Risk Factors Comparison 2024-04-29 to 2023-05-01 Form: 10-K

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

The following summarizes risks and uncertainties that could materially adversely affect our business, financial condition, results of operations and stock price. You should read this summary together with the detailed description of each risk factor contained below. Risks Related to **Strategic Alternatives Process • We cannot assure you that our strategic review will result in any particular outcome, and the strategic review process or its conclusion will not adversely affect our business and our stockholders. Risks Related to** Macroeconomic and Market Competition • ~~Our~~ **Changes in the global economic environment, inflation, elevated interest rates, recessions or prolonged periods of slow economic growth, and economic instability and actual and threatened geopolitical conflict, could have an adverse effect on our industry and** business ~~and revenue have been adversely affected and could in the future be adversely affected by global macroeconomic factors~~ , ~~including~~ **as well as** those ~~related to inflationary pressures, foreign currency exchange volatility, geopolitical disruptions and the effects~~ of **our customers and suppliers** ~~global health crises, such as the COVID- 19 pandemic~~ . • Adverse or weakened general economic and market conditions may reduce spending on supply chain technology and information, which could harm our revenue, results of operations and cash flows. • We face intense competition, and our failure to compete successfully would make it difficult for us to add and retain clients and would impede the growth of our business. Risks Related to our Indebtedness • Our substantial level of indebtedness and significant leverage may materially adversely affect our ability to ~~raise additional capital to~~ fund our operations and limit our ability to react to changes in the economy or our industry. • Our variable rate indebtedness subjects us to interest rate risk, which **, along with the phase- out of LIBOR and transition to SOFR** could cause our debt service obligations to increase significantly. • Our debt agreements contain restrictions that limit our flexibility in operating our business. • We may not be able to generate sufficient cash to service all of our indebtedness, and we may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful. • A lowering or withdrawal of the ratings assigned to our debt securities by rating agencies may increase our future borrowing costs and reduce our access to capital. Risks Related to our Business Model and the Markets in Which We Compete • Our business depends on clients renewing their subscription agreements. Any decline in renewal or net retention rates could harm our future operating results. • Our largest revenue clients have substantial negotiating leverage, which may require that we agree to terms and conditions that result in increased cost of sales, decreased revenue and lower average selling prices and gross margins, all of which could harm our results of operations. • Given many of our key clients are large enterprise clients, our sales cycle is longer and more expensive, and we may encounter pricing pressure and implementation and configuration challenges. • If we are unable to sell products to new clients or to sell additional products or upgrades to our existing clients, it will adversely affect our revenue growth and operating results. • Our ability to grow our business is dependent in part on the strategic relationships we develop and maintain with third parties. • Our ability to develop our brand is critical for our continued success. • **Delays in implementing our products could adversely impact our business, results of operations, cash flows and financial conditions. •** Because we generally recognize revenue from subscriptions for our services over the term of the subscription, downturns or upturns in new business may not be immediately reflected in our operating results. • We have experienced rapid growth in ~~recent~~ **historic** periods **that** ~~, and our recent growth rates~~ may not be indicative of our future growth. • If we fail to maintain adequate operational and financial resources, we may be unable to execute our business plan or maintain high levels of service and client satisfaction. • Our success depends in part on our ability to develop and market new and enhanced solutions modules, and we may not be able to do so, or do so quickly enough to respond to changes in demand. Even if we anticipate changes in demand, it may be difficult for us to transition existing clients to new versions of our solutions. • The market for cloud- based SCM solutions is still evolving. If this market develops more slowly than we expect, our revenue may fail to grow or decline, and we may incur additional operating losses. • Cyber- attacks and security vulnerabilities could result in serious harm to our reputation, business and financial condition. • If we fail to integrate our products with a variety of operating systems, software applications, platforms and hardware that are developed by others or ourselves, our products may become less competitive or obsolete and our results of operations would be harmed. • We have a significant amount of goodwill and intangible assets on our balance sheet, and our results of operations may be adversely affected if we fail to realize the full value of our goodwill and intangible assets. • Inability to attract, integrate and retain management and other personnel could adversely impact our business, results of operations, cash flows and financial condition. • Business disruptions could seriously harm our future revenue and financial condition and increase our costs and expenses. Risks Related to International Operations • Because our long- term success depends on our ability to operate our business internationally and increase sales of our products to clients located outside of the United States, our business is susceptible to risks associated with international operations. • Our operating results include foreign currency gains and losses. Risks Related to Key Third- Party Relationships • Interruptions or performance problems associated with our products, including disruptions at any third- party data center upon which we rely, may impair our ability to support our clients. • The information we source from third parties for inclusion in our knowledge databases may not be accurate and complete. Our trade experts may make errors in interpreting legal and other requirements when processing this information and our trade content may not be updated on a timely basis, which can expose our clients to fines and other substantial claims and penalties. • Interruptions or performance problems associated with our internal infrastructure, and its reliance on technologies from third parties, may adversely affect our ability to manage our business and meet reporting obligations. • We leverage third- party software for use with our solution. Performance issues, errors and defects or failure to successfully integrate or license necessary third- party software could cause delays, errors or failures of our solution, increases in our expenses and reductions in our sales, which could materially and adversely affect our business and results of operations. Risks Related to Being a Public Company and Ownership of Our Securities • ~~Our management team has limited experience managing a public company. •~~ We **have** ~~will incur~~ increased costs and obligations as a result of being a public company. • We may not be successful in continuing to meet the internal control requirements of the Sarbanes- Oxley Act of 2002. • CC Capital and its affiliates, affiliates of Insight Partners **and Temasek** ~~, Francisco Partners~~ and its affiliates **all have representation on our board of directors** and ~~Temasek and its affiliates~~ beneficially own a significant equity interest in us and their interests may conflict with us or your interests. • We may issue additional shares of our Class A Common Stock or other equity securities without your approval, which would dilute your ownership interests and may depress the market price of your shares. • If analysts do not publish or cease publishing research or reports about us, our business or our market, or if they adversely change their recommendations regarding our Class A Common Stock, then the price and trading volume of our securities could decline. • We may amend the terms of the warrants in a manner that may be adverse to holders of the public warrants with the approval by the holders of at least 50 % of the then outstanding public warrants. As a result, the exercise price of your warrants could be increased, the exercise period could be shortened and the number of shares of Class A Common Stock purchasable upon exercise of a warrant could be decreased, all without your approval. • Our warrants may have an adverse effect on the market price of our Class A Common Stock. Risks Related to the Holding Company Structure and Tax Receivable Agreement • We are a holding company and our only material asset is our interest in E2open Holdings, and we are accordingly dependent upon distributions made by our subsidiaries to pay taxes, make payments under the Tax Receivable Agreement and pay dividends. • Pursuant to the Tax Receivable Agreement associated with the ~~recent~~ Business Combination Agreement, we are required to pay certain sellers 85 % of the tax savings that we realize as a result of increases in tax basis in E2open Holdings. These payments may be substantial, as well as exceed actual tax benefits. The timing of these payments may also be accelerated. Risks Related to Acquisitions • Acquisitions present many risks that could have a material adverse effect on our business and results of operations. • We may experience difficulties in integrating ~~the operations of~~ acquisitions into our business and in realizing the expected benefits of the acquisitions. Risks Related to Legal and Regulatory • We may not be able to adequately protect our proprietary and intellectual property rights in our data or technology. • Our use of open source software could negatively affect our ability to sell our products and subject us to possible litigation. • We may be sued by third parties for various claims including alleged infringement of proprietary intellectual property rights. • We are subject to sanctions, anti- corruption, anti- bribery and similar laws, and non- compliance with such laws can subject us to criminal penalties or significant fines and harm our business and reputation. • Changes in tax laws or regulations in the various tax jurisdictions we are subject to that are applied adversely to us or our paying clients could increase the costs of our products and services and harm our business. • Our ability to use our net operating loss carryforwards may be subject to limitation. • Privacy concerns and laws, evolving regulation of cloud computing, cross- border data transfer restrictions and other domestic or foreign regulations may limit the use and adoption of our products and adversely affect our business. General Risks • Changes in existing financial accounting standards or practices may harm our results of operations. • We may be subject to liability if we breach our contracts, and our insurance may be inadequate to cover our losses. • We may be subject to litigation for any of a variety of claims, which could adversely affect our business, results of operations and financial condition. • Changes in laws and regulations related to the internet or changes in the internet infrastructure itself may diminish the demand for our platform and could harm our business. **Risks Related to Strategic Review Process In March 2024, the Company' s management and board of directors announced that they are engaged in a strategic review to maximize value for our stockholders. We are actively working with financial advisors and legal counsel in this review process. No assurance can be given as to the timeline or outcome of the process, including whether the process will result in a transaction or that any transaction that is agreed to will be completed. Entry into or completion of any potential transaction or other strategic alternatives would be dependent on a number of factors that may be beyond our control, including, among other things, market conditions, industry trends, regulatory approvals and the availability of financing for a potential transaction on reasonable terms. Even if a transaction is entered into, there can be no assurance that it will be successful or have a positive effect on stockholder value. Our board of directors may also determine that no transaction is in the best interest of our stockholders. We expect to incur substantial expenses associated with identifying, evaluating, and negotiating potential strategic alternatives. The process of reviewing potential strategic alternatives may be time consuming, distracting and disruptive to our business operations. We may also incur additional unanticipated expenses in connection with this process. In addition, we may be subject to costly and time- consuming litigation related to the process. Further, the process may result in the loss of potential business opportunities and have a negative effect on the market price and volatility of our common stock, as well as our ability to recruit and retain qualified personnel. In addition, speculation regarding any developments related to the strategic review and perceived uncertainties related to the future of the Company could cause our stock price to fluctuate significantly.** Continuing concerns over economic and business prospects in the United States and throughout the world, including impacts related to inflationary pressures and geopolitical disruptions have contributed to increased volatility and diminished expectations for the global economy. As a global company, we are subject to the risks arising from adverse changes in the domestic and global economies. In addition, uncertainty in the macroeconomic environment and associated global economic conditions have resulted in volatility in credit, equity and foreign currency markets. In fiscal ~~year~~ **2024 and** 2023, our revenues were subject to increased foreign currency exchange volatility, resulting in **a positive impact of approximately $ 2. 2 million and** a negative impact of approximately $ 11. 