Risk Factors Comparison 2024-02-22 to 2023-02-22 Form: 10-K

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

Risks related to our business Our revenues and financial position will be adversely affected if we are not able to attract and retain clients. Our success and revenues depend on attracting and retaining subscribers to our information, analytics and online marketplace services. Our subscription- based services generate the largest portion of our revenues. Our revenue may not grow, or could decrease, if we cannot attract new customers, continue to keep our cancellation rate low and continue to sell new services to our existing customers. We may not be able to continue to grow our customer base, keep the cancellation rate low or sell new services to existing customers as a result of several factors, including, continuing global economic and geopolitical volatility, economic pressures and the impact of inflation on our costs and on customer spending; the business failure of current clients; customer decisions that they do not need our services or to use alternative services; customers' and potential customers' budgetary constraints; consolidation in the real estate and / or financial services industries; data quality; technical problems; competitive pressures; or devaluation of the local currencies of international customers relative to the U. S. dollar which impairs the purchasing power of such customers. We compete against many other real estate information, analytics and marketing service providers for business. If clients cancel services or decide not to renew their subscription agreements and we do not sell new services to our existing clients or attract new clients, then our renewal rate, net new ~~sales~~ **bookings** and revenues may decline or fail to meet expectations. We may not be able to successfully develop and introduce new or upgraded information, analytics and online marketplace services that are attractive to our users and advertisers or successfully combine or shift focus from current services with less demand, which could decrease our revenues and our profitability. Our future business and financial success will depend on our ability to continue to anticipate the needs of customers and potential customers and to successfully introduce new and upgraded services, including services that make our marketplaces useful for users and attractive to advertisers. To be successful, we must be able to quickly adapt to changes in the industry, as well as rapid technological changes, by continually enhancing our information, analytics and online marketplace services. As a result, we must continually invest resources in research and development to improve the appeal and comprehensiveness of our services and effectively incorporate new technologies. Developing new services and upgrades to services, as well as integrating and coordinating current services, imposes heavy burdens on our systems department, product development team, management and researchers. The processes are costly, and our efforts to develop, integrate and enhance our services may not be successful. In addition, launching and selling a new or upgraded service puts additional strain on our sales and marketing resources. If we are unsuccessful in obtaining greater market share or in obtaining widespread adoption of new or upgraded services, we may not be able to offset the expenses associated with the development, launch and marketing of the new or upgraded service, which could have a material adverse effect on our financial results. For example, **we have and will continue to invest significantly in developing our marketplaces and content and,** to generate brand awareness and site traffic ~~for our marketplaces~~ , we have and will continue to invest significant resources in multi- channel marketing campaigns **for select marketplaces** . If these **development efforts and** marketing campaigns do not increase brand awareness, site traffic **, subscriptions for marketplaces services** and / or revenues, the cost of these campaigns could have an adverse effect on our financial results. In addition, as we integrate acquired businesses, we continue to assess which services we believe will best meet the needs of our customers. If we eliminate or phase out a service and are not able to offer and successfully market and sell an alternative service, our revenues may decrease, which could have a material adverse effect on our results of operations. We may not be able to compete successfully against existing or future competitors in attracting advertisers, which could harm our business, results of operations and financial condition. We compete to attract advertisers. Our competitors may have greater brand recognition or more direct sales personnel than we have and may generate more web traffic than we do, which may provide them with competitive advantages. To compete successfully for advertisers, we must continue to invest resources in developing our advertising platform and proving the effectiveness and relevance of our advertising services. Pressure from competitors seeking to acquire a greater share of our advertisers' overall marketing budget could adversely affect our pricing and margins, lower our revenue and increase our research and development and marketing expenses. If we are unable to compete successfully against our existing or future competitors, our business, results of operations or financial condition could be adversely affected. Competition could render our services uncompetitive and reduce our profitability. The markets for information systems and services and for online marketplaces in general are highly competitive and rapidly changing. Competition in these markets may increase further if economic conditions or other circumstances cause customer bases and customer spending to decrease and service providers to compete for fewer customer resources. Our existing or future competitors may have greater name recognition, larger customer bases, better technology or data, lower prices, easier access to data, greater user traffic or greater financial, technical or marketing resources than we have to provide services that users might view as superior to our offerings. Competitors may introduce different solutions that attract users away from our services or provide solutions similar to ours that have the advantage of better branding or marketing resources. Our competitors may be able to undertake more effective marketing campaigns, obtain more data, adopt more aggressive pricing policies, make more attractive offers to potential employees, subscribers, advertisers, distribution partners and content providers or may be able to respond more quickly to new or emerging technologies or changes in user requirements. Increased competition could result in lower revenues and higher expenses, which would reduce our profitability. Our operating results and revenues are subject to fluctuations and our quarterly financial results may be subject to market cyclicality, each of which could negatively affect our stock price. The real estate market may be influenced by general economic conditions, economic cycles, changes in interest rates, seasonality and many other factors, which in turn may impact our financial results. The different sectors of the large and fragmented industry, such as office, industrial, retail, multifamily, single family and others, are influenced differently by different factors, and have historically moved through economic cycles with different timing. As such, it is difficult to estimate the potential impact of economic cycles and conditions or seasonality from year- to- year on our overall operating results. ~~We~~ **For example, we** generally see higher sales of Apartments. com listing services during the peak summer rental season and higher CoStar sales towards the end of the year; however, sales fluctuate from year- to- year and may fluctuate more widely when there are changes in general economic conditions or the industry ~~, such as changes resulting from the COVID- 19 pandemic and due to other macroeconomic factors. In addition, we generally incur greater marketing expenses during the second quarter, which coincides with the peak season for apartment rentals~~ . The timing of widely observed holidays and vacation periods, particularly slowdowns during the end- of- year holiday period, and availability of real estate agents and related service providers during these periods, could significantly affect our quarterly operating results during that period. If we are unable to adequately respond to economic, seasonal or cyclical conditions, our revenues, expenses and operating results may fluctuate from quarter to quarter. Our operating results, revenues and expenses may fluctuate for many reasons, including those described in this paragraph and below: • Rates of subscriber adoption and retention; • Timing of our annual sales conference or significant marketing events; • Changes in our pricing strategy and timing of changes; • The timing and success of new service introductions and enhancements; • The shift of focus from certain services we offer or the phase out of services that overlap or are redundant with other services we offer; • The amount and timing of our expenses and capital expenditures; • The amount and timing of non- cash stock- based charges; • Acquisition- related costs or impairment charges associated with investments and acquisitions; • Competition; • Changes or consolidation in the real estate industry; • Interest rate fluctuations; • Execution of our expansion and integration plans; • The development of our sales force; • Foreign currency exchange rate fluctuations; • Inflation; and • Changes in client budgets. These fluctuations could negatively affect our results of operations during the period in question and / or future periods or cause our stock price to decline. In addition, changes in accounting policies or practices may affect our level of net income. Fluctuations in our financial results, revenues and expenses may cause the market price of our common stock to decline. Global economic uncertainties and downturns or a downturn or consolidation in the real estate industry may decrease customer demand for our services and adversely affect our business and results of operations. Global economic uncertainties or downturns could adversely affect our business and results of operations, including financial and credit market fluctuations, changes in economic policy, increased inflation and responsive actions, rising interest rates **or a period of elevated interest rates** , labor shortages, supply chain disruptions, trade uncertainty, political unrest, geographical instability or other impacts from the macroeconomic environment. These macroeconomic conditions could cause a decrease in customer spending and negatively affect the rate of growth of our business. The real estate market may be adversely impacted by many different factors, including lower than expected job growth or job losses resulting in reduced real estate demand; reduced real estate demand due to continued remote work policies **or a period of elevated interest rates** ; rising interest rates ~~and~~ **, inflation,** slowing transaction volumes **and** ~~due to the impact of the