Risk Factors Comparison 2024-02-29 to 2023-03-01 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

Investing in our common stock involves a high degree of risk. You should consider and carefully read all of the risks and uncertainties described below, as well as other information included in this Annual Report on Form 10- K, including our Consolidated Financial Statements and related notes appearing elsewhere in this Annual Report on Form 10- K, before making an investment decision. The risks described below are not the only ones we face. The occurrence of any of the following risks or additional risks and uncertainties not presently known to us or that we currently believe to be immaterial could materially and adversely affect our business, financial condition or results of operations. In such case, the trading price of our common stock could decline, and you may lose some or all of your original investment. As discussed in the section titled" Special Note Regarding Forward Looking Statements," this Annual Report on Form 10- K also contains forward- looking statements and estimates that involve risks and uncertainties. Our actual results could differ materially from those anticipated in the forward- looking statements as a result of specific factors, including the risks and uncertainties described below. Summary Risk Factors • We have a history of operating losses and we may not achieve or sustain profitability in the future. • Our future revenue and operating results will be harmed if we are unable to acquire new customers, retain existing customers, expand sales to our existing customers, or deliver new features, functionality and integrations for our platform that achieve market acceptance. • Our historical growth may not be indicative of our future performance and our growth is dependent on a number of factors that we do not control. • We participate in highly competitive and fragmented markets, and our industry is rapidly evolving. • We **earn a substantial portion of our revenue from electronic payment transactions and our growth is dependent upon the continued acceptance, security and adoption of electronic payment types that result in interchange revenue. • Certain of our customer segments are cyclical. • We may not be able to scale our business and technology quickly enough to meet our growth. • Future acquisitions, strategic investments, partnerships, collaborations, or alliances could be difficult to identify and integrate, divert the attention of management, disrupt our business, dilute stockholder value, and adversely affect our operating results and financial condition. • Our business depends, in part, on our relationships with providers of accounting and ERP solutions. • Our long- term growth strategy depends, in part, on strategic partnerships and indirect sales partners. • The loss of one or more of our key buyers or strategic partners could negatively affect our ability to market our platform. • Our estimates of market opportunity and forecasts of market growth may prove to be inaccurate, and even if the market in which we compete achieves the forecasted growth, our business could fail to grow at similar rates as we could fail to capture the market share that we anticipate. • We** transfer large sums of customer funds daily, and are subject to the risk of errors, which could result in financial losses and damage to our reputation and customer trust **. • We depend on banks, bank partners and other third- party service providers to process transactions. • Interruptions or delays in the services provided by third- party providers of cloud- based infrastructure and platforms or internet service providers could impair the delivery of our products and services. • We are subject to the payment card network rules and our failure to comply with these rules could harm our business. • The cybersecurity incident that we detected in early April 2023, or other cyber incidents that we may encounter in the future, may have a material adverse impact on our business and results of operations** . • We, our strategic partners, our buyers and suppliers, and others who use our services obtain and process a large amount of data. Any real or perceived improper or unauthorized use of, exposure of, disclosure of, or access to such data could harm our reputation as a trusted brand, as well as have a material adverse effect on our business. • ~~We earn a substantial portion of our revenue from electronic payment transactions and our growth is dependent upon the continued acceptance, security and adoption of electronic payment types that result in interchange revenue. • Certain of our customer segments are cyclical. •~~ If we lose key members of our team including our Co- Founder and Chief Executive Officer, or if we are unable to attract and retain talent, our business may be harmed. • **Failure** ~~We may not be able~~ to **effectively develop and expand our** ~~scale~~ - **sales** ~~our business~~ and **marketing capabilities could harm** ~~technology quickly enough to meet~~ our ~~growth~~ **ability to increase our base of buyers and suppliers and achieve broader market acceptance of our products** . • We may lose existing customers or fail to attract new customers if we are unable to deliver new software, solutions and technology for our platform. • ~~Interruptions~~ **Indemnity provisions in various agreements potentially expose us to substantial liability** ~~or~~ **for** ~~delays in~~ **intellectual property infringement, data protection, and** ~~the~~ **other** ~~services provided by~~ **losses. • If we are unable to effectively document or perfect our ownership over our proprietary technology and intellectual property, our ability to protect our proprietary rights against third parties might be adversely affected. • If we are unable to obtain necessary or desirable** third- party ~~providers of cloud- based infrastructure and~~ **technology licenses, our ability to develop** ~~platforms~~ - **platform enhancements may be** ~~or internet service providers could impair~~ **impaired . • Uncertainty in** the ~~delivery~~ **development, deployment, and use** of **artificial intelligence in** our products and services **may result in harm** ~~. • Future acquisitions, strategic investments, partnerships, collaborations, or alliances could be difficult~~ to ~~identify and integrate, divert the attention of management, disrupt~~ our business ~~, dilute stockholder value,~~ and **reputation** ~~adversely affect our operating results and financial condition. • Failure to effectively develop and expand our sales and marketing capabilities could harm our ability to increase our base of buyers and suppliers and achieve broader market acceptance of our products~~ . • We ~~are~~ **use open- source software, which could** subject **us** to **litigation** ~~the payment card network rules and our~~ - **or other actions** ~~failure to comply with these rules could harm our business~~ . • We have identified a material weakness in our internal control over financial reporting, and if we are not able to remediate this material weakness, identify additional material weaknesses in the future or otherwise fail to design, implement, and maintain an effective internal control over financial reporting, we may be unable to accurately report our financial results in a timely manner, which may adversely affect investor confidence in us and materially and adversely affect our business and operating results. • Customer funds held by us are subject to market, interest rate, credit, and liquidity risks, as well as general economic and political conditions. The loss of these funds and fluctuations in rates of return could have a material adverse effect on our business, financial condition, and results of operations. • ~~Certain of our products and services expose us to credit risk. •~~ We ~~depend on banks~~ **maintain cash deposits in excess of federally insured limits. Adverse developments affecting financial institutions** , **including** bank **failures** ~~partners and other third- party service providers to process transactions. • Our business depends~~ , ~~in part, on our relationships with providers of accounting and ERP solutions. • Our long- term growth strategy depends, in part, on strategic partnerships and indirect sales partners. • The loss of one or more of our key buyers or strategic partners~~ could ~~negatively affect our ability to market our platform. • If we cannot maintain our company culture as we grow, we could lose the innovation, teamwork, passion and focus on execution that we believe contribute to our success and our business may be harmed. • If we fail to offer high- quality customer support, or if our support is more expensive than anticipated, our business and reputation could suffer. • Uncertain or weakened economic conditions, including as a result of fears of a recession or an actual recession, a rising interest rate environment, inflation, supply chain disruptions, continuing global COVID- 19 pandemic and the emergence of any new variants, and geopolitical tensions including those resulting from the conflict between Russia and Ukraine, have adversely affected and may continue to~~ adversely affect our ~~buyers~~ **liquidity** and **financial performance** ~~suppliers and our business and results of operations~~ . • Our risk management efforts may not be effective to prevent fraudulent activities by our customers or their counterparties or third parties, which could expose us to material financial losses and liability and otherwise harm our business. • **Certain** ~~Our estimates~~ of ~~market opportunity and forecasts of market growth may prove to be inaccurate, and even if the market in which we compete achieves the forecasted growth,~~ our **products and** ~~business could fail to grow at similar rates as we could fail to capture the market share that we anticipate. • Our business, which includes payment~~ services ~~, is subject to extensive government regulation and oversight. Our failure to comply with extensive, complex, overlapping, and frequently changing rules, regulations, and legal interpretations could materially harm our business and noncompliance with such laws can subject us to civil and criminal liability. • We are subject to governmental regulation and other legal obligations related to privacy, data protection, and information security, and our actual or perceived failure to comply with such obligations could harm our business, by resulting in litigation, fines, penalties, or adverse publicity and reputational damage that may negatively affect the value of our business and decrease the value of our common stock. Compliance with such laws could also result in additional costs and liabilities to us or inhibit sales of our products. • We are subject to governmental laws and requirements regarding economic and trade sanctions, export controls, anti- money laundering, and counter- terror financing that could impair our ability to compete in international markets or subject us to criminal or civil liability if we violate them. • We are subject to anti- corruption, anti- bribery, and similar laws, and non- compliance with such laws can subject us to criminal or civil liability and harm our business and reputation. • Indemnity provisions in various agreements potentially~~ expose us to **credit risk** ~~substantial liability for intellectual property infringement, data protection, and other losses. • We could be required to collect additional sales taxes or be subject to other tax liabilities that may increase the costs our customers would have to pay for our offerings and adversely affect our operating results. • Our ability to use our net operating losses, or NOLs, to offset future taxable income may be subject to certain limitations~~ . • Our 2022 Credit Agreement provides our lenders with a first- priority lien against substantially all of our and our subsidiaries' assets and personal property, and contains financial covenants and other restrictions on our and our subsidiaries' actions, which could limit our operational flexibility and otherwise adversely affect our financial condition. • ~~If we are unable~~ **Our business, which includes payment services, is subject** to ~~effectively document~~ **extensive government regulation and oversight. Our failure to comply with extensive, complex, overlapping, and frequently changing rules, regulations, and legal interpretations could materially harm** ~~or~~ **our business** ~~perfect our ownership over our proprietary technology~~ and ~~intellectual property, our~~ **noncompliance with such laws can subject us to civil and criminal** ~~ability~~ **liability** ~~to protect our proprietary rights against third parties might be adversely affected. • If we are unable to obtain necessary or desirable third- party technology licenses, our ability to develop platform enhancements may be impaired~~ . • We **are subject to governmental regulation and other legal obligations related to privacy, data protection, and information security, and our actual or perceived failure to comply with such obligations could harm our business, by resulting in litigation, fines, penalties, or adverse publicity and reputational damage that may negatively affect the value of our business and decrease the value of our common stock. Compliance with such laws could also result in additional costs and liabilities to** ~~use~~ - **us** ~~open~~ **or inhibit sales of our products. • We are subject to governmental laws and requirements regarding economic and trade sanctions, export controls, anti** - **money laundering** ~~source software in our products~~ , ~~which~~ **and counter- terror financing that** could **impair our ability to compete in international markets or** subject us to ~~litigation~~ **criminal or civil liability if we violate them. • We are subject to anti- corruption, anti- bribery, and similar laws, and non- compliance with such laws can subject us to criminal or civil liability and harm** ~~or~~ **our business and reputation. • Our ability to use our net operating losses, or NOLs, to offset future taxable income may be subject to certain limitations. • You may be diluted by** ~~other~~ -- **the** ~~actions~~ **future issuance of common stock, preferred stock or securities convertible into common or preferred stock, in connection with our incentive plans, acquisitions, capital raises or otherwise** . Risks Related to Our Business and Industry **Risks Related to Growth** We were incorporated in 2000 and have experienced net losses and negative cash flows from operations since inception. We generated net losses of $ ~~101~~ **47** . 3 million, $ **101. 3 million and $** 199. 6 ~~million and $ 101. 2~~ million during the years ended December 31, **2023,** 2022 ~~, and~~ **and** 2021 ~~and 2020~~ , respectively. We had an accumulated deficit of $ ~~971~~ **1, 022. 2 million and $ 974** . 8 million ~~and $ 871. 9 million~~ as of December 31, ~~2022~~ **2023** and December 31, ~~2021~~ **2022** , respectively. Our losses reflect the substantial investments we have made in our people, products and services, and technology, and to acquire new buyers and suppliers. While we have experienced significant revenue and transaction volume growth in recent years, we are not certain whether or when we will be able to achieve or maintain profitability in the future. We also expect our costs and expenses to increase in future periods. In particular, we intend to continue to expend significant funds to invest in our people, products and services, technology, and the AvidPay Network and to expand our sales and marketing teams and invest in strategic partnerships and system integrations. We expect our general and administrative costs to also increase, but in general at a slower rate than our other operating expenses, for the foreseeable future. If we are not able to reduce or maintain the costs of providing our services, we could face competitive pricing pressure. If we are unable to continue to grow our revenue, or to reduce or maintain the costs of providing our services, we could continue to suffer increasing operating losses. We may incur significant losses in the future for several reasons, including the other risks described herein, and unforeseen expenses, difficulties, complications, delays, and other unknown events. If we are unable to achieve and sustain profitability, the value of our business and stock may significantly decrease. To continue to grow our business, it is important that we continue to attract new buyers and suppliers to use our platform. Our success in adding new buyers depends on numerous factors, including our ability to: (1) offer compelling AP automation products and services and features in the markets and industries we serve, (2) execute our sales and marketing strategy, (3) attract, effectively train and retain new sales, marketing, professional services, and support personnel in the markets we pursue, (4) develop or expand relationships with partners, payment providers, systems integrators, and resellers, (5) expand into new industry verticals, geographies, and market segments, which may require specific product and service features or system integrations that we do not currently provide or have, (6) efficiently onboard new buyers on to our platform, (7) efficiently add more suppliers to our network and continue to drive increased adoption of electronic forms of payment, (8) execute a successful mergers and acquisitions strategy, and (9) provide additional paid services that complement the capabilities of our customers and their partners. Our ability to increase revenue also depends in part on our ability to retain existing buyers and suppliers, to sell more functionality and to increase product penetration in existing and new buyers and suppliers. Our buyers have no obligation to renew their subscriptions for our solutions after the expiration of their initial subscription period. In addition, some of our buyers can terminate their existing agreements with us prior to the expiration of the current contract terms **or may have no minimum commitments in their agreements** . Our ability to increase sales to existing buyers depends on several factors, including their experience with implementing and using our platform, their ability to integrate our platform with other technologies, and our pricing model. Suppliers in our network select their preferred method