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

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The Company' s business, reputation, results of operations and financial condition, as well as the price of the Company' s stock, can be affected by a number of factors, whether currently known or unknown, including those described below. When any one or more of these risks materialize from time to time, the Company' s business, reputation, results of operations and financial condition, as well as the price of the Company' s stock, can be materially and adversely affected. Because of the following factors, as well as other factors affecting the Company' s results of operations and financial condition, past financial performance should not be considered to be a reliable indicator of future performance, and investors should not use historical trends to anticipate results or trends in future periods. This discussion of risk factors contains forward- looking statements. This section should be read in conjunction with Part II, Item 7, " Management' s Discussion and Analysis of Financial Condition and Results of Operations " and the consolidated financial statements and accompanying notes in Part II, Item 8, " Financial Statements and Supplementary Data " of this Annual Report on Form 10- K. Macroeconomic and Industry Risks We operate in a highly competitive industry, with many companies competing for business from insurance companies, asset managers, corporations and government entities on the basis of a number of factors, including the quality and breadth of solutions and services provided, ability to innovate, reputation and the prices of services, and this competition could hurt our financial performance and cash flows. The market for financial services software and services is competitive, rapidly evolving and highly sensitive to new product and service introductions, technological innovations and marketing efforts by industry participants. We and our competitors compete based on a variety of factors, including the range of offerings we provide, brand recognition, business reputation, financial strength, stability and continuity of client and other intermediary relationships, quality of service, and level of fees charged for our solutions and services. The market is also highly fragmented and served by numerous firms that target only local markets or specific client types. We compete with many different types of companies that vary in size and scope, including SS & C (Advent, ~~Camera~~ **CAMRA** , Maximus, and Singularity), State Street (PAM), SAP, BNY Mellon (Eagle), Simcorp (Dimension), BlackRock (Aladdin), FIS (iWorks) and Northern Trust, and which are discussed in greater detail under " Business — Competition ". In addition, some of our clients, including financial services firms, have developed or may develop the in- house capability to provide the technology, investment reporting and accounting solutions, regulatory reporting solutions and investment risk management and performance analytics solutions and services they have engaged us to perform, obviating the need to hire us. Some of our current and potential competitors also have significantly greater resources than we do. These resources may allow our competitors to respond more quickly to changes in demand for our solutions and services, and to devote greater resources to developing and promoting their services and to make more attractive offers to potential clients and strategic partners, which could hurt our financial performance. Our competitors may also enter into alliances with each other or other third parties, and through such alliances, acquire increased market share. Increased competition may result in price reductions, reduced gross margins and loss of market share. Our failure to successfully compete in any of the above- mentioned areas could have a material adverse effect on our business, financial condition, results of operations and cash flows. We are dependent on fees based on the value of the assets on our platform for the vast majority of our revenues, and to the extent market volatility, a downturn in economic conditions or other factors cause negative trends or fluctuations in the value of the assets on our platform, our fee- based revenue and earnings may decline. Substantially all of our revenue is derived from fees that are primarily based on the amount of assets on our platform. These fees are stated in basis points, or 1 / 100th of 1 %. Though in substantially all cases we charge a minimum fee regardless of the assets that are loaded onto our platform **and since 2022 we have implemented a Base model** , our results of operations and financial condition are highly dependent on the value of the assets that our clients maintain on our platform. In particular, we are dependent on the fee- based revenue from our insurance industry clients and asset manager clients, from whom we derived ~~51~~ **52** % and ~~34~~ **30** %, respectively, of our total revenue for the year ended December 31, ~~2022~~ **2023** . Because we provide a majority of our solutions to the financial services industry, we are vulnerable to U. S. and foreign economic conditions and general trends in business and finance, which are affected by many factors beyond our control, including interest rate changes, inflation, exchange rate changes, fiscal and monetary policy and general economic conditions, including those caused by national and international macroeconomic events, including instability caused by **geopolitical issues, war** ~~the Russian invasion of Ukraine~~ and ~~related sanctions~~ **uncertainty with respect to elections and terrorism** . For example, customers of our asset manager clients are generally free to change asset managers, and can even withdraw the funds they have invested with asset managers to avoid all securities markets- related risks. Because of significant fluctuations in securities prices or investment underperformance driven by an economic downturn, such an investor may choose to transfer assets to investments that are perceived to be more secure and that are not maintained or managed by our asset manager clients, such as bank deposits and Treasury securities, or to mutual funds. These actions by investors are outside of our control and could materially adversely affect the portfolio market value of the assets that our clients have loaded onto our platform, which could in turn materially adversely affect the portfolio- based fees we receive from our clients. Significant changes in investing patterns or large- scale withdrawal of investment funds could have a material adverse effect on our business, financial condition or results of operations. Demand for our solutions and services could decline for other client- based reasons as well. Consolidation or limited growth in the industries we serve, including the insurance industry, could reduce the number of our clients and potential clients. Political or regulatory events or changes that adversely affect our clients' businesses, rates of growth, costs of operations and regulatory compliance or the numbers of customers they serve, including decreased demand for our clients' products and services or adverse conditions in our clients' markets generally, could decrease demand for our solutions and services and thereby decrease our revenues. Any of the foregoing could have a material adverse effect on our business, financial condition, results of operations or cash flows. Because some of our sales efforts are targeted at large financial institutions, corporations and government entities, we face prolonged sales cycles, substantial upfront sales costs and less predictability in completing some of our sales. If our sales cycle lengthens, or if our upfront sales investments do not result in sufficient revenue, our results of operations may be harmed. We target a portion of our sales efforts at large financial institutions, corporations and government entities, which presents challenges that are different from those we encounter with smaller clients. Because our large clients are often making an enterprise- wide decision to deploy our solutions, we face longer sales cycles, complex client requirements, substantial upfront sales costs, significant contract negotiations and less predictability in completing some of our sales with these clients. Our sales cycle can often last several months or more with our largest clients, who often undertake an extended evaluation process, but this is variable and difficult to predict. We anticipate that we will experience even longer sales cycles, more complex client needs, higher upfront sales costs and less predictability in completing sales with clients located outside of the United States. If our sales cycle lengthens or our upfront sales investments do not generate sufficient revenue to justify our investments in our sales efforts, our results of operations may be harmed. Business and Operational Risks We have experienced considerable revenue growth over the past several years, which may be difficult to sustain, and we depend on attracting and retaining top talent to continue growing and operating our business, and if we are unable to hire, integrate, develop, motivate and retain our personnel, we may not be able to maintain or manage our growth, which could have a material adverse effect on our business, financial condition, results of operations and cash flows. Our revenues for the year ended December 31, ~~2022~~ **2023** grew ~~20~~ **21** % compared to the same period in ~~2021~~ **2022** . Continued future growth could place additional demands on our resources and increase our expenses. Our success depends in large part on our ability to attract high- quality management and employees in sales, development, software engineering, operations and support functions. In addition to hiring new employees, we must continue to focus on retaining our best talent and preserving our culture, values and entrepreneurial environment. Competition for qualified employees is intense in our industry, and the loss of even a few qualified employees, or an inability to attract, retain and motivate additional highly skilled employees required for the ongoing expansion of our business, could harm our results of operations and impair our ability to grow. To attract and retain key personnel, we use various measures, including an equity incentive program for key executive officers and employees. We may need to invest significant amounts of cash and equity for new and existing employees and we may never realize returns on these investments. In addition, these measures may not be enough to attract and retain the personnel we require to operate our business effectively. In ~~2022~~ **the last few years** , we **have** observed an overall tightening and increased competitiveness in the U. S. labor market. Although we have not experienced any material labor shortage, a prolonged labor shortage or increased employee turnover caused by general macroeconomic or other factors could increase our labor costs and negatively impact our ability to serve our clients. If we are not able to effectively increase and retain our talent, our ability to achieve our strategic objectives will be adversely impacted, and our business, financial condition and results of operations will be harmed. Sustaining growth will also require us to commit additional sales, management, operational and financial resources and to maintain appropriate operational and financial systems. In addition, continued growth increases the challenges involved in: • successfully expanding the range of solutions and services offered to our clients; • developing and improving our internal administrative infrastructure, particularly our financial, operational, compliance, record- keeping, communications and other internal systems; and • maintaining high levels of satisfaction with our solutions and services among clients. We may not be able to manage our expanding operations effectively or maintain or accelerate our growth, and any failure to do so could adversely affect our business, financial condition, results of operations and cash flows. Our clients may seek to negotiate a lower fee percentage or may cease using our services, which could limit the growth of, or decrease, our revenues. Our revenues are derived from fees we charge our clients based on an agreed upon basis points rate applied against the average daily value of assets on the platform over a given month, subject to contracted minimums. The basis points are typically tiered based on the amount of assets on platform (e. g., a client would be charged a lower basis point rate on incremental assets after exceeding a certain threshold). In general, the price we charge our clients for our solutions is based on a number of factors including the expected amount of assets on the platform, asset mix (e. g., fixed income, structured products, equities, derivatives or private assets), transaction volume, number of data feeds, and other client- specific factors. Our clients may, for a number of reasons, seek to negotiate a lower basis points fee percentage. For example, an increase in the use of index- linked investment products by the customers of our asset manager clients may result in lower fees being paid to our clients, and our clients may in turn seek to negotiate lower basis points fee percentages for our services. Similarly, the total value of assets reported in our insurance clients' regulatory filings may decrease, and as a result, such clients may seek a corresponding reduction in our related fees. In addition, as competition among our clients increases, they may be required to lower the fees they charge to their customers, which could cause them to seek to decrease our fees accordingly. Any of these factors could result in fluctuation or a decline in our portfolio- based fees, which would have a material adverse effect on our business, financial condition ~~or~~ **,** results of operations **and cashflows** . If our investment accounting and reporting solutions, regulatory reporting solutions or risk management or performance analytics solutions fail to perform properly due to undetected errors or similar problems, our business, financial condition, reputation or results of operations could be materially adversely affected. Investment accounting and reporting solutions, regulatory reporting solutions and risk management and performance analytics solutions we develop or license may contain undetected errors or defects despite testing. Such errors can exist at any point in the life cycle of our solutions, but there is an increased risk that they will be found after new services, enhancements or data sources are incorporated into our existing solutions or services. We continually introduce new solutions and services and new versions of our solutions and services, including, for example, in response to new or modified regulations or reporting requirements. Despite internal testing and testing by current and potential clients, our current and future solutions and services **, or the operating systems used to deliver them,** may contain serious defects or malfunctions. If we detect any errors before release, we might be required to delay the release of the solution or service for an extended period of time while we address the problem. We might not discover errors that affect our new or current solutions, services or enhancements until after they are deployed or after they have, for example, resulted in incorrect reporting on which our clients are dependent, and we may need to provide new enhancements to correct such errors. Errors may occur that could have a material adverse effect on our business, financial condition or results of operations and could result in harm to our reputation, lost sales, delays in commercial release, claims by affected clients, third- party claims, contractual disputes, contract terminations or renegotiations, or unexpected expenses and diversion of management and other resources to remedy errors. In addition, negative public perception and reputational damage caused by such claims would adversely affect our client relationships and our ability to enter into new contracts. Any of these problems could have a material adverse effect on our business, financial condition, reputation or results of operations. We could face liability or incur costs to remediate operational errors or to address possible client dissatisfaction. Operational risk generally refers to the risk of loss resulting from our operations, including, but not limited to, improper or unauthorized execution and processing of transactions and financial and market data, deficiencies in our operating systems, **delays or errors in transitioning to new operating systems,** faulty aggregation or incorrect reconciliation of data by our solutions and services, miscalculations of cash balances available for investment purposes, business disruptions and inadequacies or breaches in our internal control processes. We operate in diverse markets and are reliant on the ability of our employees, systems, solutions and services to process large volumes of transactions and financial and market data, often within short time frames. **From time to time, we may implement updates to our operating systems or transition to new systems, such as our continued transition to a new automated billing system, which may be disruptive to our business if they do not work as planned or if we experience any delays or other issues relating to their implementation, which could negatively impact our ability to deliver our solutions and to invoice and collect fees from our clients.