COVID- 19 pandemic or~~ other macroeconomic ~~events~~ **trends** that negatively impact investment returns; excessive speculative new construction in localized markets resulting in increased vacancy rates and diminished rent growth; unanticipated disasters **or global health events** ; and other adverse events such as decreased growth in the working age population resulting in reduced demand for all types of real estate. In response to concerns over inflation, the U. S. Federal Reserve raised interest rates in each quarter of 2022 and the first **, second and third** ~~quarter~~ **quarters** ~~of~~ 2023 ~~, and has signaled that it expects additional interest rate increases, which could negatively impact the real estate market~~ . A downturn in the real estate market, including as a result of increased interest rates or a decline in leasing activity and absorption rates may affect our ability to generate revenues and may lead to more cancellations by our current or future customers, either of which could cause our revenues or our revenue growth rate to decline and reduce our profitability. A depressed real estate market has a negative impact on our core customer base, which could decrease demand for our information, analytics and online marketplaces. Also, companies in this industry may consolidate, often in order to reduce expenses. Consolidation, or other cost- cutting measures by our customers, may lead to cancellations of our information, analytics and online marketplace services by our customers, reduce the number of our existing clients, reduce the size of our target market or increase our clients' bargaining power, all of which could cause our revenues to decline and reduce our profitability. If cancellations, reductions of services and failures to pay increase, and we are unable to offset the resulting decrease in revenues by increasing sales to new or existing customers, our revenues may decline or grow at lower rates. If we are unable to hire qualified persons for, or retain and continue to develop, our sales force, or if our sales force is unproductive, our revenues could be adversely affected. In order to support revenues and revenue growth, we need to continue to develop, train and retain our sales force. Our ability to build and develop a strong sales force may be affected by a number of factors, including: our ability to attract, integrate and motivate sales personnel; our ability to effectively train our sales force; the ability of our sales force to sell an increased number and different types of services; our ability to manage effectively an outbound telesales group; the length of time it takes new sales personnel to become productive; the competition we face from other companies in hiring and retaining sales personnel; our ability to effectively structure our sales force; and our ability to effectively manage a multi- location sales organization, including field sales personnel. If we are unable to hire qualified sales personnel and develop and retain our sales force, including sales force management, or if our sales force is unproductive, our revenues or growth rate could decline and our expenses could increase. We may face additional challenges in hiring employees in an increasingly competitive job market. Our business depends on retaining and attracting highly capable management and operating personnel. Our success depends in large part on our ability to retain and attract management and operating personnel, including our President and Chief Executive Officer, Andrew Florance, and our other officers and key employees. Our business requires highly skilled technical, sales, management, web product and development, marketing and research personnel, who are in high demand and are often subject to competing offers. The measures we use to attract and retain key personnel may not be enough to attract and retain the personnel we need or to offset the impact on our business of the loss of the services of Mr. Florance or other key officers or employees. **If Mr. Florance were to become unavailable for any reason, there could be a material adverse impact on our operations. The loss of other key personnel, including members of management as well as key technology, product development, and marketing personnel, could also disrupt our operations and have an adverse effect on our business.** Our internal and external investments may place downward pressure on our operating margins. To increase our revenue growth, we continue to invest **significantly** in our business, including internal investments in product and content development to expand the breadth and depth of services we provide to our customers and external investments in sales and marketing to generate brand awareness **and traffic to our websites** . Our operating margins may experience downward pressure in the short term as a result of these investments. Furthermore, our investments may not produce the expected results. If we are unable to successfully execute our investment strategy, we may experience decreases in our revenues or revenue growth rate and operating margins. **Introducing new products may be difficult and expensive. If we are unable to do so successfully, our brands may be adversely affected, and we may not be able to maintain or grow our current revenue and profit levels. In February 2024 we launched our Homes. com monetization strategy. We have incurred, and expect to continue to incur, significant costs to develop and market Homes. com. If we are unable to attract and retain agent subscribers and consumers, we may not be able to execute our growth plans or recognize a return on the investments we have made into Homes. com. Failure to gain market acceptance for Homes. com could impede our ability to maintain or grow current revenue levels or reduce profits for our other brands, adversely affect the image of our brands, erode our competitive position, and result in long- term harm to our business and financial results. Extrapolations annualizing initial sales results may differ materially from actual results realized in future periods and may not take into account other future market conditions that may negatively affect those results.** We may be unable to increase awareness of our brands, including CoStar, LoopNet, Apartments. com, **Homes. com Land. com,** BizBuySell ~~, Land. com~~ , STR, Ten- X, ~~Homes. com~~ and ~~Homesnap~~ **OnTheMarket** , which could adversely affect our business. We rely heavily on our brands, which we believe are key assets of our company. Awareness and differentiation of our brands are important for attracting and expanding the number of users of, and subscribers to, our online marketplaces, such as **the** LoopNet **Network** , the Apartments. com ~~network~~ **Network** ~~of rental websites~~ , our Homes. com and ~~Homesnap~~ **OnTheMarket** residential marketplaces, **the Land. com Network and our** CoStar Showcase ~~and the Land. com Network~~ . We continue to invest significantly in sales and marketing as we seek to grow the numbers of users of, subscribers to and advertisers on, our marketplaces. Our methods of advertising may not be successful in increasing brand awareness or, ultimately, be cost- effective. If we are unable to maintain or enhance user and advertiser awareness of our brands, or if we are unable to recover our marketing and advertising costs through increased usage of our services and increased advertising on our websites, our business, results of operations and financial condition could be adversely affected. If internet search engines do not prominently feature our websites on the search engine results page, traffic to our websites would decrease and, if we are unable to maintain or increase traffic to our marketplaces, our business and operating results could be adversely affected. Our ability to generate revenues from our marketplace business depends, in part, on our ability to attract users to our websites. Google, Bing, DuckDuckGo and other internet search engines drive traffic to our websites, including CoStar. com, the **LoopNet Network, the** Apartments. com ~~network~~ **Network** ~~of rental websites~~ , ~~the LoopNet~~ **our Homes** . com **and OnTheMarket residential marketplaces, the Land. com** ~~network~~ **Network** ~~of commercial real estate websites~~ , Ten- X. com ~~, our Homes. com~~ and ~~Homesnap residential marketplaces, the~~ BizBuySell ~~. com network of business for- sale websites and the Land. com Network~~ . For example, when a user enters in a search query for an apartment building name or address into an internet search engine, the internet search engine' s ranking of our Apartments **. com or Homes** . com webpages will determine how prominently such webpages are displayed on the search engine results page. Our ability to maintain prominent search result rankings and positioning is not entirely within our control. Our competitors' SEO and SEM efforts may result in webpages from their websites receiving higher rankings than the webpages from our websites. Internet search engines could revise their algorithms and methodologies in ways that would adversely affect our search result rankings. Internet search engine providers could form partnerships or enter into other business relationships with our competitors resulting in competitors' sites receiving higher search result rankings. Internet search engines are increasingly placing alternative search features (such as featured snippets, local map results and other immersive experiences) on the search engine results page above or more prominently than search engine results. If our search result rankings are not prominently displayed, traffic to our websites may decline which could slow the growth of our user base. Our websites have experienced fluctuations in search result rankings in the past and we anticipate similar fluctuations will occur in the future. If we experience a material reduction in the number of users directed to our websites through internet search engines or otherwise fail to maintain or increase traffic to our marketplaces, our ability to acquire additional subscribers or advertisers and deliver leads to and retain existing subscribers and advertisers could be adversely affected. As a result, our business, results of operations and financial condition could be adversely affected. ~~Our marketing expenses may increase in connection with our efforts to maintain or increase traffic to our websites.~~ Increases in our operating expenses could negatively impact our operating results if we are unable to generate more revenues through increased sales of subscriptions to our marketplace products. **Additionally, the methods, including Google Analytics, that we use to measure unique visitors to our portals may misstate the actual number of unique persons who visit our network of mobile applications and websites for a given month or may differ from the methods used by competitors, which may impact the comparability of unique visitors between companies.** **Additionally, the methods, including Google Analytics, that we use to measure unique visitors to our portals may misstate the actual number of unique persons who visit our network of mobile applications and websites for a given month or may differ from the methods used by competitors, which may impact the comparability of unique visitors between companies.** If real estate professionals or other advertisers reduce or cancel their advertising spending with us and we are unable to attract new advertisers, our operating results would be harmed. Our marketplace businesses, including **the**