2 million from foreign currency exchange rates year- over- year **, respectively** . These macroeconomic conditions have and are likely to continue to ~~adversely~~ affect the buying patterns of our customers and prospective customers, including the length of sales cycles, our overall pipeline and pipeline conversion rates and our revenue growth expectations. In addition, we have experienced, and could experience in the future, delays in payments from our customers experiencing weakness in their business as a result of the macroeconomic environment and associated global economic conditions, which could increase our credit risk exposure or adversely impact our cash flows and harm our financial condition. For example, in fiscal ~~year 2023~~ **2024 ,** we experienced lengthening sales cycles, a decrease in pipeline conversion rates and slower revenue growth. If macroeconomic or geopolitical conditions continue to deteriorate or if the recovery is delayed, slows or is uneven, our overall results of operations could be adversely affected; we may not be able to grow at the rates we have experienced in the past and we could fail to meet the expectations of investors. ~~Additionally, the effects of global health crises, such as the COVID- 19 pandemic, have impacted and may continue to directly or indirectly impact our business, results of operations and financial condition as a result of measures which have previously, and in the future may be, taken to mitigate the global health crises. Our customers have experienced, and may continue to experience, disruptions in their operations, which have resulted in delayed, reduced or canceled orders and requests for renegotiation or extended payment terms. Due to our subscription- based business model, the effects of any global health crisis may not be fully reflected in our results of operations until future periods. Further, while COVID- 19 related restrictions have eased in many locations, evolving and uncertain conditions relating to the pandemic may continue to impact our operations globally as the virus continues to mutate and severe infection rates fluctuate. For example, we have a significant number of research and development, customer support and general and administrative personnel located in India, which continues to be impacted by COVID- 19.~~ The full extent of the impact of current macroeconomic factors, including those related to inflationary pressures, foreign exchange rates ~~,~~ **and** geopolitical disruptions ~~and the effects of global health crises, such as the COVID- 19 pandemic~~ , on our operational and financial performance remains uncertain and will depend on many factors outside our control. To the extent these factors adversely affect our business, results of operations and financial condition, this may also have the effect of heightening many of the other risks described in this section. Our revenue, results of operations and cash flows depend on the overall demand for and use of technology and information for global SCM, which depends in part on the amount of spending allocated by our clients or potential clients on supply chain technology and information. This spending depends on worldwide economic and geopolitical conditions. The U. S. and other key international economies have experienced cyclical downturns from time to time in which economic activity was impacted by falling demand for a variety of goods and services; poor liquidity; reduced corporate profitability; volatility in credit, equity and foreign exchange markets; bankruptcies; pandemics such as COVID- 19; and overall economic uncertainty. These economic conditions can arise suddenly, and the full impact of such conditions often remains uncertain. In addition, geopolitical developments can increase levels of political and economic unpredictability globally and increase the volatility of global financial markets. Concerns about the systemic impact of a global recession, increasing energy costs, geopolitical issues or the availability and cost of credit could lead to increased market volatility, decreased consumer confidence and diminished growth expectations in the U. S. economy and abroad, which in turn could affect the rate of information technology spending and adversely affect our clients' ability or willingness to purchase our services, delay prospective clients' purchasing decisions, reduce the value or duration of their subscription contracts or affect attrition rates, all of which could adversely affect our future sales and operating results. Prolonged economic slowdowns may result in requests to renegotiate existing contracts on less advantageous terms to us than those currently in place, payment defaults on existing contracts or non- renewal at the end of a contract term. The SCM market is fragmented, competitive and rapidly evolving. We compete with other cloud- based SCM vendors, traditional enterprise resource planning vendors such as SAP and Oracle and other service providers as well as with solutions developed internally by enterprises seeking to manage their global supply chains and global trade. Some of our actual and potential competitors may enjoy competitive advantages over us, such as greater name recognition, more varied offerings and larger marketing budgets as well as greater financial, technical and other resources. Furthermore, some competitors may have best- of- breed solutions to problems created by the unique trading requirements of particular countries, industries and / or business processes. Some key competitors are private companies with lower overhead and no exposure to the public markets, which allow them to price deals in an unprofitable manner or otherwise compete in ways that we cannot compete as a public company. As a result, our competitors may be able to respond more quickly than we can to new or changing opportunities, technologies, standards or client requirements or devote greater resources to the promotion and sale of their products and services than we can. The intensity of competition in the SCM market has resulted in pricing pressure as the market has developed, and our competitors frequently offer substantial price discounts for their products. We expect the intensity of competition to increase in the future as existing competitors develop their capabilities and as new companies, which could include one or more large software or trade content providers, enter the market. Increased competition could result in additional pricing pressure, reduced sales, shorter term lengths for client contracts, lower margins or the failure of our solutions to achieve or maintain broad market acceptance. If we are unable to compete effectively, it will be difficult for us to maintain our pricing rates and add or retain clients, and our business, financial condition and results of operations will be harmed. We have a substantial amount of indebtedness and are significantly leveraged. As of February ~~28~~ **29** , ~~2023~~ **2024** , we had outstanding indebtedness in the principal amount of $ 1, ~~078~~ **067** . 2 million. Our 2021 Revolving Credit Facility has a borrowing capacity of $ 155. 0 million with no outstanding borrowings as of February ~~28~~ **29** , ~~2023~~ **2024** . Our substantial level of indebtedness increases the possibility that we may be unable to generate sufficient cash to pay the principal, interest or other amounts due in respect of our indebtedness. Our substantial indebtedness, combined with our other financial obligations and contractual commitments, may have a material adverse impact on us and our business. For example, it could: • make it more difficult for us to satisfy obligations with respect to our indebtedness and any repurchase obligations that may arise thereunder; • require us to dedicate a substantial portion of cash flow from operations to payments on our indebtedness, thereby reducing funds available for working capital, capital expenditures, acquisitions, research and development and other purposes; • increase our vulnerability to adverse economic, market and industry conditions and limit our flexibility in planning for, or reacting to, these conditions; • expose us to the risk of increased interest rates as the majority of our borrowings are at variable rates of interest; • limit our flexibility to adjust to changing market conditions and our ability to withstand competitive pressures, and we may be more vulnerable to a downturn in general economic or industry conditions or be unable to carry out capital spending that is necessary or important to our growth strategy; • limit our ability to borrow additional funds or to dispose of assets to raise funds, if needed, for working capital, capital expenditures, acquisitions, research and development and other corporate purposes; and • limit our ability to compete with others who are not as highly- leveraged. Our variable rate indebtedness subjects us to interest rate risk, which, along with the phase- out of LIBOR and transition to SOFR, could cause our debt service obligations to increase significantly. All of the borrowings under the credit agreement (Credit Agreement), including the senior secured term loan due in 2028 and revolving credit facility due in 2026, bear interest at variable rates and are subject to the risk of changes in interest rates. The Federal Reserve raised interest rates substantially during fiscal ~~year~~ 2023 **and 2024**, and as a result the interest we pay on our debt has increased significantly and has adversely impacted our results of operations and cash flows. This adverse impact may continue or worsen during fiscal ~~year 2024~~ **2025** if the Federal Reserve maintains interest rates at their current higher levels or elects to raise interest rates further. **In March and April** ~~Subsequent to the end of fiscal year~~ 2023, we entered into interest rate collar agreements on a portion of our variable rate term loan debt in order to reduce our exposure to further increases in interest rates. We have not entered into interest rate derivative or hedging agreements related to our revolving credit facility, which is currently undrawn. In the future, we may enter into additional derivative or hedging agreements to further reduce our exposure to variable interest rates. However, we may not hedge all of our indebtedness, and any hedges that we may have, or will put in place, may not fully mitigate our interest rate risk. **In July** ~~LIBOR and an applicable rate as defined within the Credit Agreement are currently the applicable variable interest rates under our Credit Agreement. However, LIBOR is in the process of being discontinued and is scheduled to be fully phased out in June~~ 2023 **, we** ~~. We are working on transitioning~~ **transitioned our** ~~to utilizing a~~ variable interest rate based on **LIBOR to** ~~the Secured Overnight Financing Rate (~~ SOFR ~~)~~ for all borrowings under our Credit Agreement, including the term loan and revolver borrowings. SOFR is a relatively new reference rate and is administered and calculated differently than LIBOR. These and other factors could give rise to uncertainty regarding SOFR' s suitability as a LIBOR replacement and make future SOFR rate movements more volatile ~~. While we do not expect the transition to SOFR to have a material adverse effect on our ability to service our debt or finance our business operation, the full effects of the transition to SOFR remain unknown~~. The senior secured credit facilities contain various covenants that limit our ability to engage in specified types of transactions, including, among other things: • incur additional indebtedness or issue certain preferred shares; • pay certain dividends or make certain distributions on capital stock or repurchase or redeem capital stock; • make certain loans, investments or other restricted payments, including certain payments with respect to subordinated indebtedness; • transfer or sell certain assets; • enter into certain sale and leaseback transactions; • incur certain liens; • guarantee indebtedness or incur other contingent obligations; • consolidate, merge, sell or otherwise dispose of all or substantially all of our assets; and • engage in certain transactions with our affiliates. In addition, under the senior secured credit facilities, we are required to satisfy specified financial ratios, including a first- lien secured debt leverage ratio. Our ability to meet those financial ratios can be affected by events beyond our control, and we may not be able to meet those ratios and tests. A breach of the covenants under our Credit Agreement could result in an event of default under the applicable indebtedness. Such default may allow the creditors to accelerate the related debt. In addition, an event of default under the Credit Agreement would permit the lenders to terminate all commitments to further extend credit under that agreement. Furthermore, if we were unable to repay the amounts due and payable under the Credit Agreement, those lenders could proceed against the collateral granted to them to secure such indebtedness. A significant portion of our indebtedness could become immediately due and payable. We cannot be certain whether we would have, or would be able to obtain, sufficient funds to make these accelerated payments. If any such indebtedness is accelerated, our assets may not be sufficient to repay in full such indebtedness and our other indebtedness. Our ability to make scheduled payments on or to refinance our debt obligations depends on our financial condition and operating performance, which in turn are subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. We may not be able to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness. Recent changes in market interest rates, including the recent significant increases in market interest rates experienced ~~so far~~ in fiscal ~~year~~ 2023 and ~~continuing into fiscal year~~ 2024, may continue to increase, causing additional cash requirements to meet increasing interest payments, Between February 2022 and February ~~2023~~ **2024**, the 2021 Term Loan saw its variable interest rate rise from 4. 00 % to 8. ~~08~~ **95** %. The rising interest expenses ~~will~~ **may** further hinder our ability to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness. If our cash flows and capital resources are insufficient to fund our debt service obligations, we could face substantial liquidity problems and may be forced to reduce or delay investments and capital expenditures or to sell assets, seek additional capital or restructure or refinance our indebtedness. Our ability to restructure or refinance our debt will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. The terms of existing or future debt instruments may restrict us from adopting some of these alternatives. In addition, any failure to make interest and principal payments on our outstanding indebtedness on a timely basis would likely result in a reduction of our credit rating, which could harm our ability to incur additional indebtedness. In the absence of such cash flows and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. Our credit facilities restrict E2open Holdings' and our restricted subsidiaries' ability to dispose of assets and use the proceeds from the disposition. We may not be able to complete those dispositions or obtain the proceeds that we could realize from them and these proceeds may not be adequate to meet any debt service obligations then due. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. Our debt currently has a non- investment grade rating, and any rating assigned could be lowered or withdrawn entirely by a rating agency if, in that rating agency' s judgment, future circumstances relating to the basis of the rating, such as adverse changes in our performance under assorted financial metrics and other measures of financial strength, our business and financial risk, our industry or other factors determined by such rating agency, so warrant. There can be no assurances that our credit ratings or outlook will not be lowered in the future in response to adverse changes in these metrics and factors caused by our operating results or by actions that we take, that reduce our profitability, or that require us to incur additional indebtedness for items such as substantial acquisitions, significant increases in costs and capital spending in security and IT systems, significant costs related to settlements of litigation or regulatory requirements or by returning excess cash to shareholders through dividends. Consequently, real or anticipated changes in our credit rating will generally affect the market value of our indebtedness. Additionally, credit ratings may not reflect the potential effect of risks relating to the structure of our indebtedness. Any future lowering of our ratings likely would make it more difficult or more expensive for us to obtain additional debt financing and may reduce our profitability. Approximately 80 % of our revenue is recurring and consists of subscriptions revenue. Our subscription products generally have recurring annual subscription periods. While many of our subscriptions provide for automatic renewal, our clients may opt- out of automatic renewals and clients have no obligation to renew a subscription after the expiration of the term. Our clients may or may not renew their subscriptions as a result of a number of factors, including their satisfaction or dissatisfaction with our products and services, our pricing or pricing structure, the pricing or capabilities of the products and services offered by our competitors, the effects of economic conditions or reductions in our clients' spending levels or ability to pay for our offerings and services. In addition, our clients may renew for fewer subscriptions, renew for shorter contract lengths if they were previously on multi- year contracts or switch to lower cost offerings of our products and services. If our clients do not renew their subscription arrangements, maintenance or other services agreements or if they renew them on less favorable terms, our revenue may decline. A substantial portion of our quarterly subscription revenue is attributable to agreements entered into during previous quarters. As a result, if there is a decline in renewed subscription agreements in any one quarter, only a small portion of the decline will be reflected in our revenue recognized in that quarter and the rest will be reflected in our revenue recognized in the following four quarters or more. Some of our clients have significant bargaining power when negotiating new licenses or subscriptions or renewals of existing agreements; they have the ability to buy similar products from other vendors or develop systems internally. These clients have and may continue to seek advantageous pricing and other commercial and performance terms that may require us to develop additional features in the products we sell to them or add complexity to our client agreements. Currently, as clients become larger, our pricing model recognizes various factors such as **the** number of products purchased and the penetration of those products within a client' s operations. As such, when a client buys more products, their average cost per product can decline even though the total revenue from them increases. To date, we have generally seen sales to clients increase in proportion to or in excess of any reductions in the cost per product. However, there can be no guarantee that these results will continue in the future. If we are unable to negotiate renewals with our largest clients on favorable terms, our results of operations could be harmed. Many of our clients are large enterprise clients, which means longer sales cycles relative to non- enterprise clients, greater competition, more complex client due diligence, less favorable contractual terms and less predictability in completing some of our sales. Consequently, a target client' s decision to use our services may be an enterprise- wide decision and, if so, these types of sales require us to provide greater levels of education regarding the use and benefits of our products and services as well as education regarding privacy and data protection laws and regulations to prospective clients. In addition, larger enterprise clients may demand more configuration, integration services and features. As a result of these factors, these sales opportunities may require us to devote greater sales support and professional services resources to individual clients, driving up costs and time required to complete sales, while potentially requiring us to delay revenue recognition on some of these transactions until the technical or implementation requirements have been met. To increase our revenue, we must add new clients (whether through sales or acquisitions) or sell additional products or upgrades to existing clients. Even if we capture a significant volume of leads from our digital marketing activities, we must be able to convert those leads into sales of our products to new or existing clients in order to achieve revenue growth. We primarily rely on our direct sales force to sell our products to new and existing clients and convert qualified leads into sales. Accordingly, our ability to achieve significant growth in revenue in the future will depend on our ability to recruit, train and retain a sufficient number of sales personnel, and on the productivity of those personnel. Our recent and planned personnel additions may not become as productive as we would like or in a timely manner, and we may be unable to hire or retain a sufficient number of qualified individuals in the future in the markets where we do or plan to do business. The market for sales personnel in the software space is highly competitive and it is increasingly difficult to compete and retain top talent. If we are unable to sell products to new clients and additional products or upgrades to our existing clients through our direct sales force, we may be unable to grow our revenue and our operating results could be adversely affected. We believe that our ability to increase our sales depends in part on maintaining and strengthening relationships with parties such as channel partners, OEM partners, integration partners and other strategic technology companies. Once a relationship is established, we likely will dedicate significant time and resources to it in an effort to advance our business interests, and there is no assurance that any strategic relationship will achieve our business purposes or that the resources we use to develop the relationship will be cost- effective. Parties with whom we establish strategic relationships also work with companies that compete with us. We have limited, if any, control as to whether these parties devote adequate resources to our strategic relationships. Further, companies with whom we maintain strategic relationships may de- emphasize their dealings with us or become competitors in the future. We also have limited, if any, control as to other business activities of these parties and we could experience reputational harm because of our association with such parties if they fail to execute on business initiatives, are accused of breaking the law or suffer reputational harm for other reasons. All of these factors could materially and adversely impact our business and results of operations. We have been successful to date despite not having strong brand name recognition with those for whom we compete for business. Our ability to develop our brand is critical in expanding our base of clients, partners and employees. Our brand will depend largely on our ability to remain a technology leader and continue to provide high- quality innovative products, services and features. If we fail to develop our brand, or if our investments in digital advertising, events and other branding programming are unsuccessful, our business, operating results and financial condition may be materially and adversely affected. **Delays in implementing our products could adversely impact our business, results of operations, cash flows and financial condition. Due to the size and complexity of most of our software implementations, our implementation cycle can be lengthy and may result in delays. Our products may require modification or customization and must integrate with our customers' existing systems. This can be time- consuming and expensive for customers and can result in implementation and deployment delays of our products. Additional delays could result if we fail to attract, train and retain services personnel. These delays and resulting customer dissatisfaction could limit our future sales opportunities, harm our reputation and adversely impact results of operations, cash flows and financial condition.** We generally recognize revenue from clients ratably over the terms of their subscription and support agreements, which typically have a term of one to five years. Our enterprise client contracts have an average term of approximately three years. As a result, most of the revenue we report in each quarter is the result of subscription and support agreements entered into during previous quarters. Consequently, a decline in new or renewed subscriptions in any one quarter may not be reflected in our revenue results for that quarter. However, any such decline will negatively impact our revenue in future quarters. Accordingly, the effect of significant downturns in sales and market acceptance of our services and potential changes in our attrition rate, may not be fully reflected in our results of operations until future periods. Our subscription model also makes it difficult for us to rapidly increase our revenue through additional sales in any period, as revenue from new clients must be recognized over the applicable subscription and support term. We have experienced organic and acquisition- driven growth in ~~recent~~ **historic** periods, and revenue growth in future periods may not be consistent with ~~recent~~ **our** history. We believe our revenue growth depends on a number of factors, including, but not limited to, our ability to: • attract new clients; • renew and grow current client subscriptions; • introduce and grow adoption of our products and services in new markets; • adequately expand our sales force and otherwise scale our operations as a business; • develop or expand relationships with existing channel or OEM partners or to attract new channel or OEM partners; • expand the features and capabilities of our platform, including through the creation and use of additional integrations; • maintain the security and reliability of our platform; • price and package our products and services effectively; • successfully compete against established companies and new market entrants; and • increase awareness of our brand on a global basis. We may not be able to successfully implement our strategic initiatives in accordance with our expectations or in the timeframe we desire, which may result in an adverse impact on our business and financial results. We also expect our operating expenses to increase in future periods, and if our revenue growth does not increase to offset these anticipated increases in our operating expenses, our business, results of operations and financial condition will be harmed, and we may not be able to achieve or maintain profitability. We have experienced, and expect to continue to experience, rapid growth, which has placed, and will continue to place, significant demands on our management and our operational and financial resources. Our organizational structure is becoming more complex as we scale our operational, financial and management controls, as well as our reporting systems and procedures. As we continue to grow, we face challenges of integrating, developing, training and motivating a rapidly growing employee base in our various offices around the world and navigating a complex multi- national regulatory landscape. If we fail to manage our anticipated growth and change in a manner that preserves the functionality of our platforms and solutions, the quality of our products and services may suffer, which could negatively affect our brand and reputation and harm our ability to attract clients. To manage growth in our operations and personnel, we need to continue to grow and improve our operational, financial and management controls and our reporting systems and procedures. We will require significant expenditures and the allocation of valuable management resources to grow and change in these areas. Our expansion has placed, and our expected future growth will continue to place, a significant strain on our management, client experience, research and development, sales and marketing, administrative, financial and other resources. We anticipate that significant additional investments will be required to scale our operations and increase productivity, address the needs of our clients, further develop and enhance our products and services and scale with our overall growth. We will need to identify and invest in new technologies and systems to ensure the future scalability and success of the business. If additional investments are required due to significant growth, this will increase our cost base, which will make it more difficult for us to offset any future revenue shortfalls by reducing expenses in the short term. Our success depends in part on our ability to develop and market new and enhanced solutions modules, and to do so on a timely basis. Successful module development and marketing depends on numerous factors, including anticipating client requirements, changes in technology requirements, our ability to differentiate our solutions from those of our competitors and market acceptance of our solutions. Enterprises are requiring their software application vendors to provide ever increasing levels of functionality and broader offerings. Moreover, our industry is characterized by rapid evolution and shifts in technology and client needs. We may not be able to develop and market new or enhanced modules in a timely or cost- effective manner, or at all. Our solutions also may not achieve market acceptance or correctly anticipate technological changes or the changing needs of our clients or potential clients. In addition, even if we correctly anticipate changes in technology or demand, it might be difficult for us to transition existing clients to new versions of our solutions. Such transitions or upgrades may require considerable professional services effort and expense, and clients may choose to discontinue using our solutions rather than proceed with a lengthy and expensive upgrade. If clients fail to accept new versions of our solution, if our newest solutions contain errors or if we expend too many resources supporting multiple versions of our solutions, we may suffer a material adverse effect on our business, financial position, results of operations and cash flows. We derive, and expect to continue to derive, substantially all of our revenue from providing a cloud- based SCM platform, solutions and related services. The market for cloud- based SCM solutions is still evolving and it is uncertain whether this platform and solutions will sustain high levels of demand and market acceptance. Our success will depend on the willingness of companies to accept our cloud- based SCM platform and solutions as an alternative to manual processes, traditional enterprise resource planning software and internally- developed SCM solutions. Some clients may be reluctant or unwilling to use our cloud- based SCM platform or solutions for a number of reasons, including data privacy concerns, data and network security concerns and existing investments in SCM technology. Traditional approaches to SCM have required, among other things, purchasing hardware and licensing software. Because these traditional approaches often require significant initial investments to purchase the necessary technology and establish systems that comply with clients' unique