Risk Factors Comparison 2023-08-29 to 2022-08-22 Form: 10-K

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Investing in our common stock involves a high degree of risk. You should consider carefully the risks and uncertainties described below, together with all of the other information in this Annual Report on Form 10- K, including " Management' s Discussion and Analysis of Financial Condition and Results of Operations, " our consolidated financial statements and the accompanying notes included elsewhere in this Annual Report on Form 10- K before deciding whether to invest in shares of our common stock. ~~The risks and uncertainties described below are not the only ones we face.~~ Additional risks **beyond those summarized below** ~~and uncertainties that we are unaware of or that we deem immaterial may also become important factors that adversely affect our~~ - **or** ~~business. If any of~~ **discussed elsewhere in this Annual Report on Form 10- K, may apply to our activities or operations as currently conducted or as we may conduct** ~~the~~ **them in the** ~~following risks actually occur, our business, financial condition, operating results, and~~ future **or in** ~~prospects could be materially and adversely affected. In that event,~~ the ~~market~~ **markets** ~~price of~~ **in which we operate** ~~our~~ - **or may in the future operate** ~~common stock could decline, and you could lose part or all of your investment~~. Summary of Risk Factors ~~Some of~~ **Consistent with** the ~~material~~ **foregoing, we are exposed to a variety of** risks **,** ~~that we face include~~ **including the following** : • We have a history of operating losses and may not achieve or sustain profitability in the future; • Our recent rapid growth, including growth in our volume of payments, may not be indicative of our future growth, and if we continue to grow rapidly, we may not be able to manage our growth effectively; • ~~We expect fluctuations in~~ **A significant portion of** our **revenue comes from small and medium- sized businesses, which may have fewer** financial **resources** ~~results, making it difficult~~ to **weather** ~~project future results, and~~ - **an economic downturn, and volatile** ~~if we fail to meet the expectations of securities analysts or investors with respect to our~~ - **or weakened economic conditions in the U. S. and globally may adversely affect our business and** operating results ~~, our stock price and the value of your investment could decline~~; • If we are unable to attract new customers or convert trial customers into paying customers **or if our efforts to promote our charge card usage through marketing, promotion, and spending business rewards are unsuccessful** , our revenue growth and operating results will be adversely affected; • If we are unable to retain our current customers, increase customer adoption of our products, sell additional services to ~~them~~ **our customers** , or develop and launch new payment products, our ~~revenue~~ **business and** growth will be adversely affected; • ~~We are~~ **Our Divvy card offering** ~~exposed~~ **exposes us** to credit risk and other risks related to spending businesses' ability to pay the balances incurred on their Divvy cards **. Certain of our** ~~and in relation to several~~ other **current and future** product offerings **may also subject us to credit risk** ; • Our risk management efforts may not be effective to prevent fraudulent activities by our customers, subscribers, spending businesses **,** or their counterparties, which could expose us to material financial losses and liability and otherwise harm our business ~~; • A significant portion of our revenue comes from small and medium- sized businesses, which may have fewer financial resources to weather an economic downturn~~; • The markets in which we participate are competitive, and if we do not compete effectively, our operating results could be harmed; • We transfer large sums of customer funds daily, and are subject to numerous associated risks ~~,~~ which could result in financial losses, damage to our reputation, or loss of trust in our brand, which ~~could~~ **would** harm our business and financial results; • Our business depends, in part, on our relationships with accounting firms; • Our business depends, in part, on our ~~partnerships~~ **business relationships** with financial institutions; • We are subject to numerous risks related to partner banks and financing arrangements with respect to our ~~Divvy~~ **spend and expense management** solution **; • 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** ; • Payments and other financial services- related regulations and oversight are material to our business. Our failure to comply could materially harm our business; • ~~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 debt service obligations, including the Notes, may adversely affect our financial condition and results of operations; • We may not have the ability to raise **the** funds necessary for cash settlement upon conversion of the Notes or to repurchase the Notes for cash upon a fundamental change, and our future debt may contain limitations on our ability to pay cash upon conversion of the Notes or to repurchase the Notes; and • The market for our common stock has been, and will likely continue to be, volatile and the market price of our common stock may fluctuate significantly in response to numerous factors, many of which are beyond our control. Risks Related to Our Business and Industry We have a history of operating losses and may not achieve or sustain profitability in the future. We were incorporated in 2006 and have mostly experienced net losses ~~and negative cash flows from operations~~ since inception. We generated net losses of $ **223. 7 million, $** 326. 4 million, **and** $ 98. 7 ~~million and $ 31. 1~~ million for fiscal **2023,** 2022, **and** 2021 ~~and 2020~~, respectively. Our net loss for fiscal 2022 includes the results of operations of Invoice2go from the date of acquisition on September 1, 2022 and of Divvy **for the full fiscal year** . Our net loss for fiscal 2021 includes the results of operations of Divvy from the date of acquisition on June 1, 2021. As of June 30, ~~2022~~ **2023** , we had an accumulated deficit of $ ~~544~~ **856** . ~~8~~ **2** million. While we have experienced significant revenue growth in recent periods, we are not certain whether or when we will **generate sufficient** ~~obtain a high enough volume of subscription and transaction fee~~ revenue to ~~sustain or increase our growth or~~ achieve or maintain profitability in the future. We also expect our costs and expenses to increase in future periods, which could negatively affect our future operating results if our revenue does not increase. In particular, we intend to continue to expend significant funds to further develop our platform, including introducing new products and functionality, drive new customer adoption, expand partner integrations, and support international expansion, and to continue hiring across all functions to accomplish these objectives. Our profitability each quarter is also impacted by the mix of our revenue generated from subscriptions, transaction fees, including the mix of ad valorem transaction revenue, and interest earned on ~~customer~~ funds that we hold for the benefit **of** our customers ~~, respectively~~ . Any changes in this revenue mix will have the effect of increasing or decreasing our margins. In addition, we offer promotion programs whereby spending businesses that use our spend and expense management products can earn rewards based on transaction volume on our ~~corporate~~ **Divvy** charge cards, and the cost of earned rewards that are redeemed impacts our sales and marketing expenses. ~~We also face increased compliance and security costs associated with growth, the expansion of our customer base, and being a public company.~~ Inflationary pressures may also result in increases in many of our other costs, including personnel- related costs. Our efforts to grow our business may be costlier than we expect, and we may not be able to increase our revenue enough to offset our increased operating expenses. 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 common stock may significantly decrease. Our recent rapid growth, including growth in our volume of payments, may not be indicative of our future growth, and if we continue to grow rapidly, we may not be able to manage our growth effectively. Our ~~rapid growth also makes it difficult to evaluate our future prospects and may increase the risk that we will not be successful. Our~~ revenue was $ **1. 1 billion, $** 642. 0 million, **and** $ 238. 3 ~~million and $ 157. 6~~ million during fiscal **2023,** 2022, **and** 2021 **, respectively. Our TPV was $ 266. 0 billion, $ 228. 1 billion,** and **$ 140. 7 billion during fiscal** ~~2020~~ **2023 , 2022, and 2021** , respectively. Our revenue **and TPV** for fiscal 2022 includes ~~the revenue of~~ Invoice2go from the date of acquisition on September 1, 2021 and ~~of~~ Divvy **charge cards** for the full fiscal year. Our revenue **and TPV** for fiscal 2021 includes ~~the revenue of~~ Divvy **charge cards** from the date of acquisition on June 1, 2021 ~~. Excluding the card payment volume by the spending businesses using Divvy cards and payment volume transacted by Invoice2go subscribers, our TPV was $ 219. 1 billion, $ 140. 3 billion and $ 96. 5 billion during fiscal 2022, 2021 and 2020, respectively~~ . Although we have recently experienced significant growth in our revenue and **total** payment volume, even if our revenue continues to increase, we expect our growth rate will decline in the future as a result of a variety of factors, including the increasing scale of our business. Overall growth of our revenue depends on a number of factors, including our ability to: • price our platform effectively to attract new customers and increase sales to our existing customers; • expand the functionality and scope of the products we offer on our platform; • maintain **or improve** the rates at which customers subscribe to and continue to use our platform; • maintain **and expand** payment volume; • generate interest income on customer funds that we hold in trust; • provide our customers with high- quality customer support that meets their needs; • introduce our products to new markets outside of the U. S.; • serve SMBs across a wide cross- section of industries; • expand our target market beyond SMBs; • manage the effects of **macroeconomic conditions, including economic downturns or recessions, inflation, fluctuations in market interest rates and currency exchange rates, supply chain shortages and instability in** the ~~COVID-19 pandemic~~ **U. S. and global banking systems** on our business and operations; • successfully identify and acquire or invest in businesses, products, or technologies that we believe could complement or expand our platform; and • increase awareness of our brand and successfully compete with other companies. We may not successfully accomplish any of these objectives, which makes it difficult for us to forecast our future operating results. Further, the revenue that we derive from interest income on customer funds is dependent on interest rates, which we do not control. If the assumptions that we use to plan our business are incorrect or change in reaction to changes in our market, or if we are unable to maintain consistent revenue or revenue growth, our stock price could be volatile, and it may be difficult to achieve and maintain profitability. You should not rely on our revenue from any prior quarterly or annual periods as any indication of our future revenue or revenue or payment growth. In addition, we expect to continue to expend substantial financial and other resources on: • sales, marketing **,** and customer success, including an expansion of our sales organization and new customer success initiatives; • our technology infrastructure, including systems architecture, scalability, availability, performance, and security; • product development, including investments in our product development team and the development of new products and new functionality for our AI- enabled platform; • acquisitions or strategic investments; • international expansion; **and** • regulatory compliance and risk management ~~; and • general administration, including increased legal and accounting expenses associated with being a public company~~ . 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, our business, financial ~~position~~ **condition** , and operating results will be harmed, and we may not be able to achieve or maintain profitability over the long term **.A significant portion of our revenue comes from small and medium- sized businesses,which may have fewer financial resources to weather an economic downturn.A significant portion** of our revenue comes from SMBs.These customers may be more susceptible to negative impacts from economic downturns,recession,inflation, ~~changes in foreign currency exchange rates,including the strengthening U.S.dollar,financial market conditions,instability in the U.S.and global banking systems,~~ supply chain shortages, ~~increased fuel prices,any ongoing effects of~~ the COVID- 19 pandemic,and catastrophic events than larger,more established businesses,as SMBs typically have **fewer** ~~more limited~~ financial resources than larger entities.If any of these conditions occur, **they may have a disproportionate negative impact on** SMBs ~~may be disproportionately impacted~~ and ~~,~~ as a result ~~,~~ the overall demand for our products **and services could be materially and adversely affected** . We expect fluctuations in our financial results, making it difficult to project future results, and if we fail to meet the expectations of securities analysts or investors with respect to our operating results, our stock price and the value of your investment could decline. Our operating results have fluctuated in the past and are expected to fluctuate in the future due to a variety of factors, many of which are outside of our control. As a result, our past results may not be indicative of our future performance. In addition to the other risks described herein, factors that may affect our operating results include the following: • fluctuations in demand for, or pricing of our platform; • our ability to attract new customers; • our ability to retain and grow engagement with our existing customers; • our ability to expand our relationships with our accounting firm partners, financial institution partners, and accounting software partners, or identify and attract new partners; • customer expansion rates; • changes in customer preference for cloud- based services as a result of security breaches in the industry or privacy concerns, or other security or reliability concerns regarding our products; • fluctuations or delays in purchasing decisions in anticipation of new products or product enhancements by us or our competitors; • **general economic, market, credit and liquidity conditions, both domestically and internationally, such as high inflation, high interest rate and recessionary environments, and instability in** the ~~impact of the COVID- 19 pandemic on~~ **U. S. and global banking systems, as well as economic conditions specifically affecting SMBs** ~~our~~ - **or** ~~employees,~~ **the industries in which our** customers **participate; • changes in customers' budgets** ~~, partners, vendors, results of operations, liquidity~~ and ~~financial condition~~ **in the timing of their budget cycles and purchasing decisions** , ~~including~~ as a result of **general economic factors or factors specific to** ~~supply chain disruptions and labor shortages; • changes in customers' budgets and in the timing of~~ their **businesses** ~~budget cycles and purchasing decisions~~ ; • potential and existing customers choosing our competitors' products or developing their own solutions in- house; • the development or introduction of new platforms or services that are easier to use or more advanced than our current suite of services, especially related to the application of **AI** ~~artificial intelligence~~ - based services; • our failure to adapt to new forms of payment that become widely accepted; • the adoption or retention of more entrenched or rival services in the international markets where we compete; • our ability to control costs, including our operating expenses; • the amount and timing of payment for operating expenses, particularly research and development and sales and marketing expenses, including commissions; • the amount and timing of non- cash expenses, including stock- based compensation, goodwill impairments, and other non- cash charges; • the amount and timing of costs associated with recruiting, training, and integrating new employees **, including employees acquired inorganically** , and retaining and motivating existing employees; • fluctuation in market interest rates, which impacts interest earned on funds held for customers; • the effects of acquisitions and ~~their~~ -- **the** integration **of acquired technologies and products** , including impairment of goodwill ~~; • general economic, market, credit and liquidity conditions, both domestically and internationally, such as high inflation, high interest rate and recessionary environments, as well as economic conditions specifically affecting industries in which our customers participate~~ ; • the impact of new accounting pronouncements; • ~~changes in the competitive dynamics of our market; •~~ security breaches of, technical difficulties with, or interruptions to, the delivery and use of our platform; **• any ongoing impact of the COVID- 19 pandemic on our employees, customers, partners, vendors, operating results, liquidity and financial condition, including as a result of supply chain disruptions and labor shortages; • the impact of the war in Ukraine, economic sanctions and countermeasures taken by other countries, and market volatility resulting from the above;** and • awareness of our brand and our reputation in our target markets. Any of these and other factors, or the cumulative effect of some of these factors, may cause our operating results to vary significantly. In addition, we expect **to continue** to incur significant additional expenses due to the ~~increased~~ costs of operating as a public company. If our ~~quarterly~~ operating results fall below the expectations of investors and securities analysts who follow our stock, the price of our common stock could decline substantially, and we could face costly lawsuits, including securities class action