LoopNet **Network** , the Apartments. com ~~network~~ **Network** ~~of rental websites~~ , our **Homes. com and OnTheMarket** residential **marketplaces, CoStar Showcase** ~~brands including Homes. com and Homesnap~~ and the Land. com Network, depend on advertising revenues generated primarily through sales to persons in the real estate industry, including **broker, agents,** property managers and owners **, real estate agents,** and other advertisers. Our ability to attract and retain advertisers, and ultimately to generate advertising revenue, depends on a number of factors, including: • Increasing the number of unique visitors to, and users of, our websites and mobile applications; • The quantity and quality of the leads that we provide to our advertisers; • The success of any marketing and product development efforts directed at attracting additional users and advertisers to our marketplaces; • Keeping pace with changes in technology and with our competitors; and • Offering an attractive return on investment to our advertisers for their advertising dollars spent with us. Further, with respect to the Apartments. com ~~network~~ **Network** ~~of rental websites~~ **and LoopNet Networks** , our ability to attract and retain advertisers also depends on the current apartment rental market and apartment vacancy rates **and commercial rental market and vacancy rates, respectively** . If vacancy rates are too high or too low, advertisers may not need to utilize our marketplace services. Many of the advertisers who advertise on our marketplaces do not have long- term contracts. These advertisers could choose to modify or discontinue their relationships with us with little or no advance notice. As existing subscriptions for advertising expire, we may not be successful in renewing these subscriptions or securing new subscriptions. We may not succeed in retaining existing advertisers' spending or capturing a greater share of such spending if we are unable to convince advertisers of the effectiveness of our services as compared to alternatives. In addition, future changes to our pricing methodology for advertising services may cause advertisers to reduce or discontinue their advertising with us. If current advertisers reduce or end their advertising spending with us and we are unable to attract new advertisers, our advertising revenues and business, results of operations and financial condition could be adversely affected. If we are not able to successfully identify, finance, integrate and / or manage costs related to acquisitions, our business operations and financial position could be adversely affected. We have expanded our markets and services in part through acquisitions of complementary businesses, services, databases and technologies, and expect to continue to do so in the future. Our acquisition strategy depends on our ability to identify, and the availability of, suitable acquisition candidates. We are likely to incur costs in connection with proposed acquisitions, but may ultimately be unable or unwilling to consummate any particular proposed transaction for various reasons. For example, in 2021, the FTC withheld approval for our proposed acquisition of RentPath, the purchase agreement was subsequently terminated and we incurred a termination fee of $ 52 million. We are also likely to incur severance costs and other integration costs post- acquisition. Costs in connection with acquisitions and integrations may be higher than expected and could adversely affect our financial condition, results of ~~operation~~ **operations** or prospects of the combined business. In addition, acquisitions involve numerous risks, including risks that we will not be able to realize or capitalize on synergies created through combinations; manage the integration of personnel and products or services; manage the integration of acquired infrastructure and controls; control potential increases in operating costs; manage geographically remote operations; maintain management' s attention on other business concerns and avoid potential disruptions in ongoing operations during an acquisition process or integration efforts; successfully enter markets and sectors in which we have either limited or no direct experience, including foreign markets whose practices, regulations or laws may pose increased risk; and retain key employees, clients or vendors and other business partners of the acquired companies. We may not successfully integrate acquired businesses or assets and may not achieve anticipated benefits of an acquisition, including expected synergies. For example, we may be unable to fully integrate ~~Homesnap, Homes. com,~~ BureauxLocaux ~~and~~ **,** Business Immo **and OnTheMarket** with CoStar Group when and as expected. We were previously subject to a consent order agreed to among the FTC staff, CoStar Group and LoopNet on April 17, 2012 in connection with the LoopNet merger. This consent order expired in August 2022, but if we become subject to similar orders in the future, compliance with such orders could prevent us from closing certain acquisitions or add significant time and cost to such acquisitions, ultimately making an acquisition prohibitive or preventing us from realizing its anticipated benefits. External factors, such as compliance with laws and regulations and shifting market preferences, may also impact the successful integration of an acquired business. An acquired business could strain our system of internal controls and diminish its effectiveness. Acquisitions could result in dilutive issuances of equity securities, the incurrence of debt and substantial amortization expenses of other intangible assets. We may be unable to obtain financing on favorable terms, or at all, if necessary to finance future acquisitions, making it impossible or more costly to complete future acquisitions. If we are able to obtain financing, the terms may be onerous and restrict our operations. Further, certain acquisitions may be subject to regulatory approval, which can be time- consuming and costly to obtain or may be denied, as in the case of RentPath. If regulatory approval is obtained, the terms of any such approval may impose limitations on our ongoing operations or require us to divest assets or lines of business. If regulatory approval is denied, we may incur significant, additional costs payable to an acquisition target as a result of failure to close the transaction. For example, we incurred a termination fee of $ 52 million in connection with termination of the RentPath purchase agreement. Significant break- up fees incurred in the future may adversely affect our results of ~~operation~~ **operations** and financial condition. As a result of our acquisitions, we had approximately $ 2. ~~6~~ **7** billion of goodwill and intangibles as of December 31, ~~2022~~ **2023** . Future acquisitions may increase this amount. If we are required to recognize goodwill and intangibles impairment charges in the future, this would negatively affect our financial results in the periods of such charges, which may reduce our profitability. Cyberattacks and security vulnerabilities could result in serious harm to our reputation, business and financial condition. **Our** ~~As stated above, our~~ business relies on IT Systems and involves the generation, collection, storage, processing and transmission of Confidential Information, including personal information and proprietary business information **, by us and by third- party providers we rely on** . We own and manage IT Systems but also rely on third- party managed IT Systems and a broad array of third- party products and services to support our business operations. An increasing number of organizations, including large merchants, businesses, technology companies and financial institutions, as well as government institutions, have disclosed security incidents, disruptions to, and breaches of their or third-party providers' IT Systems, some of which have involved sophisticated and highly targeted attacks, including on websites, mobile applications and infrastructure ~~. We have expended resources to implement and maintain security measures designed to protect IT Systems and Confidential Information~~ , **following** ~~including engaging~~ a ~~third- party vendor to conduct~~ **trend of cyberattacks increasing in frequency** ~~an~~ **and magnitude on a global basis** ~~annual audit of our information security systems in accordance with NIST CSF benchmarks~~ . **Our** ~~Despite these measures and similar measures implemented by many third- party providers, our~~ IT Systems, or those of third parties on which we rely, may be disrupted or damaged and our Confidential Information may be compromised, corrupted, lost or stolen. The **tools and** techniques **(including artificial intelligence)** used to obtain unauthorized, improper or illegal access to a target' s systems, data or customers' data, disable or degrade services, or sabotage systems are constantly evolving and have become increasingly complex and sophisticated ~~,~~ **. It** may be difficult to detect **, investigate or remediate such cyber attacks** quickly and **such attacks** often are not recognized or detected until after they have been launched against a target. We expect that unauthorized parties will continue to attempt to gain access to or disrupt our IT systems or facilities through various means, including hacking into IT Systems or facilities or those of our customers or vendors, **malware (including ransomware)** or attempting to fraudulently induce (for example, through spear phishing attacks or social engineering) our employees, customers, vendors or other users of IT Systems into disclosing **access credentials** ~~user names, passwords,~~ or other sensitive information, which may in turn be used to access our IT Systems. Numerous and evolving cybersecurity threats, including **from diverse threat actors, such as state- sponsored organizations, opportunistic hackers and hacktivists, as well as through diverse attack vectors, such as** advanced ~~and persisting~~ cyberattacks, phishing ~~and~~ **,** social engineering schemes, **malware (including ransomware), malfeasance by insiders, human or technological error, and as a result of bugs, misconfigurations or exploited vulnerabilities in software or hardware,** could compromise the confidentiality, availability and integrity of ~~the data such as~~ Confidential Information and our IT systems. Our efforts to prevent, detect and respond to data security incidents, may not be effective due to attackers increasingly using tools and techniques that are designed to circumvent controls, to avoid detection, and to remove or obfuscate forensic evidence. Further, the security measures and procedures our customers, vendors and other users of our systems have in place to protect IT Systems and Confidential Information may not be successful or sufficient to counter all data breaches, cyberattacks or system failures. **There