requirements, companies may be unwilling to abandon their current solutions for our cloud- based SCM platform and solutions. Other factors that may limit market acceptance of our platform and solutions include: • our ability to maintain high levels of client satisfaction; • our ability to maintain continuity of service for all users of our solutions; • the price, performance and availability of competing solutions; and • our ability to address companies' confidentiality concerns about information stored outside of their premises. If companies do not perceive the benefits of our cloud- based SCM platform or solutions or if companies are unwilling to accept our platform and solutions as an alternative to traditional approaches, the market for our platform and solutions might not continue to develop or might develop more slowly than we expect, either of which could significantly adversely affect our revenues and growth prospects. Threats to network and data security are constantly evolving and becoming more diverse and sophisticated. Our products and services, servers and computer systems and those of third parties that we rely on in our operations could be vulnerable to cybersecurity risks. As such, we are subject to risks inherent to companies that process client data for client mission critical systems like SCM solutions. As we continue to grow and as threat actors become more sophisticated, we have observed increased threat activity to our products and systems. We are the target of attempts on a regular basis to identify and exploit system vulnerabilities and / or penetrate or bypass our security measures in order to gain unauthorized access to our systems. To mitigate these risks, we employ multiple methods at different layers of our systems to defend against intrusion and attack. We do not have visibility into all unauthorized incursions, however, and our systems could experience incursions of which we are not aware. When we become aware of unauthorized access to our systems, we take steps intended to identify and remediate the source and impact of the incursions. Despite our efforts to keep our systems secure and remedy identified vulnerabilities, future attacks could be successful and result in contractual liability to clients or loss of client trust and business. We may experience breaches of our security measures due to human error, system errors or vulnerabilities. In particular, our platform and the other systems or networks used in our business may experience an increase in attempted cyber- attacks, targeted intrusion, ransomware and phishing campaigns. We have been the target of successful phishing attempts in the past resulting in immaterial monetary losses due to voluntary write- offs. Although we believe that these attempts were detected and neutralized without any compromise to our client data and prior to any significant impact to our business, we have implemented additional measures to prevent such attacks in the future. We will likely be subject to similar attacks in the future and continue to train our employees and provide communications to our clients to mitigate these activities and related losses. We maintain errors, omission and cyber liability insurance policies covering security and privacy damages. However, we cannot be certain that our coverage will be adequate for liabilities actually incurred or that insurance will continue to be available to us on economically reasonable terms, or at all. While we continually take steps to enhance our cybersecurity defenses, increased investments, coordination and resources are required to achieve our objective of ensuring over time that our cybersecurity infrastructure meets or exceeds evolving industry standards. We are also subject to our clients testing the security of our systems and the manner in which we protect their data, which further heightens our need to stay vigilant and up to date with the latest protections and cybersecurity practices. Achieving this objective requires continued effort and vigilance, including sustained investment of money and management resources in order to support the ongoing development and maintenance of systems that meet these standards. At present, we believe the regulatory and private action risks related to personal data we process as part of our business- to- business supply chain solutions are low. We process a limited amount of personal data, typically business contact information, supplied by our clients. Regulations surrounding personal data are rapidly changing and that makes global compliance challenging and unpredictable. Failure to comply with regulations may subject us to regulatory investigations, reputational harm, contractual liability to clients and potential liability to data subjects. Our products must integrate with a variety of network, hardware and software platforms, and we need to continuously modify and enhance our products to adapt to changes in hardware, software, networking, browser and database technologies. We believe a significant component of our value proposition to clients is the ability to optimize and configure our products to integrate with our systems and those of third parties. If we are not able to integrate our products in a meaningful and efficient manner, demand for our products could decrease and our business and results of operations would be harmed. In addition, we have a large number of solutions, and maintaining and integrating them effectively requires extensive resources. Our continuing efforts to make our products more interoperative may not be successful. Failure of our products to operate effectively with future infrastructure platforms and technologies could reduce the demand for our products, resulting in client dissatisfaction and harm to our business. If we are unable to respond to changes in a cost- effective manner, our products may become less marketable, less competitive or obsolete, and our business and results of operations may be harmed. We have goodwill of $ **1, 843. 5 million and $** 2, 927. 8 ~~million and $ 3, 756. 9~~ million and net intangible assets of $ **841. 0 million and $** 1, 051. 1 million ~~and $ 1, 181. 4 million~~ as of **February 29, 2024 and** February 28, 2023 ~~and 2022~~ , respectively. In accordance with U. S. GAAP, goodwill and intangible assets with an indefinite life are not amortized but are subject to a periodic impairment evaluation. Goodwill and acquired intangible assets with an indefinite life are tested for impairment at least annually or when events and circumstances indicate that fair value of a reporting unit may be below their carrying value. Some factors that could lead to a goodwill impairment assessment would be: • a ~~significant~~ **material** decline in the price of the Class A Common Stock; • macroeconomic factors; • our overall financial performance; • company specific events such as a change in strategy or exiting a portion of the business; • significant adverse changes in clients demand or business climate; and • related competitive considerations. Acquired intangible assets with definite lives are amortized on a straight- line basis over the estimated period over which we expect to realize economic value related to the intangible asset. In addition, we review long- lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset might not be recoverable. If indicators of impairment are present, we evaluate the carrying value in relation to estimates of future undiscounted cash flows. Our ability to realize the value of the goodwill and intangible assets will depend on the future cash flows of the businesses we have acquired, which in turn depend in part on how well we have integrated these businesses into our own business. Judgments made by management relate to the expected useful lives of long- lived assets and our ability to realize undiscounted cash flows of the carrying amounts of such assets. The accuracy of these judgments may be adversely affected by several factors, including significant: • underperformance relative to historical or projected future operating results; • changes in the manner of our use of acquired assets or the strategy for our overall business; • negative industry or economic trends; or • decline in our market capitalization relative to net book value for a sustained period. These types of events or indicators and the resulting impairment analysis could result in impairment charges in the future. If we are not able to realize the value of the goodwill and intangible assets, we may be required to incur material charges relating to the impairment of those assets. During the **first and third quarters of fiscal 2024 and** second **and fourth** ~~quarter~~ **quarters** of fiscal ~~year~~ 2023, the market price of our Class A Common Stock and market capitalization declined significantly. ~~This decline~~ **We also experienced slowing growth and lowered projections for net sales and net operating margins due to lower than anticipated new bookings, lower revenue from tiered contracts, higher than expected churn and macroeconomic impacts primarily in the technology, freight and transportation sectors. These factors** resulted in us determining that ~~a~~ triggering ~~event~~ **events** occurred, and ~~an interim~~ goodwill impairment ~~assessment~~ **assessments** ~~was~~ **were** performed. The ~~assessment~~ **assessments** indicated that the fair value of our equity and goodwill was less than its carrying amount ~~. Therefore, in the second quarter of fiscal year 2023, we recognized an~~ **and resulted in a goodwill** impairment charge ~~of~~ **totaling** $ ~~514~~ **1, 097** . ~~8~~ **7** million **in** ~~to goodwill. During the fourth quarter of~~ fiscal ~~year~~ **2024 and $ 901. 6 million in fiscal** 2023 ~~, we performed our annual goodwill impairment assessment. As a result of macroeconomic factors and current market conditions, a full assessment was performed which indicated that the fair value of our equity and goodwill was less than its carrying amount. Therefore, in the fourth quarter of fiscal year 2023, we recognized an impairment charge of $ 386. 8 million to goodwill~~ . Such impairment charges, like the charges that we incurred in ~~the second and fourth quarters of~~ fiscal ~~year~~ **2024 and** 2023, could materially and adversely affect our business, results of operations and financial condition. In accordance with U. S. GAAP, we will continue to test goodwill for impairment at least annually or when events and circumstances trigger the requirement for an interim evaluation ~~. Inability to attract, integrate, and retain management and other personnel could adversely impact our business, results of operations, cash flow, and financial condition~~ . Our success greatly depends on the continued service of our executives, as well as our other key senior management, technical personnel and sales personnel. Our future success will depend in large part upon our ability to attract, retain and motivate highly skilled executives and employees. We face significant competition for individuals with the skills required to perform the services we offer, and thus we may encounter increased compensation costs that are not offset by increased revenue. In the broader technology industry in which we compete for talented hires, there is substantial and continuous competition for engineers with high levels of experience in designing, developing and managing software, as well as competition for sales executives and operations personnel. We cannot guarantee that we will be able to attract and retain sufficient numbers of these highly skilled employees or motivate them. Because of the complexity of the supply chain market, we may experience a significant time lag between the date on which technical and sales personnel are hired and the time at which these persons become fully productive. We have employees in more than 20 countries, and these global operations could be disrupted at any time by natural or other disasters, telecommunications failures, acts of terrorism or war, power or water shortages, extreme weather conditions (whether as a result of climate change or otherwise), medical epidemics or pandemics (such as the COVID- 19 pandemic) and other natural or manmade disasters or catastrophic events. The occurrence of any of these business disruptions could result in significant losses, serious harm to our revenue, profitability and financial condition, adversely affect our competitive position, increase our costs and expenses, and require substantial expenditures and recovery time in order to fully resume operations. We have a significant concentration of employees in India and Malaysia on whom we rely. Any disaster or series of disasters in these countries where we have a concentration of employees could significantly disrupt our operations and have a material adverse effect on our business, results of operations and financial condition. We have significant international operations in more than 20 countries, including India, Malaysia, the United Kingdom, the Netherlands, Belgium, Germany, Poland, China and Hong Kong. We market and sell our products worldwide. We expect to continue to expand our international operations for the foreseeable future. Both of our recent acquisitions included significant international operations, further increasing our international footprint and operations. The continued international expansion of our operations requires significant management attention and financial resources and results in increased administrative and compliance costs. Our limited experience in operating our business in certain regions outside the United States increases the risk that our expansion efforts into those regions may not be successful. In particular, our business model may not be successful in particular countries or regions outside the United States for reasons that we currently are unable to anticipate. We are subject to risks associated with international sales and operations including, but not limited to: • the complexity of, or changes in, foreign regulatory requirements and the burdens of complying with a wide variety of foreign laws and different legal standards; • difficulties in managing the staffing of international operations, including compliance with workers' councils and local labor and employment laws and regulations; • potentially adverse tax consequences, including the complexities of foreign value added tax systems, overlapping tax regimes, restrictions on the repatriation of earnings and changes in tax rates; • increased financial accounting and reporting burdens and complexities, including treatment of revenue from international sources; • longer sales and payment cycles and difficulties in collecting accounts receivable; • political, social and economic instability, including war, terrorist attacks, civil unrest and security concerns in general; • reduced or varied protection for intellectual property rights in some countries and the risk of potential theft or compromise of our technology, data or intellectual property in connection with our international operations, whether by state- sponsored malfeasance or other foreign entities or individuals; • laws and policies of the U. S. and other jurisdictions affecting international trade (including import and export control laws, tariffs and trade barriers); • the risk of U. S. regulation of foreign operations; and • other factors beyond our control such as natural disasters and public health crises, including pandemics.