suits. If we are unable to attract new customers or convert trial customers into paying customers or if our efforts to promote our charge card usage through marketing, promotion, and spending business rewards **are unsuccessful** , our revenue growth and operating results will be adversely affected. To increase our revenue, we must continue to attract new customers and increase sales to those customers. As our market matures, product and service offerings evolve, and competitors introduce lower cost or differentiated products or services that are perceived to compete with our platform, our ability to sell subscriptions or successfully increase customer adoption of new payment products could be impaired. Similarly, our subscription sales could be adversely affected if customers or users perceive that features incorporated into alternative products reduce the need for our platform or if they prefer to purchase products that are bundled with solutions offered by other companies. Further, in an effort to attract new customers, we may offer simpler, lower- priced products or promotions, which may reduce our profitability. We rely upon our marketing strategy of offering risk- free trials of our platform and other digital marketing strategies to generate sales opportunities. Many of our customers start a risk- free trial of our service. Converting these trial customers to paid customers often requires extensive follow- up and engagement. Many prospective customers never convert from the trial version of a product to a paid version of a product. Further, we often depend on the ability of individuals within an organization who initiate the trial versions of our products to convince decision makers within their organization to convert to a paid version. To the extent that these users do not become, or are unable to convince others to become, paying customers, we will not realize the intended benefits of this marketing strategy, and our ability to grow our revenue will be adversely affected. In addition, it may be necessary to engage in more sophisticated and costly sales and marketing efforts in order to attract new customers, and changes in privacy laws and third party practices may make adding new customers more expensive or difficult. As a result of these and other factors, we may be unable to attract new customers or our related expenses may increase, which would have an adverse effect on our business, revenue, gross margins, and operating results. In addition, revenue growth from our charge card products is dependent on increasing business spending on our cards. We have been investing in a number of growth initiatives, including to capture a greater share of spending businesses' total spend, but there can be no assurance that such investments will be effective. In addition, if we develop new products or offerings that attract spending businesses looking for short- term incentives rather than displaying long- term loyalty, attrition ~~and costs~~ could increase **and our operating results could be adversely affected** . Expanding our service offerings, adding acquisition channels and forming new partnerships or renewing current partnerships could have higher costs than our current arrangements and could dilute our brand. In addition, we offer rewards to spending businesses based on their usage of charge cards. Redemptions of rewards present significant associated expenses for our business. We operate in a highly competitive environment and may need to increase the rewards that we offer or provide other incentives to spending businesses in order to grow our business. Any significant change in, or failure by management to reasonably estimate, such costs could adversely affect or harm our business, operating results, and financial condition. If we are unable to retain our current customers, increase customer adoption of our products, sell additional services to ~~them~~ **our customers** , or develop and launch new payment products, our ~~revenue~~ **business and** growth will be adversely affected. To date, a significant portion of our growth has been attributable to customer adoption of new and existing payment products. To increase our revenue, in addition to acquiring new customers, we must continue to retain existing customers and convince them to expand their use of our platform by incentivizing them to pay for additional services and driving adoption of new and existing payment products, including ad valorem products **such as our Divvy cards, virtual cards, instant transfer, and international payment offerings** . Our ability to retain our customers, drive adoption and increase usage could be impaired for a variety of reasons, including our inability to develop and launch new payment products, customer reaction to changes in the pricing of our products, general economic conditions or the other risks described in this Annual Report on Form 10- K. Our ability to sell additional services or increase customer adoption of new or existing products may require more sophisticated and costly sales and marketing efforts, especially for our larger customers. If we are unable to retain existing customers or increase the usage of our platform by them, it would have an adverse effect on our business, revenue, gross margins, and other operating results, and accordingly, on the trading price of our common stock. While some of our contracts are non- cancelable annual subscription contracts, most of our contracts with customers and accounting firms primarily consist of open- ended arrangements that can be terminated by either party without penalty at any time. Our customers have no obligation to renew their subscriptions to our platform after the expiration of their subscription period. For us to maintain or improve our operating results, it is important that our customers continue to maintain their subscriptions on the same or more favorable terms. We cannot accurately predict renewal or expansion rates given the diversity of our customer base in terms of size, industry, and geography. Our renewal and expansion rates may decline or fluctuate as a result of several factors, including customer spending levels, customer satisfaction with our platform **and customer service** , decreases in the number of users, changes in the type and size of our customers, pricing changes, competitive conditions, the acquisition of our customers by other companies, and general economic conditions. In addition, **if any of the accounting software providers with which** our **platform currently integrates should choose to disable two- way synchronization, there can be no assurance that** customers **shared with** ~~, most of which are SMBs, may be particularly vulnerable to changes in general economic conditions,~~ such ~~as economic recessions~~ **providers would not choose to leave our platform, adversely affecting our business and results of operations** . If our customers do not renew their subscriptions, or if they reduce their usage of our platform, our revenue and other operating results will decline and our business will suffer. Moreover, if our renewal or expansion rates fall significantly below the expectations of the public market, securities analysts, or investors, the trading price of our common stock would likely decline. Our Divvy card **offering** exposes us to credit risk and other risks related to spending businesses' ability to pay the balances incurred on their Divvy cards. Certain of our other current and future product offerings may also subject us to credit risk. We offer our Divvy card as a credit product to a wide range of businesses in the U. S., and the success of this product depends on our ability to effectively manage related risks. The credit decision- making process for our Divvy cards uses techniques designed to analyze the credit risk of specific businesses based on, among other factors, their past purchase and transaction history, as well as their credit scores. Similarly, proprietary risk models and other indicators are applied to assess current or prospective spending businesses who desire to use our cards to help predict their ability to repay. These risk models may not accurately predict creditworthiness due to inaccurate assumptions, including assumptions related to the particular spending business, market conditions, economic environment, or limited transaction history or other data, among other factors. The accuracy of these risk models and the ability to manage credit risk related to our cards may also be affected by legal or regulatory requirements, competitors' actions, changes in consumer behavior, changes in the economic environment, **policies of** Issuing ~~Bank~~ **Banks** ~~policies~~ , and other factors. For a substantial majority of extensions of credit to Divvy spending businesses facilitated through our **spend and expense management** platform, we purchase from our Issuing Banks participation interests in the accounts receivables generated when ~~Divvy~~ spending businesses make purchases using Divvy cards **,** and we bear the entire credit risk in the event that a spending business fails to pay card balances. Like other businesses with significant exposure to losses from credit, we face the risk that spending businesses will default on their payment obligations, creating the risk of potential charge- offs. The non- payment rate among ~~Divvy~~ spending businesses may increase due to, among other factors, changes to underwriting standards, risk models not accurately predicting the creditworthiness of a business, **or** a decline in economic conditions, such as a recession, high inflation or government austerity programs. Spending businesses who miss payments may fail to repay their outstanding statement balances, and spending businesses who file for protection under the bankruptcy laws generally do not repay their outstanding balances. If collection efforts on overdue card balances are ineffective or unsuccessful, we may incur financial losses or lose the confidence of our funding sources. We do not file UCC liens or take other security interests on Divvy card balances, which significantly reduces our ability to collect amounts outstanding to spending businesses that file for bankruptcy protection. Any such losses or failures of our risk models could harm our business, operating results, and financial condition. Non- performance, or even significant underperformance, of the account receivables participation interests that we own could have an adverse effect on our business. Moreover, the funding model for our Divvy card product relies on a variety of funding arrangements, including warehouse facilities and **, from time- to- time,** purchase arrangements, with a variety of funding sources. Any significant underperformance of the participation interests we own may adversely impact our relationship with such funding sources and result in an increase in our cost of financing, a modification or termination of our existing funding arrangements or our ability to procure funding, which would ~~have a material adverse~~ **adversely** ~~effect~~ **affect** ~~on~~ our business, **operating** results ~~of operations~~ , financial condition, and future prospects. Several of our other product offerings **whereby** ~~in connection with which~~ we advance funds to our customers or vendors of our customers based on credit and risk profiling before we receive the funds on their behalf, such as our Instant Transfer feature ~~and our current and prospective working capital loan products~~ , also expose us to credit risks. Although these offerings are only available to customers that satisfy specific credit eligibility criteria, the credit and risk models we use to determine eligibility may be insufficient. Any failure of our credit or risk models to predict creditworthiness would expose us to many of the credit risks described above and could harm our business, operating results, and financial condition. Our risk management efforts may not be effective to prevent fraudulent activities by our customers, subscribers, spending businesses **,** or their counterparties, which could expose us to material financial losses and liability and otherwise harm our business. We offer software that digitizes and automates financial operations for a large number of customers and executes payments to their vendors or from their clients. We are responsible for verifying the identity of our customers and their users, and monitoring transactions for fraud. We have been in the past and will continue to be targeted by parties who seek to commit acts of financial fraud using stolen identities and bank accounts, compromised business email accounts, employee or insider fraud, account takeover, false applications, check fraud **,** and stolen cards or card account numbers. We may suffer losses from acts of financial fraud committed by our customers and their users, our employees **,** or third ~~-~~parties. In addition, our customers or spending businesses may suffer losses from acts of financial fraud by third parties posing as our ~~Company~~ **company** through account takeover, credential harvesting, use of stolen identities **,** and various other techniques, which could harm our reputation or prompt us to reimburse our customers for such losses in order to maintain customer and spending business relationships. The techniques used to perpetrate fraud on our platform are continually evolving, and we expend considerable resources to continue to monitor and combat them. In addition, when we introduce new products and functionality, or expand existing products, we may not be able to identify all risks created by such 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. 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. 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, these types of fraudulent activities on our platform can also expose us to civil and criminal liability and governmental and regulatory sanctions as well as potentially cause us to be in breach of our contractual obligations to our third- party partners . A significant portion of our revenue...... services could be materially and adversely affected . The markets in which we participate are competitive, and if we do not compete effectively, our operating results could be harmed. The market for cloud- based software that automates the financial back- office is **highly** fragmented, competitive, and constantly evolving. ~~losses.Our~~ **We believe that our** primary competition remains the legacy manual processes that SMBs have relied on for generations.Our success will depend,to a substantial extent,on the widespread adoption of our cloud- based automated back- office solution as an alternative to existing solutions or adoption by customers that are not using any such solutions at all.Some organizations may be reluctant or unwilling to use our platform for several reasons,including concerns about additional costs,uncertainty regarding the reliability and security of cloud- based offerings,or lack of awareness of the benefits of our platform. ~~Our~~ Our competitors **in the cloud- based software space** range from large ~~entities~~ **corporations** that predominantly focus on enterprise resource planning solutions, to smaller niche suppliers of solutions that focus exclusively on document management, workflow management, accounts payable, accounts receivable, spend and expense management, and / or electronic bill presentment and payment, to companies that offer industry- specific payments solutions. With the introduction of new technologies and market entrants, we expect that the competitive environment will remain intense going forward. Our competitors that currently focus on enterprise solutions may offer products to SMBs that compete with ours. In addition, companies that provide solutions that are adjacent to our products and services may decide to enter our market ~~segment~~ **segments** and develop and offer products that compete with ours. Accounting software providers, such as Intuit, as well as the financial institutions with which we partner, may internally develop products, acquire existing, third- party products, or may enter into partnerships or other strategic relationships that would enable them to expand their product offerings to compete with our platform or provide more comprehensive offerings than they individually had offered or achieve greater economies of scale than us. These software providers and financial institutions may have the operating flexibility to bundle competing solutions with other offerings, including offering them at a lower price or for no additional cost to customers as part of a larger sale. **For example, in September 2022, Intuit announced its intention to launch a native bill payment solution.** In addition, new entrants not currently considered to be competitors may enter the market through acquisitions, partnerships, or strategic relationships. **Many of our competitors and potential competitors have greater name recognition, longer operating histories, more established customer relationships, larger marketing budgets, and greater resources than us. Our competitors may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards, and customer requirements. Certain competitors may also have long- standing exclusive, or nearly exclusive, relationships with financial services provider partners to accept payment cards and other services that compete with what we offer.** As we look to market and sell our platform to potential customers, spending ~~business~~ **businesses ,** or partners with existing solutions, we must convince their internal stakeholders that our platform is superior to their current solutions. We compete on several factors, including: • product features, quality, **breadth,** and functionality; • data asset size and ability to leverage **AI** ~~artificial intelligence~~ to grow faster and smarter; • ease of deployment; • ease of integration with leading accounting and banking technology infrastructures; • ability to automate processes; • cloud- based delivery architecture; • advanced security and control features; • **risk management, exception process handling, and** regulatory compliance leadership ~~, as evidenced by money transmitter licenses in all required U. S. and Canadian jurisdictions~~ ; • brand recognition; and • pricing and total cost of ownership. **There can** ~~Our competitors vary in size, breadth, and scope of the products and services offered. Many of our competitors and potential competitors have greater name~~