can be no assurance that our** ~~In addition, the COVID- 19 pandemic has increased~~ cybersecurity risk **management program** ~~as a result of global remote working dynamics that may continue into the future~~ and ~~present additional opportunities~~ **processes, including our policies, controls,** ~~for~~ - **or** ~~threat actors to engage in social engineering (~~ **procedures, will be fully implemented, complied with** ~~for~~ - **or effective** ~~example, phishing) and to exploit vulnerabilities~~ in ~~non- corporate networks~~ **protecting our IT Systems and Confidential Information** . Our IT Systems may be vulnerable to cyberattacks or security breaches, and third parties may be able to access our, our customers' or our employees' Confidential Information, including personal or proprietary information, that is stored on or accessible through those systems. We have experienced and expect to continue to experience in the future, cyberattacks as well as breaches of our security measures due to human error, malfeasance, system errors or vulnerabilities or other irregularities. In the past **, one of our vendors providing IT infrastructure management software was compromised by cyberattacks. We are regularly exposed to vulnerabilities in widely deployed third- party software that we use in the ordinary course of business, such as the Log4J vulnerability. While these vulnerabilities did not have a material adverse effect on our operations, they and similar incidents require us to devote time and resources to monitoring and remediation on a regular basis. In the past** three years, we have not experienced a ~~materially~~ -- **material** ~~disruptive information security~~ **cybersecurity** ~~breach~~ **incident** , but any actual or perceived **cybersecurity incidents or** breaches of our security could result in any or all of the following, among other things, any of which could adversely affect our business and results of operations: • Interrupt our operations; • Result in our systems or services being unavailable; • Result in improper disclosures of data; • Result in improper payments; • Materially harm our reputation and brands; • Result in significant regulatory scrutiny **, enforcement actions, legal proceedings** and **claims (including class action lawsuits) and other** legal and financial exposure; • Cause us to incur significant remediation **, system restoration, incident response** and compliance costs; • Lead to loss of customer confidence in, or decreased use of, our products and services; • Divert the attention of management from the operation of our business; and • Result in significant contractual penalties or other payments as a result of third- party losses or claims. In addition, any cyberattacks or data security breaches affecting companies that we acquire ~~or~~ our customers or vendors (including data center and cloud computing providers) could have similar negative effects on our business. ~~For example, in December 2020, we became aware that one of our vendors providing IT infrastructure management software, SolarWinds Corporation, had been compromised by cyberattacks. As of December 22, 2020, we had implemented the fully patched versions of the SolarWinds software and we took additional measures to block internet connectivity to and from all SolarWinds' Orion servers. Although we have not identified any compromise of our IT Systems due to the use of SolarWinds software to date, we continue to monitor our network for any potential impact related to the SolarWinds cyberattack. Similarly, we are regularly exposed to vulnerabilities in widely deployed third- party software that we use in the ordinary course of business, such as the recently identified Log4J vulnerability. While this vulnerability did not have a material adverse effect on our operations, it and similar incidents require us to devote time and resources to remediation on a regular basis.~~ Further, we may not be able to recover any or all damages suffered as a result of such security breach or other security incident from such third- party providers. Notwithstanding our efforts, there can be no assurance that vulnerabilities in widely deployed software will not materially harm our business. Any breach of our security measures or the loss, inadvertent disclosure or unapproved dissemination of Confidential Information about us or our customers, including the potential loss or disclosure of such information or data, could result in litigation, regulatory enforcement and potential liability for us, damage our brand and reputation or otherwise materially harm our business, financial condition or competitive position. The coverage under our insurance policies for cybersecurity and related issues may not be adequate to reimburse us for losses caused by cyberattacks or other security incidents **or be available on economically reasonable terms or at all** . Technical problems or disruptions that affect either our customers' ability to access our services, or the software, internal applications, database and network systems underlying our services, could damage our reputation and lead to reduced demand for our information, analytics and online marketplace services, lower revenues and increased costs. Our business, brands and reputation depend upon the satisfactory performance, reliability and availability of our websites, the internet and our service providers. Interruptions in these systems, whether due to system failures, computer viruses, software errors, physical or electronic break- ins, or malicious hacks or attacks on our systems (such as denial of service attacks or use of malware such as ransomware) could affect the security and availability of our services on our mobile applications and our websites and prevent or inhibit users' access to our services. Our operations also depend on our ability to protect our databases, computers and software, telecommunications equipment and facilities against damage from potential dangers such as fire, flood, power loss, security breaches, computer viruses, telecommunications failures, terrorist attacks, acts of war, electronic and physical break- ins, computer viruses, earthquakes and similar events. In addition, the software, internal applications and systems underlying our services are complex and may not be error- free. We may encounter technical problems when we attempt to enhance our software, internal applications and systems. Our users rely on our services **to** ~~for the~~ conduct ~~of~~ their own businesses. Disruptions in, technical problems with, or reductions in ability to access our services for any reason could damage our users' businesses, harm our reputation, result in additional costs or reduce demand for our information, analytics and online marketplace services, any of which could harm our business, results of operations and financial condition. ~~The~~ **Amazon Web Services (" AWS") and Akamai Connected Cloud (" ACC") are distributed computing infrastructure platforms for business operations, commonly referred to as " cloud " computing services. We currently run a** majority of **our computing on AWS and ACC and have built our software and computer systems to use computing, storage capabilities, bandwidth, and** ~~the~~ **other services provided by AWS and ACC. Given this, any significant disruption of or interference with AWS or ACC, whether temporary, regular, or prolonged, would negatively impact our operations and our business. We also maintain** communications, network and computer hardware used to operate **some of** our mobile applications and websites ~~are located~~ at facilities in Virginia and California. We do not own or control the operation of certain of these facilities. Our systems and operations are vulnerable to damage or interruption from fire, flood, power loss, security breaches, computer viruses, telecommunications failure, terrorist attacks, acts of war, electronic and physical break- ins, earthquakes and similar events. These risks may be increased with respect to operations housed at facilities we do not own or control. The occurrence of any of the foregoing events could result in damage to our systems and hardware or could cause them to fail completely, and our insurance may not cover such events or may be insufficient to compensate us for losses that may occur. A failure of our systems at any site could result in reduced functionality for our users, and a total failure of our systems could cause our mobile applications or websites to be inaccessible. Problems faced or caused by our information technology service providers, including content distribution ~~service~~ **network** providers, private network providers, internet **service** providers and third- party web- hosting providers, or with the systems by which they allocate capacity among their customers (as applicable), could adversely affect the experience of our users. Any financial difficulties, such as bankruptcy reorganization, faced by these third- party service providers or any of the service providers with whom they contract may have negative effects on our business, the nature and extent of which are difficult to predict. If our third- party service providers are unable to keep up with our growing needs for capacity, our business could be harmed. In addition, if distribution channels for our mobile applications experience disruptions, such disruptions could adversely affect the ability of users and potential users to access or update our mobile applications, which could harm our business. Our business interruption insurance may not cover certain events or may be insufficient to compensate us for the potentially significant losses, including the potential harm to the future growth of our business, which may result from interruptions in our service as a result of system failures or malicious attacks. Any errors, defects, disruptions or other performance problems with our services could harm our reputation, business, results of operations and financial condition. ~~We are planning to~~ **The significant costs associated with** ~~undertake~~ **undertaking** a large infrastructure project to build out our campus in Richmond, Virginia, ~~the costs of which could~~ **have impacted and will continue to** impact our financial condition and results of operations. In December 2021, we announced our plans to expand our research and technology center in Richmond, Virginia. These plans **have required and** will **continue to** require significant capital expenditures over the next several years and our business plans may change. Future changes in growth or fluctuations in cash flow may also negatively impact our ability to finance this project. Additionally, actual capital expenditures could vary materially from our projected capital expenditures, which could negatively impact our business, operating results and financial condition. If we are provided with any grants, tax credits, abatements or other incentives related to this expansion effort and do not meet requirements associated with those incentives, we may not be able to benefit from those incentives, which could cause the cost of the project to be significantly more than anticipated or significantly increase our taxes above what we currently expect. ~~We currently plan