of payment, which may include VCC, ACH, or check, based on their internal business rules, preferences, or perceived value, which may change at any time. Our ability to increase sales to suppliers already in our AvidPay Network depends on several factors, including their experience enrolling in and using our platform, development of new supplier product offerings, and our pricing model. Given the highly fragmented nature of the middle market, and the unique challenges faced by middle market customers, the lack of certain product features, product functionality and system integrations has from time to time limited our ability to sell our products and services more deeply into certain of the sub- markets and industries that we serve and has limited our ability to expand into new industry verticals and sub-markets. If we are unable to deliver new product and services features and functionalities and system integrations, or keep pace with current technological developments, in each case in a timely manner, or if our new product and services features and functionalities and system integrations do not achieve acceptance in the market and industries we serve, our competitive position may be impaired, and our potential to generate new revenue or to retain existing revenue could be diminished. The adverse effect on our financial results may be particularly acute because of the significant research, development, marketing, sales, and other expenses we will have incurred in connection with the new functionality and services. Our historical growth may not be indicative of our future performance and we may not be able to sustain our current growth rate, which is dependent on a number of factors that we do not control. Although we have experienced significant historical revenue and transaction volume growth, we expect that, in the future, as our revenue and transaction volumes increase to higher levels, our growth rates have and may continue to decline over time. Our revenue and transaction volume growth depends on a number of factors, including our ability to: • attract and retain buyers and suppliers and grow the AvidPay Network and the number of transactions processed by us and drive the use of our products and services across our customer base; • drive the acceptance and use of electronic payment types that result in interchange revenue; • expand the functionality and scope of the products and services we offer; • expand into new and existing verticals and industries and geographies which may require specific product and service features that we do not currently provide; • successfully invest in our technology, products and people; • develop new integrations with third party accounting systems; • manage the impact of current macroeconomic events on our business and on our buyers and suppliers, including but not limited to, **a** ~~the continuing global COVID- 19 pandemic and the emergence of new variants,~~ higher **than normal level of** inflation ~~and~~ **in the U. S. economy, recent interest rate increases coupled with uncertainty regarding future rate actions by** the Federal Reserve ~~' s response to the inflationary environment~~ , fears of a possible recession, ~~ongoing supply chain disruptions~~ **general economic uncertainty, shifting economic sentiments, and indecision evidenced, in part, by negative consumer sentiment during a period of improving economic data, legislative and political tensions in the U. S. regarding government funding and immigration** , and geopolitical tensions including those resulting from the ~~conflict~~ **conflicts in** ~~between Russia and~~ Ukraine **and the Middle East** ; • execute a successful mergers and acquisition strategy; • enter into new strategic partnerships to continue our business; • convince the stakeholders of potential buyers to outsource functions that they have traditionally handled internally; and • price our products and services effectively. Further, the revenue that we derive from our invoice and payment transaction volume is dependent on several factors that we do not control. These factors include the number of invoices and payments our buyers submit through our system, card brand interchange rates and tiers, payment amounts and types, the payment method selected by suppliers in our network, and competitive pricing pressure on products and incentives **performance and stock price** . ~~In~~ **We cannot predict** the ~~past~~ **timing** , **strength or duration of the current or any future potential** ~~macroeconomic~~ ----- **economic slowdown in the United States or globally.These** conditions have affected our buyers and suppliers and the rate of technology spending generally and could adversely affect our buyers and suppliers' ability or willingness to use our services and could result in our buyers and suppliers more tightly managing spend and expenses or delaying purchasing which could in turn reduce the number of transactions and value of payments made on our network,any of which could adversely affect our results of operations ~~.The impact of these macroeconomic conditions on the acceptance rate of electronic forms of payment on our network that result in interchange revenue remains~~ . These factors make it difficult for us to control or forecast our future operating results and growth. If the assumptions we use to plan our business are incorrect or change, or if we are unable to maintain consistent revenue or revenue growth, it may be difficult to achieve and maintain profitability and the value of our business could be negatively impacted. You should not rely on our growth rates from any prior periods as any indication of our future growth. The AP and payments markets are highly fragmented and competitive and evolving. As businesses continue to adopt AP and payment automation solutions, we expect existing competitors and new market entrants to offer new and enhanced products and services and we expect the competitive environment to remain intense going forward. We currently compete on several factors, including: • product and service features, functionality and quality and system stability which may be highly industry or vertical specific; • integrations with leading accounting and banking systems; • pricing and incentives; • supplier network; • ability to automate existing processes; and • customer onboarding time and effort. Our current competitors range from other fintech companies and financial institutions to smaller, niche providers of software and services. We compete with companies that offer comprehensive solutions focused on the entire AP and payment processes and companies that focus only on select portions of these processes such as invoice and bill presentment, document and workflow management, AP and payment processing or accounts receivables. Solutions are also often specifically tailored to industry vertical or customer size making it difficult to expand into new verticals or attract larger or smaller customer types. Accounting and ERP software providers, financial institutions, payment processing, and other service providers, a number of which we partner with in offering our solutions, may currently offer or develop solutions, acquire third- party solutions or competitors, or enter into strategic relationships that would enable them to expand their solutions to compete more effectively with our products and services. These parties may have access to larger, installed customer bases and may be able to effectively bundle and cross sell competitive solutions with their other services, which may enable them to compete more effectively or provide them with greater pricing and operating flexibility. Companies that currently focus on providing solutions to enterprise businesses or SMBs may seek to expand the offering of their solutions to middle customers which would be more directly competitive with the products and services that we offer. We are continuing to see increased competition in the middle market from competitors going upstream and downstream from their traditional markets and we often compete for customers that are larger or smaller than our typical middle market buyers with service providers that are more established with this customer type. New entrants not currently considered to be competitors may also enter the market through acquisitions, partnerships, or strategic relationships. While we are continuing to see increased competition from third parties, when we are selling our products and services to potential customers, we believe that we are often competing with internal legacy processes and we must be able to convince internal stakeholders that our products and solutions are superior to these existing processes or other third- party solutions. For the reasons mentioned above, we may not be able to compete successfully against our current or future competitors, and this competition could result in the failure of our products and services to continue to achieve or maintain market acceptance, any of which would harm our business, operating results, and financial condition. We ~~condition may suffer~~ **well as delays and additional expenses in arranging for new services** .Our relationships with accounting and ERP solutions partners are integral to our ability to deliver our products and services particularly to our buyer customers.We rely upon their cooperation to develop and maintain integrations between our products and services and their respective solutions.These integrations allow information to be communicated between our products and services and our customers' accounting systems.These partners may also market and promote our products and services to customers.We **may** also compete with accounting and ERP solution providers ~~,including those with whom we partner,~~ from time to time that have developed or offer third party products and services that are competitive with our products and services.Furthermore,if our current partners decided instead to design their own AP solutions,that could harm our business.If we were unable to continue these relationships and add relationships with new accounting and ERP solutions partners,our growth prospects could be negatively impacted by not being able to offer necessary integrations to customers.We intend to continue to expand and leverage our current strategic partner relationships and to develop new strategic partner relationships to expand our sales and marketing efforts that we believe will allow us to sell and market our services in existing and new markets.Establishing strategic partner relationships,particularly with our financial institution customers and accounting software providers,entails extensive and highly specific upfront sales efforts,with little predictability and various ancillary requirements.For example,our partners may require us to submit to an exhaustive security audit,given the sensitivity and importance of storing their customer billing and payment data on our platform.As ~~a~~ processed approximately ~~70~~ **75** million transactions for our customers in ~~2022~~ **2023** . We have grown rapidly and seek to continue to grow, and although we maintain risk management processes, our business is always subject to the risk of financial losses as a result of operational errors, software defects, service disruption, third party fraud, employee misconduct, security breaches, credit losses, or other similar actions or errors. Furthermore, for 2018 and throughout 2021, we identified a material weakness in our internal control over financial reporting relating to our reconciliation of funds held for customers. While we remediated this material weakness in 2021, we may experience additional material weaknesses in the future. As a provider of AP and payment solutions, we collect and transfer funds on behalf of our customers. Software errors in our platform and operational errors by our employees and business partners **have** ~~may also expose~~ **exposed** us to losses. Moreover, our trustworthiness and reputation are fundamental to our business. As a provider of cloud- based software for complex back- office financial operations, the occurrence of any operational errors, software defects, service disruption, third party fraud, employee misconduct, security breaches, credit losses or other similar actions or errors on our platform could result in financial losses to our business and our customers, loss of trust, damage to our reputation, or termination of our agreements with strategic partners, each of which could result in: • loss of buyers and suppliers; • lost or delayed market acceptance and sales of our products and services; • legal claims against us, including warranty and service level agreement claims; • regulatory enforcement action; • diversion of our resources, including through increased service expenses; and • financial concessions, and increased insurance costs. Although our terms of service generally allocate to our customers the risk of loss resulting from our customers' errors, omissions, employee fraud, or other fraudulent activity related to their systems, some of our customers may be able to negotiate changes to this position or in some instances we may cover such losses for efficiency or to prevent damage to our reputation, irrespective of fault or our terms of service. Although we maintain insurance to cover losses resulting from our errors and omissions, there can be no assurance that our insurance will cover all losses or our coverage will be sufficient to cover our losses **or that we will be able to continue to maintain such insurance** . If we suffer significant losses or reputational harm as a result, our business, operating results, and financial condition could be adversely affected **conditions,changes in the macroeconomic environment,or flawed or insufficient transaction history or other data,among other factors.Should credit losses be significant with our supplier advance payment product,our business,financial position,and operating results may be adversely affected** .We depend on bank partners and other third- party service providers to process electronic payment transactions and check payments for our customers.We have entered into treasury services agreements and other arrangements with our bank partners and other third-party service providers for payment processing and related services.If these arrangements are terminated for any reason,or if services provided by our bank partners and other third- party service providers are interrupted,we could experience ~~delays,interruptions,and additional costs in processing payments for our customers.We also depend on third- party service providers for other critical functions,including customer invoicing and scanning solutions.We have entered into service agreements with these third- party service~~ . We, our strategic partners, our buyers and suppliers, and the third- party vendors and providers of cloud- based infrastructure and data services that we use, obtain and process large amounts of data, including confidential information, along with personal and other data related to our buyers and suppliers and their transactions, as well as other data of the counterparties to their payments. We face risks, including financial risks and risks to our reputation as a trusted brand, in the handling and protection of this data, and these risks will increase as our business continues to expand to include new products and technologies. Cybersecurity incidents and malicious internet- based activity continue to increase generally, and providers of cloud- based services, including us, financial institutions and other providers of financial services, have frequently been targeted by such attacks. Additionally, we expect to see an increase in cybersecurity incidents and malicious internet- based activity, including events directed by state sponsored entities, such as China, Iran, North Korea, and Russia. These cybersecurity challenges, including threats to our own IT infrastructure or those of our customers or third- party providers, may take a variety of forms ranging from stolen bank accounts, business email compromise, customer employee fraud, supply-chain attacks, ransomware, account takeover, check fraud, or cybersecurity attacks, to " mega breaches " targeted against cloud-based services and other hosted software, which could be initiated by individual or groups of hackers or sophisticated cyber criminals. A cybersecurity incident or breach could result in disclosure of data and intellectual property, or cause production downtimes and compromised data. We have in the past experienced cybersecurity incidents of limited scale such as phishing attempts to compromise employee email and malware. We may be unable to anticipate or prevent techniques used in the future to obtain unauthorized access or to sabotage systems because they change frequently and often are not detected until after an incident has occurred. As we increase our customer base and our brand becomes more widely known and recognized, third parties may increasingly seek to compromise our security controls or gain unauthorized access to our sensitive corporate information or our customers' data. We have administrative, technical, and physical security measures in place, and perform periodic penetration tests of our environment. We additionally have policies and procedures in place to contractually require service providers to whom we disclose data to implement and maintain reasonable privacy and security measures. However, if our protection or security measures, or those of the previously mentioned third parties are inadequate or expose vulnerabilities or are breached as a result of third- party action, employee or contractor action or inaction, malfeasance, malware, phishing, hacking attacks, system error, software bugs or defects in our products, trickery, process failure, or otherwise, and, as a result, there is improper disclosure of, or someone obtains unauthorized access to or exfiltrates funds or sensitive information, including PII, on our systems or our partners' systems, or if we suffer a ransomware or advanced persistent threat attack, or if any of the foregoing is reported or perceived to have occurred, our reputation and business could be damaged. Recent high-profile security breaches and related disclosures of data by large institutions suggest that the risk of such events is significant, even if privacy protection and security measures are implemented and enforced. If sensitive information is lost or improperly disclosed or threatened to be disclosed, we could incur significant costs associated with remediation and the implementation of additional security measures, and may incur significant liability and financial loss, and be subject to regulatory scrutiny, investigations, proceedings, and penalties. In addition, if our financial institutions or strategic partners conclude that our systems and procedures are insufficiently rigorous, they could terminate their relationships with us, and our financial results and business could be adversely affected. If there is a breach of the information that we store, we could be liable to our partners for their losses and related expenses. Additionally, if our own confidential business information were improperly disclosed, our business could be materially and adversely affected. A core aspect of our business is the reliability and security of our platform. Any perceived or actual breach of security, regardless of how it occurs or the extent of the breach, could have a significant impact on our reputation as a trusted brand, cause us to lose existing partners or other customers, prevent us from obtaining new partners and other customers, require us to expend significant funds to remedy problems caused by breaches and implement measures to prevent further breaches, and expose us to legal risk and potential liability including those resulting from governmental or regulatory investigations, class action litigation, and costs associated with remediation, such as fraud monitoring and forensics. Any actual or perceived security breach at a company providing services to us or our customers could have similar effects. While we maintain cybersecurity insurance, our insurance may be insufficient or may not cover all liabilities incurred by such incidents. We also cannot be certain that our insurance coverage will be adequate for data handling or data security liabilities actually incurred, that insurance will continue to be available to us on economically reasonable terms, or at all, or that any insurer will not deny coverage as to any future claim. **As a result of our cyber incident in 2023, our cyber insurance**