~~recognition, longer operating histories, more established customer relationships, larger marketing budgets, and greater resources than us. Our competitors may~~ be **no assurance** ~~able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards, and customer requirements. For example, an existing competitor or new entrant could introduce new technology~~ that ~~reduces demand for our platform. In addition, the market for our products and services is competitive, and~~ we ~~expect the market to attract increased competition, which could make it difficult for us to succeed. We currently face competition for our offerings from a range of companies that continue to develop additional products and to become more sophisticated and effective. Many of our competitors have greater name recognition, longer operating histories and greater resources than we do. As a result, our competitors might be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards or customer requirements. Certain competitors have long- standing exclusive, or nearly exclusive, relationships with financial services provider partners to accept payment cards and other services that compete with what we offer. Competing services tied to established brands may engender greater confidence in the safety and efficacy of their services. If we are unable to differentiate ourselves from and successfully compete with our competitors, our business~~ will ~~be materially and adversely affected. For these reasons, we may not~~ be able to compete successfully against our current or future competitors, and this competition could result in the failure of our platform to continue to achieve or maintain market acceptance, any of which would harm our business, operating results, and financial condition. We transfer large sums of customer funds daily, and are subject to numerous associated risks which could result in financial losses, damage to our reputation, or loss of trust in our brand, which would harm our business and financial results. **As** ~~Excluding Divvy spending businesses and Invoice2go subscribers, we had over 157, 000 customers on our platform as~~ of June 30, ~~2022~~ **2023 , we had approximately 461, 000** ~~. Excluding the card payment volume by the spending~~ businesses using ~~Divvy cards~~ **our solutions** and ~~payment volume transacted by Invoice2go subscribers, the~~ TPV processed ~~by our customers on our platform~~ was **approximately** $ ~~219~~ **266. 0 billion, $ 228** . 1 billion, **and** $ 140. **7** ~~3 billion and $ 96. 5~~ billion during fiscal **2023,** 2022, **and** 2021, ~~and 2020,~~ respectively. **Accordingly** ~~For the purposes of measuring our key business metrics~~ , we ~~define customers as entities that are either billed directly by us or for which we bill our financial institution partners during a particular period. We~~ have grown rapidly and seek to continue to grow, and although we maintain a robust and multi- faceted risk management process, our business is **highly complex and** always subject to the risk of financial losses as a result of credit losses, operational errors, software defects, service disruption, employee misconduct, security breaches, or other similar actions or errors on our platform. As a provider of accounts payable, accounts receivable, spend and expense management **,** and payment solutions, we collect and transfer funds on behalf of our customers ~~. Software errors in our platform~~ and ~~operational errors by our employees may also expose us to losses. Moreover,~~ our trustworthiness and reputation are fundamental to our business. **The** ~~As a provider of cloud- based software for complex back- office financial operations, the~~ occurrence of any credit losses, operational errors, software defects, service ~~disruption~~ **disruptions** , employee misconduct, security breaches, 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 financial institution partners and accountants, each of which could result in: • loss of customers; • lost or delayed market acceptance and sales of our platform; • legal claims against us, including warranty and service level agreement claims; • regulatory enforcement action; or • diversion of our resources, including through increased service expenses or financial concessions, and increased insurance costs. Although our terms of service allocate to our customers the risk of loss resulting from our customers' errors, omissions, employee fraud, or other fraudulent activity related to their systems, in some instances we may cover such losses for efficiency or to prevent damage to our reputation. 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. If we suffer significant losses or reputational harm as a result, our business, operating results, and financial condition could be adversely affected. We, our partners, our customers...... obtains unauthorized access to or exfiltrates funds **Funds** or sensitive information, including personally identifiable...... results, and reputation. Customer funds that we hold for the benefit of our customers are subject to market, interest rate **, credit** , foreign exchange, and liquidity risks, as well as general political and economic conditions. The loss of **any of** these funds could ~~have a material adverse~~ **adversely** ~~effect~~ **affect** ~~on~~ our business, **operating results and** financial condition ~~, and results of operations~~ . We invest funds that we hold for the benefit of our customers, including funds being remitted to suppliers, in highly liquid, investment- grade marketable securities, money market securities, and other cash equivalents. Nevertheless, our customer fund assets are subject to general market, interest rate, credit, foreign exchange, and liquidity risks. These risks may be exacerbated, individually or in the aggregate, during periods of heavy financial market volatility **,** such as that experienced in 2008 and 2022, that may result from ~~the COVID- 19 or other pandemics, from~~ high inflation, high interest rate or recessionary environments **, from actual or perceived instability in the U. S. and global banking systems,** or from war (such as the war in Ukraine) **, or other geopolitical conflicts** . As a result, we could be faced with a severe constriction of the availability of liquidity, which could impact our ability to fulfill our obligations to move customer money to its intended recipient. ~~Additionally~~ **For example** , **the sudden closure of SVB in March 2023 introduced a potential risk of loss because** we **held certain corporate and customer funds at SVB. Although we were able to move substantially all such funds to large multinational financial institutions and to redirect substantially all customer payment processing previously made through SVB to one of our multinational bank processors, there can be no assurance that we would be able to do so in the future in the event of a similar or more severe, systemic banking crisis. In addition, cash held at banks and financial institutions is subject to applicable deposit insurance limits, and in the event that our corporate or customer funds held at a given institution exceed such limits, or are held in investments that are not covered by deposit insurance, such funds may be unrecoverable in the event of a future bank failure. We** rely upon certain banking partners and third parties to originate payments, process checks, execute wire transfers, and issue virtual cards, which could be similarly affected by a liquidity shortage and further exacerbate our ability to operate our business. Any loss of or inability to access customer funds could have an adverse impact on our cash position and **operating** results ~~of operations~~, could require us to obtain additional sources of liquidity, and could ~~have a material adverse~~ **adversely** ~~effect~~ **affect** ~~on~~ our business, **operating results, and** financial condition ~~,~~ ~~and results of operations~~. In addition to the risks related to customer funds, we are also exposed to interest ~~-~~ rate risk relating to our investments of **our** ~~the Company' s~~ corporate cash. We are licensed as a money transmitter in all required U. S. states and registered as a Money Services Business with ~~the U. S. Treasury' s Financial Crimes Enforcement Network (~~ FinCEN ~~)~~. In certain jurisdictions where we operate, we are required to hold eligible liquid assets, as defined by the relevant regulators in each jurisdiction, equal to at least 100 % of the aggregate amount of all customer balances. 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, we will need to scale these associated 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, possibly including the loss of our state money transmitter licenses, which would materially harm our business. **We earn revenue from interest earned on customer funds held in trust while payments are clearing, which is subject to market conditions and may decrease as customers' adoption of electronic payments and technology continues to evolve. For fiscal 2023, 2022, and 2021, we generated $ 113. 8 million, $ 8. 6 million, and $ 6. 0 million, respectively, in revenue from interest earned on funds held in trust on behalf of customers while payment transactions were clearing, or approximately 11 %, 1 %, and 3 % of our total revenue for such periods, respectively. While these payments are clearing, we deposit the funds in highly liquid, investment- grade marketable securities, and generate revenue that is correlated to the federal funds rate. As interest rates have risen in recent periods, the amount of revenue we have generated from such funds has increased; however, given the deceleration in U. S. interest rate increases in 2023 to date, we do not expect this interest revenue expansion to continue in the future. If interest rates decline, the amount of revenue we generate from these investments will decrease as well. Additionally, as customers increasingly seek expedited methods of electronic payments, such as instant transfer, or potentially migrate spend to our Divvy corporate card offering, our revenue from interest earned on customer funds could decrease (even if offset by other revenue) and our operating results could be adversely affected. Finally, in addition to the risks outlined above, any change in laws or applicable regulations that restrict the scope of permissible investments for such customer funds could reduce our interest income and adversely affect our operating results.** Our business depends, in part, on our relationships with accounting firms. Our relationships with our more than ~~6~~ **7** , 000 **accounting** firm partners **contribute a significant portion** ~~account for approximately 48 % of our total customers (excluding spending businesses that used our Divvy spend and expense management products, and Invoice2go subscribers) as of June 30, 2022 and approximately 27 %~~ of our consolidated revenue ~~during fiscal 2022~~. We market and sell our products and services through accounting firms. We also have ~~a~~ **an exclusive** partnership with CPA. com to market **certain of** our products and services to accounting firms, which then enroll their customers directly onto our platform. Although our relationships with accounting firms are independent of one another, if our reputation in the accounting industry more broadly were to suffer, or if we were unable to establish relationships with new accounting firms and grow our relationships with existing accounting firm partners, our growth prospects would weaken and our business, financial position, and operating results may be adversely affected. Our business depends, in part, on our business relationships with financial institutions. We enter into partnering relationships with financial institutions pursuant to which they offer our services to their customers. These relationships involve risks that may not be present or that are present to a lesser extent with sales to our direct SMB customers. Launching a product offering with our financial institution partners entails integrating our platform with our partners' websites and apps, which requires significant engineering resources and time to design, deploy **,** and maintain, and requires developing associated sales and marketing strategies and programs. With financial institution partners, the decision to roll out our product offering typically requires several levels of management and technical personnel approval by our partners and is frequently subject to budget constraints. Delays in decision making, unplanned budget constraints **,** or changes in our partners' business, business priorities **,** or internal resource allocations may result in significant delays to the deployment of our platform and its availability to their customers. Significant delays in the deployment of our platform to our partners' customers could cause us to incur significant expenditures for platform integration and product launch without generating anticipated revenue in the same period or at all and could adversely impact our **operating** results ~~of operations~~. In addition, once we have successfully launched a product offering with a financial institution partner, lower than anticipated customer adoption or unanticipated ongoing system integration costs could result in lower than anticipated profit margins, which could have an adverse impact on our business, financial position **,** and operating results **.** Moreover, if our partners or their customers experience problems with the operation of our platform, such as service outages or interruptions or security breaches or incidents, our relationship with the partner and our reputation could be harmed and our **operating** results ~~of operations~~ may suffer. We may not be able to attract new financial institution partners if our potential partners favor our competitors' products or services over our platform or choose to compete with our products directly. Further, many of our existing financial institution partners have greater resources than we do and could choose to develop their own solutions to replace ours. Moreover, certain financial institutions may elect to focus on other market segments and decide to terminate their SMB- focused services. If we are unsuccessful in establishing, growing, or maintaining our relationships with financial institution partners, our ability to compete in the marketplace or to grow our revenue could be impaired, and our **operating** results ~~of operations~~ may suffer. We are subject to oversight by our financial institution partners and they conduct audits of our operations, information security controls, and compliance controls. To the extent an audit were to identify material gaps or evidence of noncompliance in our operations or controls it could violate contractual terms with the financial institution partner, which could materially and adversely impact our commercial relationships with that partner. Our spend and expense management products are dependent on our relationship with our Issuing Banks, Cross River Bank and WEX Bank. The extensions of credit facilitated through our platform are originated through Cross River Bank and WEX Bank, and we rely on these **entities** ~~Issuing Banks~~ to comply with various federal, state **,** and other laws. There has been significant recent U. S. Congressional and federal administrative agency lawmaking and ruling in the area of program agreements between banks and non- banks involving extensions of credit and the regulatory environment in this area remains unsettled. There has also been significant recent government enforcement and litigation challenging the validity of such arrangements, including disputes seeking to re- characterize lending transactions on the basis that the non- bank party rather than the bank is the " true lender " or " de facto lender ", and in case law upholding the " valid when made " doctrine, which holds that federal preemption of state interest rate limitations are not applicable in the context of certain bank ~~-~~ **—** non- bank partnership arrangements. If the legal structure underlying our relationship with our Issuing Banks were to be successfully challenged, our extension of credit offerings through these banks may be determined to be in violation of state licensing requirements and other state laws. In addition, Issuing Banks engaged in this activity have been subject to increased regulatory scrutiny recently. Adverse orders or regulatory enforcement actions against our Issuing Banks, even if unrelated to our business, could impose restrictions on our Issuing ~~banks~~ **Banks** ' ability to continue to extend credit through our platform or on current terms ~~. Cross River~~ **, or could result in our Issuing** ~~Bank~~ **Banks** ~~and WEX~~ **increasing their oversight or imposing tighter controls over our underwriting practices or compliance procedures or subjecting any new products to be offered through our Issuing** ~~Bank~~ **Banks to more rigorous reviews. Our Issuing Banks** are subject to oversight by the FDIC and state banking regulators and must comply with applicable federal and state banking rules, regulations **,** and examination requirements. **We** ~~As a service provider to Cross River Bank and WEX Bank~~ , ~~we~~ **in turn,** are subject to audit by ~~these~~ **our Issuing** ~~banks~~ **Banks** in accordance with FDIC guidance related to management of service providers and other bank **-** specific requirements pursuant to the terms of our agreements with ~~these~~ **our Issuing** ~~banks~~ **Banks** . We are also subject to the examination and enforcement authority of the FDIC under the Bank Service Company Act and state regulators in our capacity as a service provider for ~~these~~ **our Issuing** ~~banks~~ **Banks** . If we fail to comply with requirements applicable to us by law or contract, or if audits by our Issuing Banks were to conclude that our processes and procedures are insufficient, we may be subject to fines or penalties or our Issuing Banks could terminate their relationships with us. In the event of a challenge to the legal structure underlying our program agreements with our Issuing Banks or if one or ~~both~~ **all** of our Issuing Banks were to suspend, limit, or cease its operations, or were to otherwise terminate for any reason (including, but not limited to, the failure by an Issuing Bank to comply with regulatory actions **or an Issuing Bank experiencing financial distress, entering into receivership, or becoming insolvent**), we would need to identify and implement alternative, compliant, bank relationships or otherwise modify our business practices in order to be compliant with prevailing law or regulation, which could result in business interruptions or delays, force us to incur additional expenses **,** and potentially interfere with our existing customer and spending business relationships or make us less attractive to potential new customers and spending businesses, any of which could ~~have a material adverse~~ **adversely** effect ~~on~~ our business **, operating results, and financial condition** . We rely on a variety of funding sources to support **our** Divvy **corporate card offering** ~~' s business model~~ . If our existing funding arrangements are not renewed or replaced, or if our existing funding sources are unwilling or unable to provide funding to us on terms acceptable to us, or at all, it could ~~have a material adverse~~ **adversely** ~~effect~~ **affect** ~~on~~ our business, **operating** results ~~of operations~~ , financial condition, cash flows, and future prospects. **To** ~~In order to~~ support ~~Divvy' s~~ **the operations and growth of our spend and expense management** business **,** ~~model and the growth of Divvy' s business~~ we must maintain a variety of funding arrangements, including warehouse facilities and **, from time- to- time,** purchase arrangements with financial institutions. In particular, we have financing arrangements in place pursuant to which we purchase from our Issuing Banks participation interests in the accounts receivables generated when Divvy spending businesses make purchases using our cards. We typically fund some portion of these participation interest purchases by borrowing under credit facilities with our finance partners, although we may also fund participation purchases using corporate cash. Typically, we immediately sell a portion of the participation interests we have purchased to a warehousing subsidiary which funds the purchases through loans provided by our financing partners, and we may sell a portion of the participation interests to a third- party institution pursuant to a purchase ~~arrangement~~ **arrangements** . If our finance partners terminate or interrupt their financing or purchase of participation interests or are unable to offer terms which are acceptable to us, we may have to fund these purchases using corporate cash, which we have a limited ability to do and may place significant stress on our cash resources. An inability to purchase participation interests from our Issuing Banks, whether funded through financing or corporate cash, could result in the banks' limiting extensions of credit to ~~Divvy~~ spending businesses or ceasing to extend credit for our cards altogether, which would interrupt or limit our ability to offer our card products and materially and adversely affect our business. We cannot guarantee that these funding arrangements will continue to be available on favorable terms or at all, and our funding strategy may change over time, depending on the availability of such funding arrangements. In addition, our funding sources may curtail access to uncommitted financing capacity, fail to renew or extend facilities, or impose higher costs to access funding upon reassessing their exposure to our industry or in light of changes to general economic, market, credit **,** or liquidity conditions **. Further, our funding sources may experience financial distress, enter into receivership, or become insolvent, which may prevent us from accessing financing from these sources** . In addition, because our borrowings under current and future financing facilities may bear interest based on floating rate interest rates, our interest costs may increase if market interest rates rise. Moreover, there can be no assurances that we would be able to extend or replace our existing funding arrangements at maturity, on reasonable terms **,** or at all. If our existing funding arrangements are not renewed or replaced or our existing funding sources are unwilling or unable to provide funding to us on terms acceptable to us, or at all, we may need to secure additional sources of funding or reduce ~~Divvy' s~~ **our spend and expense management** operations significantly. Further, as the volume of credit facilitated through our platform increases, we may need to expand the funding capacity under our existing funding arrangements or add new sources of capital. The availability and diversity of our funding arrangements depends on various factors and are subject to numerous risks, many of which are outside of our control. If we are unable to maintain access to, or to expand, our network and diversity of funding arrangements, our business, **operating** results ~~of operations~~, financial condition, and future prospects could be materially and adversely affected. If we do not or cannot maintain the compatibility of our platform with popular accounting software solutions or offerings of our partners, our revenue and growth prospects will decline. To deliver a comprehensive solution, our platform integrates with popular accounting software solutions including Intuit QuickBooks, Oracle NetSuite, Sage Intacct, Xero, **and** Microsoft Dynamics 365 Business Central ~~and Microsoft Dynamics GP~~, through ~~application program interfaces (~~APIs ~~)~~ made available by these software providers. We automatically synchronize certain data between our platform and these accounting software systems relating to invoices and payment transactions between our customers and their suppliers and clients. This two- way sync saves time for our customers by reducing duplicative manual data entry and provides the basis for managing cash- flow through an integrated solution for accounts payable, accounts receivable, spend and expense management **,** and payments. If any of the accounting software providers change the features of their APIs, discontinue their support of such APIs, restrict our access to their APIs, or alter the terms **or practices** governing their use in a manner that is adverse to our business, we may be restricted or may not be able to provide synchronization capabilities, which could significantly diminish the value of our platform and harm our business, operating results, and financial condition. In addition, if any of these accounting software providers reconfigure their platforms in a manner that no longer supports our integration with their accounting software **,** we would lose customers and our business would be adversely affected. If we are unable to increase adoption of our platform with customers of these accounting software solutions **,** our growth prospects may be adversely affected. In addition, any of these accounting software providers may seek to develop a payment solution of its own, acquire a solution to compete with ours, or decide to partner with other competing applications, any of which its SMB customers may select over ours, thereby harming our growth prospects and reputation and adversely affecting our **business and operating** results ~~of operations~~. We depend on third- party service providers to process transactions on our platform and to provide other services important to the operation of our business. Any significant disruption in services provided by these vendors could prevent us from processing transactions on our platform, result in other interruptions to our business and ~~have a material adverse~~ **adversely** ~~effect~~ **affect** ~~on~~ our **business,** ~~operations~~ **operating** ~~,~~ results ~~of operations~~ and financial condition. We depend on banks, including JPMorgan Chase ~~and Silicon Valley Bank~~, to process ACH transactions and checks for our customers. We also rely on third- party providers to support other aspects of our business, including, for example, for card transaction processing, check printing, real- time payments, virtual and physical card issuance **,** and our cross- border funds transfer capabilities. If we are unable to effectively manage our third- party relationships, we are unable to comply with security, compliance **,** or operational obligations to which we are subject under agreements with these providers, these providers are unable to meet their obligations to us, or we experience substantial disruptions in these relationships, **including as a result of the closure** ~~our~~ **or insolvency of banks with which we do business, our business,** ~~operations~~ **operating** ~~,~~ results **,** ~~of operations~~ and financial condition could be adversely impacted. In addition, in some cases a provider may be the sole source, or one of a limited number of sources, of the services they provide to us and we may experience increased costs and difficulties in replacing those providers and replacement services may not be available on commercially reasonable terms, on a timely basis, or at all. Interruptions or delays in the services provided by AWS or other third- party data centers or internet service providers could impair the delivery of our platform and our business could suffer. We host our platform using third- party cloud infrastructure services, including **certain** co- location facilities ~~at Coresite, Equinix, and Iron Mountain~~. We also use public cloud hosting with Amazon Web Services (AWS). All of our products utilize resources operated by us through these providers. We therefore depend on our third- party cloud providers' ability to protect their data centers against damage or interruption from natural disasters, power or telecommunications failures, criminal acts, and similar events. Our operations depend on protecting the cloud infrastructure hosted by such providers by maintaining their respective configuration, architecture, and interconnection specifications, as well as the information stored in these virtual data centers and transmitted by third- party internet service providers. We have periodically experienced service disruptions in the past, and we cannot assure you that we will not experience interruptions or delays in our service in the future. We may also incur significant costs for using alternative equipment or taking other actions in preparation for, or in reaction to, events that damage the data storage services we use. Although we have disaster recovery plans that utilize multiple data storage locations, any incident affecting their infrastructure that may be caused by fire, flood, severe storm, earthquake, power loss, telecommunications failures, unauthorized intrusion, computer viruses and disabling devices, natural disasters, military actions, terrorist attacks, negligence, and other similar events beyond our control could negatively affect our platform. Any prolonged service disruption affecting our platform for any of the foregoing reasons could damage our reputation with current and potential customers, expose us to liability, cause us to lose customers, or otherwise harm our business. Also, in the event of damage or interruption, our insurance policies may not adequately compensate us for any losses that we may incur. System failures or outages, including any potential disruptions due to significantly increased global demand on certain cloud- based systems ~~during the COVID- 19 pandemic~~, could compromise our ability to perform these functions in a timely manner, which could harm our ability to conduct business or delay our financial reporting. Such failures could adversely affect our operating results and financial condition. Our platform is accessed by many customers, often at the same time. As we continue to expand the number of our customers and products available to our customers, we may not be able to scale our technology to accommodate the increased capacity requirements, which may result in interruptions or delays in service. In addition, the failure of data centers, internet service providers, or other third- party service providers to meet our capacity requirements could result in interruptions or delays in access to our platform or impede our ability to grow our business and scale our operations. If our third- party infrastructure service agreements are terminated, or there is a lapse of service, interruption of internet service provider connectivity, or damage to data centers, we could experience interruptions in access to our platform as well as delays and additional expense in arranging new facilities and services

Moreover, we are in the process of migrating our systems from internal data centers and smaller vendors to AWS. AWS provides us with computing and storage capacity pursuant to an agreement that continues until terminated by either party. We have a limited history of operating on AWS. As we migrate our data from our servers to AWS' servers, we may experience some duplication and incur additional costs. If our data migration is not successful, or if AWS unexpectedly terminates our agreement, we would be forced to incur additional expenses to locate an alternative provider and may experience outages or disruptions to our service. Any service disruption affecting our platform during such migration or while operating on the AWS cloud infrastructure could damage our reputation with current and potential customers, expose us to liability, cause us to lose customers, or otherwise harm our business . Payments and other financial services-...... harm our growth prospects and operating results . If we lose our founder or key members of our management team or are unable to attract and retain executives and employees we need to support our operations and growth, our business may be harmed. Our success and future growth depend upon the continued services of our management team and other key employees. Our founder and Chief Executive Officer, René Lacerte, is critical to our overall management, as well as the continued development of our products, our partnerships, our culture, our relationships with accounting firms, and our strategy. From time to time, there may be changes in our management team resulting from the hiring or departure of executives and key employees, which could disrupt our business. In addition, we may face challenges retaining senior management of acquired businesses. Our senior management and key employees are employed on an at- will basis. We currently do not have " key person " insurance for any of our employees. Certain of our key employees have been with us for a long period of time and have fully vested stock options or other long- term equity incentives that may become valuable and are publicly tradable ~~now that we are a public company~~ . The loss of our founder, or one or more of our senior management, key members of senior management of acquired companies or other key employees could harm our business, and we may not be able to find adequate replacements. We cannot ensure that we will be able to retain the services of any members of our senior management or other key employees or that we would be able to timely replace members of our senior management or other key employees should any of them depart. In addition, to execute our business strategy, we must attract and retain highly ~~-~~qualified personnel. We compete with many other companies for software developers with high levels of experience in designing, developing, and managing cloud- based software and payments systems, as well as for skilled legal and compliance and risk operations professionals. Competition for software developers, compliance and risk management personnel **,** and other key employees in our industry and locations is intense and increasing and may be exacerbated in tight labor markets. We may also face increased competition for personnel from other companies which adopt approaches to remote work that differ from ours. In addition, the current regulatory environment related to immigration is uncertain, including with respect to 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 **AI** ~~artificial intelligence~~ and machine learning, and 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. 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. 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. We have in the past and may in the future seek to acquire or invest in businesses, products, or technologies that we believe could complement or expand our platform, enhance our technical capabilities, or otherwise offer growth opportunities. **For example, in November 2022 we completed the acquisition of Finmark Financial, Inc. to augment our financial planning product offerings.