** In the event of a breakdown or improper operation of our systems **or any updates thereto** , errors in our solutions and services, human error or improper action by employees, we could suffer financial loss or damage to our reputation, including as a result of allegations (and associated claims for contractual or other remedies) by any client that operational errors on our part resulted in financial or other harm to their business. In addition, there may be circumstances when our clients are dissatisfied with our solutions and services, even in the absence of an operational error. In such circumstances, we may elect to make payments or otherwise incur increased costs or lower revenues in order to maintain a strong client relationship. In any of the forgoing circumstances, our business, financial condition, reputation or results of operations could be materially adversely affected. Our business relies heavily on computer equipment, cloud- based services, electronic delivery systems, networks and telecommunications systems and infrastructure, the Internet and the **IT** ~~information technology~~ systems of third parties. Any failures or disruptions in any of the foregoing could result in reduced revenues, increased costs and the loss of clients and could harm our business, financial condition, reputation, and results of operations. Our business relies heavily on our computer equipment (including our servers), cloud- based services, electronic delivery systems, networks and telecommunications systems and infrastructure, the Internet and the **IT** ~~information technology~~ systems of third party providers, and the foregoing may be vulnerable to disruptions, failures or slowdowns caused by fire, earthquake, extreme weather events, power loss, telecommunications failure, terrorist attacks, wars, Internet failures, computer viruses, system errors and miscalculations and other events beyond our control. Furthermore, we rely on agreements with our suppliers, such as our current data hosting and service provider and financial market data providers, and on our clients' agreements with certain third party data providers, to provide us with access to certain computer equipment, cloud- based services, electronic delivery systems, the Internet, market financial information and information regarding our clients' assets. A future contractual dispute may arise with one of our suppliers or third party data providers that could cause a disruption or deterioration in our solutions and services, and we are unable to predict whether our agreements with our suppliers or our clients' agreements with third party data providers can be obtained or renewed on acceptable terms, or at all. An unanticipated disruption, failure or slowdown affecting our key technologies or facilities may have significant ramifications, such as data loss, data corruption, damaged software code, inaccurate accounting of transactions, inaccurate regulatory reporting or inability to provide certain solutions and services to our clients. We maintain off- site back- up facilities for our electronic information and computer equipment, but these facilities could be subject to the same interruptions that may affect our primary facilities. Any significant termination of data access, or disruptions, failures, slowdowns, data loss or data corruption could have a material adverse effect on our business, financial condition or results of operations and result in the loss of clients. If sources from which we obtain information limit our access to such information or institute or increase fees for accessing such information, our business could be materially and adversely harmed. Our data aggregation solutions require certain data that we obtain from thousands of sources, including banks, financial institutions, data providers, custodians and other organizations, some of which are not our current clients or in direct contractual privity with us. Although we have a data feed with each of our clients, our access to much of the data we aggregate, reconcile and offer as part of our solutions is facilitated through and reliant upon agreements between our clients and providers of such data, such as asset managers and custodians, and we often do not have direct contractual relationships with such providers. If the sources from which we obtain information that is important to our solutions and services limit or restrict our ability to access or use such information, we may be unable to obtain similar data from other sources on commercially reasonable terms or at all, or we may be required to attempt to obtain such information by other means, such as end- user permissioned data scraping, that could be more costly and time- consuming, and less effective or efficient. In order to serve our clients, we must have a reliable method from which to obtain client data. In the past, certain of our clients have requested we obtain this data through a web- based retrieval process, which we refer to as a web- based data feed. We sometimes encounter issues with our web- based data feeds, including as a result of our clients' implementation of new security controls, changes to the layouts of web pages, or the use of software intended to block unauthorized scraping activities. If we are unable to re- institute the web- based data feed, or otherwise obtain the data from our clients through another reliable means, then we may be unable to continue to serve the affected clients. In any event, redesigning our web- based data feeds or being required to obtain data by other reliable means diverts time and resources and may have an adverse effect on our business, financial condition or results of operations. In the past, a limited number of third parties have either blocked our access to their websites or requested that we cease employing data scraping of their websites to gather information, and we could receive similar, additional requests in the future. Any such limitation or restriction may also preclude us from providing our solutions and services on a timely basis, if at all. In addition, if in the future one or more third parties challenge our right to access information from these or other sources, we may be required to negotiate with such sources for access to their information, which may be more costly, or to discontinue certain of our solutions and services entirely. The legal environment surrounding data scraping and similar means of obtaining access to information contained on third- party websites is evolving, and one or more third parties could assert claims against us seeking damages or to prevent us from accessing information from third- party websites in that manner. In the event sources from which we obtain information begin to charge us fees for accessing such information, or block our access to this information entirely, we may be forced to increase the fees that we charge our clients or discontinue certain solutions and services, which could make our solutions and services less attractive, or our gross margins and other financial results could suffer. If our reputation is harmed, our business, financial condition or results of operations could be materially adversely affected. Our reputation, which depends on earning and maintaining the trust and confidence of our clients, is critical to our business. Our reputation is vulnerable to many threats that can be difficult or impossible to control, and costly or impossible to remediate. Regulatory inquiries or investigations, lawsuits initiated by our clients or others, employee misconduct, perceptions of conflicts of interest and rumors, among other developments, could substantially damage our reputation, even if they are baseless or satisfactorily addressed. In addition, any perception that the quality of our solutions and services may not be the same or better than that of other providers can also damage our reputation. Any damage to our reputation could harm our ability to attract and retain clients, which would materially adversely affect our business, financial condition and results of operations. Early termination of our client contracts could have a material adverse effect on our business, financial condition or results of operations. Our client contracts are generally terminable upon thirty days' notice by our clients or prior to such time for cause, which may include breach of contract, bankruptcy, insolvency and other reasons. If a significant number of our clients were to terminate their contracts with us and we were unable to obtain a significant number of new clients, our business, financial condition or results of operations could be materially adversely affected. We could face liability related to unauthorized access to, disclosure or theft of the personal information we store and process, and could consequently incur significant costs. Although we primarily process institutional financial information, clients may maintain personal information, including personal investment, accounting and financial information, on our platform and we could be subject to liability if we were to inappropriately disclose any such client' s personal information, inadvertently or otherwise, or if third parties were able to obtain access to our network, circumvent our security, or otherwise gain access to any user' s name, address, portfolio holdings or other personal or financial information that we store or process. Any such event could subject us to claims and liability related to unauthorized access to or use of personal information, including claims by such users and by applicable regulatory authorities, which could cause us to incur significant costs and divert the attention of our management and technical personnel, or cause harm to our reputation, and could therefore have a material adverse effect on our business, financial condition or results of operations. Our clients are located in the United States and around the world. As a result, we may also collect, process and store the personal information of individuals who live in many different countries. Privacy regulators in some of those countries have publicly stated that foreign entities (including entities based in the United States) may render themselves subject to those countries' privacy laws and the jurisdiction of such regulators by collecting or storing the personal data of those countries' residents, even if such entities have no physical or legal presence there. Consequently, we may be obligated to comply with the privacy and data security laws of certain foreign countries. Our potential exposure to foreign countries' privacy and data security laws may impact our ability to collect and use personal information now and in the future, increase our legal compliance costs and may expose us to significant liability for non- compliance. We are also subject to various laws and regulations both in the United States, including the California Consumer Privacy Act, and in other countries where we currently operate, including the Data Protection Act 2018 and UK General Data Protection Regulation in the United Kingdom. We have incurred, and will continue to incur, expenses to comply with privacy and security standards and protocols imposed by law, regulation, industry standards or contractual obligations. Increased domestic or international regulation of data collection, processing, transfer and security could require us to modify our operations and incur significant additional expense, which could have a material adverse effect on our business, financial condition or results of operations. Additionally, we are subject to the terms of our privacy policies and privacy- related obligations to third parties. Any failure or perceived failure by us to comply with our privacy policies, our privacy- related obligations to clients or other third parties, or our legal obligations relating to privacy, or any compromise of security that results in the unauthorized access to, disclosure or misuse of personal information may result in governmental or regulatory investigations, enforcement actions, fines, litigation, or negative publicity and could cause clients to lose trust in us, all of which could be costly and have an adverse effect on our business. If we or our third- party service providers suffer a cybersecurity event, our reputation may be harmed, we may lose clients and we may incur significant liabilities, any of which would harm our business and results of operations. Cyberattacks, computer malware, viruses, social engineering (including phishing attacks), ransomware attacks and general hacking are becoming more prevalent generally and in our industry, and we may in the future become the target of third parties seeking unauthorized access to our confidential or sensitive information or that of our clients. In addition, third parties may attempt to fraudulently induce employees, contractors or users to disclose information, including usernames and passwords, to gain access to our clients' data, our data or other confidential or sensitive information, and we may be the target of email scams that attempt to acquire personal information or company assets. While we have security measures in place designed to protect our and our clients' confidential and sensitive information and prevent unauthorized access to data, these measures may not be effective to prevent a security breach, including as a result of employee error, theft, misuse or malfeasance, third- party actions, unintentional events, or deliberate attacks by individuals or criminal organizations, any of which may result in someone obtaining unauthorized access to our or our clients' data, including to our trade secrets or other confidential and proprietary business information. Because techniques used to sabotage or obtain unauthorized access to systems change frequently and frequently are not recognized until successfully launched against a target, we may be unable to anticipate all such techniques, or react in a timely manner or implement adequate preventative measures against such techniques. We devote significant financial and personnel resources to implement and maintain security measures; however, as cybersecurity threats develop, evolve and grow more complex over time, it may be necessary to make further investments to protect our data and infrastructure. We use third parties to provide certain data processing services, including hosting services; however, our ability to monitor our third- party service providers' data security is limited. Because we do not control our third- party service providers, or the processing of data by our third- party service providers, we cannot ensure the measures they take to protect and prevent the loss of our data or our clients' data are sufficient. A security breach suffered by us or our third- party service providers, an attack causing outages or unavailability of our solutions and services, or any unauthorized, accidental or unlawful access or loss of data, or the perception that any such event has occurred, could result in a disruption to our solutions and services, litigation, an obligation to notify regulators and affected individuals, the triggering of service availability, indemnification and other contractual obligations to our clients, regulatory investigations, government fines and penalties, reputational damage, loss of sales and clients, mitigation and remediation expenses and other significant costs and liabilities. In addition, we may incur significant costs and operational consequences of investigating, remediating, eliminating and putting in place additional tools and devices designed to prevent future actual or perceived security incidents, as well as the costs to comply with any notification or other obligations resulting from any security incidents. We also cannot be certain that our existing insurance coverage will be available in sufficient amounts to cover the potentially significant losses that may result from a security incident or breach, or will continue to be available on acceptable terms or at all, or that the insurer will not deny coverage as to any future claim. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co- insurance requirements, could adversely affect our business, financial condition and results of operations. Further, our clients and their service providers administer access to data and control the entry of such data on their **IT** systems. As a result, a client may suffer a cybersecurity event on its own **IT** systems, unrelated to our own **IT** systems, and a malicious actor could obtain access to the client' s information held on our **IT** system. Even if such a breach is unrelated to our own security programs or practices, or if the client failed to adequately protect their **IT** system, that breach could result in our incurring significant economic and operational costs in investigating, remediating, eliminating and putting in place additional tools and devices to further protect our clients from their own vulnerabilities, and could also result in reputational harm to us. The reliability and security of our **IT** ~~information technology~~ systems ~~is~~ **are** critical to our operations and the implementation of our growth initiatives. Any cybersecurity event or other material disruption in our **IT** ~~information technology~~ systems, or delays or difficulties in implementing or integrating new **IT** systems or enhancing current **IT** systems, could have an adverse effect on our business ~~,~~ and results of operations. Disruptions, capacity limitations or interference with our use of the data centers that host our solutions and services could result in delays or outages and harm our business. We currently ~~partially~~ host **substantially all of** ~~and intend to increasingly host~~ our cloud service from third- party data center facilities from several global locations operated by Amazon Web Services (" AWS ") or Google Cloud Computing Services. Any damage to, failure of or interference with our cloud service that is hosted by AWS or Google, or by third- party providers we currently utilize or may utilize in the future, whether as a result of our actions, actions by the third- party data centers, actions by other third parties, or acts of God, could result in interruptions in our cloud service and / or the loss of our or our clients' data. While the third- party data centers host the server infrastructure, we manage the cloud services through our internal teams, and we need to support version control, changes in cloud software parameters and the evolution of our products, all in a multi- OS environment. As we utilize third- party data centers, we may move or transfer our data and our clients' data from one region to another. Despite precautions taken during this process, any unsuccessful data transfers may impair the delivery of our solutions. Impairment of, or interruptions in, our cloud services may subject us to claims and litigation, cause our clients to terminate their agreements with us and adversely affect our ability to attract new clients. Our business will also be harmed if our clients and potential clients believe our services are unreliable. Additionally, any limitation of the capacity of our third- party data centers could impede our ability to scale, onboard new clients or expand the usage of existing clients, which could adversely affect our business, financial condition and results of operations. We do not control, or in some cases have limited control over, the operation of the data center facilities we use to host our solutions and services, and these facilities may be vulnerable to damage or interruption from earthquakes, floods, fires, power loss, telecommunications failures and similar events. They may also be subject to cyberattacks, break- ins, sabotage, intentional criminal acts, acts of vandalism and similar misconduct and to adverse events caused by operator error. Despite precautions taken at these facilities, the occurrence of a natural disaster, an act of terrorism, war or other act of malfeasance, a decision to close the facilities without adequate notice to us, or other unanticipated problems at these facilities could result in lengthy interruptions in our solutions and services and the loss of client data and business, and related claims by our clients against us. We may also incur significant costs for using alternative equipment or facilities or taking other actions in preparation for, or in reaction to, any such events. We may be unable to adapt to rapidly changing technology, evolving industry standards and regulatory requirements and new product and service introductions, which could result in a loss of market share. Rapidly changing technology, evolving industry standards and regulatory requirements and new product and service introductions characterize the market for our solutions. Our future success will depend in part upon our ability to enhance our existing offerings, including to localize them to differing local requirements, and to develop and introduce new solutions and services to keep pace with such changes and developments and to meet changing client needs. The process of developing our platform is extremely complex and is expected to become increasingly complex and expensive in the future due to the introduction of new platforms, operating systems and technologies. Our ability to keep up with technology and business and legal and regulatory changes is subject to a number of risks, including that: • we may find it difficult or costly to update our solutions and services and to develop new solutions and services quickly enough to meet our clients' needs; • we may find it difficult or costly to make some features of our software work effectively and securely over the Internet or with new or changed external applications; • we may find it difficult or costly to update our solutions and services to keep pace with business, evolving industry standards, regulatory and other developments in the industries where our clients operate; • we may find it difficult or costly to advertise and market our solutions and services; • we may find it difficult or costly to protect our proprietary technology and intellectual property rights; • our clients may delay purchases in anticipation of new solutions, services or enhancements; and • we may be exposed to liability for security breaches that allow unauthorized persons to gain access to confidential information stored on our computers or transmitted over our network. Our failure to enhance our platform and to develop and introduce new solutions and services to promptly address the needs of the insurance industry and financial markets could adversely affect our business, financial condition or results of operations. Our failure to successfully integrate acquisitions ~~, including the JUMP acquisition,~~ could strain our resources. In addition, there are significant risks associated with growth through acquisitions, which may materially adversely affect our business, financial condition or results of operations. We expect to grow our business by, among other things, making acquisitions. Acquisitions involve a number of risks. Financing an acquisition could result in dilution from issuing equity securities or a weaker balance sheet from using cash or incurring debt. To the extent we grow our business through acquisitions, any potential and completed acquisitions ~~, including the JUMP acquisition,~~ could present a number of other risks, including: • incorrect assumptions regarding the future results of acquired operations or assets or expected cost reductions or other synergies expected to be realized as a result of acquiring operations or assets; • failure to integrate the operations or management of any acquired operations or assets successfully and on a timely and cost effective basis; • insufficient knowledge of the operations and markets of acquired businesses; • loss of key personnel; • diversion of management' s attention from existing operations or other priorities; • increased costs or liabilities as a result of undetected or undisclosed legal, regulatory or financial issues related to acquired operations or assets; and • inability to secure, on terms we find acceptable, sufficient financing that may be required for any such acquisition or investment. In addition, if we are unsuccessful in completing acquisitions of other businesses, operations or assets or if such opportunities for expansion do not arise, our business, financial condition or results of operations could be materially adversely affected. We invest significantly in growth and research and development, and to the extent our research and development investments do not translate into new solutions and services or material enhancements to our current solutions and services, or if we do not use those investments efficiently, our business and results of operations would be harmed. A key element of our strategy is to invest significantly in our growth and research and development efforts to develop new solutions and services and enhance our existing solutions and services to address additional applications and markets. For the year ended December 31, ~~2022~~ **2023** , our research and development expense was approximately ~~31~~ **34** % of our revenue. If we do not spend our research and development budget efficiently or effectively on compelling innovation and technologies, our business may be harmed and we may not realize the expected benefits of our strategy. Moreover, research and development projects can be technically challenging and expensive. The nature of these research and development cycles may cause us to experience delays between the time we incur expenses associated with research and development and the time we are able to offer compelling solutions and services and generate revenue, if any, from such investment. Additionally, anticipated client demand for an offering we are developing could decrease after the development cycle has commenced, rendering us unable to recover substantial costs associated with the development of such offering. If we expend a significant amount of resources on research and development and our efforts do not lead to the successful introduction or improvement of solutions and services that are competitive in our current or future markets, it would harm our business and results of operations. Financial Risks Our revenue can fluctuate from period to period, which could cause our stock price to fluctuate. Our revenue may fluctuate from period- to- period in the future due to a variety of factors, many of which are beyond our control. Factors relating to our business that may contribute to these fluctuations include the following events, as well as other factors described elsewhere in this Annual Report on Form 10- K: • a decline or slowdown of the growth in the value of financial market assets, which may reduce the portfolio market value of the assets loaded on our platform from which we derive portfolio- based fees, or reduce demand for our solutions and services generally, and therefore negatively affect our revenues and cash flows; • unanticipated changes to economic terms in contracts with clients, including renegotiations; • downward pressure on fees we charge our clients, which would therefore reduce our revenue; • changes in laws or regulations that could impact our ability to offer solutions and services; • failure to obtain new clients; • failure to expand the services offered to existing clients or to apply such services to additional asset portfolios of existing clients; • cancellation or non-renewal of existing contracts with clients; • failure to protect our proprietary technology and intellectual property rights; • unanticipated delays in connection with the implementation of our services in relation to our clients' asset portfolios; or • reduction in the suite of solutions and services provided to existing clients. As a result of these and other factors, our results of operations for any quarterly or annual period may differ materially from our results of operations for any prior or future quarterly or annual period and our historical results should not be relied upon as indications of our future performance. ~~Our results of operations may be harmed if we are required to collect sales or other related taxes for subscriptions to our solutions and services in jurisdictions where we have not historically done so. States and some local taxing jurisdictions have differing rules and regulations governing sales and use taxes, and these rules and regulations are subject to varying interpretations that may change over time. The application of federal, state, local and international tax laws to services provided electronically is evolving. In particular, the applicability of sales taxes to our solutions and services in various jurisdictions is unclear. We collect and remit U. S. sales tax in a number of jurisdictions. It is possible, however, that we could face sales tax audits and that our liability for these taxes could exceed our estimates as state tax authorities could successfully assert that we are obligated to collect additional tax amounts from our paying clients and remit those taxes to those authorities. We could also be subject to audits in states and international jurisdictions for which we have not accrued tax liabilities. In each case, if states are successful~~

~~in such audits, we may be liable for substantial amounts of past sales, use or similar taxes, interest and penalties. A successful assertion that we should be collecting additional sales or other taxes on our services in jurisdictions where we have not historically done so and do not accrue for sales taxes could result in substantial tax liabilities for past sales, discourage organizations from subscribing to our products and services, or otherwise harm our business, results of operations and financial condition.~~ Unanticipated changes in effective tax rates or adverse outcomes resulting from examination of our income or other tax returns could adversely affect our financial condition and results of operations. We are subject to ~~income~~ taxes in the United States and foreign jurisdictions, and our domestic and foreign income tax liabilities will be subject to the allocation of expenses in differing jurisdictions. Our future effective tax rates could be subject to volatility or adversely affected by a number of factors, including: • changes in the valuation of our deferred tax assets and liabilities; • expected timing and amount of the release of any tax valuation allowances; • tax effects of equity- based compensation; • costs related to intercompany restructurings; • changes in tax laws, regulations or interpretations thereof; ~~or~~ • lower than anticipated future earnings in jurisdictions where we have lower statutory tax rates and higher than anticipated future earnings in jurisdictions where we have higher statutory tax rates **; or • changes in the geographic location and amount of expenses we have for certain of our activities that qualify for tax credits and incentives** . In the future, there may be changes to income, sales, use, or other tax laws, statutes, rules, regulations, or ordinances that may impact our business and results of operations. For example, the Inflation Reduction Act was passed into law on August 16, 2022 **and** ~~. This legislation~~ made a number of changes to the Internal Revenue Code **of 1986 (the " Code ")** , including the addition of a 1 % excise tax on repurchases of stock by publicly **-** traded corporations. As a result, if our Board of Directors were to approve a share repurchase program, the imposition of this excise tax may increase the cost to us of making repurchases. In addition, we may be subject to audits of our income, sales and other transaction taxes by U. S. federal and state authorities. Outcomes from these audits could have an adverse effect on our results of operations and financial condition. Our indebtedness could adversely affect our financial flexibility and our competitive position. As of December 31, ~~2022~~ **2023** , there was $ ~~51~~ **48** . ~~6~~ **8** million of term loans outstanding under the New Credit Agreement. The term loan facility is intended to be used for working capital and other general corporate purposes (including acquisitions permitted under the New Credit Agreement). A portion of our debt consists of variable- rate debt and fluctuations in interest rates could have a material effect on our business. Prior to 2022, interest rates in the U. S. had generally been at historic lows for several years. In 2022 **and 2023** , the United States Federal Reserve raised interest rates several times in an attempt to combat historically high inflation. As a result, we may incur higher interest costs if interest rates continue to increase. There can be no assurance that the United States Federal Reserve will not raise rates in the future, and any such increase in interest costs could have a material adverse impact on our financial condition and cash