to~~ **To date, we have** ~~finance~~ **financed** construction with cash on hand **and plan to finance the remainder of construction in the same way** . Use of cash on hand to finance construction ~~would~~ **has and will continue to** reduce the amount of cash available for other corporate uses and could also reduce our ability to meet our scheduled debt service obligations or to meet the covenants required to borrow additional funds under our 2020 Credit Agreement. Any of the foregoing may adversely affect our financial position and results of operations. Our current or future geographic expansion plans may not result in increased revenues, which may negatively impact our business, results of operations and financial position. Expanding into new markets and increasing the depth of our coverage in existing markets imposes additional burdens on our research, systems development, sales, marketing and general managerial resources. If we are unable to manage our expansion efforts effectively, if our expansion efforts take longer or are more expensive than planned or we are not successful in marketing and selling our services in existing or new markets, our expansion may have a material adverse effect on our financial position by increasing our expenses without increasing our revenues. Our business and results of operations may be, and our financial condition may be, impacted by the **lasting effects of the** COVID- 19 pandemic ~~and its effects~~ on the global economy, the real estate industry, and our customers ~~,~~ and such impact could be materially adverse and continue for an unknown period of time. The COVID- 19 pandemic ~~has~~ created significant economic volatility, uncertainty and disruption around the world, including in the real estate industry. The demand for office space ~~could decrease~~ **decreased** ~~significantly~~ **during and following the COVID- 19 pandemic** as businesses ~~implement~~ **implemented** hybrid or all work- from- home arrangements in response to employee desire for more flexibility, which may lead to a downturn in the commercial real estate market. A depressed commercial real estate market would have a negative impact on our core customer base, which could impact our customers' ability to subscribe and pay for our services and reduce demand for our services. Reduced demand and increased cancellations could cause our revenues or our revenue growth rates to decline and reduce our profitability. ~~As~~ **The extent and duration of any future weakening of the economy or future downturns in the commercial real estate market as** a **lasting** result of **the** COVID- 19 **pandemic** ~~and its impact on global economic conditions, including the real estate industry, towards the end of the first quarter and in the first two months of the second quarter of 2020, we saw an increase in customer requests for cancellations or suspensions, a reduction in new customer sales, failures to pay and delays in payments of amounts owed to us. We may see additional requests as ongoing economic uncertainty causes customers to reduce expenses and prolong the decision- making time before purchasing third-party services, which may lead to fewer of our services being purchased or service cancellations. The extent and duration of any future continued weakening of the economy~~ is unknown, and there can be no assurance that any of the governmental or private sector initiatives designed to strengthen the economy will be successful or available to us and our customers and, if successful, when the benefits will be seen. ~~COVID- 19, and the disruption in global economic conditions stemming from the pandemic, could also precipitate or aggravate the other risk factors discussed herein, which could materially adversely affect our business, financial condition and results of operations. Further, the COVID- 19 pandemic may also affect our operating and financial results in a manner that is not presently known to us or that we currently do not consider to present significant risks.~~ We are subject to a number of risks related to acceptance of credit cards and debit cards and facilitation of other customer payments. We depend on processing vendors to ~~complete~~ **process a significant number of** credit and debit card transactions **and ACH payments, for payments made to us directly for our services, by renters to landlords using our online leasing services, or by real estate agents to purchase our Homes. com services** . If we or **any one** ~~our~~ **or** ~~processing vendors~~ **more of these service providers** fail to maintain adequate systems to authorize and process credit card transactions, one or more of the major credit card companies could disallow our continued use of their payment products. If we are unable to maintain our chargeback rate or refund rates at acceptable levels, our processing vendors may increase our transaction fees or terminate their relationships with us. We could lose customers if we are not able to continue to use payment products of the major credit card companies ~~. In addition, if the systems to authorize and process credit card transactions fail to work properly and, as a result, we do not charge our customers' credit cards on a timely basis or at all, our business, revenue, results of operations and financial condition could be harmed. We depend on processing vendors to complete credit and debit card transactions and ACH payments, both for payments made to us directly for our services and for payments made by renters to landlords using our online leasing services. If we or any one or more of these service providers fail to maintain adequate systems for authorization and processing credit card payments, it could cause one or more of the major credit card companies to disallow our continued use of their payment products~~ . Further, if we or any one or more of these service providers fail to maintain adequate systems for authorization and processing of credit, debit, ACH or similar payments or if any such service provider were to terminate or modify its relationship with us unexpectedly, our ability to process those customer transactions would be adversely affected, which could decrease sales, discourage customers away from our marketplace services, result in potential legal liability, and harm our business and reputation. In addition, if the systems for the authorization and processing of credit card transactions fail to work properly and, as a result, we do not charge our customers' credit cards on a timely basis or at all, our business, revenue, results of operations and financial condition could be harmed. We are also subject to payment card association operating rules, certification requirements and rules governing electronic funds transfers, which could change or be reinterpreted in ways that make it more difficult for us to comply. We are required to comply with payment card industry security standards. Failing to comply with those standards may violate payment card association operating rules, federal and state laws and regulations and the terms of our contracts with payment processors. Any failure to comply also may subject us to fines, penalties, damages and civil liability, and may result in the loss of our ability to accept credit and debit card payments. Further, there is no guarantee that such compliance will prevent illegal or improper use of our payment systems or the theft, loss, or misuse of data pertaining to credit and debit cards, cardholders and transactions. The payment methods that we offer also subject us to potential fraud and theft by criminals, who are becoming increasingly sophisticated, seeking to obtain unauthorized access to or exploit weaknesses that may exist in the payment systems. If we fail to comply with applicable rules or requirements for the payment methods we accept, or if payment- related data are compromised due to a breach of data, we may be liable for significant costs incurred by payment card issuing banks and other third parties or subject to fines and higher transaction fees, or our ability to accept or facilitate certain types of payments may be impaired. In addition, our customers could lose confidence in certain payment types, which may result in a shift to other payment types or potential changes to our payment systems that may result in higher costs. If we fail to adequately control fraudulent payment transactions, we may face civil liability, diminished public perception of our security measures and higher costs, each of which could harm our business, results of operations and financial condition. If we are unable to maintain our chargeback rate or refund rates at acceptable levels, our processing vendors may increase our transaction fees or terminate their relationships with us. Any increases in our credit and debit card fees could harm our results of operations, particularly if we elect not to raise our rates for our services to offset the increase. The termination of our ability to process payments on any major credit or debit card would significantly impair our ability to operate our business. Climate change and other events beyond our control could harm our business. Natural disasters, disease outbreaks and pandemics, power shortages, terrorism, political unrest, telecommunications failure, vandalism, geopolitical instability, war, climate change, and other events beyond our control could negatively impact our operations or otherwise harm our business. Such events may result in damage or loss of service to our data centers or other infrastructure that our operations rely on, potentially reduce the attractiveness of real estate in areas we provide services, cause delays in product development or availability, or result in losses of critical data, any of which may adversely impact our operations. In addition, the impacts of climate change on the global economy and our industry are rapidly evolving. Physical impacts of climate change (including, but not limited to, floods, droughts, more frequent and / or intense storms, and wildfires) may disrupt our operations, as well as the operations of our suppliers and customers. Longer- term physical impacts may also result in changing consumer preferences, which may adversely impact demand for certain of our products. Transition impacts of climate change may subject us to increased regulations, reporting requirements (such as the SEC' s proposed climate change disclosure rule), standards, or expectations regarding the environmental impacts of our business. Failure to disclose accurate information in a timely manner may also adversely affect our reputation, business, or financial performance. Increased attention to ESG matters may require us to incur additional costs or otherwise adversely impact our business. Increased attention to climate change; diversity, equity, and inclusion; and other ESG issues, as well as societal expectations regarding voluntary ESG initiatives and disclosures, may result in increased costs (including, but not limited to, increased costs related to compliance, stakeholder engagement, and contracting), impact our reputation, or otherwise affect our business performance. In addition, organizations that provide information to investors on corporate governance and related matters have developed