** However, we have limited experience in acquiring other businesses, and we may not successfully identify desirable acquisition targets **in the future** . Moreover, an acquisition, investment, or business relationship may not further our business strategy or result in the economic benefits or synergies as expected or may result in unforeseen operating difficulties and expenditures, including disrupting our ongoing operations, diverting management from their primary responsibilities, subjecting us to additional liabilities, increasing our expenses, and adversely impacting our business, financial condition, and operating results. In addition, the technology and information security systems and infrastructure of businesses we acquire may be underdeveloped or subject to vulnerabilities, subjecting us to additional liabilities. We could incur significant costs related to the implementation of enhancements to or the scaling of information security systems and infrastructure of acquired businesses and related to the remediation of any related security breaches. If security, data protection **,** and information security measures in place at businesses we acquire are inadequate or breached, or are subject to cybersecurity attacks, or if any of the foregoing is reported or perceived to have occurred, our reputation and business could be damaged and we could be subject to regulatory scrutiny, investigations, proceedings, and penalties. We may also acquire businesses whose operations may not be fully compliant with all applicable law, including economic and trade sanctions and anti- money laundering, counter- terrorist financing **,** and privacy laws, subjecting us to potential liabilities and requiring us to spend considerable time, effort, and resources to address. Moreover, we may acquire businesses whose management or compliance functions require significant investments to support current and anticipated future product offerings, or that have underdeveloped internal control infrastructures or procedures or with respect to which we discover significant deficiencies or material weaknesses. The costs that we may incur to implement or improve such functions, controls **,** and procedures may be substantial and we could encounter unexpected delays and challenges related to such activity. Given the complexity of our platform and the ~~integration~~ **distinct interface and tools** that we offer to our accounting firm ~~customers~~ **partners** and financial institution partners, it may be critical that certain businesses or technologies that we acquire be successfully and fully integrated into our platform. In addition, some acquisitions may require us to spend considerable time, effort, and resources to integrate employees from the acquired business into our teams, and acquisitions of companies in lines of business in which we lack expertise may require considerable management time, oversight, and research before we see the desired benefit of such acquisitions. Therefore, we may be exposed to unknown liabilities and the anticipated benefits of any acquisition, investment, or business relationship may not be realized, if, for example, we fail to successfully integrate such acquisitions, or the technologies associated with such acquisitions, into our company. The challenges and costs of integrating and achieving anticipated synergies and benefits of transactions, and the risk that the anticipated benefits of the proposed transaction may not be fully realized or take longer to realize than expected, may be compounded where we attempt to integrate multiple acquired businesses within similar timeframes, as ~~is~~ **was** the case with the concurrent integration efforts related to our acquisitions of the Divvy and Invoice2go businesses. Acquisitions could also result in dilutive issuances of equity securities or the incurrence of debt, as well as unfavorable accounting treatment and exposure to claims and disputes by third parties, including intellectual property claims. We also may not generate sufficient financial returns to offset the costs and expenses related to any acquisitions. In addition, if an acquired business fails to meet our expectations, our business, operating results, and financial condition may suffer. If we fail to offer high- quality customer support, or if our support is more expensive than anticipated, our business and reputation could suffer. Our customers rely on our customer support services to resolve issues and realize the full benefits provided by our platform **, as well as to understand and fully utilize the growing suite of products we offer** . **A range of** ~~High~~ **high** - quality support **options** is **critical** ~~also important~~ for the renewal and expansion of our subscriptions with existing customers ~~. We~~ **: we** provide customer support via chat **,** email, and phone **through a combination of AI- assisted interactions with the BILL Virtual Assistant as well as robust support from a highly trained staff of customer success personnel** . 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 adoption by our existing customers, and acquire new customers could suffer, and our reputation with existing or potential customers could be harmed. If we are not able to meet the customer support needs of our customers during the hours that we currently provide support, we may need to increase our support coverage or provide additional support, which may reduce our profitability. If we fail to adapt and respond effectively to rapidly changing technology, evolving industry standards, changing regulations, and changing business needs, requirements, or preferences, our products may become less competitive. The market for SMB software financial back- office solutions is relatively new and subject to ongoing technological change, evolving industry standards, payment methods **,** and changing regulations, ~~and~~ **as well as** changing customer needs, requirements, and preferences. The success of our business will depend, in part, on our ability to adapt and respond effectively to these changes on a timely basis, including launching new products and services. In addition, the market for our ~~Divvy~~ spend and expense management solution is new and fragmented, and it is uncertain whether we will achieve and sustain high levels of demand and market adoption. The success of any new product and service, or any enhancements or modifications to existing products and services, depends on several factors, including the timely completion, introduction, and market acceptance of such products and services, enhancements, and modifications. If we are unable to enhance our platform, add new payment methods, or develop new products that keep pace with technological and regulatory change and achieve market acceptance, or if new technologies emerge that are able to deliver competitive products and services at lower prices, more efficiently, more conveniently, or more securely than our products, our business, operating results, and financial condition would be adversely affected. Furthermore, modifications to our existing platform or technology will increase our research and development expenses. Any failure of our services to operate effectively with existing or future network platforms and technologies could reduce the demand for our services, result in customer or spending business dissatisfaction **,** and adversely affect our business. If the prices we charge for our services are unacceptable to our customers, our operating results will be harmed. We generate revenue by charging customers a fixed monthly rate per user for subscriptions as well as transaction fees. As the market for our platform matures, or as new or existing competitors introduce new products or services that compete with ours, we may experience pricing pressure and be unable to renew our agreements with existing customers or attract new customers at prices that are consistent with our pricing model and operating budget. Our pricing strategy for new products we introduce ~~, including our virtual card~~ and **existing** ~~cross- border payment~~ products ~~,~~ **we continue to offer** may prove to be unappealing to our customers, and our competitors could choose to bundle certain products and services competitive with ours. If this were to occur, it is possible that we would have to change our pricing strategies or reduce our prices, which could harm our revenue, gross profits, and operating results. We typically provide service level commitments under our financial institution partner agreements. If we fail to meet these contractual commitments, we could be obligated to provide credits or refunds for prepaid amounts related to unused subscription services or face contract terminations, which could adversely affect our revenue. Our agreements with our financial institution partners typically contain service level commitments evaluated on a monthly basis. If we are unable to meet the stated service level commitments or suffer extended periods of unavailability for our platform, we may be contractually obligated to provide these partners with service credits, up to 10 % of the partner' s subscription fees for the month in which the service level was not met. In addition, we could face contract terminations, in which case we would be subject to refunds for prepaid amounts related to unused subscription services. Our revenue could be significantly affected if we suffer unexcused downtime under our agreements with our partners. Further, any extended service outages could adversely affect our reputation, revenue, and operating results. We may not be able to scale our business quickly enough to meet our customers' growing needs, and if we are not able to grow efficiently, our operating results could be harmed. As usage of our platform grows and we sign additional partners, we will need to devote additional resources to improving and maintaining our infrastructure and computer network and integrating with third- party applications to maintain the performance of our platform. In addition, we will need to appropriately scale our internal business systems and our services organization, including customer support, risk and compliance operations, and professional services, to serve our growing customer base. Any failure of or delay in these efforts could result in service interruptions, impaired system performance, and reduced customer satisfaction, resulting in decreased sales to new customers, lower subscription renewal rates by existing customers, the issuance of service credits, or requested refunds, all of which could hurt our revenue growth. If sustained or repeated, these performance issues could reduce the attractiveness of our platform to customers and could result in lost customer opportunities and lower renewal rates, any of which could hurt our revenue growth, customer loyalty, and our reputation. Even if we are successful in these efforts to scale our business, they will be expensive and complex, and require the dedication of significant management time and attention. We could also face inefficiencies or service disruptions as a result of our efforts to scale our internal infrastructure. We cannot be sure that the expansion and improvements to our internal infrastructure will be effectively implemented on a timely basis, if at all, and such failures could adversely affect our business, operating results, and financial condition. Failure to effectively develop and expand our sales and marketing capabilities could harm our ability to increase our customer base and achieve broader market acceptance of our products. Our ability to increase our customer base 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. Although we will adjust our sales and marketing spend levels as needed in response to changes in the economic environment, we plan to continue expanding our direct- to- SMB sales force as well as our sales force focused on identifying new partnership opportunities. We also dedicate significant resources to sales and marketing programs, including digital advertising through services such as Google AdWords. The effectiveness and cost of our online advertising has varied over time and may vary in the future due to competition for key search terms, changes in search engine use, and changes in the search algorithms used by major search engines. These efforts will require us to invest significant financial and other resources. In addition, our ability to broaden the spending business base for our Divvy spend and expense management offerings and achieve broader market acceptance of these products will depend to a significant extent on the ability of our sales and marketing organizations to work together to drive our sales pipeline and cultivate spending business and partner relationships to drive revenue growth. If we are unable to recruit, hire, develop, and retain talented sales or marketing personnel, if our new sales or marketing personnel and partners are unable to achieve desired productivity levels in a reasonable period of time, or if our sales and marketing programs are not effective, our ability to broaden our spending business base and achieve broader market acceptance of our platform could be harmed. Moreover, our Divvy marketing efforts depend significantly on our ability to call on our current spending businesses to provide positive references to new, potential spending business customers. Given our limited number of long- term spending businesses, the loss or dissatisfaction of any spending business could substantially harm our brand and reputation, inhibit the market adoption of our offering **,** and impair our ability to attract new spending businesses and maintain existing spending businesses. Our business and operating results will be harmed if our sales and marketing 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 . We are subject to governmental regulation...... potential liability could harm our operating results . We currently handle cross- border payments and plan to expand our payments offerings to new customers and to make payments to new countries, creating a variety of operational challenges. A component of our growth strategy involves our cross- border payments product and, ultimately, expanding our operations internationally. Although we do not currently offer our payments products to customers outside the U. S., starting in 2018, we introduced cross- border payments, and now, working with two international payment services, offer our U. S.- based customers the ability to disburse funds to over 130 countries. We are continuing to adapt to and develop strategies to address payments to new countries. However, there is no guarantee that such efforts will have the desired effect. Our cross- border payments product and international expansion strategy involve a variety of risks, including: • complying with financial regulations and our ability to comply and obtain any relevant licenses in applicable countries or jurisdictions; • currency exchange rate fluctuations and our cross- border payments providers' ability to provide us favorable currency exchange rates, which may impact our revenues and expenses; • reduction or cessation in cross- border trade resulting from government sanctions, trade tariffs or restrictions, other trade regulations or strained international relations; • potential application of more stringent regulations relating to privacy, information protection, and data security, and the authorized use of, or access to, commercial and personal information; • sanctions imposed by applicable government authorities or jurisdictions, such as **OFAC** ~~the U. S. Office of Foreign Assets Control~~ , or comparable authorities in other countries; • exposure to liabilities under anti- corruption and anti- money laundering laws, including the U. S. Foreign Corrupt Practices Act (FCPA), U. S. bribery laws, the UK Bribery Act, and similar laws and regulations in other jurisdictions; • unexpected changes in tax laws; and • cessation of business of a cross- border payment service provider or other limitation or inability of a cross- border payment service provider to make payments into certain countries, including for the reasons set forth above. If we invest substantial time and resources to further expand our cross- border payments offering and are unable to do so successfully and in a timely manner, our business and operating results may suffer. ~~Our card payment products generate~~ **A substantial portion of our revenue is derived from** interchange ~~revenues~~ **revenue,** which exposes us to potential variability in income and other risks. ~~Our card payment~~ **Certain of our** products, including our Divvy **charge** card and our virtual card ~~payment~~ products, generate ~~revenues~~ **revenue** primarily from interchange paid by the supplier accepting the cards for purchase transactions **. Interchange revenue comprises a substantial portion of our total revenue. The amount of interchange fees we earn is highly dependent upon the interchange rates set by the third- party card networks and** , ~~which~~ **from time to time, card networks change the interchange fees and assessments they charge for transactions processed using their networks. In addition, interchange fees are the subject of intense legal and regulatory scrutiny and competitive pressures in the electronic payments industry. Interchange revenue** ~~involve~~ **involves** a variety of risks, including: • interchange ~~income~~ **revenue** fluctuations due to the variability of card acceptance practices at supplier locations, and the resulting effect on our revenue; • changes in card network interchange rates or rules which could dissuade new and existing card- accepting suppliers from continuing to accept card payments; • unexpected compliance and risk management imposed by the card networks **or resulting from changes in regulation** ; • declines in the number of active card- accepting suppliers due to concerns about cost or operational complexity; and • unexpected changes in card acceptance or card issuing rules which may impact our ability to offer this payment product. Any of these developments could adversely affect our **business, financial condition, and** operating results . We use open source software in...... products, or take other remedial actions . If we fail to maintain and enhance our brands, our ability to expand our customer base will be impaired and our business, operating results, and financial condition may suffer. We believe that maintaining and enhancing our brands are important to support the marketing and sale of our existing and future products to new customers and partners and to expand sales of our platforms to new and existing customers and partners. Our ability to protect our **BILL** ~~Bill. com~~ brand is limited as a result of its descriptive nature. Successfully maintaining and enhancing our brands will depend largely on the effectiveness of our marketing and demand generation efforts, our ability to provide reliable products that continue to meet the needs of our customers at competitive prices, our ability to maintain our customers' trust, our ability to continue to develop new functionality and products, and our ability to successfully differentiate our platform and products from competitive products and services. Our brand promotion activities may not generate customer awareness or yield increased revenue, and even if they do, any increased revenue may not offset the expenses we incur in building our brand. If we fail to successfully promote and maintain our brands, our business could suffer. If we fail to adequately protect our...... on acceptable terms or at all. Changes to payment card networks rules or fees could harm our business. We are required to comply with **the** Mastercard, American Express, and Visa payment card network operating rules applicable to our card products. We have agreed to reimburse certain service providers for any fines they are assessed by payment card networks as a result of any rule violations by us. We may also be directly liable to the payment card networks for rule violations. The payment card networks set and interpret the card operating rules. The payment card networks could adopt new operating rules or interpret or reinterpret existing rules that we or our processors might find difficult or even impossible to follow, or costly to implement. We also may seek to introduce other card- related products in the future, which would entail compliance with additional operating rules. As a result of any violations of rules, new rules being implemented, or increased fees, we could be hindered or lose our ability to provide our card products, which would adversely affect our business. In addition, we are contractually obligated to comply with MasterCard and Visa network rules as a card program manager. As a result of any violations of these rules or new rules being implemented, we could lose our ability or rights to act as a card program manager. Our business is subject to extensive government...... results of operations and financial condition. 