flows. Our level of indebtedness increases the risk that we may be unable to generate cash sufficient to pay amounts due in respect of our indebtedness. Our indebtedness could have other important consequences to you and significant effects on our business. For example, it could: • increase our vulnerability to adverse changes in general economic, industry and competitive conditions; • require us to dedicate a substantial portion of our cash flow from operations to make payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate purposes; • limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate; • restrict us from exploiting business opportunities; • make it more difficult to satisfy our financial obligations, including payments on our indebtedness; • place us at a disadvantage compared to our competitors that have less debt; and • limit our ability to borrow additional funds for working capital, capital expenditures, acquisitions, debt service requirements, execution of our business strategy or other general corporate purposes ~~. The phase- out, replacement or unavailability of LIBOR and / or other interest rate benchmarks could adversely affect our indebtedness. The interest rates applicable to the New Credit Agreement are based on, and the interest rates applicable to certain debt obligations we may incur in the future may be based on, a fluctuating rate of interest determined by reference to the London Interbank Offered Rate (" LIBOR "). In July 2017, the U. K.' s Financial Conduct Authority, which regulates LIBOR, announced that it intends to stop persuading or compelling banks to submit rates for the calculation of LIBOR. In response to concerns regarding the future of LIBOR, the Board of Governors of the Federal Reserve System and the Federal Reserve Bank of New York convened the Alternative Reference Rates Committee (the " ARRC ") to identify alternatives to LIBOR. The ARRC has recommended a benchmark replacement waterfall to assist issuers in continued capital market entry while safeguarding against LIBOR' s discontinuation. The initial steps in the ARRC' s recommended provision reference variations of the Secured Overnight Financing Rate (" SOFR "), calculated using short- term repurchase agreements backed by Treasury securities. At this time, it is not possible to predict whether SOFR will attain market traction as a LIBOR replacement. Additionally, it is uncertain if LIBOR will cease to exist after June 2023, or whether additional reforms to LIBOR may be enacted, or whether alternative reference rates will gain market acceptance as a replacement for LIBOR. In anticipation of LIBOR' s phase- out, the New Credit Agreement is expected to provide for alternative base rates, as well as a transition mechanism for selecting a benchmark replacement rate for LIBOR, with such benchmark replacement rate to be mutually agreed with the administrative agent and subject to the majority lenders not objecting to such benchmark replacement. There can be no assurance that we will be able to reach any agreement on a replacement benchmark, and there can be no assurance that any agreement we reach will result in effective interest rates at least as favorable to us as our current effective interest rates. The failure to reach an agreement on a replacement benchmark, or the failure to reach an agreement that results in an effective interest rate at least as favorable to us as our current effective interest rates, could result in a significant increase in our debt service obligations, which could adversely affect our financial condition and results of operations. In addition, the overall financing market may be disrupted as a result of the phase- out or replacement of LIBOR, which could have an adverse impact on our ability to refinance, reprice or amend the New Credit Agreement or incur additional indebtedness, on favorable terms or at all~~ . Our indebtedness may restrict our current and future operations, which could adversely affect our ability to respond to changes in our business and to manage our operations. The New Credit Agreement contains, and the agreements evidencing or governing any other future indebtedness may contain, financial restrictions on us and our restricted subsidiaries, including restrictions on our or our restricted subsidiaries' ability to, among other things: • place liens on our or our restricted subsidiaries' assets; • make investments other than permitted investments; • incur additional indebtedness; • prepay or redeem certain indebtedness; • merge, consolidate or dissolve; • sell assets; • engage in transactions with affiliates; • change the nature of our business; • change our or our subsidiaries' fiscal year or organizational documents; and • make restricted payments. In addition, we are required to maintain compliance with various financial ratios in the New Credit Agreement. A failure by us or our subsidiaries to comply with the covenants or to maintain the required financial ratios contained in the New Credit Agreement could result in an event of default under such indebtedness, which could adversely affect our ability to respond to changes in our business and manage our operations. Additionally, a default by us under the New Credit Agreement or an agreement governing any other future indebtedness may trigger cross- defaults under any other future agreements governing our indebtedness. Upon the occurrence of an event of default or cross- default under any of the present or future agreements governing our indebtedness, the lenders could elect to declare all amounts outstanding to be due and payable and exercise other remedies as set forth in the agreements. If any of our indebtedness is accelerated, there can be no assurance that our assets will be sufficient to repay this indebtedness in full, which could have a material adverse effect on our ability to continue to operate as a going concern. We may not be able to raise additional capital to execute our current or future business strategies on favorable terms, if at all, or without dilution to our stockholders. We expect that we may need to raise additional capital to execute our current or future business strategies. However, we do not know what forms of financing, if any, will be available to us. Some financing activities in which we may engage could cause your equity interest in the Company to be diluted, which could cause the value of our Class A common stock to decrease. If financing is not available on acceptable terms, if and when needed, our ability to fund our operations, expand our research and development and sales and marketing functions, develop and enhance our solutions and services, respond to unanticipated events, including unanticipated opportunities, or otherwise respond to competitive pressures would be significantly limited. In any such event, our business, financial condition and results of operations could be materially harmed, and we may be unable to continue our operations. Goodwill and other intangible assets represent a significant portion of our assets, and any impairment of these assets could negatively impact our results of operations and financial condition. A significant portion of our assets consists of goodwill and other intangible assets, primarily recorded as the result of the JUMP acquisition. We may subsequently experience unforeseen events that could adversely affect the value of our goodwill or intangible assets. Our goodwill is subject to an impairment test annually and is also tested for impairment whenever facts and circumstances indicate that goodwill is impaired. In the event of an impairment, any excess of the carrying value of these assets over the fair value must be written off in the period of determination. Finite- lived intangible assets are generally amortized over the useful life of such assets. Future determinations of significant impairments of goodwill **or finite- lived intangible assets** as a result of an impairment test or accelerated amortization of finite- lived intangible assets could have a negative impact on our results of operations and financial condition. Legal and Regulatory Risks We could face liability for certain information we provide, including information based on data we obtain from other parties. We may be subject to claims for negligence, breach of contract or other claims relating to the information we provide. For example, individuals may take legal action against us if they rely on information we have provided and it contains an error. In addition, we could be subject to claims based upon the content that is accessible from our website through links to other websites. Moreover, we could face liability based on inaccurate information provided to us by others or based on information provided to us by others that have not obtained necessary consents to do so. Defending any such claims could be expensive and time- consuming, and any such claim could materially adversely affect our business, financial condition or results of operations. We may become subject to liability based on the use of our investment accounting and reporting solutions, regulatory reporting solutions and internal risk management and performance analytics solutions by our clients. Our solutions and services support the investment, financial and regulatory reporting processes of our clients, many of whom have asset portfolios on our system aggregating to billions of dollars. Our clients similarly rely on our solutions to ensure compliance with complex regulatory requirements. Our client agreements have provisions designed to limit our exposure to potential liability claims brought by our clients or third parties based on the use of our solutions and services. However, these provisions have certain exceptions and could be invalidated by unfavorable judicial decisions or by federal, state, foreign or local laws. For instance, use of our solutions as part of the investment process creates the risk that asset manager clients, or the parties whose assets are managed by our clients, may pursue claims against us for very significant dollar amounts, and in a similar vein, our clients or their regulators may pursue claims or investigations against us in connection with regulatory reporting deficiencies associated with our services. Any such claim, lawsuit, investigation or other proceeding, even if the outcome were to be ultimately favorable to us, would involve a significant commitment of our management, personnel, financial and other resources and could have a negative impact on our reputation. Such proceedings could therefore have a material adverse effect on our business, financial condition or results of operations. Furthermore, our clients may use our solutions and services together with software, data or products from other companies. As a result, when problems occur, it might be difficult to identify the source of the problem. Even when our solutions and services do not cause these problems, the existence of these errors might cause us to incur significant costs and divert the attention of our management and technical personnel, any of which could materially adversely affect our business, financial condition or results of operations. Changes to the laws or regulations applicable to us or to our asset manager or insurance industry clients could adversely affect our business, financial condition or results of operations. We may be adversely affected as a result of new or revised legislation or regulations imposed by the SEC or other U. S. federal or state or foreign governmental regulatory authorities or self- regulatory organizations that supervise the financial markets and insurance industries around the world. In addition, we may be adversely affected by changes in the interpretation or enforcement of existing laws and rules by these governmental authorities and self- regulatory organizations. It is impossible to determine the extent of the impact of any new laws, regulations or initiatives that may be proposed, or whether any current proposals will become law, and it is difficult to predict how any changes or potential changes could affect our business. Changes to laws or regulations could increase our potential liability in connection with the solutions and services that we provide. ~~The growth company~~ **As of December 31** , ~~and for~~ **2023,we no longer qualify** as ~~long as we continue to be~~ an **"** emerging growth company **" (as defined in the JOBS Act).As a result** ,we ~~intend~~ **are no longer entitled** to **rely on** ~~take advantage of~~ exemptions from ~~various reporting~~ **certain compliance** requirements **that are** applicable to ~~other public companies but not to "~~ emerging growth companies, ~~"~~ including not being required to have our independent registered ~~public~~ accounting firm audit our internal control over financial reporting ~~under Section 404 of the Sarbanes- Oxley Act~~ ,reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements,and exemptions from the requirements of holding a **non-** ~~nonbinding~~ --- **binding** advisory vote on executive compensation **.Our increased disclosure obligations** and **the** ~~stockholder approval of any golden parachute compensation not~~ introduction of any **other** new laws or regulations could make our ability to comply with applicable laws and regulations more difficult and expensive. Any of the foregoing could have a material adverse effect on our business, financial condition or results of operations. If government regulation of the Internet or other areas of our business changes, or if attitudes toward use of the Internet change, we may need to change the manner in which we conduct our business or incur greater operating expenses. The adoption, modification or interpretation of laws or regulations relating to the Internet or other areas of our business could adversely affect the manner in which we conduct our business. Such laws and regulations may cover sales practices, taxes, user privacy, data protection **, the use of generative AI** , pricing, content, copyrights, distribution, electronic contracts, consumer protection, broadband residential Internet access and the characteristics and quality of services. Moreover, it is not always clear how certain existing laws governing these matters apply to the Internet. If we are required to comply with new regulations or legislation or new interpretations of existing regulations or legislation, we may be required to incur additional expenses or alter our business model, either of which could have a material adverse effect on our business, financial condition or results of operations. We are substantially dependent on our intellectual property rights, and a failure to protect these rights could adversely affect our business, financial condition or results of operations. We have made substantial investments in software and other intellectual property on which our business is highly dependent. We rely on trade secret, trademark and copyright laws, confidentiality and nondisclosure agreements and other contractual and technical security measures to protect our proprietary technology. Any loss of our intellectual property rights, or any significant claim of infringement or indemnity for violation of the intellectual property rights of others, could have a material adverse effect on our business, financial condition or results of operations. Only one of our technologies, solutions or services is covered by an issued patent. We are the owner of three copyright registrations, ~~two~~ **four** registered trademarks in the United States and ~~three~~ **four** international trademarks, and we claim common law rights in other trademarks that are not registered. We cannot guarantee that: • our intellectual property rights will provide competitive advantages to us; • our ability to assert our intellectual property rights against potential competitors or to settle current or future disputes will not be limited by our agreements with third parties; • our intellectual property rights will be enforced in jurisdictions where competition may be intense or where legal protection may be weak; • any of the trademarks, copyrights, trade secrets or other intellectual property rights that we presently employ in our business will not lapse or be invalidated, circumvented, challenged or abandoned; • our trademark applications will lead to registered trademarks; • our patent applications will lead to issued patents; or • competitors will not design around our intellectual property rights or develop similar technologies or offerings; or that we will be able to successfully assert our intellectual property rights against others. We are also a party to a number of third- party intellectual property license agreements. Some of these license agreements require us to make one- time payments or ongoing subscription payments. We cannot guarantee that the third- party intellectual property we