ratings processes for evaluating companies on ESG matters. Such ratings are used by some investors to inform their investment or voting decisions. Unfavorable ESG ratings could lead to negative investor sentiment toward us and / or our industry, which could have a negative impact on our access to and costs of capital. To the extent ESG matters negatively impact our reputation, we may also not be able to compete as effectively to recruit or retain employees. We may take certain actions, including the establishment of ESG- related goals or targets, to improve the ESG profile of our Company and / or offerings and / or to respond to stakeholder demand; however, such actions may be costly or be subject to numerous conditions that are outside our control, and we cannot guarantee that such actions will have the desired effect. Moreover, while we may create and publish voluntary disclosures regarding ESG matters from time to time, many of the statements in those voluntary disclosures are based on hypothetical expectations and assumptions that may or may not be representative of current or actual risks or events or forecasts of expected risks or events, including the costs associated therewith. Such expectations and assumptions are necessarily uncertain and may be prone to error or subject to misinterpretation given the long timelines involved and the lack of an established single approach to identifying, measuring and reporting on many ESG matters. Such disclosures may also be at least partially reliant on third- party information that we have not independently verified or cannot be independently verified. In addition, we expect there will likely be increasing levels of regulation, disclosure- related and otherwise, with respect to ESG matters, and increased regulation will likely lead to increased compliance costs as well as scrutiny that could heighten all of the risks identified in this risk factor. Such ESG matters may also impact our suppliers or customers, which may adversely impact our business, financial condition, or results of operations. Risks related to our data, intellectual property and listings If we are not able to obtain and maintain accurate, comprehensive or reliable data, we could experience reduced demand for our information, analytics and online marketplace services. Our success depends on our clients' confidence in the comprehensiveness, accuracy and reliability of the data and analysis we provide. Establishing and maintaining accurate and reliable data and analysis is challenging. If our data, including the data we obtain from third parties or directly from brokers through the Marketing Center feature on CoStar and LoopNet, or analysis is not current, accurate, comprehensive or reliable, we could experience reduced demand for our services or be subject to legal claims by our customers, either of which could result in lower revenues and higher expenses. If we are unable to enforce or defend our ownership and use of intellectual property, our business, brands, competitive position and operating results could be harmed. The success of our business depends in large part on our intellectual property, including intellectual property involved in our methodologies, databases, services and software. We rely on a combination of trademark, trade secret, patent, copyright and other laws, nondisclosure and noncompetition provisions, license agreements and other contractual provisions and technical measures to protect our intellectual property rights. However, current law may not provide for adequate protection of our databases and the actual data. In addition, legal standards relating to the validity, enforceability and scope of protection of proprietary rights in internet- related businesses are uncertain and evolving, and changes in these standards may adversely impact the viability or value of our proprietary rights. We find our proprietary content on competitors' sites. If we are not successful in protecting our intellectual property, including our content, our brands and our business, results of operations and financial condition could be harmed. The same would be true if a court found that our services infringe other persons' intellectual property rights. Any intellectual property lawsuits or threatened lawsuits in which we are involved, either as a plaintiff or as a defendant, have cost us and could continue to cost us a significant amount of time and money and distract management' s attention from operating our business. In addition, if we do not prevail on an intellectual property claim, this could result in a change to our methodology or information, analytics and online marketplace services and could reduce our profitability. Effective trademark, trade secret, patent and copyright protection may not be available in every country in which we provide our services. The laws of certain countries do not protect proprietary rights to the same extent as the laws of the U. S. and, therefore, in certain jurisdictions, we may be unable to protect our intellectual property and our proprietary technology adequately against unauthorized third- party copying or use, which could harm our competitive position. This risk will increase as we continue to expand our business into new international jurisdictions. We may not be able to successfully halt the operation of websites that aggregate our data, as well as data from other companies, or" copycat" websites that may misappropriate our data. **We have expended significant resources to develop proprietary content and any misappropriation of our data could reduce that value of that content or our return on investment related to that content, which could harm our competitive position and results of operations.** Third parties may misappropriate our data through website scraping, robots or other means and aggregate and display this data on their websites **. Artificial intelligence is becoming increasingly powerful and sophisticated, and third parties may utilize artificial intelligence to misappropriate our data more quickly and at a larger scale than in the past** . In addition, " copycat ” websites may misappropriate data on our website and attempt to imitate our brands or the functionality of our website. We may not be able to detect all such websites in a timely manner and, even if we could, technological and legal measures available to us may be insufficient to stop their operations and the misappropriation of our data. Any measures that we may take to enforce our rights could require us to expend significant financial or other resources. We may be subject to legal liability for collecting, displaying or distributing information. Because the content in our database is collected from various sources and distributed to others, we may be subject to claims for breach of contract, defamation, negligence, unfair competition or copyright or trademark infringement or claims based on other theories, such as breach of laws related to privacy and data protection. We could also be subject to claims based upon the content that is accessible from our website through links to other websites or information on our website supplied by third parties. Even if these claims do not result in liability to us, we could incur significant costs in investigating and defending against any claims, and we could be subject to public notice requirements that may affect our reputation. Our potential liability for information distributed by us to others could require us to implement measures to reduce our exposure to such liability, which may require us to expend substantial resources and limit the attractiveness of our information, analytics and online marketplaces to users. These risks may be exacerbated from impacts, or perceived impacts, of emerging technologies (including, but not limited to, machine learning) on human rights, privacy, or other social considerations, which may result in reputational harm, compliance costs for any new rules or interpretations, or other adverse impacts on our operations and financial performance. If we are unable to obtain or retain listings from real estate brokers, agents, property owners and apartment property managers, our marketplace services could be less attractive to current or potential customers, which could reduce our revenues. The value of our real estate marketplace services to our customers depends on our ability to increase the number of property listings provided and searches conducted. As the number of listings increases, so does the utility of a marketplace’ s search, listing and marketing services. We depend substantially on brokers, agents, property owners and, in the case of apartment rentals, property managers to submit listings to our marketplaces. If these parties choose not to continue their listings with us, or choose to list them with a competitor, our marketplace services could be less attractive to other real estate industry transaction participants, resulting in reduced revenue **. We may not be able to maintain or establish relationships with third- party listing providers, which could limit the information we have to power our products and services and impair our ability to attract or retain customers. Our ability to attract agents and consumers to our Homes. com Network, its websites and mobile applications and other residential real estate tools depends, to some degree, on us providing timely access to comprehensive and accurate real estate listings and information. We get listings data primarily from MLSs in the markets we serve. We also source listings data from public records, other third- party listing providers, and other sources. Many of our agreements with real estate listing providers may be terminated with limited notice or cause. Many of our competitors and other real estate websites have similar access to MLSs and listing data and may be able to source certain real estate information faster or more efficiently than we can. Because MLS participation is voluntary, brokers and homeowners may decline to post their listings data to their local MLS or may seek to change or limit the way that data is distributed. Another industry participant or group could create a new listings data service, which could impact the relative quality or quantity of information of our listing providers. The loss of existing relationships with MLSs and other listing providers, whether due to termination of agreements, loss of MLS memberships, or otherwise, changes to our rights to use or timely access listing data or an inability to continue to add new listing providers or changes to the way real estate information is shared, may negatively impact our listing data quality. This could markedly decrease the quantity and quality of the sale and rental data we provide, reduce customer confidence in our products and services and cause customers to go elsewhere for real estate listings and information, which could severely harm our business, results of operations and financial condition. If we fail to comply with the rules and compliance requirements of MLSs, our access to and use of listings data may be restricted or terminated. Our products and services access and use listings data through MLS memberships and must comply with each MLS’ s rules and compliance requirements to maintain their access