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 since inception primarily through equity and debt financings, sales of subscriptions to our products, ~~and~~ usage- based transaction fees **and interest earned on customer funds** . 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. We intend to continue to make investments to support our business, which may require us to engage in equity or debt financings to secure additional funds. We may also seek to raise additional capital from equity or debt financings on an opportunistic basis when we believe there are suitable opportunities for doing so. 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. If we incur additional debt, the debt holders would have rights senior to holders of common stock to make claims on our assets, and the terms of any debt could restrict our operations, including our ability to pay dividends on our common stock. Furthermore, if we issue additional equity securities, including in connection with merger and acquisition transactions, stockholders will experience dilution. In addition, new equity securities could have rights senior to those of our common stock. During **fiscal** ~~2022~~ **2023** , interest rates ~~have~~ increased and the trading prices for our common stock and other technology companies have been highly volatile, which may reduce our ability to access capital on favorable terms or at all. **More recently, credit and capital markets have been impacted by instability in the U. S. banking system.** In addition, a recession or depression, high inflation **,** or other sustained adverse market event could materially and adversely affect our business and the value of our common stock. Because our decision to issue securities in the future will depend on numerous considerations, including 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 common stock and diluting their interests. Our ability to use our net operating losses to offset future taxable income may be subject to certain limitations. As of June 30, ~~2022~~ **2023** , we had net operating loss (NOL) carryforwards of approximately $ 1. ~~5~~ **4** billion, $ 1. 1 billion, and $ ~~61~~ **83** . ~~3~~ **4** million for federal, state **,** and foreign tax purposes, respectively, that are available to reduce future taxable income. If not utilized, the ~~federal and~~ state NOL carryforwards will begin to expire in ~~2027~~ **2025** . As of June 30, ~~2022~~ **2023** , ~~approximately $ 1. 4 billion and $ 61. 3 million of~~ the federal and foreign NOL carryforwards do not expire and will carry forward indefinitely until utilized. As of June 30, ~~2022~~ **2023** , we **also** had research and development tax credit carryforwards of approximately $ ~~40~~ **56** . 1 million and $ ~~27~~ **35** . ~~1~~ **6** million for federal and state tax purposes, respectively. If not utilized, the federal tax credits will expire at various dates beginning in ~~2028~~ **2039** . The state tax credits do not expire and will carry forward indefinitely until utilized. In general, under Sections 382 and 383 of the U. S. Internal Revenue Code of 1986, as amended (the Code), a corporation that undergoes an " ownership change " is subject to limitations on its ability to utilize its pre- change NOLs and other tax attributes **,** such as research tax credits **,** to offset future taxable income or income tax. If it is determined that we have in the past experienced an ownership change, or if we undergo one or more ownership changes as a result of future transactions in our stock, then our ability to utilize NOLs and other pre- change tax attributes could be limited by Sections 382 and 383 of the Code. Future changes in our stock ownership, many of which are outside of our control, could result in an ownership change under Sections 382 or 383 of the Code. Furthermore, our ability to utilize NOLs of companies that we may acquire in the future may be subject to limitations. For these reasons, we may not be able to utilize a material portion of the NOLs, even if we were to achieve profitability. In addition, any future changes in tax laws could impact our ability to utilize NOLs in future years and may result in greater tax liabilities than we would otherwise incur and adversely affect our cash flows and financial position. 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 offering and adversely affect our operating results. The vast majority of states have considered or adopted laws that impose tax collection obligations on out- of- state companies. States where we have nexus may require us to calculate, collect, and remit taxes on sales in their jurisdiction. Additionally, the Supreme Court of the U. S. recently ruled in South Dakota v. Wayfair, Inc. et al (Wayfair) that online sellers can be required to collect sales and use tax despite not having a physical presence in the buyer' s state. In response to Wayfair, or otherwise, states or local governments may enforce laws requiring us to calculate, collect, and remit taxes on sales in their jurisdictions. We may be obligated to collect and remit sales and use taxes in states where we have not collected and remitted sales and use taxes. A successful assertion by one or more states requiring us to collect taxes where we historically have not or presently do not do so could result in substantial tax liabilities, including taxes on past sales, as well as penalties and interest. The imposition by state governments or local governments of sales tax collection obligations on out- of- state sellers could also create additional administrative burdens for us, put us at a perceived competitive disadvantage if they do not impose similar obligations on our competitors, and decrease our future sales, which could adversely affect our business and operating results. 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 U. S. and international 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 2017 Tax Act as modified by the CARES Act **, and the Inflation Reduction Act of 2022** ; • 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; • the outcome of current and future tax audits, examinations, or administrative appeals; and • limitations or adverse findings regarding our ability to do business in some jurisdictions **. Any of these developments could adversely affect our operating results. We use artificial intelligence in our business, and challenges with properly managing its use could result in reputational harm, competitive harm, and legal liability, and adversely affect our results of operations. We currently leverage AI into certain aspects of our platform, such as prepopulating invoices based on the historical behavior of businesses using our solutions and modeling businesses' creditworthiness and offering them and their counterparties expedited means of payment. Moving forward, we anticipate that AI will become increasingly important to our platform. Our competitors and other third parties may incorporate AI into their products and offerings more quickly or more successfully than us, which could impair our ability to compete effectively and adversely affect our results of operations. Additionally, if the content, analyses, or recommendations that AI applications assist in producing are or are alleged to be inaccurate, deficient, or biased, our business, financial condition, and results of operations may be adversely affected. The use of AI applications has resulted in, and may in the future result in, cybersecurity incidents that implicate the personal data of customers analyzed within such applications. Any such cybersecurity incidents related to our use of AI applications to analysis personal data could adversely affect our reputation and results of operations. AI also presents emerging ethical issues and if our use of AI becomes controversial, we may experience brand or reputational harm, competitive harm, or legal liability. The rapid evolution of AI, including potential government regulation of AI and it various uses, will require significant resources to develop, test and maintain our platform, offerings, services, and features to help us implement AI ethically in order to minimize unintended, harmful impact** . Natural catastrophic events, pandemics, and man- made problems such as power- disruptions, computer viruses, data security breaches, war, and terrorism may disrupt our business. Natural disasters, pandemics such as **the** COVID- 19 **pandemic** , other catastrophic events **,** and man- made problems, such as terrorism, war **,** or economic or trade sanctions related to war (including the 2022 Russian invasion of Ukraine), may cause damage or disruption to our operations, international commerce **,** and the global economy, and thus could harm our business. We have a large employee presence in the San Francisco Bay Area in California, Draper, Utah, Houston, Texas and Sydney, Australia, and our data centers are located in California and Arizona. The west coast of the U. S. contains active earthquake zones **and is subject to frequent wildfire outbreaks** , the Houston area frequently experiences significant hurricanes and Sydney **also** frequently experiences wildfires. In the event of a major earthquake, hurricane **,** or catastrophic event such as fire, flooding, 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 **. In addition, data centers depend on predictable and reliable energy and networking capabilities, which could be affected by a variety of factors, including climate change** . Additionally, as computer malware, viruses, and computer hacking, fraudulent use attempts, and phishing attacks 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 and related services and technical infrastructure to the satisfaction of our customers. Any computer malware, viruses, computer hacking, fraudulent use attempts, phishing attacks, or other data security breaches related to our network infrastructure or information technology systems or to computer hardware we lease from third parties, could, among other things, harm our reputation and our ability to retain existing customers and attract new customers. In addition, the insurance we maintain may be insufficient to cover our losses resulting from disasters, cyber- attacks, or other business interruptions, and any incidents may result in loss of, or increased costs of, such insurance. If we fail to ~~develop and~~ maintain an effective system of disclosure controls 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 subject to the reporting requirements of the ~~Securities~~ Exchange Act ~~of 1934, as amended (Exchange Act)~~ , the Sarbanes- Oxley Act **of 2002 (Sarbanes- Oxley)** , the Dodd- Frank Wall Street Reform and Consumer Protection Act of 2010, the listing requirements of the New York Stock Exchange (NYSE), and other applicable securities rules and regulations. Compliance with these rules and regulations will increase our legal and financial compliance costs, make some activities more difficult, time consuming, or costly, and increase demand on our systems and resources. 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. It 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 required, pursuant to Section 404 of ~~the~~ Sarbanes- Oxley ~~Act~~ (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, are designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation, could cause us to fail to meet our reporting obligations. 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 needs to 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. Section 404 (b) of the Sarbanes- Oxley Act requires our independent registered public accounting firm to annually attest to the effectiveness of our internal control over financial reporting, which has, and will continue to, require increased costs, expenses, and management resources. An independent assessment of the effectiveness of our internal controls could detect problems that our management' s assessment might not. Undetected material weaknesses in our internal controls could lead us to restate our financial statements, which could cause investors to lose confidence in our reported financial information, have a negative effect on the trading price of our common stock, and result in additional costs to remediate such material weaknesses. We are required to disclose changes made in our internal control and procedures on a quarterly basis. To comply with the requirements of being a public company, we may need to undertake various actions, such as implementing new internal controls and procedures and hiring accounting or internal audit staff. **For example, in May 2023, we concluded that a material weakness in our internal control over financial reporting existed as of June 30, 2022, as a result of insufficient testing, documentation, and evidence retention related to certain information systems and applications within the quote- to- cash process. While this material weakness was remediated as of June 30, 2023, there can be no assurance that we will not have material weaknesses or deficiencies in our internal control over financial reporting in the future.** If we are unable to assert that our internal control over financial reporting is effective, or if our independent registered public accounting firm issues an adverse opinion on the effectiveness of our internal control, 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 NYSE. Our reported financial results may be adversely affected by changes in accounting principles generally accepted in the U. S. U. S. generally accepted accounting principles (GAAP) is subject to interpretation by the Financial Accounting Standards Board (FASB), the SEC **,** and various bodies formed to promulgate and interpret appropriate accounting principles. A change in these principles or interpretations could have a significant effect on our reported operating results and financial condition and could affect the reporting of transactions already completed before the announcement of a change. If our estimates or judgments relating to our critical accounting policies prove to be incorrect, our operating results could be adversely affected. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as provided in the section titled " Management' s Discussion and Analysis of Financial Condition and Operating Results — Critical Accounting Policies and Estimates. " The results of these estimates form the basis for making judgments about the carrying values of assets, liabilities, and equity, and the amount of revenue and expenses that are not readily apparent from other sources. Significant estimates and judgments **may** involve the **variable consideration used** ~~identification of performance obligations~~ in revenue recognition **for certain contracts** ~~, valuation of assets acquired and liabilities assumed in a business combination, estimation of fair value of a reporting unit when assessing goodwill impairment~~ , determination of useful lives of ~~finite~~ **long** - lived intangible assets, present value estimation of operating lease liabilities, **the estimate of losses on accounts receivable, acquired card receivables and other financial assets, accrual for rewards, inputs used to value certain stock- based compensation awards, benefit period to amortize deferred costs and** valuation of **income taxes** ~~stock option grants, and the period of benefit for amortizing deferred commissions~~ . Our operating results may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our operating results to fall below the expectations of securities analysts and investors, resulting in a decline in the trading price of our common stock. 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, if at all. Market opportunity estimates and growth forecasts, including those we have generated ourselves, are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. The variables that go into the calculation of our market opportunity are subject to change over time, and there is no guarantee that any particular number or percentage of addressable users or companies covered by our market opportunity estimates will purchase our products at all or generate any particular level of revenue for us. Any expansion in the markets in which we operate ~~depend~~ **depends** on a number of factors, including the cost, performance, and perceived value associated with our platforms and those of our competitors. Even if the markets in which we compete meet the size estimates and growth forecasted, our business could fail to grow at similar rates, if at all. Our growth is subject to many factors, including our success in implementing our business strategy, which is subject to many risks and uncertainties. Accordingly, our forecasts of market growth should not be taken as indicative of our future growth. We rely on assumptions and estimates to calculate certain of our performance metrics, and real or perceived inaccuracies in such metrics may harm our reputation and negatively affect our business. We calculate and track certain customer and other performance metrics with internal tools, which are not independently verified by any third ~~–~~party. While we believe our metrics are reasonable estimates of our customer base and payment and transaction volumes for the applicable period of measurement, the methodologies used to measure these metrics require significant judgment and may be susceptible to algorithm or other technical errors. For example, the accuracy and consistency of our performance metrics may be impacted by changes to internal assumptions regarding how we account for and track customers, limitations on system implementations, and limitations on **the ability of** third **-** party tools ~~' ability~~ to match our database. If the internal tools we use to track these metrics undercount or overcount performance or contain algorithmic or other technical errors, the data we report may not be accurate. In addition, limitations or errors with respect to how we measure data (or the data that we measure) may affect our understanding of certain details of our business, which could affect our longer- term strategies. Further, as our business develops, we may revise or cease reporting certain metrics if we determine that such metrics are no longer accurate or appropriate measures of our performance. If our performance metrics are not accurate representations of our business, customer base, or payment or transaction volumes ~~;~~**,** if we discover material inaccuracies in our metrics ~~;~~**,** or if the metrics we rely on to track our performance do not provide an accurate measurement of our business, our reputation may be harmed, we may be subject to legal or regulatory actions, and