premiums increased significantly following renewal and the number of insurers that submitted proposals to us for consideration during our renewal process was very limited. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co- insurance requirements, could have a material adverse effect on our business, including our financial condition, operating results, and reputation. **Risks** We earn a substantial portion of our...... the United States, or other related **Related** ~~factors will impact the acceptance and adoption rates of electronic forms of payment. A significant shift in payment preference from electronic forms of payment~~ to **Talent Acquisition** ~~check by suppliers in our network in response to these or other factors could have a material impact on our business. The revenue we receive from electronic payment transactions is also dependent upon a number of factors, many of which we do not control, including the continued acceptance~~ and **Retention** adoption by businesses of electronic payments,...... our business could be negatively impacted. Our success and future growth depend upon the continued services of our team and other key employees. Our Co- Founder and Chief Executive Officer, Michael Praeger, is critical to our overall strategic direction, our culture, and the development of key products, partnerships and relationships. Our senior management and key employees are employed on an at- will basis. The loss of our chief executive officer, one or more members of our senior management, or other key employees, could harm our business, and we may not be able to find adequate replacements. To execute our business strategy, we must attract and retain highly qualified personnel. Our headquarters and primary center of employment is in Charlotte, North Carolina. In general, the talent pool in Charlotte may be smaller than in other geographic areas. Competition for executive officers, software developers and engineers, compliance and risk management personnel, and other key employees in our industry and location is intense and increasing, and we may not be able to attract the talent we need to grow and succeed. We compete with many other companies for software developers with high levels of experience in designing, developing, and managing cloud- based software and payment systems, as well as for skilled legal and compliance and risk operations professionals. The current regulatory environment related to immigration may increase the likelihood that immigration laws may be modified to further limit the availability of H1- B and other visas. If a new or revised visa program is implemented, it may impact our ability to recruit, hire, retain or effectively collaborate with qualified skilled personnel, including in the areas of artificial intelligence and machine learning, payment systems and risk management, which could adversely impact our business, operating results and financial condition. Many of the companies with which we compete for experienced personnel have greater resources than we do and can frequently offer such personnel substantially greater compensation than we can offer, and may be in geographies perceived by some employees as more desirable. If we fail to identify, attract, develop, and integrate new personnel, or fail to retain and motivate our current personnel, our growth prospects would be adversely affected . As we continue to grow and...... operating results and financial condition may suffer . Our ability to increase our base of buyers and suppliers and achieve broader market acceptance of our platform will depend to a significant extent on our ability to expand our sales and marketing organizations, and to deploy our sales and marketing resources efficiently. We plan to continue expanding our direct sales force as well as our sales force focused on identifying new strategic and indirect sales partners. We also dedicate significant resources to sales and marketing programs. Our business and operating results will be harmed if those efforts do not generate significant increases in revenue. We may not achieve anticipated revenue growth from expanding our sales force if we are unable to hire, develop, integrate, and retain talented and effective sales personnel, if our new and existing sales personnel are unable to achieve desired productivity levels in a reasonable period of time, or if our sales and marketing programs and advertising are not effective. **every** occasion with the applicable counterparty,and if one of these agreements were found to be defective under applicable law,it may not have effectively granted ownership of certain technology or other intellectual property to us.In such an event,there would be a risk that the applicable counterparty would not be available to (or would not be willing to) assist us in perfecting our ownership of the technology or intellectual property,which may have an adverse effect on our ability to protect our proprietary rights over such technology and intellectual property.We utilize commercially available off- the- shelf technology in the development of our products and services.As we continue to introduce new features or improvements to our products and services,we may be required to license additional technologies from third parties.These third- party licenses may be unavailable to us on commercially reasonable ~~terms~~ We use ~~Mastercard future offerings or enhancements of existing offerings,which could impair our business,financial condition,and results of operations.We use~~ open- source software in the development of our products and services.From time to time,there have been claims challenging the ownership of open- source software against companies that incorporate it into their products.As a result,we could be subject to lawsuits by parties claiming ownership of what we believe to be open- source software.Litigation could be costly for us to defend,have a negative effect on our operating results and financial condition,or require us to devote additional research and development resources to change our products.In addition,if we were to combine our proprietary software products with open- source software in a certain manner under certain open- source licenses,we could be required to release the source code of our proprietary software products.If we inappropriately use or incorporate open- source software subject to certain types of open- source licenses that challenge the proprietary nature of our products,we may be required to re- engineer such products,discontinue the sale of such products,or take other remedial actions. **If our technology and other proprietary rights are not adequately protected to prevent use or appropriation by our competitors,the value of our** ~~branded~~ -- **brand** ~~VCCs exclusively~~ **and other intangible assets may be diminished, and our business may be adversely affected. We rely and expect to continue to rely on a combination of confidentiality and license agreements with our employees, consultants and third parties with whom we have relationships** , as **well as trademark** ~~contractually required by our agreement with Mastercard~~ , **copyright,** ~~in connection with our VCC payment~~ **patent** ~~service~~ and **trade secret protection laws** ~~we are subject to payment card network operating rules~~ , **to protect** ~~including the Payment Card Industry Data Security Standard, or~~ **our proprietary rights** ~~PCI- DSS~~ . **We may also seek to enforce** ~~The payment card networks set and interpret the card operating rules and could adopt new operating rules or~~ **our** ~~interpret~~ **proprietary rights through court proceedings or other legal actions. We have filed and we expect to file from time to time**

~~or~~ **for** ~~reinterpret existing rules~~ **trademark, copyright and patent applications. However, the steps we take to protect our intellectual property rights may be inadequate. We make business decisions about when to seek patent protection for a particular technology and when to rely upon trade secret protection, and the approach we select may ultimately prove to be inadequate. For example, we have not historically prioritized seeking patent protections for our technology and therefore we may have limited capacity to assert proprietary rights against third parties** that ~~we or~~ **may offer similar products, services** ~~our~~ - **or** ~~processors might find difficult~~ **functionality. Even in cases where we seek patent protection, we cannot assure that the resulting patents will effectively protect every significant feature of** ~~or~~ **our solutions and any U** ~~even impossible to follow, or costly to implement~~ . ~~AvidXchange was~~ **S. or other patents issued to us may** not **be sufficiently broad to protect our proprietary technologies** ~~previously PCI- DSS compliant, but first obtained its PCI- DSS certification in May 2021~~ . **Specifically,** ~~There~~ **there** can be no ~~assurances~~ **guarantee** that ~~AvidXchange that~~ others will not independently develop similar products,duplicate any of our solutions or design around our patents,or adopt similar or identical brands for competing platforms or technology.Furthermore,legal standards relating to the validity,enforceability and scope of protection of intellectual property rights are uncertain.Therefore,our registration applications may not be approved,third parties may challenge any copyrights,patents or trademarks issued to or held by us,third parties may knowingly or unknowingly infringe our intellectual property rights,and we may not be able to prevent infringement or misappropriation without substantial expense to us.If the protection of our intellectual property rights is inadequate to prevent use or misappropriation by third parties,the value of our brand,content,and other intangible assets may be diminished.Further,intellectual property law,including statutory and case law,particularly in the United States,is constantly developing,and any changes in the law could make it harder for us to enforce our rights.In addition,we believe that the protection of our trademark rights is an important factor in product recognition,protecting our brand and maintaining goodwill.If we do not adequately protect our rights in our trademarks from infringement and unauthorized use,any goodwill that we have developed in those trademarks could be lost or impaired,which could harm our brand and our business.Failure to protect our domain names could also adversely affect our reputation and brand and make it more difficult for subscribers to find our products and services.We may be unable,without significant cost or at all,to prevent third parties from acquiring domain names that are similar to,infringe upon or otherwise decrease the value of our trademarks and other proprietary rights.We enter into confidentiality and invention assignment agreements with our employees and consultants and enter into confidentiality agreements with the parties with whom we have strategic relationships and business alliances.No assurance can be given that these **agreements** will be ~~able~~ **effective in controlling access** to **and distribution of** ~~maintain this certification. Failure to maintain this certification, or~~ **our** ~~any prior~~ **proprietary information. Further, these agreements do not prevent** ~~or~~ **our competitors or partners from independently developing technologies that are substantially equivalent or superior to our platform. In order to protect our intellectual property rights, we may be required to spend significant resources to monitor and protect these rights. Litigation may be necessary in the** future **to enforce** ~~violations of existing or~~ **our intellectual property rights and to protect** ~~new rules of the payment card network, or~~ **our** ~~increased fees~~ **intellectual property. Litigation brought to protect and enforce our intellectual property rights could be costly** , **time- consuming and distracting to management and** could result in the **impairment** ~~revocation of our~~ - **or loss of portions of** ~~ability to make payments using VCCs, or~~ **our** ~~such payments~~ **intellectual property. Furthermore, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of our intellectual property rights. An adverse determination of any litigation proceedings** could **put** ~~become prohibitively expensive for us or~~ **our intellectual property at risk of being invalidated** ~~for~~ - **or interpreted narrowly and could put our related patents, patent applications and trademark filings at risk of not being issued** ~~our~~ - **or** ~~customers~~ **being cancelled** . ~~If~~ **Furthermore** ,because of the substantial amount of discovery required in connection with intellectual property litigation,there is a risk that some of our confidential or sensitive information could be compromised by disclosure in the event of litigation.Our inability to protect our proprietary technology against unauthorized copying or use,as well as any costly litigation or diversion of our management' s attention and resources,could delay further sales or the implementation of our platform,impair the functionality of our platform,delay introductions of new functionality to our platform,result in our substituting inferior or more costly technologies into our platform,or injure our reputation.We will not be able to protect our intellectual property if ~~we~~ we are unable to ~~make buyer payments~~ **enforce our rights or if we do not detect unauthorized use of our intellectual property. Moreover, policing unauthorized use of our technologies, trade secrets and intellectual property may be difficult, expensive and time- consuming, particularly in foreign countries where the laws may not be as protective of intellectual property rights as those in the United States and where mechanisms for enforcement of intellectual property rights may be weak. If we fail** to ~~suppliers using VCCs~~ **meaningfully protect our intellectual property and proprietary rights** , our business **, operating results and financial condition** ~~would~~ **could** be adversely affected ~~as~~ **. Accordingly,** we ~~derive a significant portion of our revenue~~ **may not be able to prevent third parties** from **infringing upon or misappropriating** ~~interchange. We also may seek to introduce other card- related products in the future which may entail additional operating rules. If we fail to maintain or~~ **our** ~~grow~~ **intellectual property. Our failure to secure, protect and enforce our intellectual property rights could seriously damage** our brand recognition, our ability to expand our...... on our brand-building efforts, and our business ~~could suffer~~ . **Risk Related to Financial Controls, Customer Funds, and Risk Management** We identified a material weakness in our internal control over financial reporting as of December 31, ~~2022~~ **2023** , and if we are not able to remediate this material weakness, identify additional material weaknesses in the future or otherwise fail to design, implement, and maintain effective internal control over financial reporting, we may be unable to accurately report ~~our financial results in a timely manner, which may adversely affect investor confidence in us and materially and adversely affect our business and operating results.