The occurrence of any one of these risks could negatively affect our international business and, consequently, our operating results. We cannot be certain that the investment and additional resources required to establish, acquire or integrate operations in other countries will produce desired levels of revenue or profitability. If we are unable to effectively manage our expansion into additional geographic markets, our financial condition and results of operations could be harmed. The recent conflict between Russia and Ukraine has caused and **may** ~~for an unknown period of time will~~ continue to lead to disruptions, instability and volatility in local, regional, national and global markets and economies. Countries worldwide have imposed targeted sanctions and export control measures and have threatened additional sanctions and export control measures, which have resulted in severe or complete restriction on exports to and other commerce and business dealings involving Russia and portions of Ukraine. We do not have offices or employees in Russia or Ukraine and have been working closely with outside advisors to ensure our products comply with all sanctions and global regulatory requirements. To date, the invasion has not materially affected our business. However, we continue to monitor the situation. In addition, recently there has been increasing geopolitical tension between China and Taiwan that may affect future shipments from Taiwan based electronics suppliers, many of which are our customers. Any such volatility or disruptions may have adverse consequences on us or the third parties on whom we rely. Our business, financial condition and results of operations may be materially and adversely affected by any negative impact on the global economy, capital markets or commodity and raw material prices resulting from the recent geopolitical tensions between China and Taiwan or any other geopolitical tensions. We conduct a portion of our business in currencies other than the United States dollar. Our revenues, expenses, operating profit and net income are affected when the dollar weakens or strengthens in relation to other currencies. In addition, we have significant operations in India and Malaysia that do not have a natural in- market revenue hedge to mitigate currency risk to our operating expense. Volatility in the markets and exchange rates for foreign currencies and contracts in foreign currencies may in the future have a significant impact on our reported operating results and financial condition. Our continued growth depends in part on the ability of our existing and potential clients to access our websites, software or cloud- based products within an acceptable amount of time. We have experienced, and may in the future experience, service disruptions, outages and other performance problems due to a variety of factors, including infrastructure changes, human or software errors, capacity constraints due to an overwhelming number of users accessing our website simultaneously, denial of service, fraud or security attacks. In some instances, we may not be able to identify the cause or causes of these website performance problems within an acceptable period of time. It may become increasingly difficult to maintain and improve our website performance, especially during peak usage times and as our user traffic increases. If our websites are unavailable or if our clients are unable to access our software or cloud- based products within a reasonable amount of time, or at all, our business would be negatively affected. Additionally, our data centers and networks, and third- party data centers and networks may experience technical failures and downtime, may fail to distribute appropriate updates or may fail to meet the increased requirements of a growing client base. We provide certain of our solutions through third- party data center hosting facilities located in the United States and other countries. While we control and have access to our servers and all of the components of our network that are located in such third- party data centers, we do not control the operation of these facilities. Our operations depend on the protection of the equipment and information we store in these third- party centers, or utilize from third- party providers, against damage or service interruptions that may be caused by fire, flood, severe storm, power loss, telecommunications failures, natural disasters, war, criminal act, military action, terrorist attack, financial failure of the service provider and other events beyond our control. In addition, third- party malfeasance, such as intentional misconduct by computer hackers, unauthorized intrusions, computer viruses, ransomware or denial of service attacks, may also cause substantial service disruptions. A prolonged service disruption affecting our products could damage our reputation with potential clients, cause us to lose existing clients, expose us to liability or otherwise adversely affect our business. We may also incur significant costs for using alternative equipment or taking other actions in preparation for, or in reaction to, events that damage the data centers or infrastructure we use or rely on, including the additional expense of transitioning to substitute facilities or service providers. Following expiration of the current agreement terms, the owners of the data center facilities have no obligation to renew their agreements with us on commercially reasonable terms, or at all. If we are unable to renew these agreements on commercially reasonable terms, or if one of our data center operators is acquired, we may be required to transfer our servers and other infrastructure to new data center facilities, and we may incur significant costs and possible service interruptions in connection with doing so. Our clients often use our solutions as a system of record and many of our clients are subject to regulation of their products, services and activities. Our knowledge library includes trade content sourced from government agencies and transportation carriers in numerous countries. It is often sourced from text documents and includes import and export regulations, shipping documents, preferential duties and taxes, specifications for free trade agreements, transportation rates, sailing schedules, embargoed country and restricted party lists and harmonized tariff codes. The information in these text documents may not be timely, accurate or complete. Our team of trade experts transforms these documents into a normalized and propriety ~~knowledgebase~~ ---- **knowledge base** which is interpretable by software. Our trade experts have to interpret the legal and other requirements contained in the source documents, and we can provide no assurances that our trade experts do not make errors in the interpretation of these requirements. Furthermore, rules and regulations and other trade content used in our solutions change constantly, and we must continuously update our knowledge library. Maintaining a complete and accurate knowledge library is time- consuming and costly, and we can provide no assurances that our specialists will always make appropriate updates to the library on a timely basis. Errors or defects in updating the trade content we provide to our clients and any defects or errors in, or failure of, our software, hardware or systems, can result in an inability to process transactions in a timely manner or lead to violations that could expose our clients to fines and other substantial claims and penalties and involve criminal liability. In addition, these errors and delays could damage our reputation with both existing and new clients and result in lost clients and decreased revenue, which could materially and adversely affect our business, revenue and results of operations. Any of these problems may enable our clients to terminate our agreements, require us to issue credits or refunds and subject us to product liability, breach of warranty or other contractual claims. We also may be required to indemnify our clients or third parties as a result of any of these problems. Any provisions in our client agreements intended to limit liability may not be sufficient to protect us against any such claims. Insurance may not be available on acceptable terms, or at all. In addition, any insurance we do have may not cover claims related to specific defects, errors, failures or delays; may not cover indirect or consequential damages; and may be inadequate. Defending a suit, regardless of its merit, could be costly and divert management' s attention. In general, losses from clients terminating their agreements with us and our cost of defending claims resulting from defects, errors, failures or delays might be substantial and could have a material adverse effect on our business, financial position, results of operations and cash flows. We use NetSuite to manage our financial processes and other third-party vendors to manage sales, professional services, online marketing and web services. We believe the availability of these services is essential to the management of our high- volume, transaction- oriented business model. As we expand our operations, we expect to utilize additional systems and service providers that may also be essential to managing our business. Although the systems and services that we require are typically available from a number of providers, it is time- consuming and costly to qualify and implement these relationships. Therefore, if one or more of our providers suffer an interruption in their business; experience delays, disruptions or quality- control problems in their operations; or we have to change or add additional systems and services, our ability to manage our business and produce timely and accurate financial statements would suffer. We use software licensed from a variety of third parties in connection with the operation of our products. Any performance issues, errors, bugs or defects in third- party software could result in errors or a failure of our products, which could adversely affect our business and results of operations. In the future, we might need to license other software to enhance our solution and meet evolving client demands and requirements. Any limitations in our ability to use third- party software could significantly increase our expenses and otherwise result in delays, a reduction in functionality or errors or failures of our solution until equivalent technology or content is either developed by us or, if available, identified, obtained through purchase or license and integrated into our solution. In addition, third- party licenses may expose us to increased risks, including risks associated with the integration of new technology, the diversion of resources from the development of our own proprietary technology and our inability to generate revenues from new technology sufficient to offset associated acquisition and maintenance costs, all of which may increase our expenses and materially and adversely affect our business and results of operations. ~~Some members of our management team have limited experience managing a publicly traded company, interacting with public company investors and complying with the increasingly complex laws pertaining to public companies. Our management team may not successfully or efficiently manage our transition to being a public company that is subject to significant regulatory oversight and reporting obligations under the federal securities laws and the continuous scrutiny of securities analysts and investors. These new obligations and constituents will require significant attention from our senior management and could divert their attention away from the day- to- day management of our business, which could harm our business, results of operations and financial condition.