our business, **operating results,** financial condition ~~, results of operations~~ , and prospects could be adversely affected. Any future litigation against us could be costly and time- consuming to defend. **We** ~~In addition to intellectual property litigation, we~~ have in the past and may in the future become subject to legal proceedings and claims that arise in the ordinary course of business, such as claims brought by our customers in connection with commercial disputes, employment claims made by our current or former employees, or claims for reimbursement following misappropriation of customer data. Litigation might result in substantial costs and may divert management' s attention and resources, which might seriously harm our business, overall financial condition, and operating results. Insurance might not cover such claims, might 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 under- insured could result in unanticipated costs, thereby reducing our operating results and leading analysts or potential investors to reduce their expectations of our performance, which could reduce the trading price of our stock. ~~If we~~ cannot maintain our company culture as we grow,our success and our business may be harmed.We believe our culture has been a key contributor to our success to date and that the critical nature of the platform that we provide promotes a sense of greater purpose and fulfillment in our employees.Inorganic growth through mergers and acquisitions may pose significant challenges to assimilating the company cultures of acquired companies.Any failure to preserve our culture could negatively affect our ability to retain and recruit personnel,which is critical to our growth,and to effectively focus on and pursue our corporate objectives.As we grow and develop the infrastructure of a public company,we may find it difficult to maintain these important aspects of our culture. **If we** We are subject to governmental laws and requirements regarding economic and trade sanctions, 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. Although we currently only offer our payment and card products to customers in the U. S. and Canada, Invoice2go has international subscribers in approximately 150 countries, including Australia and several EU countries, for which payment activity is conducted through third **-** party payment providers. As we continue to expand internationally **,** we will become subject to additional laws and regulations, and will need to implement new regulatory controls to comply with applicable laws. We are currently required to comply with U. S. economic and trade sanctions administered by ~~the U. S. Department of Treasury' s Office of Foreign Assets Control (~~ OFAC ~~)~~ and we have processes in place to comply with the OFAC regulations as well as similar requirements in other jurisdictions, including the Australian Sanctions Regime, the Canadian Proceeds of Crime and Terrorist Financing Act and, to the extent we expand our offerings into the **UK** ~~United Kingdom~~ and the EU, **UK and** EU money laundering directives. As part of our compliance efforts, we scan our customers against OFAC and other watch lists and have controls to monitor and mitigate these risks. If our services are accessed from a sanctioned country in violation of the trade and economic sanctions, we could be subject to fines or other enforcement action. We are also subject to various anti- money laundering and counter- terrorist financing laws and regulations in the U. S., Canada, Australia **,** and around the world that prohibit, among other things, our involvement in transferring the proceeds of criminal activities. In the United States, most of our services are subject to anti- money laundering laws and regulations, including the ~~Bank Secrecy Act, as amended (~~ BSA ~~),~~ and similar state laws and regulations. The BSA requires, among other things, ~~money services businesses (~~ MSBs ~~)~~ to develop and implement risk- based anti- money laundering programs, to report 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 United States, Canada, Australia **,** and in many other foreign jurisdictions 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 U. S., Canada **,** and Australia. 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. 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. We are subject to the FCPA, U. S. domestic bribery laws, and other anti- corruption laws, including Australia' s anti- bribery laws, the Canadian Criminal Code and the Canadian Corruption of Foreign Public Officials Act. Anti- corruption and anti- bribery laws have been enforced aggressively in recent years and are interpreted broadly to generally prohibit companies, their employees, and their third- party intermediaries from authorizing, offering, or providing, directly or indirectly, improper payments or benefits to recipients in the public sector. These laws also require that we keep accurate books and records and maintain internal controls and compliance procedures designed to prevent any such actions. Although we currently only offer our payment and card products to customers in the U. S. **,** and payment services in Canada **and the United Kingdom** , Invoice2go has international subscribers in approximately 150 countries, including Australia and several EU countries for which payment activity is conducted through third **-** party payment providers. 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 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. We cannot assure you that all of our employees and agents will not take actions in violation of our policies and applicable law, for which we may be ultimately held responsible. As we increase our international business, our risks under these laws may increase. 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, operating results, and financial condition could be materially harmed. In addition, responding to any action will likely result in a materially significant diversion of management' s attention and resources and significant defense costs and other professional fees. **Risks Related to Our Intellectual Property** If we cannot maintain our company culture as we...... aspects of our culture. If we fail to ~~maintain~~ **adequately protect** our ~~company culture~~ **proprietary rights** , our ~~business and~~ competitive position ~~may~~ **could** be ~~adversely affected~~ **impaired and we may lose valuable assets, generate less revenue, and incur costly litigation to protect our rights. Our success is dependent, in part, upon protecting our proprietary technology** . We **rely on a combination of patents** ~~are exposed to foreign currency exchange risk relating to our Australian operations We are exposed to foreign currency exchange risk relating to our Australian operations and Australian subsidiary. A change in foreign currency exchange rates~~ , ~~particularly in Australian dollars~~ **copyrights, trademarks, service marks, trade secret laws, and contractual provisions** to **establish and protect our proprietary rights. However, the steps we take to protect our intellectual property may be inadequate. While we have been issued patents in the** U. S. ~~dollars~~ **and have additional patent applications pending** , **we may be unable** ~~can affect our financial results due~~ to ~~transaction gains~~ **obtain patent protection** ~~or~~ **for** ~~losses related to the remeasurement of certain monetary asset and monetary liability balances that are denominated in currencies other~~ -- **the technology covered in** ~~than U. S. dollars, which is the functional currency of~~ our ~~Australian subsidiary~~ **patent applications** . In addition, **any patents issued** ~~we expect our exposure to foreign currency rate risks~~ in the future **may not provide us with competitive advantages or may be successfully challenged by third parties. Any of our patents, trademarks, or other intellectual property rights may be challenged or circumvented by others or invalidated through administrative process or litigation. There can be no guarantee that others will not independently develop similar products, duplicate any of our products, or design around our patents. Furthermore, legal standards relating** to ~~increase~~ **the validity, enforceability, and scope of protection of intellectual property rights are uncertain. Despite our precautions, it may be possible for unauthorized third parties to copy our products and use information that we regard** as **proprietary to create products and services that compete with** ~~our~~ **ours** ~~international operations~~ **. We have been in the past, and may in the future be, subject to intellectual property disputes, which are costly and may subject us to significant liability and** ~~increase~~ **increased** ~~rely on a combination of patents,copyrights,trademarks,service marks,trade secret laws,and contractual provisions to establish and protect our proprietary rights.However,the steps we take to protect our intellectual property may be inadequate.While we have been issued patents in the U.S.and have additional patent applications pending,we may be unable to obtain patent protection for the technology covered in our patent applications.In addition,any patents issued in the future may not provide us with competitive advantages or may be successfully challenged by third parties.Any of our patents,trademarks,or other intellectual property rights may be challenged or circumvented by others or invalidated through administrative process or litigation.There can be no guarantee that others will not independently develop similar products,duplicate any of our products,or design around our patents.Furthermore,legal standards relating to the validity,enforceability,and scope of protection of intellectual property rights are uncertain.Despite our precautions,it may be possible for unauthorized third parties to copy our products and use information that we regard as proprietary to create products and services that compete with ours.We have been in the past,and may in the future be,subject to intellectual property disputes,which are costly and may subject us to significant liability and increased~~ costs of doing business.We have been in the past and may in the future become subject to intellectual property disputes.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 potential claims of this type or may not be adequate to indemnify us for all liability that may be imposed.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.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 or other violations of intellectual property rights.Our technologies may not be able to withstand any third- party claims against their use.In addition,many 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.Any litigation may also involve patent holding companies or other adverse patent owners that have no relevant product revenue,and therefore,our patents may provide little or no deterrence as we would not be able to assert them against such entities or individuals.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 our ability to compete.We may also be contractually obligated to indemnify our customers in the event of infringement of a third party' s intellectual property rights.Responding to such claims,regardless of their merit,can be time consuming,costly to defend,and damaging to our reputation and brand.Indemnity provisions in various agreements potentially expose us to substantial liability for intellectual property infringement,data protection,and other losses.Our agreements with financial institution partners and some larger customers include indemnification provisions under which we agree to indemnify them for losses suffered or incurred as a result of claims of intellectual property infringement,data protection,damages caused by us to property or persons,or other liabilities relating to or arising from our platform or other contractual obligations.Some of these indemnity agreements provide for uncapped liability and some indemnity provisions survive termination or expiration of the applicable agreement.Large 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 of our platform or products,as a result of intellectual property- related claims.Any dispute with a customer with respect to these obligations could have adverse effects on our relationship with that customer and other existing or new customers,and harm our business and operating results.In addition,although we carry insurance,our insurance may not be adequate to indemnify us for all **liability that may be imposed,or otherwise protect us from liabilities or damages with respect to claims alleging compromises of customer data,and any such coverage may not continue to be available to us on acceptable terms or at all.We use open source software in our products,which could subject us to litigation or other actions.We use open source software in our products.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** . Risks Related to Our Indebtedness Our debt service obligations, including the Notes, may adversely affect our financial condition and results of operations. As of June 30, ~~2022~~ **2023** , we had **outstanding** $ 1. 15 billion aggregate principal amount of ~~the~~ 0 % ~~Convertible~~ **convertible senior** ~~Notes~~ **notes** ~~outstanding~~ **due December 1, 2025** (the 2025 Notes) ~~due on December 1~~ , ~~2025 and~~ $ 575. 0 million aggregate principal amount of ~~the~~ 0 % convertible senior notes ~~outstanding~~ due ~~on~~ April 1, 2027 (the 2027 Notes **, and together with the 2025 Notes, the Notes**) **, and had drawn $ 135. 0 million under our Revolving Credit Facility** , as described in Note 10 to the consolidated financial statements included elsewhere in this Annual Report on Form 10-K. Our ability to make payments of the principal of, to pay interest on **,** or to refinance our indebtedness, including the ~~2025~~ Notes and **our Revolving Credit Facility** ~~2027 Notes (collectively, the Notes)~~ , depends on our future performance, which is subject to economic, financial, competitive, and other factors beyond our control **. Moreover, our obligations under the Revolving Credit Facility are secured by our Divvy credit card receivables and certain other collateral** . Our business may not generate cash flow from operations in the future sufficient to service our debt and make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt, or obtaining additional debt financing or equity capital on terms that may be onerous or highly dilutive. Our ability to refinance any future indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations. In addition, any of our future debt agreements may contain restrictive covenants that may prohibit us from adopting any of these alternatives. Our failure to comply with these covenants could result in an event of default which, if not cured or waived, could result in the acceleration of our debt. In addition, our indebtedness, combined with our other financial obligations and contractual commitments, could have other important consequences. For example, it could: • make us more vulnerable to adverse changes in general U. S. and worldwide economic, industry, and competitive conditions and adverse changes in government regulation; • limit our flexibility in planning for, or reacting to, changes in our business and our industry; • place us at a disadvantage compared to our competitors who have less debt; • limit our ability to borrow additional amounts to fund acquisitions, for working capital, and for other general corporate purposes; and • make an acquisition of our company less attractive or more difficult. Any of these factors could harm our business, **operating** results ~~of operations~~ , and financial condition. In addition, if we incur additional indebtedness, the risks related to our business and our ability to service or repay our indebtedness would increase. We are also required to comply with the covenants set forth in the ~~Indentures~~ **indentures** governing the Notes. Our ability to comply with these covenants may be affected by events beyond our control. If we breach any of the covenants and do not obtain a waiver from the note holders or lenders, then, subject to applicable cure periods, any outstanding indebtedness may be declared immediately due and payable. In addition, changes by any rating agency to our credit rating may negatively impact the value and liquidity of our securities. Downgrades in our credit ratings could restrict our ability to obtain additional financing in the future and could affect the terms of any such financing. We may not have the ability to raise the funds necessary for cash settlement upon conversion of the Notes or to repurchase the Notes for cash upon a fundamental change, and our future debt may contain limitations on our ability to pay cash upon conversion of the Notes or to repurchase the Notes. Holders of the Notes have the right to require us to repurchase their notes upon the occurrence of a fundamental change (as defined in the ~~Indentures~~ **indentures** governing the 2025 Notes and 2027 Notes, respectively) at a repurchase price equal to 100 % of the principal amount of the Notes to be repurchased, plus accrued and unpaid special interest, if any. In addition, upon conversion of the Notes, unless we elect to deliver solely shares of our common stock to settle such conversion (other than paying cash in lieu of delivering any fractional share), we will be required to make cash payments in respect of the Notes being converted. However, we may not have enough available cash or be able to obtain financing at the time we are required to make repurchases of the Notes surrendered or the Notes being converted. In addition, our ability to repurchase the Notes or to pay cash upon conversions of the Notes may be limited by law, by regulatory authority **,** or by agreements governing our future indebtedness. In addition to the Notes, we and our subsidiaries may incur substantial additional debt in the future, subject to the restrictions contained in our current and future debt instruments, some of which may be secured debt. We are not restricted under the terms of the ~~Indentures~~ **indentures** governing the Notes from incurring additional debt, securing existing or future debt, recapitalizing our debt **,** or taking a number of other actions that could have the effect of diminishing our ability to make payments on the Notes when due. Our failure to repurchase the Notes at a time when the repurchase is required by the applicable ~~Indenture~~ **indenture** or to pay any cash payable on future conversions of the Notes as