to listings data and remain a member in good standing. Each MLS has adopted its own rules, policies, and agreement terms governing, among other things, how MLS data may be used and how listings data must be displayed on our websites and mobile applications. MLS members are also subject to compliance operations requirements and, as a result, must respond to complaints lodged by the MLS or other MLS participants on required timelines. MLS rules vary among markets and are in some cases inconsistent between MLSs, such that we are required to customize our websites, mobile applications, or services to accommodate differences between MLS rules. Handling complaints received by MLS members across markets may create heightened operational or financial risks with short response and resolution deadlines. Complying with the rules and compliance requirements of each MLS requires significant investment, including personnel, technology and development resources, and the exercise of considerable judgment. Rules and compliance requirements of MLSs may be changed across markets, including potential for targeted changes in response to our operations. If we are deemed to be noncompliant with an MLS’ s rules or to have provided improper responses to or resolution of complaints, we may face disciplinary sanctions by that MLS, which could include monetary fines, restricting or terminating our access to that MLS’ s data, or other disciplinary measures. The loss or degradation of this listings data could materially and adversely affect traffic to our websites and mobile applications, which could severely harm our business, results of operations and financial condition**. Risks related to our international operations International operations expose us to additional business risks, which may reduce our profitability. Our international operations and expansion subject us to additional business risks, including: currency exchange rate fluctuations; difficulty in adapting to the differing business practices and laws in foreign countries, including differing laws regarding privacy and data protection; difficulty in managing foreign operations; limited protection for intellectual property rights in some countries; difficulty in collecting accounts receivable and longer collection periods; costs of enforcing contractual obligations; impact of recessions in economies outside the U. S.; geopolitical instability, terrorism and war

~~, including the conflict between Ukraine and Russia~~ ; and potentially adverse tax consequences. In addition, international expansion imposes additional burdens on our executive and administrative personnel, systems development, research and sales departments and general managerial resources. If we are not able to manage our international operations successfully, we may incur higher expenses and our profitability may be reduced. Finally, the investment required for additional international expansion sometimes exceeds the profit generated from such expansion, which reduces our profitability and may adversely affect our financial position. Fluctuating foreign currency exchange rates may negatively impact our business, results of operations and financial position. A portion of our business is denominated in foreign currencies. We translate sales and other results denominated in foreign currency into U. S. dollars for our financial statements. During periods of a strengthening U. S. dollar, our reported international sales and earnings could be reduced because foreign currencies may translate into fewer U. S. dollars. Foreign currency exchange rates have fluctuated and may continue to fluctuate. Significant foreign currency exchange rate fluctuations may negatively impact our international revenue, which in turn affects our consolidated revenue. Currently, we are not party to any hedging transactions intended to reduce our exposure to exchange rate fluctuations. We may seek to enter into hedging transactions in the future, but we may be unable to enter into these transactions successfully, on acceptable terms or at all. We cannot predict whether we will incur foreign exchange losses in the future. Further, significant foreign exchange rate fluctuations resulting in a decline in the respective local currency may decrease the value of our foreign assets, as well as decrease our revenues and earnings from our foreign subsidiaries, which would reduce our profitability and adversely affect our financial position. ~~The economic effects of Brexit may affect relationships with existing and future customers and could have an adverse impact on our business and operating results. On June 23, 2016, the U. K. held a referendum in which British citizens approved an exit from the E. U., commonly referred to as " Brexit. " On January 31, 2020, the U. K. officially withdrew from the E. U., and later ratified a trade and cooperation agreement governing its future relationship with the E. U. The agreement, which became effective May 1, 2021, addresses trade, economic arrangements, law enforcement, judicial cooperation and a governance framework, including procedures for dispute resolution, among other things. Because the agreement merely sets forth a framework in many respects and will require complex additional bilateral negotiations between the U. K. and the E. U. as both parties continue to work on the rules for implementation, significant political and economic uncertainty remains about how the precise terms of the relationship between the parties will differ from the terms before withdrawal. Such uncertainty could have an adverse effect on our business and results of operations. Brexit may also lead to divergent national laws and regulations as the U. K. continues to consider which E. U. laws to replace or replicate, and compliance with those laws and regulations may be cumbersome, difficult or costly. We cannot yet predict the full implications of Brexit, including whether it will further increase our cost of doing business or otherwise adversely affect our financial condition or results of operations. The ongoing impact to us from Brexit may affect not only our U. K. operations but also our E. U. operations.~~ Risks related to our indebtedness We have a significant amount of indebtedness, which could decrease our flexibility and adversely affect our business, financial condition and results of operations. As of December 31, ~~2022~~ **2023** , we had $ 1 billion of Senior Notes outstanding and an additional approximately $ 750 million available to be drawn under the 2020 Credit Agreement **. Borrowings under the 2020 Credit Agreement bear interest at varying rates and expose us to interest rate risk** . There can be no assurance that our future cash flows will be sufficient to make payments of interest or principal on the Senior Notes or any amounts due and payable under the 2020 Credit Agreement. If our cash flows and capital resources are insufficient to fund our debt service obligations, we could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets or operations, seek additional debt or equity capital or restructure or refinance our indebtedness. We may not be able to effect any such alternative measures on commercially reasonable terms or at all, and, even if successful, those alternative actions may not allow us to meet our scheduled debt service obligations. Furthermore, we may incur substantial additional indebtedness, including secured indebtedness, and if we incur additional indebtedness or other liabilities, the related risks that we face could intensify. The 2020 Credit Agreement contains customary restrictive covenants imposing operating and financial restrictions on us, including restrictions that may limit our ability to engage in acts that we believe may be in our long- term best interests. These covenants restrict our ability and the ability of our domestic subsidiaries to, among other things, (i) incur additional indebtedness, (ii) incur liens, (iii) pay dividends or make certain other restricted payments, investments or acquisitions, (iv) merge or consolidate with another person, and (v) sell, assign, lease or otherwise dispose of all or substantially all of our assets. In addition, the 2020 Credit Agreement requires us to comply with a maintenance covenant that we will not exceed a total net leverage ratio, calculated as total consolidated debt, net of up to $ 1. 0 billion of unrestricted cash and cash equivalents, to consolidated EBITDA, of 4. 50 to 1. 00. The operating restrictions and financial covenants in the 2020 Credit Agreement may limit our ability to finance future operations or capital needs, to engage in other business activities or to respond to changes in market conditions. Our ability to comply with any financial covenants could be affected materially by events beyond our control, and we may be unable to satisfy any such requirements. If we fail to comply with these covenants, we may need to seek waivers or amendments of such covenants, seek alternative or additional sources of financing or reduce our expenditures. We may be unable to obtain such waivers, amendments or alternative or additional financing on a timely basis or at all, or on favorable terms. A breach of the covenants under the 2020 Credit Agreement or the indenture that governs the Senior Notes could result in an event of default under the applicable indebtedness. Such a default may allow the creditors to accelerate the related debt and may result in the acceleration of any other debt to which a cross- acceleration provision applies. In the event the holders of the Senior Notes or our other debt accelerate the repayment of our borrowings, we and our subsidiaries may not have sufficient assets to repay that indebtedness. ~~Our borrowings under~~ **In May 2023, we amended** the 2020 Credit Agreement **to replace** ~~will carry a variable interest rate based on the EURIBOR or the~~ LIBOR as ~~a benchmark~~ **the reference rate with Term SOFR** for ~~establishing the rate of interest. LIBOR is the subject of recent national, international and other regulatory guidance and proposals for reform. The~~ U. ~~K~~ **S** . **dollar- denominated borrowings, SONIA** ~~authority that regulates LIBOR announced that it will not compel banks to submit~~ rates for

