacturing vendors and customers. Our business operations are subject to interruption by natural disasters, fire, power shortages, geopolitical disputes or conflicts, terrorist attacks and other hostile acts, labor disputes, public health issues, and other events beyond our control. In addition, in the past, labor disputes at third-party manufacturing facilities have led to workers going on strike, and labor unrest could materially affect our third-party manufacturers' abilities to manufacture our products.

Such events could decrease demand for our products, make it difficult, more expensive or impossible for us to make and deliver products to our customers or to receive components from our direct or indirect suppliers, and create delays and inefficiencies in our supply chain. Wars or geopolitical conflicts, major public health issues, including pandemics such as COVID-19, could negatively affect us through more stringent employee travel restrictions, additional limitations in freight services or increase in freight costs, governmental actions limiting the movement of products between regions, delays in production ramps of new products, and disruptions in the operations of our manufacturing vendors and component suppliers.

Our stock price has experienced recent volatility and may be volatile in the future and your investment in our common stock could suffer a decline in value.

There has been significant volatility in the market price and trading volume of securities of companies in the technology industry and the stock market as a whole, which may be unrelated to the financial performance of these companies. These broad market fluctuations may negatively affect the market price of our common stock.

Some specific factors that may have a significant effect on our common stock market price include:

- actual or anticipated fluctuations in our operating results or our competitors' operating results;
- actual or anticipated changes in the growth rate of the general networking sector, our growth rates or our competitors' growth rates;
- conditions in the financial markets in general or changes in general economic, political and market conditions, including government efforts to mitigate economic downturns or control inflation;
- novel and unforeseen market forces and trading strategies, such as the massive short squeeze rally caused by retail investors on companies such as GameStop;
- actual or anticipated changes in governmental regulation, including taxation and tariff policies;
- interest rate or currency exchange rate fluctuations;
- our ability to forecast or report accurate financial results; and
- changes in stock market analyst recommendations regarding our common stock, other comparable companies or our industry generally.

We are required to evaluate our internal controls under Section 404 of the Sarbanes-Oxley Act of 2002 and any adverse results from such evaluation, including restatements of our issued financial statements, could impact investor confidence in the reliability of our internal controls over financial reporting.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, we are required to furnish a report by our management on our internal control over financial reporting. Such report must contain among other matters, an assessment of the effectiveness of our internal control over financial reporting as of the end of our fiscal year, including a statement as to whether or not our internal control over financial reporting is effective. This assessment must include disclosure of any material weaknesses in our internal control over financial reporting identified by management. From time to time, we conduct internal investigations as a result of whistleblower complaints. In some instances, the whistleblower complaint may implicate potential areas of weakness in our internal controls. Although all known material weaknesses have been remediated, we cannot be certain that the measures we have taken ensure that restatements will not occur in the future. Execution of restatements create a significant strain on our internal resources and could cause delays in our filing of quarterly or annual financial results, increase our costs and cause management distraction. Restatements may also significantly affect our stock price in an adverse manner.

Continued performance of the system and process documentation and evaluation needed to comply with Section 404 is both costly and challenging. During this process, if our management identifies one or more material weaknesses in our internal control over financial reporting, we will be unable to assert such internal control is effective. If we are unable to assert that our internal control over financial reporting is effective as of the end of a fiscal year or if our independent registered public accounting firm is unable to express an opinion on the effectiveness of our internal control over financial reporting, we could lose investor confidence in the accuracy and completeness of our financial reports, which may have an adverse effect on our stock price.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(c) Repurchase of Equity Securities by the Company

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽¹⁾	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
June 30, 2025 - July 27, 2025	—	\$ —	—	2,841,496
July 28, 2025 - August 24, 2025	814,811	\$ 24.55	814,811	2,026,685
August 25, 2025 - September 28, 2025	—	\$ —	—	2,026,685
Total	<u>814,811</u>	<u>\$ 24.59</u>	<u>814,811</u>	

⁽¹⁾ From time to time, our Board of Directors has authorized programs under which we may repurchase shares of our common stock, depending on market conditions, in the open market or through privately negotiated transactions.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Insider Trading Arrangements

During the three months ended September 28, 2025, our Board of Directors and officers (as defined in Rule 16a-1(f)) under the Exchange Act adopted or terminated the contracts, instructions or written plans for the purchase or sale of the Company’s securities set forth in the table below.