~~ As a public company, we are required to comply with corporate governance and financial reporting practices and policies. As a publicly traded company, we ~~will~~ incur significant legal, accounting and other expenses that we were not required to incur in the ~~recent~~ past. In addition, new and changing laws, regulations and standards relating to corporate governance and public disclosure, including the Dodd Frank Wall Street Reform and Consumer Protection Act and the rules and regulations promulgated and to be promulgated thereunder, as well as under the Sarbanes- Oxley Act, the Jobs Act and the rules and regulations of the SEC and national securities exchanges have increased the costs and the time that the board of directors and management must devote to complying with these rules and regulations. We expect these rules and regulations to increase our legal and financial compliance costs and lead to a diversion of management' s time and attention from revenue generating activities. Furthermore, the need to ~~establish~~ **maintain** the corporate infrastructure demanded of a public company may divert management' s attention from implementing our growth strategy, which could prevent us from improving our business, results of operations and financial condition. We have made, and will continue to make, changes to our internal controls and procedures for financial reporting and accounting systems to meet our reporting obligations as a publicly traded company. However, the measures we take may not be sufficient to satisfy our obligations as a publicly traded company. The Sarbanes- Oxley Act of 2002 has many requirements applicable to us regarding corporate governance and financial reporting, including the requirements for management to report on internal controls over financial reporting and for our independent registered public accounting firm to express an opinion over the operating effectiveness of our internal control over financial reporting. As of February ~~28~~ **29** , ~~2023~~ **2024** , our internal control over financial reporting was effective using the internal control framework issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission: Internal control — Integrated Framework (2013). There can be no assurance that our internal control over financial reporting will be effective in future years. Failure to maintain effective internal controls, or the identification of material internal control deficiencies in acquisitions already made ~~,~~ or made in the future could result in a decrease in the market value of our common stock, the reduced ability to obtain financing, the loss of clients, penalties and additional expenditures to meet the requirements in the future. CC Capital, Insight ~~Partners, Francisco~~ Partners and Temasek and their respective affiliates (collectively, the" Controlling Entities") collectively control approximately ~~38~~ **26** % of our total voting equity as of February ~~28~~ **29** , ~~2023~~ **2024** . As a result **of their representation on our board of directors and ownership** , they have significant influence over our decisions to enter into any corporate transaction. In addition, the Controlling Entities are each in the business of making investments in companies and may acquire and hold interests in businesses that compete directly or indirectly with us. The Controlling Entities may also pursue acquisition opportunities that may be complementary to our business and, as a result, those acquisition opportunities may not be available to us. Our certificate of incorporation provides that certain parties may engage in competitive businesses and renounces any entitlement to certain corporate opportunities offered to the private placement investors or any of their managers, officers, directors, equity holders, members, principals, affiliates and subsidiaries (other than us and our subsidiaries) that are not expressly offered to them in their capacities as our directors or officers. The certificate of incorporation also provides that certain parties or any of their managers, officers, directors, equity holders, members, principals, affiliates and subsidiaries (other than us and our subsidiaries) do not have any fiduciary 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. We may issue additional shares of our Class A Common Stock or other equity securities of equal or senior rank in the future in connection with, among other things, future acquisitions, repayment of outstanding indebtedness or under our 2021 Incentive Plan, without stockholder approval, in a number of circumstances. Our issuance of additional shares of our Class A Common Stock or other equity securities of equal or senior rank could have the following effects: • your proportionate ownership interest in us will decrease; • the relative voting strength of each previously outstanding share of common stock may be diminished; or • the market price of your shares of Class A Common Stock may decline. The trading market for our Class A Common Stock and public warrants will be influenced by the research and reports that industry or securities analysts may publish about us, our business and operations, our market or our competitors. Our current securities and industry analysts may elect to drop their coverage of us, and others, may never publish research on us. If no securities or industry analysts publish coverage of us, the trading price and trading volume of our securities will likely be negatively impacted. If any of the analysts who may cover us change their recommendation regarding our stock adversely, or provide more favorable relative recommendations about our competitors, the price of our securities will likely decline. If any analyst who may cover us were to cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which could cause our trading price or trading volume of our securities to decline. Our warrants were issued in registered form under a warrant agreement between Continental Stock Transfer & Trust Company, as warrant agent, and us. The warrant agreement provides that the terms of the warrants may be amended without the consent of any holder to cure any ambiguity or correct any defective provision. An amendment requires the approval of at least 50 % of the holders of the outstanding public warrants to make any change that adversely affects the interests of the registered holders of the public warrants. Accordingly, we may amend the terms of the public warrants in a manner adverse to a holder if holders of at least 50 % of the outstanding public warrants approve of such amendment. Although our ability to amend the terms of the public warrants with the consent of at least 50 % of the outstanding public warrants is unlimited, examples of such amendments could be amendments to, among other things, increase the exercise price of the warrants, convert the warrants into cash, shorten the exercise period or decrease the number of shares of Class A Common Stock purchasable upon exercise of a warrant. ~~We issued~~ **As of February 29, 2024, we have 29, 079, 872** warrants **outstanding that** ~~to purchase 13, 800, 000 of our Class A ordinary shares as part of the units offered in the IPO (of which 13, 799, 872~~ are ~~currently outstanding) and, simultaneously with the closing of the IPO, we issued in a private placement an aggregate of 10, 280, 000 warrants, each~~ exercisable to purchase one Class A ~~ordinary share~~ **Common Stock** at $ 11. 50 per share ~~, each~~ **. The outstanding warrants consist** of ~~which entitled~~ **13, 799, 872 warrants offered in** the ~~holder to~~ **IPO, 10, 280, 000 private placement warrants issued in conjunction with the closing of the IPO and 5, 000, 000 Forward** ~~purchase~~ **Purchase Warrants issued pursuant to the Forward Purchase Agreement. When the warrants are exercised, they will increase the number of issued and outstanding** shares of Class A Common Stock ~~upon the Domestication. We also issued 5, 000, 000 Forward Purchase Warrants pursuant to the Forward Purchase Agreement. The Forward Purchase Warrants, when exercised, will increase the number of issued~~ and ~~outstanding shares~~ **reduce the value** of **the** Class A Common Stock ~~and reduce~~ **. The warrants expire five years after** the ~~value of the Class A Common Stock~~ **Closing Date, or earlier upon redemption or liquidation** . We are a holding company with no material assets other than our ownership of the Common Units and RCUs and our managing member interest in E2open Holdings. As a result, we have no independent means of generating revenue or cash flow. Our ability to pay taxes, make payments under the Tax Receivable Agreement and pay dividends will depend on the financial results and cash flows of E2open Holdings and the distributions we receive. Deterioration in the financial condition, earnings or cash flow of E2open Holdings for any reason could limit or impair E2open Holdings' ability to pay such distributions. Additionally, to the extent that we need funds and E2open Holdings is restricted from making such distributions under applicable law or regulation or under the terms of any financing arrangements, or E2open Holdings is otherwise unable to provide such funds, it could materially adversely affect our liquidity and financial condition. E2open Holdings is 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 will be allocated to holders of Common Units. Accordingly, we are required to pay income taxes on our allocable share of any net taxable income of E2open Holdings. Under the terms of the Third Amended and Restated Limited Liability Company Agreement (Third Company Agreement), E2open Holdings is obligated to make tax distributions to holders of Common Units (including us) calculated at certain assumed tax rates. In addition to income taxes, we incur expenses related to our operations, including payment obligations under the Tax Receivable Agreement, which could be significant, of which some will be reimbursed by E2open Holdings (excluding payment obligations under the Tax Receivable Agreement). ~~See Tax Receivable Agreement under the caption Significant Agreements in Part I, Item 1., Business.~~ We intend to cause E2open Holdings to make ordinary distributions on a pro rata basis and tax distributions (which, in certain circumstances, may be made on a non- pro rata basis to holders of Common Units in amounts sufficient to cover all applicable taxes, relevant operating expenses, payments under the Tax Receivable Agreement and dividends, if any, declared by us. However, as discussed below, E2open Holdings' ability to make such distributions may be subject to various limitations and restrictions including, but not limited to, retention of amounts necessary to satisfy E2open' s obligations and restrictions on distributions that would violate any applicable restrictions contained in E2open Holdings' debt agreements, or any applicable law, or that would have the effect of rendering E2open Holdings insolvent. To the extent that we are unable to make payments under the Tax Receivable Agreement for any reason, such payments will be deferred and will accrue interest until paid; provided, however, that nonpayment for a specified period may constitute a material breach of a material obligation under the Tax Receivable Agreement, and therefore accelerate payments under the Tax Receivable Agreement, which could be substantial. We anticipate that the distributions received from E2open Holdings may, in certain periods, exceed our actual tax liabilities and obligations to make payments under the Tax

Receivable Agreement. Our board of directors, in its sole discretion, may make any determination from time to time with respect to the use of any such excess cash so accumulated, which may include, among other uses, paying dividends on our Class A Common Stock. We have no obligation to distribute such cash (or other available cash other than any declared dividend) to our stockholders. See Dividends in Part II, Item 5., Market for Registrant' s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities. Dividends on our common stock, if any, will be paid at the discretion of our board of directors, which will consider, among other things, our available cash, available borrowings and other funds legally available therefor, considering the retention of any amounts necessary to satisfy our obligations that will not be reimbursed by E2open Holdings, including taxes and amounts payable under the Tax Receivable Agreement and any restrictions in the applicable bank financing agreements. Financing arrangements may include restrictive covenants that restrict our ability to pay dividends or make other distributions to our stockholders. In addition, E2open Holdings is generally prohibited under Delaware law from making a distribution to a member to the extent that, at the time of the distribution, after giving effect to the distribution, liabilities of E2open Holdings (with certain exceptions) exceed the fair value of its assets. E2open Holdings' subsidiaries are generally subject to similar legal limitations on their ability to make distributions to E2open Holdings. If E2open does not have sufficient funds to make distributions, our ability to declare and pay cash dividends may also be restricted or impaired. The sellers sold E2open Holdings units for the consideration paid pursuant to the Business Combination Agreement and certain sellers may, in the future, exchange their Common Units for shares of our Class A Common Stock (or cash) pursuant to the Third Company Agreement. These sales, purchases, redemptions and exchanges are expected to result in increases in our allocable share of the tax basis of the tangible and intangible assets of E2open Holdings, which may increase (for income tax purposes) depreciation and amortization deductions to which we are entitled. In addition, as a result of certain mergers within the transaction, we may inherit certain pre- existing tax attributes. The Tax Receivable Agreement provides for the payment by us of 85 % of certain tax benefits that we realize or are deemed realized as a result of the increases in tax basis described above, utilization of pre- existing tax attributes of certain sellers and realization of additional tax benefits attributable to payments under the Tax Receivable Agreement. These payments are our obligations and not E2open Holdings. The actual increase in our allocable share of E2open Holdings' tax basis in their assets, the availability of pre- existing tax attributes of certain sellers, as well as the amount and timing of any payments under the Tax Receivable Agreement, will vary depending upon a number of factors, including the timing of exchanges, the market price of the Class A Common Stock at the time of the exchange, the extent to which such exchanges are taxable and the amount and timing of the recognition of our income. While many of the factors that will determine the amount of payments that we will make under the Tax Receivable Agreement are outside of our control, we expect that the payments we will make under the Tax Receivable Agreement will be substantial and could have a material adverse effect on our financial condition. Any payments we make under the Tax Receivable Agreement 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 timely payments under the Tax Receivable Agreement for any reason, the unpaid amounts will be deferred and will accrue interest until paid; however, nonpayment for a specified period may constitute a material breach under the Tax Receivable Agreement, and therefore accelerate payments due under the Tax Receivable Agreement as further described below. Furthermore, our future