~~ We identified certain control deficiencies in our internal control over financial reporting that constituted a material weakness **in previous periods and** as of December 31, ~~2022~~ **2023** . A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our financial statements will not be prevented or detected on a timely basis. Our evaluation was based on the criteria described in Internal Control — Integrated Framework (2013) by the Committee of Sponsoring Organizations of the Treadway Commission (" COSO"). This material weakness is as follows: • We lack a sufficient complement of personnel with an appropriate level of accounting knowledge, training, and experience to appropriately analyze, record and disclose accounting matters timely and accurately. This material weakness resulted in material misstatements related to our preferred stock and additional- paid- in- capital accounts, and the classification of cash flows from operating and investing activities as of and for the year ended December 31, 2019, which resulted in the restatement of the 2019 Consolidated Financial Statements, errors identified and corrected in the aforementioned accounts prior to the issuance of financial statements as of and for the annual period ended December 31, 2020 and the quarterly period ended June 30, 2021, and in immaterial misstatements related to our cost of revenues, sales and marketing expense, research and development expense, general and administrative expense, and additional- paid- in- capital accounts, which resulted in the revision of our December 31, 2020 and June 30, 2021 financial statements. Additionally, this material weakness could result in a misstatement of substantially all of our accounts or disclosures would result in a material misstatement to the annual or interim Consolidated Financial Statements that would not be prevented or detected. To respond to this material weakness, we have devoted, and plan to continue to devote, significant effort and resources to the remediation and improvement of our internal control over financial reporting. The elements of our remediation plan can only be accomplished over time, and we can offer no assurance that these initiatives will ultimately have the intended effect. Any failure to design, implement, and maintain effective internal control over financial reporting, could adversely impact our ability to report our financial position and results of operations on a timely and accurate basis, which may cause investors to lose confidence in our reported financial information. Ineffective internal control over financial reporting could limit our access to capital markets, adversely affect our results of operations and / or lead to a decline in the trading price of our common stock. If our financial statements are not filed on a timely basis, we could be subject to sanctions or investigations by the stock exchange on which our common stock is listed. Additionally, ineffective internal control over financial reporting could expose us to an increased risk of fraud or misappropriation of assets and subject us to potential delisting from the stock exchange on which we list our common stock, to other regulatory investigations, and to civil or criminal sanctions. **Further, these types of fraudulent activities on our platform can also expose us to civil and criminal liability, governmental and regulatory sanctions as well as potentially cause us to be in breach of our contractual obligations to our third- party partners and buyers or suppliers.** We arrange for funds of our customers, including funds that will be remitted to suppliers, to be held in cash or cash equivalents, and these funds may be invested in highly liquid, investment- grade marketable securities ~~and money market securities~~ from time to time **, interest- bearing demand deposit accounts, and certificates of deposit** . Nevertheless, our customer fund assets are subject to general market, interest rate, credit, and liquidity risks. These risks may be exacerbated, individually or in aggregate, during periods of heavy financial market volatility. The U. S. economy has also been experiencing a higher than normal level of inflation. The long- term impacts of inflation on the economy and our business are unclear. The Federal Reserve has raised interest rates in an effort to reduce inflation. These rate increases have in turn increased the interest we earn on funds held for buyers, which we recognize as payment revenue. However, the Federal Reserve' s continued response to the inflationary environment remains uncertain, and the cessation of interest rate increases and the potential lowering of interest rates are outside of our control. Slower increases, a halt in increases, or a reduction in interest rates could unfavorably impact our interest revenue and have a material adverse effect on our business, financial condition, and results of operations. We are licensed as a money transmitter (or statutory equivalent) in all U. S. jurisdictions where, to the best of our knowledge, licensure is required for our business. Accordingly, we are subject to direct regulation by the licensing authorities of the jurisdictions where we are licensed. In certain jurisdictions where we operate, we are required to hold eligible liquid assets, as defined by the relevant regulatory authority, equal to at least 100 % of the aggregate amount of any outstanding customer liabilities. Our ability to manage and accurately account for the assets underlying our customer funds and comply with applicable liquid asset requirements requires a high level of internal controls. As our business continues to grow and we expand our product offerings, it may be necessary to scale the applicable internal controls. Our success requires significant public confidence in our ability to properly manage our customers' balances and handle large and growing transaction volumes and amounts of customer funds. Any failure to maintain the necessary controls or to accurately manage our customer funds and the assets underlying our customer funds in compliance with applicable regulatory requirements could result in reputational harm, lead customers to discontinue or reduce their use of our products, and result in significant penalties and fines, up to and including the loss of our state money transmitter licenses, which would materially harm our business. In the event of a financial crisis, such as ~~that~~ **those** experienced in 2008 and **during** ~~such as that which has resulted, or may result, from~~ the COVID- 19 pandemic, political tensions resulting in economic instability, such as due to military activity or civil hostilities ~~among Russia and~~ **in areas like the** Ukraine and the **Middle East, and the** related ~~response~~ **responses** , including sanctions or other restrictive actions by the United States and / or other countries, or other similar events, employment levels and interest rates may ~~decrease~~ **become volatile** with a corresponding impact on our business. As a result, we could experience a constriction in the availability of liquidity, which may impact our ability to fulfill our obligations to enable the movement of customer funds to the intended recipients. Additionally, we rely upon certain banking partners and other third parties to originate ACH payments, process checks, execute wire transfers, and issue VCCs, and these banking partners and other third parties could be similarly affected by a liquidity shortage or sanctions or other restrictive actions by governmental agencies, which may further exacerbate our ability to operate our business. Any material loss of or inability to access customer funds could have an adverse impact on our cash position and results of operations, could require us to obtain additional sources of liquidity, and could have a material adverse effect on our business, financial condition, and results of operations. ~~Certain of our products and services, including our supplier invoice factoring product, expose us to credit risk.~~ Our ~~factoring product allows suppliers to~~ **overall investment portfolio is generally comprised of (i) our operating cash and (ii) buyer funds. Our operating cash includes cash** ~~receive~~ **received**

~~advance payment~~ **from revenues generated and existing cash** on ~~qualifying invoices. We may not receive payment on these~~ -- **the** ~~purchased invoices~~ **balance sheet. Buyer funds are funds that have been collected** from buyers ~~and may otherwise unable~~ **, but not yet remitted** to ~~recoup owed~~ **the applicable supplier. Our operating cash is invested in accordance with our cash investment policy. Under that policy, we invest with the objective of preserving capital while optimizing yield. Permissible investments include U. S. Treasury instruments, U. S. Government Agency securities, commercial paper, investment grade corporate bonds, money market funds, and interest- bearing demand deposit** ~~amounts~~ **accounts** ~~from customers~~ **. Our buyer funds are invested with safety of principal, liquidity, and diversification as the primary objectives. Pursuant to our investment policy and subject to applicable law, buyer funds may be invested in U. S. Treasury securities, U. S. Government Agency securities, certificates of deposit, or other cash equivalents. As of December 31, 2023, all buyer funds were invested in interest- bearing demand deposit accounts** . While **we are in the process of diversifying our banking relationships, the majority of** ~~the~~ **these demand accounts have been maintained** ~~development, release, and timing of any new products remain~~ at **one institution which is a full- service, FDIC- insured national bank supervised by** the **Office** ~~sole discretion~~ of the **Comptroller of the Currency (OCC) and is a subsidiary of a bank holding** ~~Company~~ **company** ~~and may be~~ subject to ~~change~~ **regulation** , **supervision** ~~we intend to modify and expand this supplier product offering which would expose to additional credit risk. The success of any supplier advance payment product depends~~ , ~~in substantial part, on our ability to effectively manage non- payment~~ and **examination by** ~~default risks. To manage such risks, we intend to use techniques designed to analyze the businesses' past purchase and transaction histories, risk models and third- party factoring tools, and other~~ -- **the Federal Reserve. Beginning in** ~~indicators to help predict the risk profile of these~~ -- **the first quarter of 2023** ~~buyers and suppliers and make pricing and eligibility decisions accordingly. These techniques may not accurately predict loss rates or provide inputs on risked- adjusted pricing due to inaccurate assumptions~~ , ~~fluctuating~~ **the U. S. banking** market conditions, changes in the macroeconomic environment...... providers are interrupted, we could experience **experienced increased volatility** ~~delays, interruptions, and additional costs in processing payments for our customers. We also depend on third- party service providers for other critical functions, including customer invoicing and scanning solutions. We have entered into service agreements with these third- party service providers for scanning, indexing and related services, and these agreements include significant security, compliance, and operational obligations. If our agreements with the scanning and / or indexing partners are terminated for any reason, we could experience service interruptions~~ as well as delays and additional expenses in...... payment data on our platform. As a result **of several highly publicized distressed or closed banks** , ~~formalizing~~ **the most significant of these being Silicon Valley Bank** and **First Republic Bank. As we regularly** ~~maintaining~~ -- **maintain cash deposits, including buyer funds,** ~~new strategic partner relationships involve a degree of effort and risks~~ that **exceed the applicable FDIC insurance limits, this volatility exposes us to increased risk. While we do not currently maintain private insurance to mitigate this risk, and such insurance** may not be ~~present~~ **available on commercially reasonable terms** or **at all, we seek to mitigate this risk by monitoring financial institutions** that **we conduct business with and endeavor to maintain cash balances at** ~~are~~ **large** ~~present to~~ **well- capitalized financial institutions. Although we have not realized any losses as** a **result** ~~lesser extent with direct customer sales. With strategic partners, the decision to enter into a relationship with us frequently requires the approval~~ of **this increased market volatility** ~~multiple management personnel and technical personnel. Additionally~~ , ~~sales~~ **we continue** to **closely monitor this situation** ~~strategic partners' customers may require us to invest more time educating~~ and ~~selling to these~~ -- **the** potential **risks posed** ~~customers. Purchases of our services by customers of strategic partners are also frequently subject~~ to ~~delays~~ **our operating cash** and ~~require considerable efforts~~ **buyer funds. Nonetheless, we may be exposed** to ~~negotiate and document relationships with them~~ - **the risk** ~~. Further, we may integrate our platform with our strategic partners' own websites and apps, which requires significant time and resources to design and deploy both before and after marketing and sales efforts begin. If we are unable to increase sales~~ of ~~our services through strategic partners and to manage the costs associated with these~~ **those** ~~relationships, including without limitation, integrating with their systems and ongoing training for their marketing and sales personnel, our business,~~ financial **institutions'** ~~position, and operating results may be adversely affected. Our ability to attract new strategic partners may be limited by our commitments to provide our existing strategic partners with certain exclusivity and / or first rights to participate in certain channels or territories. We also may not be able to attract new strategic partners if our~~ potential **insolvency** ~~partners favor our~~ - **or failure** ~~competitors' products or services over our services or choose to compete with our services directly. Certain of our strategic partners may have the resources~~ and ~~inclination to develop their own solutions to replace ours. Moreover, strategic partners could decide to focus on other market segments. Further,~~ there ~~can be no guarantee that our strategic partners will not choose to terminate their relationships with us for strategic or other reasons. If we are unsuccessful in establishing, growing, or maintaining our relationships with strategic partners, our ability to compete in the marketplace or to grow our revenue could be impaired, and our results of operations may suffer. We rely on our reputation and recommendations from key buyers and strategic partners in order to promote our platform. The loss of any of our key buyers or strategic partners could have a significant impact on our revenues, reputation and our ability to obtain new customers. Some of our key buyers have the ability to terminate their existing agreements without cause prior to the expiration of the applicable term and our suppliers, including our larger suppliers, are under no obligation to accept payments in a particular format. In addition, acquisitions of our buyers could lead to cancellation of our contracts with those customers by the acquiring companies, thereby reducing the number of our existing and potential customers, or the acquiring buyers may seek to leverage more favorable pricing and terms. We believe that a critical component of our success has been our company culture, which is based on our core values of ensuring customer success, focusing on results and striving for excellence. We have invested substantial time and resources in building our team within this company culture. As we grow and develop the infrastructure of a public company, we may find it difficult to maintain these important aspects of our company culture. If we fail to preserve our culture, our ability to retain and recruit personnel and to effectively focus on and pursue our corporate objectives could be compromised, potentially harming our~~

~~business. Both our buyers and suppliers rely on our customer support services to resolve issues and realize the full benefits provided by our products and services. High- quality support is also important for the renewal and expansion of our products and services with existing customers. We primarily provide customer support over chat, email and phone- based support. If we do not help our customers quickly resolve issues and provide effective ongoing support, or if our support personnel or methods of providing support are insufficient to meet the needs of our customers, our ability to retain customers, increase the density of our supplier network and acquire new customers could suffer, and our reputation with existing or potential customers could be harmed. Our overall performance depends on general economic conditions, which may be challenging at various times. Financial developments seemingly unrelated to us or our industry may adversely affect our buyers and suppliers and us. Domestic and international economies have from time- to- time been impacted by falling demand for a variety of goods and services, tariffs and other trade issues, threatened sovereign defaults and ratings downgrades, restricted credit, threats to major multinational companies, poor liquidity, reduced corporate profitability, volatility in credit, equity and foreign exchange markets, bankruptcies and overall uncertainty. For example, inflationary impacts and fears of a recession have created and may continue to create significant uncertainty in domestic markets and the short and long- term impact of these conditions on our business is highly uncertain at this time. Domestic and global financial and credit markets have recently experienced extreme volatility and disruptions, including severely diminished liquidity and credit availability, declines in consumer confidence, declines in economic growth, rising interest rates, inflation, and uncertainty about economic stability. The financial markets and the global economy may also be adversely affected by the current or anticipated impact of military conflict, including the conflict between Russia and Ukraine, terrorism or other geopolitical events. Sanctions imposed by the U. S. and other countries in response to such conflicts, including the one in Ukraine, may also adversely impact the financial markets and the global economy, and any economic countermeasures by affected countries and others could exacerbate market and economic instability. There~~ can be no assurance that ~~further deterioration~~ **our deposits** in **excess of the FDIC or other comparable insurance limits will be backstopped by the U. S. government, or that any bank or** financial **institution with which we do business** ~~and credit markets and confidence in economic conditions~~ will ~~not occur~~ **be able to obtain needed liquidity from other banks, government institutions or by acquisition in the event of a failure or liquidity