~~the calculation of~~ **Sterling- denominated borrowings and EURIBOR for Euro- denominated borrowings. It is unclear, however, whether SOFR, SONIA or EURIBOR will retain market acceptance as a** LIBOR **replacement tool, and we may need to renegotiate our** ~~after June 2023. The full impact of any transition away from LIBOR remains unclear. The~~ 2020 Credit Agreement **if** ~~allows us and the~~ **other** ~~administrative agent under the 2020 Credit Agreement to amend the 2020 Credit Agreement to replace~~ LIBOR ~~with one or~~ **alternatives are established and become** more **widely adopted. Each of** SOFR ~~- based~~ **, SONIA and EURIBOR differ from LIBOR, both in the actual rate and how it is calculated. It is not possible to predict what effect the change to SOFR, SONIA and EURIBOR may have on our interest** rates ~~or another alternative benchmark rate. We may not be able to agree with the administrative agent on a replacement reference rate that is as favorable as LIBOR, which may increase the cost of our borrowings under the 2020 Credit Agreement~~ . Our indebtedness increases our vulnerability to general adverse economic and industry conditions; requires us to dedicate a portion of our cash flow from operations to payments on indebtedness, reducing the availability of cash flow to fund capital expenditures, marketing and other general corporate activities; limits our ability to borrow additional funds; and may limit our flexibility in planning for, or reacting to, changes in our business and the industries in which we operate. A lowering or withdrawal of the ratings assigned to our debt securities by rating agencies may increase our future borrowing costs, reduce our access to capital or result in the loss of certain covenant suspensions. Our debt rating could be lowered or withdrawn entirely by a rating agency if, in that rating agency' s judgment, future circumstances relating to the basis of the rating, such as adverse changes, warrant. Any future lowering of our ratings likely would make it more difficult or more expensive for us to obtain additional debt financing. In addition, during a Covenant Suspension Period, certain customary negative and affirmative covenants contained in the 2020 Credit Agreement are suspended, including the covenants restricting affiliate transactions, incurrence of indebtedness, investments, asset sales and restricted payments. A lowering of one or both of our investment grade ratings would result in increased compliance costs and would impose certain operating restrictions, either of which could be materially adverse to our operations and financial results. Risks related to regulatory compliance and legal matters Our actual or perceived failure to comply with privacy laws and standards could adversely affect our business, financial condition and results of operations. We depend on IT Systems. We own and manage some IT Systems but also rely on third- party service providers and vendors for a range of products and services, including cloud products / services, that are critical to internal and / or external customer- facing operations. In the course of our business, we and certain of our third- party providers collect, use, transmit and disclose Confidential Information **, including personal data about our employees, current and potential customers and employees of third parties we work with** . As a result, we are subject to a variety of state, national and international laws and regulations that apply to the collection, use, retention, protection, disclosure, transfer and other processing of personal information, including, but not limited to, the GDPR and CCPA. These laws and regulations are evolving, with new or modified laws and regulations proposed and implemented frequently and existing laws and regulations subject to new or different interpretations. For example, the GDPR **creates** ~~introduced new~~ data protection requirements in the EU **and UK** and imposes substantial fines for breaches of the data protection rules. The GDPR increased our responsibility and liability in relation to personal data that we process. The CCPA ~~expands~~ **, among other things, provides** the rights ~~of~~ **to** California residents **related** to ~~access and require deletion of~~ their personal information, **places limitations on data** ~~opt out of certain personal information sharing and receive detailed information about how their personal information is used~~ **uses and creates new audit requirements for higher risk data** . The CCPA also provides for civil penalties for violations, as well as a private right of action for data breaches that may increase data breach litigation. ~~Many~~ **Other** ~~states -~~ **state** ~~have adopted~~ **privacy laws apply to operations** , **and** ~~or are considering enacting,~~ similar ~~laws. For example, the CPRA went into effect in January 2023 (with a lookback period until January 2022). The CPRA builds on the CCPA and imposes additional obligations on covered businesses, including additional consumer rights processes, limitations on data uses, new audit requirements for higher risk data, and opt outs for certain uses and disclosure of sensitive personal information. The CPRA also created a new California data protection agency authorized to issue substantive regulations and could result in increased privacy, cybersecurity, and data protection enforcement. Similar laws are in motion in other states across the U S. For example, in 2021, Virginia enacted the VCDPA, which went into effect in January 2023, and Colorado enacted the CPA, which will go into effect in July 2023, both of which laws are comprehensive statutes that share similarities with the CCPA and CPRA. Recently, Utah enacted the UCPA, which goes into effect in 2023. Similar~~ laws have been proposed, and likely will continue to be proposed, in other states and at the federal level, and if passed, may have potentially conflicting requirements that would make compliance challenging. In addition to risks we face under **applicable** privacy laws, we are subject to evolving consumer protection and marketing laws and increased litigation and government enforcement by the Federal Trade Commission and state Attorneys General. These agencies are aggressively interpreting and enforcing federal and state consumer protection laws in relation to very broad sales and marketing and advertising contexts. There are also federal laws covering our activities that are a source of potential liability for our business, including the CAN- SPAM Act, the TCPA, and the FCRA. In particular, any claims that we have violated the TCPA could be costly to litigate and could expose us to substantial statutory damages or settlement costs. Any failure or alleged failure to comply with privacy, data protection or consumer protection laws could lead to government enforcement actions and litigation and significant penalties against us, and could materially adversely affect our reputation, business, financial condition, cash flows and results of operations. Compliance with any of the foregoing laws and regulations can be costly, can delay or impede the development of new products, and may require us to change the way we operate. The interpretation and application of many privacy and data protection laws are uncertain. These laws may be interpreted and applied in a manner that is inconsistent with our existing data management practices or the features of our products. If so, in addition to the possibility of negative publicity, fines, lawsuits and other claims and penalties, we could be required to fundamentally change our business activities and practices or modify our products, which could harm our business. Changes in tax laws, regulations or fiscal and tax policies or the manner of their interpretation or enforcement could adversely impact our financial performance. New tax laws or regulations, or changes in existing laws or regulations, or the manner of their interpretation or enforcement, could increase our cost of doing business. In addition, from time to time, U. S. and foreign tax authorities, including state and local governments, consider legislation that could increase our effective tax rate. **Further** ~~For example~~ , ~~on August 16, 2022, President Biden signed into law~~ the ~~IRA, which includes~~ **Organization for Economic Co- operation and Development has** a **framework to implement a global minimum corporate tax of** 15 % **for companies** ~~book- income alternative minimum tax on corporations~~ with ~~average annual adjusted financial statement income over $~~ **global revenues and profits above certain thresholds (referred to as Pillar 2), with certain aspects of Pillar 2 effective January** 1 **,** ~~billion for any three- year period ending with 2022~~ **2024** ~~or later~~ and ~~a~~ **other aspects effective January** 1 **, 2025. While it** ~~% excise tax on the fair market value of stock that~~ is **uncertain whether the** ~~repurchased by publicly traded~~ U. S. ~~corporations. The alternative minimum tax~~ **will enact legislation to adopt Pillar 2, certain countries in which we operate have adopted legislation,** and ~~the~~ **other countries** ~~excise tax~~ are ~~effective~~ in ~~taxable years beginning after December 31, 2022. While we are still awaiting further guidance,~~ the ~~IRA could~~ **process of introducing legislation to implement Pillar 2. Although we do not expect Pillar 2 to** have a material ~~effect~~ **impact** on our ~~business and~~ effective tax rate ~~. Additionally~~ **or our consolidated results of operations** , **financial position, and cash flows at this time, certain implementation details have yet to be developed, and the enactment of certain of** ~~the~~ **these changes** ~~U. S. Congress~~ has ~~advanced~~ **not yet taken effect in all jurisdictions in which we operate. As** a ~~variety~~ **result, these changes may have adverse consequences for us, may increase our compliance costs and may increase the amount** of tax **we are required to pay in** ~~legislation proposals, and while the final form of any legislation is uncertain~~ -- **certain jurisdictions** ~~, the current proposals, if enacted, could have a material effect on our effective tax rate~~ . Third- party claims, litigation, regulatory proceedings or government investigations to which we are subject or in which we become involved, regardless of their merit, may significantly increase our expenses and adversely affect our stock price. From time to time we may be subject to third- party claims, lawsuits, regulatory proceedings or government investigations into whether our business practices comport with applicable law, which may include claims with respect to intellectual property, cybersecurity, privacy, data protection, antitrust, breach of contract, employment, mergers and acquisitions and other matters. Regardless of the merit of such claims, proceedings or investigations, defending against them could cost us a significant amount of time and money, result in negative publicity, and / or adversely affect our stock price. In addition, if any claims or proceedings are decided against us or if a settlement requires us to pay a large monetary amount or take other action that materially restricts or impedes our operations, our profitability could be significantly reduced and our financial position could be adversely affected. We do not currently intend to pay dividends on our common stock and, consequently, your ability to achieve a return on your investment will depend on appreciation in the price of our common stock. We have never declared or paid any cash dividends on our common stock and do not intend to do so for the foreseeable future. We currently intend to invest our future earnings, if any, to finance our growth or share repurchases. In addition, provisions of the 2020 Credit Agreement governing our credit facilities limit our ability to pay cash dividends. Therefore, you are not likely to receive any dividends on your common stock for the foreseeable future and the success of an investment in shares of our common stock will depend upon any future appreciation in their value. There is no guarantee that shares of our common stock will appreciate in value or even maintain the price at which our stockholders have purchased their shares.