obligation to make payments under the Tax Receivable Agreement 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 ~~. See Tax Receivable Agreement under the caption Significant Agreements in Part I, Item 1., Business~~ . Payments under the Tax Receivable Agreement will be based on our tax reporting positions, and the IRS or another taxing authority may challenge all or any part of the tax basis increases, the amount or availability of pre- existing tax attributes of certain sellers and other tax positions that we take, and a court may sustain such a challenge. In the event that any tax benefits we initially claimed are disallowed as a result of such a challenge, the Sellers and the exchanging holders will not be required to reimburse us for any excess payments that may have been previously made under the Tax Receivable Agreement. Rather, excess payments made to such holders will be netted against future cash payments we are required to make, if any, after the determination of such excess. A challenge to any tax benefits claimed by us may not arise for a number of years following the time payments begin to be made with respect to such benefits or, even if challenged soon thereafter, the excess cash payment may be greater than the amount of future cash payments that we might otherwise be required to make under the terms of the Tax Receivable Agreement and, as a result, there might not be sufficient future cash payments to net such excess. As a result, in certain circumstances we could make payments under the Tax Receivable Agreement in excess of our actual income or franchise tax savings, which could materially impair our financial condition. Moreover, the Tax Receivable Agreement provides that, in the event that we exercise our early termination rights, fail to make timely payment or materially breach the Tax Receivable Agreement or if there is a change of control, our obligations under the Tax Receivable Agreement will accelerate and we will be required to make a lump- sum cash payment to the sellers and / or other applicable parties equal to the present value of all forecasted future payments that would have otherwise been made under the Tax Receivable Agreement. The lump- sum payment could be substantial and could exceed the actual tax benefits that we realize subsequent to such payment, which may cause a material negative effect on our liquidity. Furthermore, our obligations to make payments under the Tax Receivable Agreement could also have the effect of delaying, deferring or preventing certain mergers, asset sales, other forms of business combinations or other changes of control. We have made numerous acquisitions ~~(~~, including our most recent acquisitions of BluJay and Logistyx ~~) and may continue making similar acquisitions and possibly larger acquisitions as part of our growth strategy, depending on market conditions. The success of our growth strategy will depend on our ability to identify, negotiate, complete and integrate acquisitions and, if necessary, to obtain satisfactory debt or equity financing to fund those acquisitions~~ . Acquisitions are inherently risky, and any acquisitions we complete may not be successful. ~~Additionally, acquisitions made entirely or partially for cash will reduce our cash reserves or require us to incur additional debt. We may seek to obtain additional cash to fund an acquisition by selling equity or debt securities. We may be unable to secure the equity or debt funding~~

~~necessary to finance future acquisitions on terms that are acceptable to us. If we finance acquisitions by issuing equity or convertible debt securities, our existing stockholders will experience ownership dilution.~~ Our past ~~acquisitions and any future mergers and~~ acquisitions involve numerous risks, including, but not limited to, the following: • difficulties in integrating and managing the operations, personnel, systems, technologies and products of the companies we acquire; • failure to achieve the projected cost savings due to difficulties integrating the acquired business; • failure to uncover liabilities or adverse operating issues, or both, through due diligence or the failure to properly estimate the extent of such liabilities prior to the acquisition; • our inability to maintain the key business relationships and reputations of the businesses we acquire; • our inability to increase revenue from an acquisition, including our failure to drive demand in our existing client base for acquired products and our failure to obtain contract renewals or upgrades and new product sales from clients of the acquired businesses; • unanticipated charges to our operating results based on the timing and size of our acquisitions and the extent of integration activities; • potential negative perceptions of our acquisitions by clients, financial markets or investors; • failure to obtain required approvals from governmental authorities under competition and antitrust laws on a timely basis, if at all, which could, among other things, delay or prevent us from completing a transaction, or otherwise restrict our ability to realize the expected financial or strategic goals of an acquisition; • potential increases in our interest expense, leverage and debt service requirements if we incur additional debt to pay for an acquisition; • our inability to apply and maintain our internal standards, controls, procedures and policies to acquired businesses and to meet SEC reporting deadlines and requirements as it relates to acquired companies; • potential loss of key employees of the companies we acquire; • difficulties in increasing or maintaining security standards for acquired technology consistent with our other services and related costs; • challenges converting the acquired company' s revenue recognition policies and forecasting the related revenues, including subscription- based revenues, as well as appropriate allocation of the client consideration to the individual deliverables; and • inadequate protection of acquired intellectual property rights. The occurrence of any of these risks could have a material adverse effect on our business, results of operations, financial condition or cash flows, particularly in the case of a larger acquisition or substantially concurrent acquisitions. ~~We may experience difficulties in integrating acquisitions into our business and in realizing the expected benefits of the acquisitions.~~ The success of **our** ~~the BluJay acquisition~~ **acquisitions** , **whether past or** ~~the Logistyx acquisition and any~~ future ~~acquisitions~~ , will depend in part on our ability to realize the anticipated business opportunities from combining the acquired operations with our business in an efficient and effective manner. The integration process could take longer than anticipated and could result in the loss of key employees, the disruption of each company' s ongoing businesses, tax costs or inefficiencies or inconsistencies in standards, controls, information technology systems, procedures and policies, any of which could adversely affect our ability to maintain relationships with clients, employees or other third parties or our ability to achieve the anticipated benefits of the acquisitions and could harm our financial performance. If we are unable to successfully or timely integrate the operations with our business, we may incur unanticipated liabilities and be unable to realize the anticipated benefits resulting from the acquisitions, and our business, results of operations and financial condition could be materially and adversely affected. We may be unsuccessful in adequately protecting our intellectual property. No assurance can be given that confidentiality, non- disclosure or invention assignment agreements with employees, consultants or other parties will not be breached and will otherwise be effective in controlling access to and distribution of our platform or solutions, or certain aspects of our platform or solutions and proprietary information. These agreements do not prevent our competitors from independently developing technologies that are substantially equivalent or superior to our platform or solutions. Additionally, certain unauthorized use of our intellectual property may go undetected, or we may face legal or practical barriers to enforcing our legal rights even where unauthorized use is detected. We may be required to spend significant resources to monitor and protect these rights, and we may or may not be able to detect infringement by our clients or others. Litigation has been and may be necessary in the future to enforce our intellectual property rights. Some of our products incorporate open source software, and we intend to continue to use open source software in the future. Some open source licenses are unclear and there is a risk that open source software licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our solutions. Such a situation could result in infringement claims and the need to reengineer our solutions, both of which could be costly depending on the specific circumstances. In addition to license risk, use of open source software may increase security vulnerabilities or infringing or broken code if not properly supported and managed. As a supplier of supply chain solutions, we rely on and use software and data that we create as well as those from third- party sources. Often, our clients are processing data through our solutions that we do not review. While we generally attempt to protect against such risks with contractual obligations and indemnities, despite our efforts, we may receive claims that we have infringed a third party' s intellectual property rights or breached a contract. As a result of claims against us regarding suspected infringement, our technologies may be subject to injunction, we may be required to pay damages or we may have to seek a license to continue certain practices (which may not be available on reasonable terms, if at all), all of which may significantly increase our operating expenses or may require us to restrict our business activities and limit our ability to deliver our products and services and / or certain features, integrations and capabilities of our platform. As a result, we may also be required to develop alternative non- infringing technology, which could require significant effort and expense and / or cause us to alter our products or services, potentially negatively affecting our business. Further, many of our subscription agreements require us to indemnify our clients for third- party intellectual property infringement claims, so any alleged infringement by us resulting in claims against such clients would increase our liability. Additionally, our exposure to risks associated with various claims, including the use of intellectual property, may be increased as a result of acquisitions of other companies. We are subject to requirements under the U. S. Treasury Department' s Office of Foreign Assets Control (OFAC), anti- corruption, anti- bribery and similar laws, such as the U. S. Foreign Corrupt Practices Act of 1977, as amended (FCPA), the U. S. domestic bribery statute contained in 18 U. S. C. § 201, the U. S. Travel Act, the USA PATRIOT Act, the U. K. Bribery Act 2010 and other anti- corruption, anti- bribery and anti- money laundering laws in countries in which we conduct activities. Anti- corruption and anti- bribery laws have been enforced aggressively in recent years and are interpreted broadly and prohibit companies, their employees and agents from promising, authorizing, making, offering or providing anything of value to a " foreign official " for the purposes of influencing official decisions or obtaining or retaining business, or otherwise obtaining favorable treatment. As we increase our international sales and business, our risks under these laws may increase. In addition, we may use third parties to sell access to our platform and conduct business on our behalf abroad. We can be held liable for the corrupt or other illegal activities of such future third- party intermediaries, and our employees, representatives, contractors, partners and agents, even if we do not explicitly authorize such activities. Any violation of economic and trade sanction laws, export and import laws, the FCPA or other applicable anti- corruption laws or anti- money laundering laws could also result in whistleblower complaints, adverse media coverage, investigations, loss of export privileges or our license issued by OFAC, severe criminal or civil sanctions, and, in the case of the FCPA, suspension or debarment from U. S. government contracts, any of which could have a materially adverse effect on our reputation, business, results of operations and prospects. We are subject to income taxes in the United States and various jurisdictions outside of the United States. Significant judgment is often required in the determination of our worldwide provision for income taxes. Any changes, ambiguity or uncertainty in taxing jurisdictions' administrative interpretations, decisions, policies and positions could materially impact our income tax liabilities. We may also be subject to additional tax liabilities and penalties due to changes in non- income based taxes resulting from changes in federal, state or international tax laws; changes in taxing jurisdictions' administrative interpretations, decisions, policies and positions; results of tax examinations, settlements or judicial decisions; changes in accounting principles; changes to the business operations, including acquisitions; and the evaluation of new information that results in a change to a tax position taken in a prior period. Any resulting increase in our tax obligation or cash taxes paid could adversely affect our cash flows and