license will not be licensed to our competitors or others in our industry. In the future, we may need to obtain additional licenses or renew existing license agreements. We are unable to predict whether these license agreements will be obtained or renewed on commercially reasonable terms, or at all. Additionally, we use certain software covered by open source licenses. The terms of many open source licenses have not been interpreted by U. S. courts, and there is a risk that the licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to use such software, or that could require us to disclose certain portions of our proprietary source code or re- engineer all or a portion of our solutions and services, any of which could harm our business and result in significant costs. Third parties may sue us for intellectual property infringement or misappropriation which, if successful, could require us to pay significant damages or make changes to the solutions or services that we offer. We cannot be certain that our internally **-** developed technology, solutions or services do not and will not infringe the intellectual property rights of others. In addition, we license content, software and other intellectual property rights from third parties and may be subject to claims of infringement if such parties do not possess the necessary intellectual property rights to the products they license to us. We may not have sufficient contractual protection to cover all liability associated with such claims. In addition, we may face additional risk of infringement or misappropriation claims if we hire an employee who possesses third **-** party proprietary information who decides to use such information in connection with our solutions, services or business processes without such third party' s authorization. We have in the past been and may in the future be subject to legal proceedings and claims that we have infringed or misappropriated the intellectual property rights of a third party. Claims may involve patent holding companies who have no relevant product revenues and against whom our own proprietary technology may therefore provide little or no deterrence. In addition, third parties may in the future assert intellectual property infringement claims against our clients, which, in certain circumstances, we have agreed to indemnify. Any intellectual property related infringement or misappropriation claims, whether or not meritorious, could result in costly litigation and could divert management resources and attention. Moreover, should we be found liable for infringement or misappropriation, we may be required to enter into licensing agreements, which may not be available on acceptable terms or at all, pay substantial damages or make changes to the solutions and services that we offer. Any of the foregoing could prevent us from competing effectively, result in substantial costs to us, divert management' s attention and our resources away from our operations and otherwise harm our reputation. If our intellectual property and proprietary technology are not adequately protected to prevent use or appropriation by our competitors, our business and competitive position would suffer. Our future success and competitive position depend in part on our ability to protect our intellectual property rights. The steps we have taken to protect our intellectual property rights may be inadequate to prevent the misappropriation of our proprietary technology. Others may develop or patent similar or superior technologies, solutions or services. Unauthorized copying or other misappropriation of our proprietary technologies could enable third parties to benefit from our intellectual property rights without paying us for doing so, which could harm our business. Policing unauthorized use of proprietary technology is difficult and expensive and our monitoring and policing activities may not be sufficient to identify any misappropriation and protect our proprietary technology. In addition, third parties may knowingly or unknowingly infringe our trademarks and other intellectual property rights, and litigation may be necessary to protect and enforce our intellectual property rights. If litigation is necessary to protect and enforce our intellectual property rights, any such litigation could be very costly and could divert management attention and resources. If we are unable to protect our intellectual property rights or if third parties independently develop or gain access to our or similar technologies, solutions or services, our business, financial condition and results of operations could be materially adversely affected. Confidentiality and non- compete agreements with employees, consultants and others may not adequately prevent disclosure of trade secrets and other proprietary information or prevent competition. We have devoted substantial resources to the development of our proprietary technologies, solutions and services. In order to protect our proprietary rights, we enter into confidentiality agreements with our employees, consultants and independent contractors. These agreements may not effectively prevent unauthorized disclosure of confidential information or unauthorized parties from copying aspects of our technologies, investment accounting offerings or obtaining and using information that we regard as proprietary. Moreover, these agreements may not provide an adequate remedy in the event of such unauthorized disclosures of confidential information and our rights under such agreements may not be enforceable. We have non- compete arrangements with certain employees that prevent these persons from competing with us both during and after the terms of their employment agreements. Enforceability of the non- compete agreements is not guaranteed, and such contractual restrictions could be breached without discovery or adequate remedies. In January **2024, a law prohibiting employers from entering into or attempting to enforce noncompete agreements, which are generally void under California state law, went into effect in California. In January** 2023, the Federal Trade Commission (" FTC ") proposed a new rule that would preclude employers from imposing non- compete obligations on their employees ~~and~~ **. The FTC** is **expected to vote** ~~currently seeking public comment~~ on the ~~proposed~~ **final version of the** rule **in April 2024** . While we cannot predict whether or when the FTC' s proposed ban on non- compete arrangements will be implemented, or **similar bans on non- compete arrangements at the U. S. state level, or** the impact that **any** such ban will have on our operations if implemented, there is now increased uncertainty regarding the long- term enforceability of our non- compete agreements with employees in the U. S. In addition, others may independently discover trade secrets and proprietary information, and in such cases we could not assert any trade secret rights against such parties. Costly and time- consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain trade secret protection could reduce any competitive advantage we have developed and cause us to lose clients or otherwise harm our business. **Issues in the development and use of artificial intelligence, combined with an uncertain regulatory environment, may result in reputational harm, liability, or other adverse consequences to our business operations. We use machine learning (ML) and artificial intelligence (AI) technologies in our solutions and business, and we are making investments in expanding the use of AI solutions, including ongoing deployment and improvement of features using AI technologies. The introduction of AI technologies into new or existing solutions may result in new or enhanced governmental or regulatory scrutiny (such as the recent White House executive order on the development and use of AI, the proposed EU AI Act, and other proposed state and federal regulations), litigation, confidentiality or security risks, ethical concerns, legal liability, or other complications. Compliance with new or changing laws, regulations or industry standards relating to AI may impose significant operational costs and may limit our ability to develop, deploy or use AI technologies. A failure on our part to develop solutions to ensure compliance with regulatory regimes and / or our clients' requirements may result in unforeseen costs or delays deploying new and improved features using AI technologies. Furthermore, while we aim to develop and use AI responsibly and attempt to mitigate ethical and legal issues presented by its use, we may ultimately be unsuccessful in identifying or resolving issues before they arise. Uncertainty around new and emerging AI technologies may require additional investment in the development and maintenance of proprietary datasets and machine learning models, development of new approaches and processes to provide related to the collection and use of training data, and development of appropriate protections and safeguards for handling the use of client data with AI technologies, which may be costly and could impact our expenses. AI technologies incorporated into our solutions and business processes may use algorithms, datasets, or training methodologies that may be flawed or contain deficiencies that may be difficult or impossible for us to detect during testing, including as a result of the use of biased or insufficient training data. Any of the foregoing may result in decreased demand for our solutions, harm to our business, results of operations or reputation, legal liability, regulatory action, or failure to achieve expected results including if use products or enable or offer solutions that draw scrutiny or controversy due to their perceived or actual impact on clients or on society as a whole. In addition, third parties may deploy AI technologies in a manner that reduces client demand for our solutions.** International Risks As a global organization, our business is susceptible to risks associated with our international operations. In addition to our U. S. operations, we currently maintain international operations in the United Kingdom and India, and have smaller sales- focused research and development- focused presences in France, Germany **, Luxembourg** and Singapore, and have clients located around the globe. Managing a global organization outside of the United States is difficult and time- consuming and introduces risks that we may not face with our operations and sales in the United States. These risks include: • the burdens of complying with a wide variety of foreign regulations, laws and legal standards, including privacy, data security, tax and employment, some of which may be materially different or more stringent than those of the United States; • regional data privacy laws that apply to the transmission of personal data across international borders; • lack of familiarity with, and unexpected changes in, foreign regulatory requirements; • clients' unfamiliarity with and concerns regarding laws and regulations of the United States that may impact our business operations in their jurisdictions; • negative, local perception of industries and clients that we may pursue; • laws and business practices favoring local competitors; • localization of our solutions and services, including unanticipated costs related to translation into foreign languages and adaptation for local practices and regulatory requirements; • different pricing environments; • difficulties in managing and staffing international operations; • reduced or varied protection for intellectual property rights in some countries; • compliance with laws and regulations for foreign operations, including the U. S. FCPA, the U. K. Bribery Act, import and export control laws, tariffs, trade barriers, economic sanctions and other regulatory or contractual limitations on our ability to sell our solutions and services in certain foreign markets, and the risks and costs of compliance; • fluctuations in currency exchange rates; • potentially adverse tax consequences, including the complexities of foreign value added tax systems, difficulty in interpreting international tax laws and restrictions on the repatriation of earnings; • increased financial accounting and reporting burdens and complexities; and • political, social and economic instability abroad, terrorist attacks and security concerns in general, including instability caused by the Russian invasion of Ukraine **, the Israel- Hamas war** and related sanctions. Operating in international markets also requires significant management attention and financial resources. A component of our growth strategy involves the further expansion of our operations and the development of new client relationships in Europe. As we seek to expand internationally, including in Europe, we will need to develop relationships with additional partners and add internal capabilities to effectively manage the operational, financial, legal and regulatory requirements and risks associated with our international operations. The investments we make and additional resources we use to expand our operations, target new international clients, expand our presence globally within our existing clients and manage operational and sales growth in other countries may not produce desired levels of revenue or profitability, which could adversely affect our business and results of operations. Because our employees are geographically dispersed, we are required to comply with employment- related laws and regulations both in the United States and abroad. The nature and geographic spread of our business requires that we comply with multiple employment- related legal and regulatory regimes both in the United States and outside the United States. We are subject to the Fair Labor Standards Act, applicable foreign employment standards laws and similar state laws, which govern such matters as time keeping and payroll requirements, minimum wage, overtime, employee and worker classifications, our ability to terminate employees, and other working conditions. While we believe we are currently in compliance with all such regimes, we may be susceptible to various employment claims and proceedings. Any legal proceedings or claims, even if baseless, fully indemnified or insured, could negatively impact our reputation among our employees, clients and the public, and make it more difficult for us to compete effectively or obtain adequate insurance in the future. If we are unable to effectively manage certain risks and challenges related to our India operations, our business could be harmed. Our India operations are a key factor to our success. We believe that our significant presence in India provides certain important advantages for our business, such as direct access to a large pool of skilled professionals and assistance in growing our business internationally. However, it also creates certain risks that we must effectively manage. As of December 31, ~~2022~~ **2023** , ~~454~~ **483** of our total employees were based in India. Wage costs in India for skilled professionals are currently lower than in the United States for comparably skilled professionals. However, wages in India are increasing at a faster rate than in the United States, which could result in us incurring increased costs for technical professionals and reduced margins. There is intense competition in India for skilled technical professionals, and we expect such competition to increase. As a result, we may be unable to cost- effectively retain our current employee base in India or hire additional new talent. In addition, India has experienced significant inflation, low growth in gross domestic product and shortages of foreign exchange. India also has experienced civil unrest and terrorism and has been involved in conflicts with neighboring countries. The occurrence of any of these circumstances could result in disruptions to our India operations, which, if continued for an extended period of time, could have a material adverse effect on our business. If we are unable to effectively manage any of the foregoing risks related to our India operations, our development efforts could be impaired, our growth could be slowed and our results of operations could be negatively impacted. Organizational Structure Risks We are a holding company and our principal asset is our interest in CWAN Holdings and, accordingly, we depend on distributions from CWAN Holdings to pay our taxes and expenses, including payments under the Tax Receivable Agreement and the TRA Bonus Agreements. CWAN Holdings' ability to make such distributions may be subject to various limitations and restrictions. We are a holding company and have no material assets other than the LLC Interests. As a holding company, we have no independent means of generating revenue or cash flow, and our ability to pay our taxes and operating expenses, including our obligations under the