crisis** . ~~Our general~~ **In the event of the failure of one or more financial institutions with whom we do** business ~~strategy may be adversely affected by any such economic downturn~~ , **we** ~~volatile business environment or continued unpredictable and unstable market conditions. If the current equity and credit markets deteriorate, it may make any necessary debt or equity financing more difficult, more costly and more dilutive. Failure to secure any necessary financing in a timely manner and on favorable terms~~ could **incur significant liquidity risks** ~~have a material adverse effect on our~~ - **or** ~~growth strategy,~~ **losses that could negatively impact our result of operations and** financial **position** performance and stock price. We cannot...... could adversely affect our results of operations . We offer products and services, including software, that digitize and automate back- office financial operations for a large number of buyers and execute payments to their suppliers. We are responsible for verifying the identity of our buyers and their users, and we monitor transactions for fraud. We and our buyers and our suppliers have been in the past, and will continue in the future to be, targeted by parties who seek to commit acts of financial fraud using techniques such as stolen identities and bank accounts, compromised business email accounts, employee or insider fraud, account takeover, false applications, and check fraud. We **have suffered losses, and** may **continue to** suffer losses **in the future,** from acts of financial fraud committed by our buyers and suppliers ~~and~~ **,** their users, **and** ~~our employees or~~ third ~~-~~ parties. The techniques used to perpetrate fraud on our platform are continually evolving. In addition, when we introduce new products and functionality, or expand existing products, we may not be able to identify all risks created by the new products or functionality. Our risk management policies, procedures, techniques, and processes may not be sufficient to identify all of the risks to which we are exposed, to enable us to prevent or mitigate the risks we have identified, or to identify additional risks to which we may become subject in the future. Furthermore, our risk management policies, procedures, techniques, and processes may contain errors or our employees or agents may commit mistakes or errors in judgment as a result of which we may suffer large financial losses. The software- driven and highly automated nature of our platform could enable criminals and those committing fraud to steal significant amounts of money from businesses like ours. As greater numbers of customers use our platform, our exposure to material risk losses from a single customer, or from a small number of customers, will increase. Our current business and anticipated growth will continue to place significant demands on our risk management efforts, and we will need to continue developing and improving our existing risk management infrastructure, policies, procedures, techniques, and processes. As techniques used to perpetrate fraud on our platform evolve, we may need to modify our products or services to mitigate fraud risks. As our business grows and becomes more complex, we may be less able to forecast and carry appropriate reserves in our books for fraud related losses. ~~Further,~~ **Any future litigation against us could be costly and time consuming to defend. We may become subject to legal proceedings and claims that arise in** ~~these~~ -- **the** ~~types~~ **ordinary course** of ~~fraudulent activities~~ **business, such as claims brought in connection with intellectual property disputes, claims brought by our customers in connection with commercial disputes, employment claims made by our current or former employees, or claims for reimbursement following the disclosure or misappropriation of customer funds or data. The software industry is characterized by the existence of many patents, copyrights, trademarks, trade secrets, and other intellectual and proprietary rights. Companies in the software industry are often required to defend against litigation claims based** on **allegations of infringement** ~~our~~ - **or other violations of intellectual property rights. Our technologies may not** ~~platform can also expose us to civil and criminal liability, governmental and regulatory sanctions as well as potentially cause us to~~ be **able** ~~in breach of our contractual obligations~~ to ~~our~~ **withstand any** third- party **claims against** ~~partners and buyers or suppliers. Market opportunity estimates and growth forecasts are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. Our estimates and forecasts relating to the~~ **their** ~~size and expected growth of our market may prove to be inaccurate. Even if the market in which we compete meets our size estimates and forecasted growth, our business could fail to grow at similar rates or~~

~~we could fail to secure the portion of market share we expect. Our business, which includes payment services, is subject to extensive government regulation and oversight. Our failure to comply with extensive, complex, overlapping, and frequently changing rules, regulations, and legal interpretations could materially harm our business and noncompliance with such laws can subject us~~ **use** ~~to criminal and civil liability~~ . ~~Financial Services Regulation~~ In addition **, many companies have the capability** to **dedicate substantially greater resources to enforce** ~~the~~ **their intellectual property rights** ~~regulatory regimes described elsewhere, the local, state,~~ and **to defend claims** ~~federal laws, rules, regulations, licensing schemes, and industry standards~~ that ~~govern our payment services include, or~~ may ~~in~~ **be brought against** ~~the~~ **them** ~~future include, those relating~~ **. If a third party is able** to ~~banking, invoicing, cross~~ **obtain an injunction preventing us from accessing such third** - **party intellectual property rights** ~~border and domestic money transmission~~ , **or if we cannot** ~~foreign exchange, payment processing and settlement services, and escheatment. These laws, rules, regulations, licensing schemes, and industry standards are enforced by multiple authorities and governing bodies in the United States, including federal regulators, self- regulatory organizations, and numerous state and local authorities. As a licensed~~ - **license or develop alternative technology** ~~money transmitter in various U. S. states and territories, we are subject to a range of restrictions and ongoing compliance obligations under the money transmitter statutes (or~~ **for any infringing** ~~their equivalent) administered by the banking departments of the various U. S. states and territories, including requirements with respect to the investment of customer funds, financial recordkeeping and reporting, reconciliation of customer funds, bonding, minimum capital, disclosure, and inspection, audit or examination by regulatory authorities concerning various aspects~~ - **aspect** of our business ~~. In a number of cases~~ , **we** ~~evaluation of our compliance efforts depends on regulatory interpretations that could~~ **would** change over time. In the past...... similar enforcement actions, and we could be forced to **limit or stop sales of our software or** cease ~~conducting certain aspects of our~~ business **activities related** ~~with residents of certain jurisdictions, be forced~~ to ~~change our business practices in certain jurisdictions, or be required to obtain additional licenses, regulatory approvals, or other similar authorizations. We cannot make any assurances that we will be able to obtain or maintain any~~ such **intellectual property. Any inability to** ~~licenses~~ - **license** , regulatory approvals, and other similar...... impose other requirements in furtherance of their - **third - party technology** ~~missions. Other Regulation Our success and increased visibility may result in increased regulatory oversight and enforcement and more restrictive rules and regulations that apply to our business. We are subject to a wide variety of local, state and federal laws, rules, regulations, licensing schemes, and industry standards in the United States, which govern numerous areas important to our business. We will likely become subject to additional laws, rules, regulations, licensing schemes, and industry standards in other jurisdictions if we expand our operations internationally~~ in the future . In addition to those laws and...... and the evolving regulatory environment, could **would** result in a single event giving rise...... lose trust in us, which could have an adverse effect on our ~~reputation and~~ business **or operating results and would adversely affect our ability to compete** . We ~~expect~~ **may also be contractually obligated to indemnify our customers in the event of infringement of a third party' s intellectual property rights. Lawsuits are time-consuming and expensive to resolve and they divert management' s time and attention. Although we carry insurance, our insurance may not cover certain future claims, may not provide sufficient payments to cover all the costs to resolve one or more such claims, and might not continue to be available on terms acceptable to us. A claim brought against us** that **is uninsured** ~~there will continue to be new proposed laws, regulations, and industry standards relating to privacy, data protection, marketing, consumer communications, and information security, and we cannot determine the impact such future laws, regulations, and standards may have on our~~ - **or underinsured** ~~business. Future laws, regulations, standards, and other obligations or any changed interpretation of existing laws or regulations~~ could **result in unanticipated** ~~impair our ability to develop and market new functionality, use particular forms of data, and maintain and grow our customer base and increase revenue. Future restrictions on the collection, use, sharing, or disclosure of data, or additional requirements for express or implied consent of our customers, partners, or end users for the use and disclosure of such information could require us to incur additional~~ costs **, thereby reducing** ~~or~~ **our** modify our platform, possibly in a...... we expand into new areas of operations - **operating results and leading analysts or potential investors to reduce their expectations of our performance** , which could **reduce** ~~have a significant negative effect on our existing business and our ability to pursue future plans. Although we currently only operate in~~ the **trading price of our stock** ~~United States, in the future, we may seek to expand internationally. In that case, we would become subject to additional laws and regulations, and would need to implement new controls to comply with applicable laws and regulations~~ . We **cannot predict** ~~are required to comply with U. S. export control and economic and trade sanctions administered by the OFAC. We have implemented policies and procedures designed to ensure compliance with these~~ -- **the** ~~regulations~~ **outcome of lawsuits** and ~~requirements, as well as similar requirements in other jurisdictions, to the extent applicable. However, we~~ cannot assure you that **the results of any** such **actions** ~~policies and procedures~~ will ~~effectively - engineer such products~~ **not have an adverse effect on our business** , **operating results** ~~discontinue the sale of such products~~ ,or **financial condition** ~~take other remedial actions~~ .Natural catastrophic events and man- made problems such as power-disruptions,computer viruses,data security breaches,war and terrorism may disrupt our business.Natural disasters or other catastrophic events may cause damage or disruption to our operations,international commerce and the global economy,and thus could harm our business. ~~We have~~ **Our headquarters and** a large employee presence **is located** in Charlotte,North Carolina and **we have** smaller employee groups **and offices** in areas in and around **Burbank** ~~Los Angeles~~ ,California,Houston,Texas,Salt Lake City,Utah,Birmingham,Alabama,and ~~Boston~~ **Framingham** ,Massachusetts.In the ~~event of a major prevent~~ -- **event** ~~violations~~ of ~~Lake City,Utah,Birmingham,Alabama,and Boston,Massachusetts.In the event of~~ a major earthquake,hurricane or catastrophic event such as fire,power loss,telecommunications failure,vandalism,cyber- attack,war,or terrorist attack,we may be unable to continue our operations and may endure system interruptions,reputational harm,delays in our application development,lengthy interruptions in our products,breaches of data security,and loss of critical data,all of which could harm our business,operating results,and financial condition. ~~Additionally~~ **In addition** , ~~as computer malware~~ **the insurance we maintain may be insufficient to cover** , ~~viruses~~ **or may not cover,our losses resulting from disasters,cyber- attacks,or other business**

interruptions ,and ~~computer hacking~~ **any incidents may result in loss of** , ~~fraudulent use attempts~~ **or increased costs of** , ~~phishing attacks,~~ **such insurance.Risks Related to Credit** and **Liquidity Certain** ~~other data security breaches have become more prevalent,we,and third parties upon which we rely,face increased risk in maintaining the performance,reliability,security,and availability~~ of our ~~solutions~~ **products** and ~~related~~ services ~~and technical infrastructure~~ **,including our supplier invoice factoring product,expose us** to **credit risk** ~~the satisfaction of our customers~~ . **Our factoring product allows suppliers** ~~Any such data security breach related~~ to ~~our~~ **receive advance payment on qualifying invoices.We may not receive payment on** these **purchased invoices from buyers** ~~laws in the future. If we fail to comply with applicable export control~~ and ~~economic and trade sanctions laws~~ **may otherwise unable to recoup owed amounts from customers. While the development** , ~~we could~~ **release, and timing of any new products remain at the sole discretion of the Company and may** be subject to **change** ~~fines or other enforcement actions~~ , **we will be modifying and expanding this supplier product offering during 2024** which ~~could~~ **would expose us** ~~adversely affect our business. We are also subject~~ to ~~various AML and counter~~ **additional credit risk. The success of any supplier advance payment product depends, in substantial part, on our ability to effectively manage non** - **payment** ~~terrorist financing laws~~ and ~~regulations around the world that prohibit~~ **default risks. To manage such risks** , ~~among~~ **we may use techniques designed to analyze** ~~other~~ -- **the businesses' past purchase** ~~things, our involvement in transferring the proceeds of criminal activities. In the United States, most of our services are subject to AML laws~~ and ~~regulations~~ **transaction histories** , ~~including the Bank Secrecy Act of 1970, as amended by the USA PATRIOT Act of 2001, and its implementing regulations, or collectively, the BSA, and other similar laws and regulations. The BSA, among other things, requires money transmitters to develop and implement~~ risk **models** - based AML programs, to report...... in greater costs for compliance. Regulators and third- party ~~auditors have identified gaps in~~ **factoring tools, and other indicators to help predict the risk profile of these buyers and suppliers and make pricing and eligibility decisions accordingly. These techniques may not accurately predict loss rates** ~~our~~ - **or** ~~AML program~~ **provide inputs on risked-adjusted pricing due to inaccurate assumptions** , ~~and we could~~ **fluctuating market conditions, changes in the macroeconomic environment, or flawed or insufficient transaction history or other data, among other factors. Should credit losses** be ~~subject to potentially~~ significant **with** ~~fines, penalties, inquiries, audits, investigations, enforcement actions, and criminal and civil liability if such gaps are not sufficiently remediated or~~ **our supplier advance payment product** ~~our AML program is found to violate the BSA by a regulator. We are subject to the U. S. Foreign Corrupt Practices Act~~ , ~~or~~ **our** ~~the FCPA, the U. S. domestic bribery statute contained in 18 U. S. C. § 201, the U. S. Travel Act, and other anti- corruption and anti- bribery laws and regulations in any non- U. S. jurisdictions in which we do~~ business . These laws generally prohibit companies,......, our business, results of operations , financial ~~condition~~ **position** , and growth prospects could be materially harmed....... indemnity payments could harm our business, operating results ~~, and financial condition. Although we normally limit our liability with respect to such obligations in our contracts with direct customers and with customers acquired through our accounting firm partners, we may still incur substantial liability, and we~~ may be required to cease use of certain functions...... decrease our future sales, which could adversely ~~affect~~ **affected** our business and operating results. As...... our cash flows and results of operations . Our 2022 Credit Agreement contains certain affirmative and negative covenants that restrict our and our subsidiaries' ability to, among other things (in each case, subject to certain exceptions based on dollar caps or other conditions): • incur additional indebtedness; • create additional liens on assets; • make certain investments; • dispose of assets; • engage in a merger or other similar transaction; • engage in transactions with affiliates; • make certain restricted payments, including the payment of dividends in certain limited circumstances; and • engage in new businesses, other than our primary B2B accounts payable, invoice, and payments businesses. The 2022 Credit Agreement also contains financial covenants, measured on a consolidated basis: • there must be liquidity (availability under the 2022 Revolver (as defined below), plus unrestricted cash) that is more than the greater of (1) $ 35 million, and (2) 35 % of the Total Commitment Amount (as defined in the 2022 Credit Agreement). • as of the end of each quarter, total revenue on a trailing four- quarter basis must be greater than the requirements set forth in the 2022 Credit Agreement. • for each period of four consecutive quarters ending on December 31, 2024, and at the end of each fiscal quarter thereafter, Consolidated EBITDA as defined in the 2022 Credit Agreement must not be less than $ 10 million. Our or our subsidiaries' failure to comply with the covenants or payment requirements, or the occurrence of other events specified in our 2022 Credit Agreement, could result in an event of default under the 2022 Credit Agreement, which would give our lenders, in addition to other rights and remedies, the right to terminate their commitments to provide additional loans under the 2022 Credit Agreement and to declare all outstanding loans, together with accrued and unpaid interest and fees and any other outstanding amounts, to be immediately due and payable. In addition, we and our subsidiaries have granted our lenders under the 2022 Credit Agreement first- priority liens against substantially all of our and our subsidiaries' assets and property as collateral. If the debt under our 2022 Credit Agreement was to be accelerated, we might not have sufficient cash on hand or be able to sell sufficient collateral to repay the obligations then due. In such an event, the lenders under our 2022 Credit Agreement would have the right to, among other remedies, enforce liens against our and our subsidiaries assets and property and seek other judicial and non- judicial enforcement of their rights, any or all of which would likely have an immediate adverse effect on our business and operating results. **If** ~~Historically, we have developed our proprietary technology and other~~ -- **the current equity** ~~intellectual property both internally, through development by our employees~~ and **credit markets deteriorate** ~~consultants, and externally, through engaging third party developers in the United States and abroad. We generally enter into confidentiality and invention assignment agreements with such employees, consultants and third party developers with the expressed intention that we own all proprietary rights in all applicable technology and intellectual property developed during the relationship. However~~ , it ~~is possible that these agreements~~ may ~~not have been properly entered into~~ **make any future debt or equity financing more difficult, more costly and more dilutive. Failure to secure any necessary financing in a timely manner and** on **favorable** every occasion with the applicable counterparty,...... be unavailable to us on commercially reasonable terms , if at all. If we...... economies and the emergence of new variants could have a material adverse ~~impact~~ **effect**