Name and Title	Action	Adoption Date	Termination Date	Type of Trading Arrangement		Total Shares of Common Stock to be Sold***	Total Shares of Common Stock to be Purchased	Expiration Date
				Rule 10b5-1*	Non-Rule 10b5-1**			
Bryan Murray, Chief Financial Officer	Terminated	12/13/2024	7/31/2025	Yes		10.0% of net shares resulting from the vesting of 68,438 (gross) restricted stock and performance shares, 2,199 net shares from prior ESPP purchases, and net shares to be purchased in Feb 2025 under ESPP.	N/A	12/12/2025
Pramod Badjate, President and General Manager, Enterprise	Terminated	5/12/2025	8/4/2025	Yes		Up to 20% of net shares resulting from the vesting of 82,502 (gross) restricted stock units.	N/A	4/30/2026
Pramod Badjate, President and General Manager, Enterprise	Adopted	8/20/2025	N/A	Yes		Up to 31,000 shares from 32,393 shares of our common stock from vested restricted stock units and net shares resulting from the vesting of 64,465 (gross) restricted stock units, 1,649 shares purchased through the ESPP, and additional shares to be acquired through future ESPP purchases.	N/A	8/31/2026

* Contract, instruction or written plan intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act.

** “Non-Rule 10b5-1 trading arrangement” as defined in Item 408(c) of Regulation S-K under the Exchange Act.

*** Net shares issued with shares withheld to administratively facilitate the withholding and subsequent remittance of personal income and payroll taxes for the vesting of RSUs.

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Item 6. Exhibits

Exhibit Number	Exhibit Description	Exhibit Index			Filed Herewith
		Incorporated by Reference			
		Form	Date	Number	
3.1	Amended and Restated Certificate of Incorporation of the registrant	10-Q	8/4/2017	3.1	
3.2	Amended and Restated Bylaws of the registrant	8-K	4/20/2018	3.2	
4.1	Form of registrant's common stock certificate	S-1/A	7/14/2003	4.1	
31.1	Rule 13a-14(a)/15d-14(a) Certification of Principal Executive Officer				X
31.2	Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer				X
32.1#	Section 1350 Certification of Principal Executive Officer				X
32.2#	Section 1350 Certification of Principal Financial Officer				X
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File as its XBRL tags are embedded within the Inline XBRL document				X
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents				X
104*	Cover page formatted as Inline XBRL and contained in Exhibit 101				X
#	This certification is deemed to accompany this Form 10-Q and will not be filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) or otherwise subject to the liabilities of that section. This certification will not be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference.				
*	Included in Interactive Data File covered by Exhibit 101.				

CHIEF EXECUTIVE OFFICER CERTIFICATION

I, Charles (CJ) Prober, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of NETGEAR, Inc. (the “Registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the Registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting; and
5. The Registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of the Registrant’s board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant’s internal control over financial reporting.

Date: October 31, 2025

/s/ CHARLES (CJ) PROBER

Charles (CJ) Prober

Chief Executive Officer and Director

NETGEAR, Inc.

CHIEF FINANCIAL OFFICER CERTIFICATION

I, Bryan D. Murray, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of NETGEAR, Inc. (the “Registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the Registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting; and
5. The Registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of the Registrant’s board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant’s internal control over financial reporting.

Date: October 31, 2025

/s/ BRYAN D. MURRAY

Bryan D. Murray

Chief Financial Officer

NETGEAR, Inc.

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of NETGEAR, Inc. (the "Company") on Form 10-Q for the period ended September 28, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Charles (CJ) Prober, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 31, 2025

By: /s/ CHARLES (CJ) PROBER
Charles (CJ) Prober
Chief Executive Officer and Director
NETGEAR, Inc.

This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of this Form 10-Q), irrespective of any general incorporation language contained in such filing.

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of NETGEAR, Inc. (the "Company") on Form 10-Q for the period ended September 28, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Bryan D. Murray, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 31, 2025

By: /s/ BRYAN D. MURRAY

Bryan D. Murray
Chief Financial Officer
NETGEAR, Inc.

This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of this Form 10-Q), irrespective of any general incorporation language contained in such filing.