Tax Receivable Agreement and the TRA Bonus Agreements, or declare and pay dividends, if any, in the future, will depend upon the results of operations and cash flows of CWAN Holdings and its consolidated subsidiaries and distributions we receive from CWAN Holdings. Our subsidiaries may not generate sufficient cash flow to distribute funds to us and applicable state law and contractual restrictions may not permit such distributions. We anticipate that CWAN Holdings will continue to be treated as a partnership for U. S. federal income tax purposes and, as such, generally will not be subject to any entity- level U. S. federal income tax. Instead, taxable income of CWAN Holdings will be allocated to holders of the LLC Interests. Accordingly, we and our subsidiaries will be required to pay income taxes on our allocable share of any net taxable income of CWAN Holdings allocated to us under the terms of the LLC Agreement. Under the terms of the LLC Agreement, CWAN Holdings is required to make tax distributions to the holders of LLC Interests, including us, on a pro rata basis, unless certain exceptions apply. In addition to tax payments, we will incur expenses related to our operations, including obligations to make payments under the Tax Receivable Agreement and the TRA Bonus Agreements. The tax benefits we may realize as a result of our purchase of LLC Interests and any exchanges of LLC Interests and as a result of payments under the TRA Bonus Agreements, and the resulting amounts we are likely to pay out to the Continuing Equity Owners and the Blocker Shareholders pursuant to the Tax Receivable Agreement depend on various factors and are difficult to quantify with any precision; however, we estimate that such payments ~~may~~ **will** be substantial. We intend to cause CWAN Holdings to make cash distributions to the owners of LLC Interests in amounts sufficient to (1) fund all or part of their tax obligations in respect of taxable income allocated to them and (2) cover our operating expenses, including payments under the Tax Receivable Agreement. However, CWAN Holdings' ability to make such distributions may be subject to various limitations and restrictions, such as restrictions on distributions that would violate either any contract or agreement to which CWAN Holdings or its subsidiaries is then a party, including debt agreements, or any applicable law, or that would have the effect of rendering CWAN Holdings or its subsidiaries insolvent. If we do not have sufficient funds to pay tax or other liabilities or to fund our operations, we may have to borrow funds, which could materially adversely affect our liquidity and financial condition and subject us to various restrictions imposed by any such lenders. To the extent that we are unable to make payments under the Tax Receivable Agreement, such payments generally will be deferred and will accrue interest until paid. Nonpayment for a specified period, however, may constitute a breach of a material obligation under the Tax Receivable Agreement and therefore accelerate payments due under the Tax Receivable Agreement, unless, generally, such nonpayment is due to a lack of sufficient funds. See Note 16 " Income Taxes " in our notes to the accompanying consolidated financial statements. Conflicts of interest could arise between our shareholders and the Continuing Equity Owners, which may impede business decisions that could benefit our shareholders. The Continuing Equity Owners, who are the only holders of LLC Interests other than us, have the right to consent to certain amendments to the LLC Agreement, as well as to certain other matters. The Continuing Equity Owners may exercise these consent rights in a manner that conflicts with the interests of our other shareholders. Circumstances may arise in the future when the interests of the Continuing Equity Owners conflict with the interests of our other shareholders, particularly in the context of acquisitions. As we control CWAN Holdings, we have certain obligations to the Continuing Equity Owners as holders of LLC Interests that may conflict with fiduciary duties our officers and directors owe to our shareholders. These conflicts may result in decisions that are not in the best interests of our shareholders. The Tax Receivable Agreement requires us to make cash payments to the Continuing Equity Owners and the Blocker Shareholders in respect of certain tax benefits to which we may realize, and we expect that the payments we will be required to make will be substantial. Pursuant to the Tax Receivable Agreement, we are required to make cash payments to the Continuing Equity Owners and the Blocker Shareholders, collectively, equal to 85 % (less payments made under the TRA Bonus Agreements) of the tax benefits, if any, that we actually realize, or, in some circumstances, are deemed to realize, as a result of the Tax Attributes **as defined in the Tax Receivable Agreement** . We expect that the payments we will be required to make under the Tax Receivable Agreement will be substantial. Assuming no material changes in relevant tax law and that we earn sufficient taxable income to realize all tax benefits that are subject to the Tax Receivable Agreement, we **would** expect that the tax savings associated with the Transactions or exchanges of LLC Interests as described above would aggregate to approximately $ ~~735~~ **691** million. Under this scenario, we would be required to pay the other parties to the Tax Receivable Agreement and under the TRA Bonus Agreements approximately 85 % of such amount, or $ ~~625~~ **587** million. The actual amounts we will be required to pay may materially differ from these hypothetical amounts, because potential future tax savings that we will be deemed to realize, and the Tax Receivable Agreement payments and the TRA Bonus Agreement payments made by us, will be calculated based in part on the market value of our common stock at the time of each redemption or exchange of an LLC Interest for cash or a share of common stock and the prevailing applicable federal tax rate (plus the assumed combined state and local tax rate) applicable to us over the life of the Tax Receivable Agreement and will depend on our generating sufficient taxable income to realize the tax benefits that are subject to the Tax Receivable Agreement. Payments under the Tax Receivable Agreement are not conditioned on our existing owners' continued ownership of us after the IPO. Payments under the Tax Receivable Agreement will be based on the tax reporting positions that we determine with the advice of our tax advisors. Any payments made by us to the Continuing Equity Owners and the Blocker Shareholders under the Tax Receivable Agreement or to the relevant executive officers under the terms of the TRA Bonus Agreements will generally reduce the amount of overall cash flow that might have otherwise been available to us. To the extent that we are unable to make payments under the Tax Receivable Agreement or the TRA Bonus Agreements, such payments generally will be deferred and will accrue interest until paid. Nonpayment of amounts due under the Tax Receivable Agreement (but not the TRA Bonus Agreements) for a specified period, however, may constitute a breach of a material obligation under the Tax Receivable Agreement and therefore accelerate payments due under the Tax Receivable Agreement, unless, generally, such nonpayment is due to a lack of sufficient funds. Furthermore, our future obligation to make payments under the Tax Receivable Agreement and the TRA Bonus Agreements could make us a less attractive target for an acquisition, particularly in the case of an acquirer that cannot use some or all of the tax benefits that may be deemed realized under the Tax Receivable Agreement. The payments under the Tax Receivable Agreement are also not conditioned upon the Continuing Equity Owners or the Blocker Shareholders maintaining a continued ownership interest in CWAN Holdings. The actual amount and timing of any payments under the Tax Receivable Agreement and the TRA Bonus Agreements will vary depending upon a number of factors, including the timing of exchanges by the Continuing Equity Owners and the Blocker Shareholders, the amount and timing of amounts paid under the TRA Bonus Agreements, the amount of gain recognized by the Continuing Equity Owners and the Blocker Shareholders, the amount and timing of the taxable income we generate in the future and the income tax rates then applicable. Finally, because we are a holding company with no operations of our own, our ability to make payments under the Tax Receivable Agreement is dependent on the ability of our subsidiaries to make distributions to us. In certain circumstances, CWAN Holdings will be required to make distributions to us and the Continuing Equity Owners and the distributions may be substantial. CWAN Holdings is treated as a partnership for U. S. federal income tax purposes and, as such, is not subject to U. S. federal income tax. Instead, taxable income is allocated to its members, including us and the Continuing Equity Owners. We intend to cause CWAN Holdings to make tax distributions quarterly to the holders of LLC Interests (including us), in each case on a pro rata basis based on CWAN Holdings' net taxable income, which tax distributions will be based on an assumed tax rate. Thus, CWAN Holdings will be required to make tax distributions that, in the aggregate, will likely exceed the amount of taxes that it would have paid if it were taxed on its net income at the tax rate applicable to a similarly situated corporate taxpayer. Funds used by CWAN Holdings to satisfy its tax distribution obligations will not be available for reinvestment in our business. Moreover, these tax distributions may be substantial, and will likely exceed (as a percentage of CWAN Holdings' income) the overall effective tax rate applicable to a similarly situated corporate taxpayer. As a result, it is possible that we will receive distributions significantly in excess of our tax liabilities and obligations to make payments under the Tax Receivable Agreement. While our board may choose to distribute such cash balances as dividends on our Class A common stock, it will not be required to do so, and may in its sole discretion choose to use such excess cash for any purpose depending upon the facts and circumstances at the time of determination. The amounts that we may be required to pay to the Continuing Equity Owners and the Blocker Shareholders under the Tax Receivable Agreement and to the relevant executive officers under the TRA Bonus Agreements may be accelerated in certain circumstances and may also significantly exceed the actual tax benefits that we ultimately realize. The Tax Receivable Agreement provides that if (1) certain mergers, asset sales, other forms of business combination or other changes of control were to occur, (2) we breach any of our material obligations under the Tax Receivable Agreement or (3) at any time, we elect an early termination of the Tax Receivable Agreement, then the Tax Receivable Agreement will terminate and our obligations, or our successor' s obligations, to make payments under the Tax Receivable Agreement and the TRA Bonus Agreements would accelerate and become immediately due and payable. The amount due and payable in that circumstance is based on certain assumptions, including an assumption that we would have sufficient taxable income to fully utilize all potential future tax benefits that are subject to the Tax Receivable Agreement. We may need to incur debt to finance payments under the Tax Receivable Agreement and the TRA Bonus Agreements to the extent our cash resources are insufficient to meet our obligations under the Tax Receivable Agreement and the TRA Bonus Agreements as a result of timing discrepancies or otherwise. As a result of a change of control, material breach or our election to terminate the Tax Receivable Agreement early, (1) we could be required to make cash payments to the Continuing Equity Owners, the Blocker Shareholders and certain executive officers that are greater than the specified percentage of the actual benefits we ultimately realize in respect of the tax benefits that are subject to the Tax Receivable Agreement and the TRA Bonus Agreements and (2) we would be required to make an immediate cash payment equal to the anticipated future tax benefits that are the subject of the Tax Receivable Agreement discounted in accordance with the Tax Receivable Agreement, which payment may be made significantly in advance of the actual realization, if any, of such future tax benefits. In these situations, our obligations under the Tax Receivable Agreement could have a substantial negative impact on our liquidity and could have the effect of delaying, deferring or preventing certain mergers, asset sales, other forms of business combination, or other changes of control. We may not be able to finance our obligations under the Tax Receivable Agreement and the TRA Bonus Agreements. We may not be able to realize all or a portion of the tax benefits that are currently expected to result from the Tax Attributes covered by the Tax Receivable Agreement and from payments made under the Tax Receivable Agreement and the TRA Bonus Agreements. Our ability to realize the tax benefits that we currently expect to be available as a result of the Tax Attributes, the payments made pursuant to the Tax Receivable Agreement, the payments made under the TRA Bonus Agreements and the interest deductions imputed under the Tax Receivable Agreement all depend on a number of assumptions, including that we earn sufficient taxable income during the period which such Tax Attributes are available and that there are no adverse changes in applicable law or regulations. Additionally, if our actual taxable income were insufficient or there were additional adverse changes in applicable law or regulations, we may be unable to realize all or a portion of the expected tax benefits and our cash flows and shareholders' equity could be negatively affected. See Note 16 " Income Taxes " in our notes to the accompanying consolidated financial statements. We will not be reimbursed for any payments made to the beneficiaries under the Tax Receivable Agreement or the TRA Bonus Agreements if any purported tax benefits are subsequently disallowed by the U. S. Internal Revenue Service (the " IRS "). If the IRS or a state or local taxing authority challenges the tax basis adjustments and / or deductions that give rise to payments under the Tax Receivable Agreement or the TRA Bonus Agreements and the tax basis adjustments and / or deductions are subsequently disallowed, the recipients of payments under the Tax Receivable Agreement or the TRA Bonus Agreements will not reimburse us for any payments we previously made to them. Any such disallowance would be taken into account in determining future payments under the Tax Receivable Agreement or the TRA Bonus Agreements, as applicable, and may, therefore, reduce the amount of any such future payments. Nevertheless, if the claimed tax benefits from the tax basis adjustments and / or deductions are disallowed, our payments under the Tax Receivable Agreement or the TRA Bonus Agreements could exceed our actual tax savings, and we may not be able to recoup payments under the Tax Receivable Agreement and the TRA Bonus Agreements that were calculated on the assumption that the disallowed tax savings were available. If we were deemed to be an investment company under the Investment Company Act of 1940, as amended (the " 1940 Act "), applicable restrictions could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business, financial condition and results of operations. Under Sections 3 (a) (1) (A) and (C) of the 1940 Act, a company generally will be deemed to be an " investment company " for purposes of the 1940 Act if it (1) is, or holds itself out as being, engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities or (2) is engaged, or proposes to engage, in the business of investing, reinvesting, owning, holding or trading in securities and it owns or proposes to acquire investment securities having a value exceeding 40 % of the value of its total assets (exclusive of U. S. government securities and cash items) on an unconsolidated basis. We do not believe that we are an " investment company, " as such term is defined in either of those sections of the 1940 Act. As the sole managing member of CWAN Holdings, we control and manage CWAN Holdings. On that basis, we believe that our interest in CWAN Holdings is not an " investment security " under the 1940 Act. Therefore, we have less than 40 % of the value of our total assets (exclusive of U. S. government securities and cash items) in " investment securities. " However, if we were to lose the right to manage and control CWAN Holdings, interests in CWAN Holdings could be deemed to be " investment securities " under the 1940 Act. We intend to conduct our operations so that we will not be deemed to be an investment company. However, if we were deemed to be an investment company, restrictions imposed by the 1940 Act, including limitations on our capital structure and our ability to transact with affiliates, could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business, financial condition and results of operations. Risks Related to Our Class A Common Stock The Principal Equity Owners continue to have significant influence over us, including control over decisions that require the approval of stockholders, which could limit your ability to influence the outcome of matters submitted to stockholders for a vote. We are currently controlled by the Principal Equity Owners who beneficially own ~~96~~ **90** . ~~6~~ **1** % of the combined voting power of all of our outstanding common stock as of December 31, ~~2022~~ **2023** . As long as the Principal Equity Owners collectively own or control at least a majority of our outstanding voting power, they will have the ability to exercise substantial control and significant influence over our management and affairs and all corporate actions requiring stockholder approval, irrespective of how our other stockholders may vote, including the election and removal of directors and the size of our board of directors, any amendment of our certificate of incorporation or bylaws, or the approval of any merger or other significant corporate transaction, including a sale of substantially all of our assets. The concentration of voting power limits your ability to influence corporate matters, and as a result, we may take actions that you do not view as beneficial. As a result, the market price of our Class A common stock could be adversely affected. In addition, the Principal Equity Owners own ~~68~~ **47** . ~~0~~ **5** % of the economic **interest in the Company (on a fully converted basis) and 13. 