on our **,regulatory** approvals,and other similar authorizations,and there could be substantial costs and potential product changes involved in maintaining any such licenses,approvals,or other similar authorizations,which could have a material adverse effect on our business.In addition,there are substantial costs involved in maintaining and renewing those licenses,regulatory approvals,and other similar authorizations that we currently hold,and we could be subject to fines or other enforcement action if we are found to violate the various requirements applicable to us in connection with maintaining the same.These factors could impose substantial additional costs on us,involve considerable delay to the development or provision of our products or services to our customers,require significant and costly operational changes,or prevent us from providing our products or services in any given market.Governmental authorities may impose new or additional rules on ~~our activities~~ **money transmission** ,including regulations that:• prohibit,restrict,and / or impose taxes or fees on money transmission ~~and lending~~ transactions in,to or from certain countries or with certain governments,individuals,or entities;• impose additional customer identification and customer due diligence requirements;• impose additional reporting or recordkeeping requirements,or require enhanced transaction monitoring;• **limit the types of entities capable of providing money transmission services,or impose additional licensing or registration requirements;•** impose higher minimum capital or other financial requirements;• **limit or restrict the revenue that may be generated from money transmission,including revenue from interest earned on customer funds,transaction fees,and revenue derived from foreign exchange;•** require enhanced disclosures to **our money transmission** customers ~~utilizing our financial services;• limit the types of entities capable of providing money transmission services,lending services,or impose additional licensing or registration requirements;• limit or restrict the revenue that may be generated from money transmission and lending services,including revenue from interest earned on customer funds,transaction fees,and revenue derived from foreign exchange~~ ;• require the principal amount of money transmission originated in a country to be invested in that country or held in trust until paid;• limit the number or principal amount of money transmission transactions that may be sent to or from a jurisdiction,whether by an individual or in the aggregate;• restrict or limit our ability to process transactions using centralized databases,for example,by requiring that transactions be processed using a database maintained in a particular country or region;or • **impose other requirements in furtherance of their** employees **or contractors will not violate such laws** , ~~.Although we have a compliance program focused on the laws,rules,regulations,licensing schemes,and industry standards that we have determined apply to our business,and although we continue to prioritize investments in this program,we can make no assurances that our employees or contractors will not violate such laws,~~ rules,regulations,licensing schemes,and industry standards.Any failure or perceived failure to comply with existing or new laws,rules,regulations,licensing schemes,or industry standards (including as a result of any changes to the interpretation or application of the same) may:• subject us to significant fines,penalties,criminal and civil lawsuits,license suspension or revocation,forfeiture of significant assets,audits,inquiries,whistleblower complaints,adverse media coverage,investigations,and enforcement actions in one or more jurisdictions by federal,state,local or foreign regulators,state attorneys general,or private plaintiffs who may be acting as private attorneys general pursuant to various applicable federal,state,and local laws;• result in additional compliance and licensure requirements;• increase regulatory scrutiny of our business;and • restrict our operations and force us to change our business practices or compliance program,make product or operational changes,or delay planned product launches or improvements.The complexity of U.S.federal and state regulatory and enforcement regimes,coupled with the scope of any future international operations and the evolving regulatory **environment,could result in a single event giving rise to many overlapping investigations and legal and regulatory proceedings by multiple government authorities in different jurisdictions.Any of the foregoing could,individually or in the aggregate,harm our reputation as a trusted provider,damage our brands and business,cause us to lose existing** customers **, prevent us from obtaining new customers, require us to expend significant funds to remedy problems caused by violations** and ~~strategic violations and~~ to avoid further violations,expose us to legal or regulatory risk and potential liability,and adversely affect our results of operations and financial condition.Our buyers and other users store personal and business information,financial information and other sensitive information on our platform.In addition,we receive,store,and process personal and business information and other data from and about actual and prospective customers and users,in addition to our employees and service providers.Our handling of data may subject us to a variety of laws and regulations,including regulation by various government agencies.Our data handling also is subject to contractual obligations and industry standards.The U.S.federal government and various state and foreign governments have adopted or proposed limitations on the collection,distribution,use,and storage of data relating to individuals and businesses,including the use of contact information and other data for marketing,advertising,and other communications with individuals and businesses.In the United States,various laws and regulations apply to the collection,processing,disclosure,and security of certain types of data.The laws and regulations relating to privacy and data security are evolving,can be subject to significant change,and may result in ever- increasing regulatory and public scrutiny and escalating levels of enforcement and sanctions.Additionally,the scope and interpretation of the laws that are or may be applicable to us are often uncertain and may be conflicting,as a result of the rapidly evolving regulatory framework for privacy issues worldwide.Any failure or perceived failure by us to comply with laws,regulations,policies,legal,or contractual obligations,industry standards,or regulatory guidance relating to privacy or data security,may result in governmental investigations and enforcement actions,litigation,fines and penalties,or adverse publicity,and could cause our **customers and** partners ~~. A pandemic, including COVID- 19 or other public health epidemic, poses the risk that we or our employees, customers and other partners may be prevented from conducting business activities for an indefinite period of time, including due~~ to **lose trust in us,** ~~spread of the disease within these groups or due to shutdowns that may be requested or mandated by governmental authorities. The COVID- 19 pandemic and mitigation measures have also had an adverse impact on global economic conditions~~ which could have an adverse effect on our **reputation and** business - based AML programs,to report large cash transactions and suspicious activity,and,in some cases,to collect and maintain information about customers who use their services and maintain other transaction records.Regulators in the U.S.and globally continue to increase their scrutiny of compliance with these obligations,which may require us to further revise or expand our compliance program,including the procedures we use to verify the identity of our customers and to monitor transactions on our system,including payments to persons outside of the United States.Regulators regularly re- examine the transaction volume thresholds at which we must obtain and keep applicable records or verify identities of customers,and any change in such thresholds could result in greater costs for compliance.Regulators ~~and~~ ~~or securing~~ an improper business advantage.These laws also require that we keep accurate books and records and maintain internal controls and compliance procedures designed to prevent any such actions. ~~As~~ **Should** we increase our international business,our risks under these laws may increase.Although we currently only maintain operations in the United States,as we increase our international cross- border business and expand operations abroad,we may engage with business partners and third- party intermediaries to market our services and to obtain necessary permits,licenses,and other regulatory approvals.In addition,we or our third- party intermediaries may have direct or indirect interactions with officials and employees of government agencies or state- owned or affiliated entities.We can be held liable for the corrupt or other illegal activities of these third- party intermediaries,our employees,representatives,contractors,partners,and agents,even if we do not explicitly authorize such activities;and we cannot assure that all of our employees and agents will comply with applicable anti- corruption and anti- bribery laws and internal policies.Detecting,investigating,and resolving actual or alleged violations of anti- corruption laws can require a significant diversion of time,resources,and attention from senior management.In addition,noncompliance with anti- corruption or anti- bribery laws could subject us to whistleblower complaints,investigations,sanctions,settlements,prosecution,enforcement actions,fines,damages,other civil or criminal penalties,injunctions,suspension or debarment from contracting with certain persons,reputational harm,adverse media coverage,and other collateral consequences.If any subpoenas are received or investigations are launched,or governmental or other sanctions are imposed,or if we do not prevail in any possible civil or criminal proceeding,our business,results of **operations,** financial condition ~~. The extent to which the COVID- 19 pandemic~~ , ~~or any other outbreak of an~~ **and growth prospects could** ~~epidemic disease, impacts our results will depend on future developments that are highly uncertain and cannot~~ be **materially harmed** ~~predicted, including new information that may emerge concerning the severity of the virus and the actions to contain its impact. We cannot accurately forecast the potential impact of additional outbreaks, the impact of government restrictions that are implemented in response to new outbreaks, or the impact on the ability of our buyers and suppliers to remain in business, each of which could continue to have an adverse impact on our business. Due to the uncertainty of the COVID- 19 pandemic, we will continue to assess the situation market- by- market. The COVID- 19 pandemic may also continue to adversely impact our operations, our employees and our productivity and the operations of our customers and our strategic partners. The disruption caused by the future outbreaks may negatively impact our ability to meet customer demand and our revenue and profit margins and we may experience delays or changes in customer demand, particularly if customer funding priorities change~~ . In addition, ~~the disruption and volatility~~ **responding to any action will likely result** in ~~the global~~ **a materially significant diversion of management' s attention** and **resources and significant defense** ~~domestic capital markets caused by the pandemic may increase the cost~~ **costs** ~~of capital and limit our ability to access capital. Both the health and economic impacts of the pandemic, and the future course of each, remain uncertain. For these reasons~~ and other **professional fees** ~~reasons that may come to light if the COVID- 19 pandemic, or any other public health epidemic, and the associated protective or preventative measures expand, we may experience a material adverse impact on our business operations, revenues and financial condition; however, its ultimate impact is highly uncertain and subject to change. Further, to the extent the COVID- 19 pandemic or any other outbreak of an epidemic disease adversely affects our business and financial results, it may also have the effect of heightening many of the other risks described in this section~~ . The increasing focus on environmental sustainability and social initiatives could increase our costs, harm our reputation and adversely impact our financial results. There has been increasing public focus by investors, environmental activists, the media and governmental and nongovernmental organizations on a variety of environmental, social and other sustainability matters. We may experience pressure to make commitments relating to sustainability matters that affect us, including the design and implementation of specific risk mitigation strategic initiatives relating to sustainability. If we are not effective in addressing environmental, social and other sustainability matters affecting our business, or setting and meeting relevant sustainability goals, our reputation and financial results may suffer. In addition, we may experience increased costs in order to execute upon our sustainability goals and measure achievement of those goals, which could have an adverse impact on our business and financial condition. In addition, this emphasis on environmental, social and other sustainability matters has resulted and may result in the adoption of new laws and regulations, including new reporting requirements. If we fail to comply with new laws, regulations or reporting requirements, our reputation and business could be adversely impacted. ~~0 million~~ **our business** and **operating results.As of December 31,2022,our federal and state NOL carryforwards were** $ 390. ~~9~~ **4 million and $ 384.3** million,respectively.The federal NOLs include approximately $ ~~120~~ **139** . ~~4~~ **0** million that may be used to offset up to 100 % of future taxable income **and the** ~~.Generally,Federal~~ **federal** and ~~State~~ **state** NOLs **started** ~~generated in 2017 and prior are subject~~ to ~~expiration if not~~ **expire in the calendar year 2020,and will expire in future periods unless** previously utilized ~~before their 20- year life.Our NOLs started to expire in 2020 but we also have been able to utilize them in recent years~~ .The NOL carryforwards subject to expiration could expire unused and be unavailable to offset future income tax liabilities.Under the Tax Cuts and Jobs Act,or the Tax Act,as modified by the Coronavirus Aid,Relief and Economic Security Act,or CARES Act,federal NOLs incurred in taxable years beginning after December 31,2017 may be carried forward indefinitely,but the deductibility of such federal NOLs in taxable years beginning after December 31,2020 is limited to 80 % of taxable income in such years.There is variation in how states have responded and may continue to respond to the Tax Act and CARES Act.Separately,under Section 382 of the Internal Revenue Code of 1986,as amended,or the Code,and corresponding provisions of state law,if a corporation undergoes an " ownership change," which is generally defined as a greater than 50 % change,by value,in its equity ownership over a three- year period,the corporation' s ability to use its pre- change NOL carryforwards and other pre- change tax attributes to offset its post- change income or taxes may be limited.Similar rules may apply under state tax laws.We may have experienced such ownership changes in the past,and we may experience ownership changes in the future as a result of subsequent shifts in our stock ownership,some of which are outside of our control.We have not conducted any studies to determine if our NOLs could be subject to limitation as a result of our IPO or any other such changes in ownership.For these reasons,our ability to utilize our NOL carryforwards and other tax attributes to reduce future tax liabilities may be limited,which would have a material adverse effect on our cash flows and results of operations ~~.