required by such ~~Indenture~~ **indenture** would constitute a default under that ~~Indenture~~ **indenture** . A default under one of the ~~Indentures~~ **indentures** or the fundamental change itself could also lead to a default under the other ~~Indenture~~ **indenture** or other agreements governing our existing or future indebtedness. If the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and repurchase the Notes or make cash payments upon conversions thereof. The conditional conversion feature of the Notes, when triggered, may adversely affect our financial condition and operating results. Prior to the close of business on the business day immediately preceding September 1, 2025, in the case of the 2025 Notes, and January 1, 2027, in the case of the 2027 Notes, the holders of the applicable Notes may elect to convert their Notes during any calendar quarter (and only during such calendar quarter) if the last reported sale price of our common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter is greater than or equal to 130 % of the conversion price on each applicable trading day (~~the "~~ Conversion Condition ~~"~~). The Conversion Condition for the 2025 **Notes and 2027** Notes was not triggered as of June 30, ~~2022~~ **2023** , but had been triggered **for the 2025 Notes** in several prior quarters. In the event the Conversion Condition is triggered, holders of the Notes will be entitled to convert the Notes at any time during specified periods at their option. If one or more holders elect to convert their Notes, unless we elect to satisfy our conversion obligation by delivering solely shares of our common stock (other than paying cash in lieu of delivering any fractional share), we would be required to settle a portion or all of our conversion obligation through the payment of cash, which could adversely affect our liquidity. In addition, even if holders do not elect to convert their Notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the Notes as a current rather than long- term liability, which would result in a material reduction of our net working capital. The Capped Calls may affect the value of our Notes and our common stock. In connection with the sale of each of the 2025 Notes and the 2027 Notes, we entered into privately negotiated Capped Call transactions (collectively, the Capped Calls) with certain financial institutions (option counterparties). The Capped Call transactions are expected generally to reduce the potential dilution upon conversion of the Notes and / or offset any cash payments we are required to make in excess of the principal amount of converted Notes, as the case may be, with such reduction and / or offset subject to a cap. The option counterparties and / or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to our common stock and / or purchasing or selling our common stock or other securities of ours in secondary market transactions prior to the applicable maturity of the 2025 Notes and the 2027 Notes (and are likely to do so following any conversion, repurchase, or redemption of the Notes, to the extent we exercise the relevant election under the Capped Calls). This activity could also cause or avoid an increase or a decrease in the market price of our common stock or the Notes, which could affect note holders' ability to convert the Notes and, to the extent the activity occurs during any observation period related to a conversion of the Notes, it could affect the number of shares and value of the consideration that note holders will receive upon conversion of the Notes. We do not make any representation or prediction as to the direction or magnitude of any potential effect that the transactions described above may have on the price of the Notes or our common stock. In addition, we do not make any representation that the option counterparties will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice. We are subject to counterparty risk with respect to the Capped Calls. The option counterparties are financial institutions, and we are subject to the risk that any or all of them might default under the Capped Calls. Our exposure to the credit risk of the option counterparties will not be secured by any collateral. Past global economic conditions have resulted in the actual or perceived failure or financial difficulties of many financial institutions. If an option counterparty becomes subject to insolvency proceedings, we will become an unsecured creditor in those proceedings with a claim equal to our exposure at that time under the Capped Calls with such option counterparty. Our exposure will depend on many factors but, generally, an increase in our exposure will be correlated to an increase in the market price and in the volatility of our common stock. In addition, upon a default by an option counterparty, we may suffer adverse tax consequences and more dilution than we currently anticipate with respect to our common stock. We can provide no assurance as to the financial stability or viability of the option counterparties. Risks Related to Ownership of Our Common Stock The stock price of our common stock has been, and will likely continue to be volatile, and you may lose part or all of your investment. The market for our common stock has been, and will likely continue to be, volatile. In addition to the factors discussed in this report, the market price of our common stock may fluctuate significantly in response to numerous factors, many of which are beyond our control, including: • overall performance of the equity markets; • actual or anticipated fluctuations in our revenue and other operating results; • changes in the financial projections we may provide to the public or our failure to meet these projections; • failure of securities analysts to initiate or maintain coverage of us, changes in financial estimates by any securities analysts who follow our company, or our failure to meet these estimates or the expectations of investors; • recruitment or departure of key personnel; • the economy as a whole and market conditions in our industry, such as high inflation ~~,~~ **and** high interest rate and recessionary environments; • the global macroeconomic impact of the COVID- 19 pandemic; • negative publicity related to the real or perceived quality of our platform, as well as the failure to timely launch new products and services that gain market acceptance; • rumors and market speculation involving us or other companies in our industry; • announcements by us or our competitors of new products or services, commercial relationships, or significant technical innovations; • acquisitions, partnerships, joint ventures, or capital commitments; • new laws or regulations or new interpretations of existing laws or regulations applicable to our business; • lawsuits threatened or filed against us, litigation involving our industry, or both; • developments or disputes concerning our or other parties' products, services **,** or intellectual property rights; • changes in accounting standards, policies, guidelines, interpretations, or principles; • interpretations of any of the above or other factors by trading algorithms, including those that employ natural language processing and related methods to evaluate our public disclosures; • other events or factors, including those resulting from war (such as the war in Ukraine), incidents of terrorism, or responses to these events **; • instability in the U. S. and global banking systems** ; • the expiration of contractual lock- up agreements; and • sales of shares of our common stock by us or our stockholders. In addition, the stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. Stock prices of many companies, and technology companies in particular, have fluctuated in a manner unrelated or disproportionate to the operating performance of those companies. In the past, stockholders have instituted securities class action litigation following periods of market volatility. If we were to become involved in securities litigation, it could subject us to substantial costs, divert resources and the attention of management from our business, and adversely affect our business. Anti- takeover provisions in our charter documents and under Delaware law could make an acquisition of our company more difficult, limit attempts by our stockholders to replace or remove our current management, and affect the market price of our common stock. Provisions in our **amended and** restated certificate of incorporation **and second amended** and restated bylaws may have the effect of delaying or preventing a change of control or changes in our management. Our **amended and** restated certificate of incorporation **and second amended** and restated bylaws include provisions that: • authorize our board of directors to issue, without further action by the stockholders, shares of undesignated preferred stock with terms, rights, and preferences determined by our board of directors that may be senior to our common stock; • require that any action to be taken by our stockholders be affected at a duly called annual or special meeting and not by written consent; • specify that special meetings of our stockholders can be called only by our board of directors, the chairperson of our board of directors, or our chief executive officer; • establish an advance notice procedure for stockholder proposals to be brought before an annual meeting, including proposed nominations of persons for election to our board of directors; • establish that our board of directors is divided into three classes, with each class serving three- year staggered terms; • prohibit cumulative voting in the election of directors; • provide that our directors may be removed for cause only upon the vote of sixty- six and two- thirds percent (66 2 / 3 %) of our outstanding shares of common stock; • provide that vacancies on our board of directors may be filled only by a majority vote of directors then in office, even though less than a quorum; and • require the approval of our board of directors or the holders of at least sixty- six and two- thirds percent (66 2 / 3 %) of our outstanding shares of common stock to amend our bylaws and certain provisions of our certificate of incorporation. In addition, our **amended and** restated certificate of incorporation **and our second amended and restated bylaws** ~~provides~~ **provide** that the Court of Chancery of the State of Delaware, to the fullest extent permitted by law, will be the exclusive forum for any derivative action or proceeding brought on our behalf, any action asserting a breach of fiduciary duty, any action asserting a claim against us arising pursuant to the Delaware General Corporation Law (DGCL), our **amended and** restated certificate of incorporation, or our **second amended and** restated bylaws, or any action asserting a claim against us that is governed by the internal affairs doctrine. ~~This~~ **These** choice of forum ~~provision~~ **provisions** may limit a stockholder' s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or any of our directors, officers, or other employees, which may discourage lawsuits against us and our directors, officers, and other employees. ~~This~~ **These** exclusive forum ~~provision~~ **provisions** will not apply to claims that are vested in the exclusive jurisdiction of a court or forum other than the Court of Chancery of the State of Delaware, or for which the Court of Chancery of the State of Delaware does not have subject matter jurisdiction. For instance, ~~the~~ **these** ~~provision~~ **provisions** would not preclude the filing of claims brought to enforce any liability or duty created by the Exchange Act or Securities Act **of 1933, as amended (Securities Act),** or the rules and regulations thereunder in federal court. Moreover, Section 203 of the DGCL may discourage, delay, or prevent a change in control of our company. Section 203 imposes certain restrictions on mergers, business combinations, and other transactions between us and holders of 15 % or more of our common stock. We have incurred and will continue to incur increased costs as a result of operating as a public company, and our management is required to devote substantial time to compliance with our public company responsibilities and corporate governance practices. As a public company, we will incur significant legal, accounting, and other expenses that we did not incur as a private company, which we expect to further increase. ~~The~~ Sarbanes- Oxley ~~Act~~ , the Dodd- Frank Wall Street Reform and Consumer Protection Act, the listing requirements of the NYSE, and other applicable securities rules and regulations impose various requirements on public companies. Our management and other personnel devote a substantial amount of time to compliance with these requirements. Moreover, these rules and regulations will increase our legal and financial compliance costs and will make some activities more time- consuming and costly compared to when we were a private company. Our management team has limited experience managing a public company. Our management team has limited experience managing a publicly traded company, interacting with public company investors and securities analysts, and complying with the increasingly complex laws pertaining to public companies. These new obligations and constituents require significant attention from our management team and could divert their attention away from the day- to- day management of our business, which could harm our business, operating results, and financial condition. We do not intend to pay dividends for the foreseeable future. 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. 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. If securities or industry analysts do not publish research or publish unfavorable or inaccurate research about our business, our stock price and trading volume could decline. Our stock price and trading volume is heavily influenced by the way analysts and investors interpret our financial information and other disclosures. If securities or industry analysts do not publish research or reports about our business, downgrade our common stock, or publish negative reports about our business, our stock price would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for our common stock could decrease, which might cause our stock price to decline and could decrease the trading volume of our common stock. Sales of substantial amounts of our common stock in the public markets, particularly sales by our directors, executive officers, and significant stockholders, or the perception that these sales could occur, could cause the market price of our common stock to decline and may make it more difficult for you to sell your common stock at a time and price that you deem appropriate. The market price of our common stock could decline as a result of sales of a large number of shares of our common stock in the market. The perception that these sales might occur may also cause the market price of our common stock to decline. We had a total of ~~104~~ **106** , ~~730~~ **550** , ~~261~~ **211** shares of our common stock outstanding as of June 30, ~~2022~~ **2023** . All shares of our common stock are either freely tradable, generally without restrictions or further registration under the Securities Act, or have been registered for resale under the Securities Act by us, subject to certain exceptions for shares held by our " affiliates " as defined in Rule 144 under the Securities Act. In addition, **we** ~~there were 7, 136, 241 shares of common stock issuable upon the exercise of options outstanding and vesting of RSUs as of June 30, 2022. We~~ have **filed** ~~registered all of the shares of common stock issuable upon exercise of outstanding options or settlement of RSUs or other equity incentives we may grant in the future on~~ registration statements on Form S- 8 **to register shares reserved** for ~~public~~ **future issuance under our equity compensation plans. Subject to the satisfaction of vesting conditions, the shares issued upon exercise of outstanding stock options or settlement of outstanding restricted stock units will be available for immediate** resale ~~under the Securities Act. The shares of common stock will become eligible for sale~~ in the ~~public~~ **United States in the open** market ~~to the extent such options are exercised or such RSUs are settled, subject to compliance with applicable securities laws. Moreover, certain holders of our common stock have rights, subject to some conditions, to require us to file registration statements covering the sale of their shares or to include their shares in registration statements that we may file for ourselves or other stockholders~~ . In addition, we have in the past, and may in the future, issue our shares of common stock or securities convertible into our common stock from time to time in connection with financings, acquisitions, investments, or otherwise. We also expect to grant additional equity awards to employees and directors under our 2019 Equity Incentive Plan and rights to purchase our common stock under our 2019 Employee Stock Purchase Plan. Any such issuances could result in substantial dilution to our existing stockholders and cause the trading price of our common stock to decline. **The timing and amount of any repurchases under our Share Repurchase Program are subject to a number of uncertainties. In January 2023, our board of directors approved the repurchase of up to $ 300 million of our outstanding shares of common stock (the Share Repurchase Program). Under the Share Repurchase Program, repurchases can be made from time to time using a variety of methods, through open market purchases or privately negotiated transactions, including through Rule 10b5- 1 plans, in compliance with the rules of the SEC and other applicable legal requirements. The Share Repurchase Program does not obligate us to acquire any particular amount of shares, and the Share Repurchase Program may be suspended or discontinued at any time at our discretion. The Inflation Reduction Act, enacted on August 16, 2022, among other things, imposes a 1 % non-deductible, excise tax on net repurchases of shares by U. S. corporations whose stock is traded on an established securities market. The excise tax is imposed on repurchases that occur after December 31, 2022. The excise tax did not apply to repurchases of our shares made during fiscal 2023. If excise tax applies to any repurchases of our shares we make in future fiscal years, it may increase the cost to us of making repurchases and may cause us to reduce the number of shares repurchased pursuant to the Share Repurchase Program.**