4 % of the direct** interest in CWAN Holdings as of December 31, ~~2022~~ **2023** . Because they hold a substantial portion of their ownership interests in our business through CWAN Holdings, these existing holders of LLC Interests may have conflicting interests with holders of our Class A common stock. For example, they may have different tax positions from us which could influence their decisions regarding whether and when to dispose of assets, and whether and when to incur new or refinance existing indebtedness, especially in light of the existence of the Tax Receivable Agreement. In addition, the structuring of future transactions may take into consideration these existing unitholders' tax considerations even where no similar benefit would accrue to us. Certain of our stockholders will have the right to engage or invest in the same or similar businesses as us. In the ordinary course of their business activities, the Principal Equity Owners and their respective affiliates may engage in activities where their interests conflict with our interests or those of our stockholders. Our amended and restated certificate of incorporation provides that the Principal Equity Owners or any of their respective officers, directors, agents, stockholders, members, partners, affiliates and subsidiaries will have no duty to refrain from engaging directly or indirectly in the same or similar business activities or lines of business as us or any of our subsidiaries, even if the opportunity is one that we might reasonably have pursued or had the ability or desire to pursue if granted the opportunity to do so. No such person will be liable to us for breach of any fiduciary or other duty, as a director or officer or otherwise, by reason of the fact that such person, acting in good faith, pursues or acquires any such business opportunity, directs any such business opportunity to another person or fails to present any such business opportunity, or information regarding any such business opportunity, to us unless, in the case of any such person who is our director or officer, any such business opportunity is expressly offered to such director or officer solely in his or her capacity as our director or officer. We are classified as a " controlled company, " and as a result, we qualify for, and ~~intend to~~ rely on, exemptions from certain corporate governance requirements. You will not have the same protections afforded to stockholders of companies that are subject to such requirements. The Principal Equity Owners control a majority of our voting power. As a result, we are a " controlled company " within the meaning of the applicable stock exchange corporate governance standards. Under the rules of NYSE, a company of which more than 50 % of the outstanding voting power is held by an individual, group or another company is a " controlled company " and may elect not to comply with certain stock exchange corporate governance requirements, including: • that a majority of our board of directors consist of independent directors; • that nominating and corporate governance matters be decided solely by independent directors; and • that employee and officer compensation matters be decided solely by independent directors We utilize these exemptions. As a result, we may not have a majority of independent directors, and our nominating and corporate governance and compensation functions may not be decided solely by independent directors. Accordingly, you will not have the same protections afforded to stockholders of companies that are subject to all of the stock exchange corporate governance requirements. We cannot predict the effect our multiple class structure may have on the trading market for our Class A common stock. We cannot predict whether our multiple class structure will result in a lower or more volatile market price of our Class A common stock or other adverse consequences. For example, certain index providers have ~~announced~~ **previously placed** restrictions on including companies with multiple class share structures in certain of their indexes. ~~S & P, Dow Jones and FTSE Russell have each announced changes to their eligibility criteria for inclusion of shares of public companies on certain indices, including the S & P 500. These changes exclude companies with multiple classes of shares of common stock or ordinary shares from being added to these indices. Furthermore, other stock indices may take a similar approach to S & P, Dow Jones or FTSE Russell in the future.~~ Exclusion from indices could make our Class A common stock less attractive to investors, and as a result, the market price of our Class A common stock could be adversely affected . As an emerging growth company within...... " under the rules of the SEC . Provisions in our certificate of incorporation and bylaws may have the effect of delaying or preventing a change of control or changes in our management. Our certificate of incorporation and bylaws contain provisions that could depress the trading price of our Class A common stock by discouraging, delaying or preventing a change of control of our Company or changes in our management that the stockholders of our Company may believe advantageous. These include provisions that: • provide for a multi- class common stock structure in which each share of our Class C common stock and each share of our Class D common stock entitles its holder to ten votes per share on all matters presented to our stockholders generally; • authorize " blank check " preferred stock that our board of directors could issue to increase the number of outstanding shares to discourage a takeover attempt; • provide for a classified board of directors with staggered three- year terms, which could delay the ability of stockholders to change the membership of a majority of our board of directors; • preclude cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates; • limit the ability of stockholders to call a special stockholder meeting; • prohibit stockholders from acting by written consent from and after the date on which Welsh Carson, Warburg Pincus and Permira and their affiliates, collectively or singly, cease to beneficially own shares of our common stock representing at least 50 % of the voting power of our common stock (the " Trigger Event "); • establish advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted upon by stockholders at stockholder meetings; • require that, from and after the Trigger Event, the removal of directors only for cause and only upon the affirmative vote of the holders of at least 66 2 / 3 % in voting power of all the then- outstanding shares of common stock of the Company entitled to vote thereon; • providing that our board of directors is expressly authorized to amend, alter, rescind or repeal our bylaws; and • provide that, from and after the Trigger Event, requiring the affirmative vote of holders of at least 66 2 / 3 % of the voting power of all of the then- outstanding shares of our common stock to amend provisions of our certificate of incorporation relating to the management of our business, our board of directors, stockholder action by written consent, calling special meetings of stockholders, competition and corporate opportunities, Section 203 of the Delaware General Corporation Law (the " DGCL "), forum selection and the liability of our directors, or to amend, alter, rescind or repeal our bylaws. Our certificate of incorporation also provides that the Court of Chancery of the State of Delaware will be the exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees. Our certificate of incorporation provides that, unless we consent in writing to the selection of an alternate forum, the Court of Chancery of the State of Delaware will, to the fullest extent permitted by applicable law, 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 DGCL, our certificate of incorporation or our bylaws; any action to interpret, apply, enforce or determine the validity of our certificate of incorporation or our bylaws; any action asserting a claim against us that is governed by the internal affairs doctrine; or any action asserting an " internal corporate claim " as defined in Section 115 of the DGCL. The choice of forum provision may limit a stockholder' s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and other employees. Alternatively, if a court finds the choice of forum provision contained in our certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could materially and adversely affect our business, financial condition and results of operations. Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. In addition, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. To prevent having to litigate claims in multiple jurisdictions and the threat of inconsistent or contrary rulings by different courts, among other considerations, our certificate of incorporation provides that, unless we consent in writing to the selection of an alternate forum, the federal district court for the District of Delaware will be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. We note that there is uncertainty as to whether a court would enforce the choice of forum provision with respect to claims under the federal securities laws, and that investors cannot waive compliance with the Securities Act and the rules and regulations thereunder. We do not intend to pay any cash distributions or dividends on our Class A common stock in the foreseeable future. We currently do not anticipate paying any cash dividends on our Class A common stock for the foreseeable future. Instead, we anticipate that all of our available funds and earnings in the foreseeable future will be used to repay indebtedness, for working capital, to support our operations and to finance the growth and development of our business. Any future determination relating to dividend policy will be made at the discretion of our board of directors and will depend on a number of factors, including restrictions in our and our subsidiaries' current and future debt instruments, our future earnings, capital requirements, financial condition and prospects, and applicable Delaware law, which provides that dividends are only payable out of surplus or current net profits. Holders of our Class B common stock and Class C common stock are not entitled to participate in any dividends declared by our board of directors. Furthermore, because we are a holding company, our ability to pay cash dividends on our Class A common stock depends on our receipt of cash distributions from CWAN Holdings and, through CWAN Holdings, cash distributions and dividends from our other direct and indirect subsidiaries. Future sales of our Class A common stock, or the perception that such sales may occur, could depress our Class A common stock price. Sales of a substantial number of shares of our Class A common stock in the public market, or the perception that such sales may occur, could depress the market price of our Class A common stock. **From time to time, we or our stockholders may sell shares of our Class A common stock. During the year ended December 31, 2023, our Principal Equity Owners sold 62 million shares of our Class A common stock pursuant to four underwritten secondary offerings.** Issuing additional shares of our Class A common stock or other equity securities or securities convertible into equity may dilute the economic and voting rights of our existing stockholders or reduce the market price of our Class A common stock or both. Issuing additional shares of our Class B common stock and Class C common stock, as applicable, when issued with corresponding LLC Interests, may also dilute the economic and voting rights of our existing stockholders or reduce the market price of our Class A common stock or both. Additionally, further issuances of our Class D common stock, which is convertible into shares of our Class A common stock, may also dilute the economic and voting rights of our existing stockholders. Our certificate of incorporation authorizes us to issue up to 1, 500, 000, 000 shares of Class A common stock and we have also reserved certain shares of Class A common stock for issuance upon the exchange of outstanding LLC Interests, together with an equal number of shares of Class B common stock or Class C common stock, as the case may be, and the conversion of outstanding shares of Class D common stock into shares of Class A common stock. Shares of our common stock held by our affiliates will continue to be subject to the volume and other restrictions of Rule 144 under the Securities Act. The holders of an aggregate of ~~177~~ **115** , ~~461~~ **640** , ~~343~~ **133** shares of our Class A common stock (on an as- converted basis) or their transferees are entitled to rights with respect to the registration of their shares under the Securities Act. Following the IPO, we filed a registration statement registering under the Securities Act the shares of Class A common stock reserved for issuance under the 2021 Plan. Sales of our Class A common stock pursuant to these registration rights or ~~this~~ **such** registration statement may make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. These sales also could cause our stock price to fall and make it more difficult for ~~you~~ **stockholders** to sell shares of our Class A common stock. An aggregate of approximately ~~33~~ **25** . ~~3~~ **2** million shares of our Class D common stock that are beneficially owned by affiliates of Warburg Pincus are pledged to secure obligations of affiliates of Warburg Pincus under a loan agreement. In the case of nonpayment at maturity or another event of default (including but not limited to the borrower' s inability to satisfy certain mandatory prepayments which are triggered off the value of such shares), the lender or its assignee may exercise its rights under the applicable loan agreements to foreclose on and sell shares pledged to cover the amount due under the loan. Any transfers or sales of such pledged shares may cause the price of our Class A common stock to decline. General Risks We cannot assure you that the price of our Class A common stock will not decline or not be subject to significant volatility. The market price of our Class A common stock could be subject to significant fluctuations. The price of our Class A common stock may change in response to fluctuations in our results of operations in future periods and also may change in response to other factors, including factors specific to companies in our industry, many of which are beyond our control. As a result, our stock price may experience significant volatility and may not necessarily reflect our performance. Among other factors that could affect our stock price are: • changes in laws or regulations applicable to our industry or offerings; • speculation about our business in the press or the investment community; • price and volume fluctuations in the overall stock market; • volatility in the market price and trading volume of companies