~~ Changes in our effective tax rate or tax liability may adversely affect our operating results. Our effective tax rate could increase due to several factors, including: • changes in the relative amounts of income before taxes in the various jurisdictions in which we operate due to differing statutory tax rates in various jurisdictions; • changes in tax laws, tax treaties, and regulations or the interpretation of them, including the Tax Act; • changes to our assessment about our ability to realize our deferred tax assets that are based on estimates of our future results, the prudence and feasibility of possible tax planning strategies, and the economic and political environments in which we do business; and • the outcome of current and future tax audits, examinations, or administrative appeals, including limitations or adverse findings regarding our ability to do business in some jurisdictions. Any of these developments could adversely affect our operating results. ~~Any~~ **Risks Related to Ownership of Our Common Stock We have 204, 324, 279 shares of common stock outstanding as of February 26, 2024 and our restated certificate of incorporation authorizes us to issue 1. 6 billion shares of common stock and 50 million shares of preferred stock. Our board of directors will have the authority to determine the preferences, limitations and relative rights of the shares of preferred stock and to fix the number of shares constituting any series and the designation of such series, without any further vote or action by our stockholders. In the** future ~~litigation against us~~ **, we expect to obtain financing or to further increase our capital resources by issuing additional shares of our capital stock or offering debt or other equity securities, including senior or subordinated notes, or debt securities convertible into equity or shares of preferred stock. Issuing additional shares of our capital stock or other equity securities or securities convertible into equity may dilute the economic and voting rights of our existing stockholders or reduce the market price of our common stock or both. Debt securities convertible into equity** could be ~~costly and time consuming to defend. We may become~~ subject to ~~legal proceedings and claims~~ **adjustments in the conversion ratio pursuant to which certain events may increase the number of equity securities issuable upon conversion. Shares of preferred stock, if issued, could have a preference with respect to liquidating distributions or a preference with respect to dividend payments** that **could limit** ~~arise in the ordinary course of business, such as claims brought in connection with intellectual property disputes, claims brought by our customers in connection with commercial disputes, employment claims made by our current or~~ **our** ~~former employees,~~ **ability to pay dividends to the holders of** ~~or~~ **our common stock** ~~claims for reimbursement following misappropriation of customer funds or data~~ . **Our decision to issue securities in** ~~The software industry is characterized by the existence of many~~ **any future offering will depend on market conditions** ~~patents, copyrights, trademarks, trade secrets,~~ and other **factors beyond** ~~intellectual and proprietary rights. Companies in the software industry are often required to defend against litigation claims based on allegations of infringement or~~ **our control** ~~other violations of intellectual property rights. Our technologies may not be able to withstand any third- party claims against their use. In addition~~ , **which** ~~many~~ **may** ~~companies have the capability to dedicate substantially greater resources to enforce their intellectual property rights and to defend claims that may be brought against them. If a third party is able to obtain an injunction preventing us from accessing such third- party intellectual property rights, or if we cannot license or develop alternative technology for any infringing aspect of our business, we would be forced to limit or stop sales of our software or cease business activities related to such intellectual property. Any inability to license third- party technology in the future would have an adverse effect on our business or operating results and would~~ adversely affect **the amount, timing,** ~~our~~ **or** ~~ability to compete~~ **nature of our future offerings** . ~~We~~ **As a result, holders of our common stock bear the risk that our future offerings** may ~~also~~ **reduce the market price of our common stock and dilute their stockholdings in us. As of February 26, 2024, we have reserved 32, 024, 138 shares of common stock for issuance under the Company' s 2021 Long- Term Incentive Plan (the " 2021 Plan "), which amount is increased by shares subject to outstanding awards under our previous equity incentive plans that expire, are forfeited, or otherwise terminate, are settled in cash or are reacquired or withheld (or not issued) to satisfy a tax withholding obligation or the purchase or exercise price. The number of shares of common stock that will** be ~~contractually obligated to indemnify~~ **reserved for issuance under** our ~~customers in the event~~ **2021 Plan will automatically increase on January 1** of **each year by** ~~infringement of a third party' s intellectual property rights. Lawsuits are time- consuming and expensive to resolve and they~~ **the** ~~divert management' s time and attention. Although we carry insurance,~~ **lesser of (i) 5 % of the total number of shares of our common stock outstanding on December 31 of the immediately preceding year** ~~our~~ **or** ~~insurance~~ **(ii) 18, 023, 020 shares. Any common stock that we issue, including under our current equity incentive plans or other equity incentive plans that we** may ~~not cover certain~~ **adopt in the** future ~~claims~~ , ~~may not provide sufficient payments to cover all the costs to resolve one or more such claims, and might not continue to be available on terms acceptable to us. A claim brought against us that is uninsured or underinsured could~~ **would dilute the percentage ownership held by the owners of** ~~result in unanticipated costs, thereby reducing our operating results and leading analysts or~~ **our common** ~~potential investors to reduce their expectations of our performance, which could reduce the trading price of our~~ stock ~~. We cannot predict the outcome of lawsuits and cannot assure you that the results of any such actions will not have an adverse effect on our business, operating results, or financial condition. If our technology and other proprietary rights are not adequately protected to prevent use or appropriation by our competitors, the value of our brand and other intangible assets may be diminished, and our business may be adversely affected. We rely and expect to continue to rely on a combination of confidentiality and license agreements with our employees, consultants and third parties with whom we have relationships, as well as trademark, copyright, patent and trade secret protection laws, to protect our proprietary rights. We may also seek to enforce our proprietary rights through court proceedings or other legal actions~~ . We have filed **a registration statement on Form S- 8 under the Securities Act,** and ~~we~~ expect to file ~~from time~~ **additional registration statements on Form S- 8 under the Securities Act in the future,** to ~~time~~ **register shares of**

our common stock or securities convertible into or exchangeable for **shares of** ~~trademark, copyright and patent applications. However, the steps we take to protect~~ our **common stock issued pursuant** ~~intellectual property rights may be inadequate. We make business decisions about when~~ to ~~seek patent protection for a particular technology~~ **our current equity incentive plans, including our 2021 Plan** and ~~when to rely~~ **our employee stock purchase plan. Any such Form S- 8 registration statements will automatically become effective** upon **filing** ~~trade secret protection, and the approach we select may ultimately prove to be inadequate~~ . **Accordingly** ~~For example~~ , **shares** ~~we have not historically prioritized seeking patent protections for our technology and therefore we may have limited capacity to assert proprietary rights against third parties that may offer similar products, services or functionality. Even in cases where we seek patent protection, we cannot assure that the resulting patents will effectively protect every significant feature of our solutions and any U. S. or other patents~~ issued **under such plans** to us may not be sufficiently broad...... assurance can be given that these agreements will be **available** effective in controlling access to and distribution...... in the United States and where mechanisms for ~~enforcement of intellectual property rights may be weak. If we fail to meaningfully protect our intellectual property and proprietary rights, our business, operating results and financial condition could be adversely affected. Accordingly, we may not be able~~ - **sale in the open market** ~~to prevent third parties from infringing upon or misappropriating our intellectual property~~ . ~~Our failure to secure, protect and enforce our intellectual property rights could seriously damage our brand and our business. Risks Related to Ownership of Our Common Stock~~ The market price of our common stock may be volatile or may decline steeply or suddenly regardless of our operating performance and we may not be able to meet investor or analyst expectations. You may not be able to resell your shares at or above the market price of our common stock at the time you bought it and may lose all or part of your investment. The market price of our common stock may fluctuate or decline significantly in response to numerous factors, many of which are beyond our control, including: • variations between our actual operating results and the expectations of securities analysts, investors and the financial community; • any forward- looking financial or operating information we may provide to the public or securities analysts, any changes in this information or our failure to meet expectations based on this information; • actions of securities analysts who initiate or maintain coverage of us, changes in financial estimates by any securities analysts who follow us or our failure to meet these estimates or the expectations of investors; • additional shares of our common stock being sold into the market by us or our existing stockholders, or the anticipation of such sales; • hedging activities by market participants; • announcements by us or our competitors of significant products or features, technical innovations, acquisitions, strategic partnerships, joint ventures or capital commitments; • changes in operating performance and stock market valuations of companies in our industry, including our competitors; • price and volume fluctuations in the overall stock market, including as a result of trends in the economy as a whole; • lawsuits threatened or filed against us; • developments in new legislation and pending lawsuits or regulatory actions, including interim or final rulings by judicial or regulatory bodies; • general economic conditions including inflation, fears of a possible recession, and ~~ongoing supply chain disruptions~~ **increased volatility in the U. S. banking sector** ; • geopolitical tensions including those resulting from the ~~conflict~~ **conflicts in** ~~between Russia and~~ Ukraine and the **Middle East and the** related ~~response~~ **responses** , including sanctions or other restrictive actions, by the United States and / or other countries; and • other events or factors, including those resulting from ~~COVID- 19 and the emergence of new variants,~~ domestic political conditions, election cycles, war or incidents of terrorism, or responses to these events. In addition, extreme price and volume fluctuations in the stock markets have affected and continue to affect many technology and finance services companies' stock prices. Stock prices often fluctuate in ways unrelated or disproportionate to a company' s operating performance. In the past, stockholders have filed securities class action litigation following periods of market volatility. If we were to become involved in securities litigation, it could subject us to substantial costs, divert resources and the attention of management from our business and seriously harm our business. Moreover, because of these fluctuations, comparing our operating results on a period- to- period basis may not be meaningful. You should not rely on our past results as an indication of our future performance. This variability and unpredictability could also result in our failing to meet the expectations of industry or financial analysts or investors for any period. If our revenues or operating results fall below the expectations of analysts or investors or below any forecasts we may provide to the market, or if the forecasts we provide to the market are below the expectations of analysts or investors, the price of our common stock could decline substantially. Such a stock price decline could occur even when we have met any previously publicly stated revenue or earnings forecasts that we may provide. **Although our common stock is listed on the Nasdaq Global Select Market, we cannot assure you of the likelihood that an active trading market for our common stock will be maintained, the liquidity of any trading market, or your ability to sell your shares of our common stock when desired or at the prices that you may obtain for your shares.** Sales of a substantial number of shares of our common stock in the public market, or the perception that they might occur, could cause the price of our common stock to decline. The price of our common stock could decline if there are substantial sales of our common stock, particularly sales by our directors, executive officers, and significant stockholders. We had a total of ~~199~~ **204** , ~~466~~ **324** , ~~958~~ **279** shares of our common stock outstanding as of February ~~27~~ **26** , ~~2023~~ **2024** . Sales of a substantial number of shares of our common stock in the public market, or the perception that these sales might occur could cause the market price of our common stock to decline or make it more difficult for you to sell your common stock at a time and price that you deem appropriate and could impair our ability to raise capital through the sale of additional equity securities. We are unable to predict the effect that sales, or the perception that our shares may be available for sale, will have on the prevailing market price of our common stock. Certain of our stockholders have rights, subject to some conditions, to require us to file registration statements covering their shares and / or to include their shares in registration statements that we may file for ourselves or our stockholders, subject to market standoff and lockup agreements. The market price of the shares of our common stock could decline as a result of the sale of a substantial number of our shares of common stock in the public market or the perception in the market that the holders of a large number of shares intend to sell their shares. In addition, we have filed a registration statement to register shares reserved for future issuance under our equity compensation plans. Subject to the satisfaction of applicable exercise periods, the shares issued upon exercise of outstanding stock options or settlement of outstanding restricted stock units (" RSUs ") will be available for immediate resale in the United States in the open market. We may require additional capital to support the growth of our business, and this capital might not be available on acceptable terms, if at all. We have funded our operations to date primarily through equity financings, secured debt, sales of our products and services, and transaction fees. We cannot be certain when or if our operations will generate sufficient cash to fully fund our ongoing operations or the growth of our business. Additionally, we expect to continue to invest heavily in our business and expend substantial financial and other resources on: • our technology infrastructure, including systems architecture, scalability, availability, performance, and security; • product development including investments in our product team and the development of new products and new functionality; • acquisitions or strategic investments; • sales, marketing and customer success, including an expansion of our sales organization; and • general administration, including increased legal, compliance, risk management and accounting expenses. These investments may not result in increased revenue growth in our business. If we are unable to increase our revenue at a rate sufficient to offset the expected increase in our costs, or if we encounter difficulties in managing a growing volume of payments, we may be required to engage in equity or debt financings to secure additional capital, which may be dilutive to our current stockholders. Additional financing may not be available on terms favorable to us, if at all. If adequate funds are not available on acceptable terms, we may be unable to invest in future growth opportunities, which could harm our business, operating results, and financial condition. Because our decision to issue securities in the future will depend on numerous considerations, including certain factors beyond our control, we cannot predict or estimate the amount, timing, or nature of any future issuances of debt or equity securities. As a result, our stockholders bear the risk of future issuances of debt or equity securities reducing the value of our current stock and diluting their interests. If securities or industry analysts either do not publish