financial results. Additionally, new income, sales, use or other tax laws, statutes, rules, regulations or ordinances could be enacted at any time. Those enactments could harm our domestic and international business operations, our business, results of operations and financial condition. Further, tax regulations could be interpreted, changed, modified or applied adversely to us. These events could require us or our paying clients to pay additional tax amounts on a prospective or retroactive basis, as well as require us or our paying clients to pay fines and / or penalties and interest for past amounts deemed to be due. If we raise our prices to offset the costs of these changes, existing and potential future paying clients may elect not to purchase our products and services. As a multinational organization, we may be subject to taxation in various jurisdictions around the world with increasingly complex tax laws, the application of which can be uncertain. Countries, trading regions and 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. We collect and remit U. S. sales and value- added tax (VAT) in several jurisdictions. However, it is possible that we could face sales tax or VAT audits and that our liability for these taxes could exceed our estimates as tax authorities could still 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. Further, one or more state or foreign authorities could seek to impose additional sales, use or other tax collection and record- keeping obligations on us or may determine that such taxes should have, but have not been, paid by us. Liability for past taxes may also include substantial interest and penalty charges. Any successful action by state, foreign or other authorities to compel us to collect and remit sales tax, use tax or other taxes, either retroactively, prospectively or both, could harm our business, results of operations and financial condition. As our business continues to grow and if we become more profitable, we anticipate that our income tax obligations could significantly increase. If our existing tax credits and net operating loss carryforwards become fully utilized, we may be unable to offset or otherwise mitigate our tax obligations to the same extent as in prior years. This could have a material impact to our future cash flows or operating results. Under Section 382 of the Internal Revenue Code of 1986, as amended, our ability to utilize net operating loss carryforwards or other tax attributes in any taxable year may be limited if we experience an " ownership change. " A Section 382 " ownership change " generally occurs if one or more stockholders or groups of stockholders who own at least 5 % of our stock increase their ownership by more than 50 percentage points over their lowest ownership percentage within a rolling three- year period. Similar rules may apply under state tax laws. The Business Combination resulted in an ownership change with respect to our corporate subsidiaries, which may limit our ability to utilize pre- existing tax attributes of such corporate subsidiaries. In addition, future issuances of our common stock could cause an " ownership change. " It is possible that any such ownership change, or any future ownership change, could have a material effect on the use of our net operating loss carryforwards or other tax attributes, which could have a material adverse effect on our results of operations and profitability. Regulation related to the provision of services on the internet is increasing, as federal, state and foreign governments continue to adopt new laws and regulations addressing data privacy and the collection, processing, storage and use of personal information. In some cases, foreign data privacy laws and regulations, such as the European Union' s General Data Protection Regulation, also governs the processing of personal information. Further, laws are increasingly aimed at the use of personal information for marketing purposes, such as the European Union' s e- Privacy Directive, and the country- specific regulations that implement that directive. Such laws and regulations are subject to differing interpretations and are inconsistent among jurisdictions. These and other requirements could reduce demand for our products or restrict our ability to store and process data or, in some cases, impact our ability to offer our services and products in certain locations. In addition to government activity, privacy advocacy and other industry groups have established or may establish new self- regulatory standards that may place additional burdens on us. Our clients may expect us to meet voluntary certification or other standards established by third parties. If we are unable to maintain these certifications or meet these standards, it could adversely affect our ability to provide our products to certain clients and could harm our business. The costs of compliance with and other burdens imposed by laws, regulations and standards are significant and may limit the use and adoption of our services and reduce overall demand for them, or lead to material fines, penalties or liabilities for noncompliance. Furthermore, concerns regarding data privacy may cause our clients' clients to resist providing the data necessary to allow our clients to use our service effectively. Even the perception that the privacy of personal information is not satisfactorily protected or does not meet regulatory requirements could inhibit sales and adoption of our cloud- based products. We regularly monitor our compliance with applicable financial reporting standards and review new pronouncements and interpretations that are relevant to us. Changes in existing accounting rules or practices, new accounting pronouncements or varying interpretations of current accounting pronouncements could negatively impact our results of operations. Such changes could potentially affect our reporting of transactions completed before such changes are effective. U. S. GAAP is subject to interpretation by the Financial Accounting Standards Board (FASB), the SEC and various bodies formed to promulgate and interpret appropriate accounting principles. A change in these principles or interpretations could have a significant effect on our reported financial results and affect the reporting of transactions completed before the announcement of a change. Any difficulties in implementing these pronouncements could cause us to fail to meet our financial reporting obligations, which could result in regulatory discipline and harm investors' confidence in us. We are subject to numerous obligations in our contracts with organizations using our products and services, as well as vendors and other companies with which we do business. We may breach these commitments, whether through a weakness in our procedures, systems and internal controls; negligence; or through the willful act of an employee or contractor. Our insurance policies, including our errors and omissions insurance, may be inadequate to compensate us for the potentially significant losses that may result from claims arising from breaches of our contracts, as well as disruptions in our services, failures or disruptions to our infrastructure, catastrophic events and disasters, or otherwise. In addition, our insurance may not cover all claims made against us, and defending a suit, regardless of its merit, could be costly and divert management' s attention. Further, such insurance may not be available to us in the future on economically reasonable terms, or at all. In the ordinary course of business, we may be involved in and subject to litigation for a variety of claims or disputes and receive regulatory inquiries. These claims, lawsuits and proceedings could include labor and employment, wage and hour, commercial, data privacy, antitrust, alleged securities law violations or other investor claims and other matters. The number and significance of these potential claims and disputes may increase as our business expands. Any claim against us, regardless of its merit, could be costly, divert management' s attention and operational resources and harm our reputation. As litigation is inherently unpredictable, we cannot assure you that any potential claims or disputes will not have a material adverse effect on our business, results of operations and financial condition. Any claims or litigation, even if fully indemnified or insured, could make it more difficult to compete effectively or to obtain adequate insurance in the future. In addition, we may be required to spend significant resources to monitor and protect our contractual, property and other rights, including collection of payments and fees. Litigation has been and may be necessary in the future to enforce such rights. Such litigation could be costly, time consuming and distracting to management and could result in the impairment or loss of our rights. Furthermore, our efforts to enforce our rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of such rights. Our inability to protect our rights as well as any costly litigation or diversion of our management' s attention and resources, could have an adverse effect on our business, results of operations and financial condition or injure our reputation. The future success of our business depends upon the continued use of the internet as a primary medium for commerce, communication and business applications. Federal, state or foreign governmental bodies or agencies have in the past adopted, and may in the future adopt, laws or regulations affecting the use of the internet as a commercial medium. The adoption of any laws or regulations that could reduce the growth, popularity or use of the internet, including laws or practices limiting internet neutrality, could decrease the demand for, or the usage of, our products and services, increase our cost of doing business and harm our results of operations. Changes in these laws or regulations could require us to modify our platform, or certain aspects of our platform, in order to comply with these changes. In addition, government agencies or private organizations have imposed and may impose additional taxes, fees or other charges for accessing the internet or commerce conducted via the internet. These laws or charges could limit the growth of internet- related commerce or communications generally or result in reductions in the demand for internet- based products such as ours. In addition, the use of the internet as a business tool could be harmed due to delays in the development or adoption of new standards and protocols to handle increased demands of internet activity, security, reliability, cost, ease- of- use, accessibility and quality of service. Further, our platform depends on the quality of our users' access to the internet. In June 2018, the repeal of the Federal Communications Commission' s (FCC), " net neutrality " rules took effect and returned to a " light- touch " regulatory framework. The prior rules were designed to ensure that all online content is treated the same by internet service providers and other companies that provide broadband services. Additionally, in September 2018, California enacted the California Internet Consumer Protection and Net Neutrality Act of 2018, making California the fourth state to enact a state- level net neutrality law since the FCC repealed its nationwide regulations, mandating that all broadband services in California must be provided in accordance with state net neutrality requirements. The U. S. Department of Justice has sued to block the law going into effect, and California has agreed to delay enforcement until the resolution of the FCC' s repeal of the federal rules. A number of other states are considering legislation or executive actions that would regulate the conduct of broadband providers. We cannot predict whether the FCC order or state initiatives will be modified, overturned or vacated by legal action of the court, federal legislation or the FCC. With the repeal of net neutrality rules in effect, we could incur greater operating expenses, which could harm our results of operations. As the internet continues to experience growth in the number of users, frequency of use and amount of data transmitted, the internet infrastructure that we and our users rely on may be unable to support the demands placed upon it. The failure of the internet infrastructure that we or our users rely on, even for a short period of time, could undermine our operations and harm our results of operations. Internet access is frequently provided by companies that have significant market power that could take actions that degrade, disrupt or increase the cost of user access to our platform, which would negatively impact our business. The performance of the internet and its acceptance as a business tool has been harmed by " viruses, " " worms " and similar malicious programs, and the internet has experienced a variety of outages and other delays as a result of damage to portions of its infrastructure. If the use of the internet is adversely affected by these issues, demand for our platform could decline. We could incur greater operating expenses and our user acquisition and retention could be negatively impacted if network operators: • implement usage- based pricing; • discount pricing for competitive products; • otherwise materially change their pricing rates or schemes; • charge us to deliver our traffic at certain levels, or at all; • throttle traffic based on its source or type; • implement bandwidth caps or other usage restrictions; or • otherwise try to monetize or control access to their networks. In addition, national –level “ fire walls ” can disrupt existing usage of our applications as well as prevent expansion into certain geographies.