in our industry or companies that investors consider comparable; • stock price and volume fluctuations attributable to inconsistent trading levels of our shares; • our ability to protect our intellectual property and other proprietary rights and to operate our business without infringing, misappropriating or otherwise violating the intellectual property and other proprietary rights of others; • sales of our Class A common stock by us or our significant stockholders, officers and directors, and the expiration of contractual lock- up agreements in connection therewith; • redemptions and exchanges by certain of the Continuing Equity Owners of their LLC Interests into shares of Class A common stock; • the development and sustainability of an active trading market for our Class A common stock; • success of competitive products or services; • the public' s response to press releases or other public announcements by us or others, including our filings with the SEC, announcements relating to litigation or significant changes to our key personnel; • the effectiveness of our internal controls over financial reporting; • changes in our capital structure, such as future issuances of debt or equity securities; • our entry into new markets; • tax developments in the United States, Europe or other markets; • strategic actions by us or our competitors, such as acquisitions or restructurings; and • changes in accounting principles. Further, 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. These fluctuations often have been unrelated or disproportionate to the operating performance of those companies. In addition, the stock prices of many technology companies have experienced wide fluctuations that have often been unrelated to the operating performance of those companies. These broad market and industry fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or international currency fluctuations, may cause the market price of our Class A common stock to decline. A credit ratings downgrade or other negative action by a credit rating organization could adversely affect the trading price of the shares of our Class A common stock. Credit rating agencies continually revise their ratings for companies they follow. The condition of the financial and credit markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. In addition, developments in our business and operations could lead to a ratings downgrade for us or our subsidiaries. Any such fluctuation in our or our subsidiaries' ratings may impact our ability to access debt markets in the future or increase our cost of future debt, which could have a material adverse effect on our operations and financial condition, which in return may adversely affect the trading price of shares of our Class A common stock. The price of our Class A common stock could decline if securities analysts do not publish research or if securities analysts or other third parties publish inaccurate or unfavorable research about us. The trading of our Class A common stock is likely to be influenced by the reports and research that industry or securities analysts publish about us, our business, our market or our competitors. If one or more securities or industry analysts downgrade our Class A common stock or publish inaccurate or unfavorable research about our business, our stock price would likely decline. If one or more securities or industry analysts ceases to cover the Company or fails to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline. ~~We are unable to predict the extent to which the ongoing global COVID- 19 pandemic, or other outbreaks, epidemics, pandemics, or public health crises may adversely impact our business operations, financial performance and results of operations. For the past three years, the COVID- 19 pandemic and efforts to control its spread have significantly curtailed the movement of people, goods and services worldwide, including in the regions in which we sell our services and conduct our business operations. The pandemic has resulted in, and may continue to or in the future result in, a global slowdown of economic activity, including travel restrictions, prohibitions of non- essential activities in some cases, disruption and shutdown of businesses and greater uncertainty in global financial markets. Our operations have been affected by a range of external factors related to the COVID- 19 pandemic that are not within our control, including the various restrictions imposed by cities, counties, states and countries on our employees, customers, partners and suppliers designed to limit the spread of COVID- 19. Although the immediate impacts of the COVID- 19 pandemic have been assessed and mitigated, the ultimate extent of the impact of the pandemic, including as a result of possible subsequent outbreaks of COVID- 19 or of new variants thereof and measures taken in response thereto, will depend on future developments, which remain highly uncertain and cannot currently be predicted. Based on employee vaccination rates and public health guidance, most employees have returned to Clearwater' s offices, adhering to any government requirements in effect locally. We continue to monitor the situation, including cases within our workforce, and will take action to adjust office attendance policies as circumstances warrant in order to protect the health and safety of employees, contractors, and others who visit our sites. Vaccination requirements or other risk mitigation strategies for site entry and other~~

~~activities remain in effect in many countries where it is legally permissible to implement such a requirement (s), though discretion to implement such policies has been returned to executive leadership. Outbreaks, epidemics, pandemics or public health crises may in the future adversely affect, among other things, demand for our services; our operations and sales, marketing efforts; our research and development capabilities; and other important business activities. Outbreaks, epidemics, pandemics, or public health crises may also result in our restriction or suspension of international and / or domestic travel, labor shortages, prohibitions of non- essential activities in some cases, and limit our in- person activities within Clearwater and with customers. Such outbreaks, epidemics, pandemics, or public health crises may also present operational challenges, such as unanticipated disruptions in services provided through our localized physical infrastructure, which can in turn curtail the functioning of critical components of our IT systems, and adversely affect our ability to fulfill orders, provide services, respond to customer requests and maintain our worldwide business operations. The negative impacts of the global COVID- 19 pandemic or other outbreaks, epidemics, pandemics or public health crises on the broader global economy and related impacts on our or our customers' business operations and demand for our products and services will depend on future developments and actions taken in response to such events, which are highly uncertain and cannot be predicted. Additional impacts and risks that we are not currently aware of may arise. We are similarly unable to predict the full extent of the impact of the COVID- 19 pandemic or other outbreaks, epidemics, pandemics or public health crises on our customers, partners and suppliers. To the extent the COVID- 19 pandemic or other outbreaks, epidemics, pandemics, or public health crises adversely affect our business, results of operations, financial condition, and stock price, they may also have the effect of heightening many of the other risks described in this Part I, Item 1A of this Form 10- K.~~ Our disclosure controls and procedures may not prevent or detect all errors or acts of fraud. We have implemented disclosure controls and procedures designed to provide reasonable assurance that information we must disclose in reports we file or submit under the Exchange Act is accumulated and communicated to management, and recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the SEC. We believe that any disclosure controls and procedures, no matter how well- conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. These inherent limitations include the realities that judgments in decision- making can be faulty and that breakdowns can occur because of simple errors or mistakes. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by an unauthorized override of the controls. As a result, because of these inherent limitations in our control system, misstatements or omissions due to error or fraud may occur and may not be detected, which could result in failures to file required reports in a timely manner and filing reports containing incorrect information. Any of these outcomes could result in SEC enforcement actions, monetary fines or other penalties, damage to our reputation, and harm to our financial condition. **We have identified a material weakness in our internal control over financial reporting. If we fail to remediate the material weakness or maintain effective internal control over financial reporting, we may be unable to accurately or timely report our financial condition or results of operations, which may adversely affect our business. During its evaluation of the effectiveness of our disclosure controls and procedures as of December 31, 2023, management determined that our internal control over financial reporting was not effective because we did not have effective controls in one IT environment as a result of deficiencies in change management and computer operations, program development and user access controls related to our billing system. Management has determined that the deficiencies constitute a material weakness in our internal control over financial reporting. We are in the process of identifying and implementing remedial measures to address the control deficiencies that led to the material weakness. However, there can be no assurance that our remedial measures will correct the deficiencies. If we are unable to remediate the material weakness, or are otherwise unable to maintain effective internal control over financial reporting or disclosure controls and procedures, it may result in material misstatements, as well as adversely affect the reliability of our financial statements, our reputation, our business, and the trading price of our Class A common stock. During 2023, we began transitioning to a new automated billing system and we expect to continue this transition in 2024. More information regarding the material weakness and our remediation efforts is provided in Part II, Item 9A of this Annual Report on Form 10- K. In addition to our results determined in accordance with accounting principles generally accepted in the United States of America (" U. S. GAAP "), we believe certain non- GAAP measures may be useful in evaluating our operating performance. We present certain non- GAAP financial measures in our Annual Report on Form 10- K and our Quarterly Reports on Form 10- Q, and intend to continue to present certain non- GAAP financial measures in future filings with the SEC and other public statements. Any failure to accurately report and present our non- GAAP financial measures could cause investors to lose confidence in our reported financial and other information, which would likely have a negative effect on the trading price of our Class A common stock.** Corporate responsibility, specifically related to environmental, social and governance matters, may impose additional costs and expose us to new risks. **Companies across all industries are experiencing increased scrutiny related to their ESG practices and disclosures. Investors, customers, regulators, employees, and other stakeholders have focused increasingly on ESG issues, including, among other things, climate change and greenhouse gas emissions, human and civil rights, and diversity, equity, and inclusion matters. In addition,** ~~Public~~ **public** ESG and sustainability reporting is becoming more broadly expected by **various** ~~investors, shareholders~~ **stakeholders** ~~,~~ **.** ~~clients~~ **Clients** ~~and~~ **, particularly in Europe, sometimes seek ESG information to satisfy** ~~other~~ **their** ~~third parties~~ **ESG commitments and regulatory reporting obligations. We may face reputational damage if we do not adapt to or comply with these expectations and standards relating to ESG matters, or if we fail, or are perceived to fail, to demonstrate progress toward our ESG initiatives and objectives. Further, expectations surrounding appropriate corporate behavior with respect to ESG matters are continually evolving and often reflect opposing viewpoints. If we do not successfully manage expectations across varied stakeholder interests, it could erode stakeholder confidence and thereby affect our brand and reputation** . Certain organizations that provide corporate governance and other corporate risk information to investors and shareholders have developed, and others may in the future develop, scores and ratings to evaluate companies and investment funds based upon ESG or " sustainability " metrics. Many investment funds focus on positive ESG business practices and sustainability scores when making investments and may consider a company' s ESG or sustainability scores as a ~~reputational or other~~ factor in making an investment decision. In addition, investors, particularly institutional investors, use these scores to benchmark companies against their peers and if a company is perceived as lagging, these investors may engage with such company to improve ESG disclosure or performance and may also make voting decisions, or take other actions, to hold these corporations and their boards of directors accountable. Additionally, credit rating agencies may use these scores, or their own scores and ratings, as a consideration in their evaluation of our credit risk. If our credit rating is downgraded on the basis of ESG or " sustainability " metrics, we may face increased costs of capital. ~~Clients, particularly in Europe, sometimes seek ESG information to satisfy their ESG commitments.~~ We may face reputational damage in the event ~~our corporate responsibility initiatives or objectives, including with respect to diversity and inclusion, do not meet the standards set by our investors, shareholders, lawmakers, listing exchanges, clients, credit rating agencies or other constituencies, or if~~ we are unable to achieve an acceptable ESG or sustainability rating from third- party rating services. A low ESG or sustainability rating by a third- party rating service could also result in the exclusion of our ordinary shares from consideration by certain investors who may elect to invest with our competition instead. Ongoing focus on ~~corporate responsibility~~ **ESG and sustainability** matters by investors and other parties as described above may impose additional costs or expose us to new risks. Our business and operations are subject to risks related to climate change. The long- term effects of global climate change present both physical risks (such as extreme weather conditions or rising sea levels) and transition risks (such as regulatory or technology changes), which are expected to be widespread and unpredictable. These changes over time could affect, for example, the availability and cost of products, commodities and energy (including utilities), which in turn may impact our ability to procure goods or services required for the operation of our business at the quantities and levels we require. In addition, many of our operations and facilities around the world are in locations that may be impacted by the physical risks of climate change, and we face the risk of losses incurred as a result of physical damage to business interruption caused by such events. We also use gasoline and electricity in our operations, all of which could face increased regulation as a result of climate change or other environmental concerns. Regulations limiting greenhouse gas emissions and energy inputs **or requiring disclosure of climate- related information such as greenhouse gas emissions metrics** may also increase in coming years, which may increase our costs associated with compliance **. For example, the SEC has proposed a rule that would mandate extensive disclosure of climate- related data, risks, and opportunities, including financial impacts, physical and transition risks, related governance and strategy and greenhouse gas emissions, for certain public companies. Compliance with these requirements may result in increased legal, accounting and financial compliance costs, make some activities more difficult, time- consuming and costly, and place strains on our personnel, systems and resources** . These events and their impacts could otherwise disrupt and adversely affect our operations and could materially adversely affect our financial performance. ~~36~~ **38**