research about us or publish inaccurate or unfavorable research about us, our business or our market, or if they change their recommendations regarding our common stock adversely, the trading price or trading volume of our common stock could decline. The trading market for our common stock will be influenced in part by the research and reports that securities or industry analysts may publish about us, our business, our market or our competitors. If one or more analysts initiate research with an unfavorable rating or downgrade our common stock, provide a more favorable recommendation about our competitors or publish inaccurate or unfavorable research about our business, our common stock price would likely decline. If any analyst who may cover us were to cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the trading price or trading volume of our common stock to decline. We do not intend to pay dividends for the foreseeable future and, as a result, your ability to achieve a return on your investment will depend on appreciation in the price of our common stock. We have never declared or paid any cash dividends on our capital stock, and we do not intend to pay any cash dividends in the foreseeable future. In addition, our 2022 Credit Agreement contains restrictions on our ability to pay cash dividends on our capital stock. Any determination to pay dividends in the future will be at the discretion of our board of directors. Accordingly, investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investments. Delaware law, our status as a licensed money transmitter and provisions in our restated certificate of incorporation and amended and restated bylaws could make a merger, tender offer or proxy contest difficult, thereby depressing the trading price of our common stock. Our restated certificate of incorporation and amended and restated bylaws contain provisions that could depress the trading price of our common stock by acting to discourage, delay or prevent a change of control of our company or changes in our management that the stockholders of our company may deem advantageous. For example, these provisions: • establish a classified board of directors so that not all members of our board of directors are elected at one time; • permit the board of directors to establish the number of directors and fill any vacancies and newly- created directorships; • provide that directors may only be removed for cause; • require super- majority voting to amend some provisions in our restated certificate of incorporation and amended and restated bylaws; • authorize the issuance of " blank check " preferred stock that our board of directors could use to implement a stockholder rights plan; • prohibit stockholders from calling special meetings of stockholders; • prohibit stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of our stockholders; • provide that the board of directors is expressly authorized to make, alter or repeal our amended and restated bylaws; • restrict the forum for certain litigation against us to Delaware and enable the Company to initiate an action against a stockholder to enforce this exclusive forum requirements should the stockholder sue, or threaten to sue, in another jurisdiction; • establish advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted upon by stockholders at annual stockholder meetings; • require the stockholder proposing business or nominating directors to provide additional information about the stockholder' s ownership of securities in the Company (including ownership of derivative securities) and about any material litigation, relationships and interests in material agreements with or involving the Company; • require the stockholder to provide additional information regarding any candidate the stockholder proposes to nominate for election as a director, including all information with respect to such nominee that would be required to be set forth in a stockholder' s notice if such nominee were a stockholder delivering such notice and a description of any direct or indirect material interest in any material contract or agreement between or among the nominating stockholder and each nominee or his or her respective associates; and • require the stockholder, proposing business, to provide additional information regarding the proposed business and any related agreements between the stockholder and any other beneficial holder and to provide a representation that such stockholder intends, or is part of a group which intends, to deliver a proxy statement or form of proxy to holders of at least the percentage of the Company' s outstanding capital stock required to carry the proposal (or otherwise solicit proxies from stockholders in support of such proposal). In addition, as a licensed money transmitter, we are subject to a complex regulatory framework, at both the state and federal level. Most, if not all, states require that the state regulator be notified of a change in control of the licensed entity, and many states require prior notice and approval of a change in control. While the definition of control varies by state, some states consider the acquisition of 10 % of a licensed entity' s outstanding securities by an investor (or group of affiliated investors) to constitute a change in control. Any notice or consent requirements imposed by individual state or federal regulatory agencies or provisions of our restated certificate of incorporation or amended and restated bylaws or Delaware law that have the effect of delaying or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock, and could also affect the price that some investors are willing to pay for our common stock. Our restated certificate of incorporation provides that the Court of Chancery of the State of Delaware (or, if and only if the Court of Chancery of the State of Delaware lacks subject matter jurisdiction, any state court located within the State of Delaware or, if and only if all such state courts lack subject matter jurisdiction, the federal district court for the District of Delaware) is the sole and exclusive forum for the following types of actions or proceedings under Delaware statutory or common law: (i) any derivative action or proceeding brought on our behalf; (ii) any action or proceeding asserting a claim of breach of a fiduciary duty owed by any of our current or former directors, officers, or other employees or stockholders to us or our stockholders, or any action asserting a claim for aiding and abetting such breach of fiduciary duty; (iii) any action or proceeding asserting a claim against us or any of our current or former directors, officers or other employees arising out of or pursuant to any provision of the Delaware General Corporation Law, or DGCL, our restated certificate of incorporation or our amended and restated bylaws; (iv) any action or proceeding to interpret, apply, enforce or determine the validity of our restated certificate of incorporation or our amended and restated bylaws (including any right, obligation, or remedy thereunder); (v) any action or proceeding as to which the DGCL confers jurisdiction to the Court of Chancery of the State of Delaware; and (vi) any action or proceeding asserting a claim against us or any of our current or former directors, officers, or other employees or stockholders that is governed by the internal affairs doctrine, in all cases to the fullest extent permitted by law and subject to the court' s having personal jurisdiction over the indispensable parties named as defendants. This provision would not apply to suits brought to enforce a duty or liability created by the Exchange Act, or any other claim for which the federal courts have exclusive jurisdiction. In addition, to prevent having to litigate claims in multiple jurisdictions and the threat of inconsistent or contrary rulings by different courts, among other considerations, our restated certificate of incorporation provides that, unless we consent in writing to the selection of an alternative forum, to the fullest extent permitted by law, the federal district courts of the United States will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act, including all causes of action asserted against any defendant named in such complaint. For the avoidance of doubt, this provision is intended to benefit and may be enforced by us, our officers and directors, the underwriters to any offering giving rise to such complaint, and any other professional entity whose profession gives authority to a statement made by that person or entity and who has prepared or certified any part of the documents underlying the offering. However, as Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder, there is uncertainty as to whether a court would enforce such provision. Our restated certificate of incorporation further provides that any person or entity holding, owning or otherwise acquiring any interest in any of our securities shall be deemed to have notice of and consented to these provisions. Investors also cannot waive compliance with the federal securities laws and the rules and regulations thereunder. These choice of forum provisions may limit a stockholder' s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other employees. While the Delaware courts have determined that such choice of forum provisions are facially valid, a stockholder may nevertheless seek to bring such a claim arising under the Securities Act against us, our directors, officers, or other employees in a venue other than in the federal district courts of the United States. In such instance, we would expect to vigorously assert the validity and enforceability of the exclusive forum provisions of our restated certificate of incorporation. This may require significant additional costs associated with resolving such action in other jurisdictions and we cannot assure you that the provisions will be enforced by a court in those other jurisdictions. If a court were to find either exclusive- forum provision in our restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur further significant additional costs associated with resolving the dispute in other jurisdictions, all of which could harm our business. We must develop and maintain effective internal control over financial reporting, and if we fail to develop and maintain effective disclosure controls and procedures and internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable laws and regulations could be impaired. We are required to comply with the SEC' s rules including implementing effective processes and internal control over financial reporting to comply with the Sarbanes- Oxley Act, the Dodd- Frank Wall Street Reform and Consumer Protection Act of 2010, the listing requirements of the Nasdaq Stock Market and other applicable securities rules and regulations. Compliance with these rules and regulations increases our legal and financial compliance costs, makes some activities more difficult, time consuming, or costly, and increases demand on our systems and resources, particularly as we are no longer an emerging growth company. The Exchange Act requires, among other things, that we file annual, quarterly, and current reports with respect to our business and operating results. The Sarbanes- Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. Compliance with these requirements may require significant resources and management oversight to maintain and, if necessary, improve our disclosure controls and procedures and internal control over financial reporting to meet this standard. As a result, management' s attention may be diverted from other business concerns, which could adversely affect our business and operating results. Although we have already hired additional employees to comply with these requirements, we may need to hire more employees in the future or engage outside consultants, which would increase our costs and expenses. We are also required, pursuant to Section 404, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting. Effective internal control over financial reporting is necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, is designed to prevent material misstatements due to fraud or error. Any failure to implement required new or improved controls, or difficulties encountered in their implementation, could cause us to fail to meet our reporting obligations. Ineffective internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our common stock. This assessment must include disclosure of any material weaknesses identified by our management in our internal control over financial reporting, as well as a statement that our independent registered public accounting firm has issued an opinion on the effectiveness of our internal control over financial reporting. An independent assessment of the effectiveness of our internal controls could detect problems that our management' s assessment might not. **We have an unremediated material weakness in our internal control over financial reporting for the period ending December 21, 2023, and have identified and disclosed material weaknesses in previous periods.** Undetected **or unremediated** material weaknesses in our internal control over financial reporting could lead to financial statement restatements and require us to incur the expense of remediation. We are required to disclose material changes made in our internal control over financial reporting on a quarterly basis. We may need to undertake various actions, such as implementing new internal controls and procedures and hiring additional accounting or internal audit staff. If we are unable to assert that our internal control over financial reporting is effective, or if our independent registered public accounting firm is unable to express an unqualified opinion on the effectiveness of our internal control, including as a result of the material weakness described above, we could lose investor confidence in the accuracy and completeness of our financial reports, which could cause the price of our common stock to decline, and we may be subject to investigation or sanctions by the SEC. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on the Nasdaq exchange. ~~An active trading market for our common stock may never develop or be sustained. Our common stock began trading on the Nasdaq Global Select Market on October 13, 2021 under the symbol " AVDX. " Prior to our IPO, there was no public market for our common stock. Although our common stock is listed on the Nasdaq Global Select Market, we cannot assure you that an active trading market for our common stock will develop on that exchange or elsewhere or, if developed, that any market will be sustained. Accordingly, we cannot assure you of the likelihood that an active trading market for our common stock will develop or be maintained, the liquidity of any trading market, your ability to sell your shares of our common stock when desired or at the prices that you may obtain for your shares. You may be diluted by the future issuance of common stock, preferred stock or securities convertible into common or preferred stock, in connection with our incentive plans, acquisitions, capital raises or otherwise. We have 199, 466, 958 shares of common stock outstanding as of February 27, 2023 and our restated certificate of incorporation authorizes us to issue 1. 6 billion shares of common stock and 50 million shares of preferred stock. Our board of directors will have the authority to determine the preferences, limitations and relative rights of the shares of preferred stock and to fix the number of shares constituting any series and the designation of such series, without any further vote or action by our stockholders. In the future, we expect to obtain financing or to further increase our capital resources by issuing additional shares of our capital stock or offering debt or other equity securities, including senior or subordinated notes, or debt securities convertible into equity or shares of preferred stock. Issuing additional shares of our capital stock or other equity securities or securities convertible into equity may dilute the economic and voting rights of our existing stockholders or reduce the market price of our common stock or both. Debt securities convertible into equity could be subject to adjustments in the conversion ratio pursuant to which certain events may increase the number of equity securities issuable upon conversion. Shares of preferred stock, if issued, could have a preference with respect to liquidating distributions or a preference with respect to dividend payments that could limit our ability to pay dividends to the holders of our common stock. Our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, which may adversely affect the amount, timing, or nature of our future offerings. As a result, holders of our common stock bear the risk that our future offerings may reduce the market price of our common stock and dilute their stockholdings in us. As of February 27, 2023, we have reserved 28, 112, 909 shares of common stock for issuance under the Company' s 2021 Long- Term Incentive Plan (the " 2021 Plan "), which amount is increased by shares subject to outstanding awards under our previous equity incentive plans that expire, are forfeited, or otherwise terminate, are settled in cash or are reacquired or withheld (or not issued) to satisfy a tax withholding obligation or the purchase or exercise price. The number of shares of common stock that will be reserved for issuance under our 2021 Plan will automatically increase on January 1 of each year by the lesser of (i) 5 % of the total number of shares of our common stock outstanding on December 31 of the immediately preceding year or (ii) 18, 023, 020 shares. Any common stock that we issue, including under our current equity incentive plans or other equity incentive plans that we may adopt in the future, would dilute the percentage ownership held by the owners of our common stock. We have filed a registration statement on Form S- 8 under the Securities Act, to register shares of our common stock or securities convertible into or exchangeable for shares of our common stock issued pursuant to our current equity incentive plans, including our 2021 Plan and our employee stock purchase plan. Any such Form S- 8 registration statements will automatically become effective upon filing. Accordingly, shares issued under such plans will be available for sale in the open market.~~