Risk Factors Comparison 2024-02-27 to 2023-02-27 Form: 10-K

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~~Investing in our Class A common stock involves a high degree of risk. A description of the risks and uncertainties associated with our business is set forth below. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Annual Report on Form 10- K, including the section titled " Management' s Discussion and Analysis of Financial Condition and Results of Operations " and our consolidated financial statements and related notes, before making a decision to invest in our Class A common stock. The risks and uncertainties described below may not be the only ones we face. If any of the risks actually occur, our business, results of operations and financial condition could be adversely affected. In that event, the market price of our Class A common stock could decline, and you could lose part or all of your investment. Risk Factor Summary Our business operations are subject to numerous risks and uncertainties, including those outside of our control, that could cause our business, results of operations, and / or financial condition to be harmed, including risks regarding the following:~~ Risks Related to Our Business and Industry • the impact of macroeconomic uncertainties; • fluctuations in our quarterly results and our ability to meet securities analysts' and investors' expectations; • the effectiveness of actions taken to restructure our business in alignment with our strategic priorities; • **our business unit** ~~the potential disruption caused by the~~ reorganization ~~of~~ **and further changes to** our business ~~into business units~~ **organization and reporting segments** ; • our ability to maintain and grow our relationships with existing customers such that they increase their usage of our platform; • our ability to attract new customers in a cost- effective manner ~~and~~ **; • our ability to** increase adoption of our products by enterprises; • **our ability to develop new products and enhancements that achieve market acceptance and adapt to changing technology and regulations, industry standards and interoperability requirements; •** the evolution of the ~~market~~ **markets** for our products ~~and platform, including the continued adoption of such by developers~~ ; • our ability to effectively manage our growth; • our ability to compete effectively in ~~an~~ intensely competitive ~~market~~ **markets** ; • our history of losses and uncertainty about our future profitability; • our ability to hire, integrate and retain highly skilled personnel; • our ability to maintain and enhance our brand and increase market awareness of our company and products; • ~~our ability to adapt and respond effectively to rapidly changing technology, evolving industry standards, changing regulations, and changing customer needs, requirements or preferences; •~~ disruptions or deterioration in ~~the~~ quality of service and connectivity by third- party service providers; • ~~a~~ failure to set optimal prices for our products; • ~~significant risks associated with expansion of~~ our international operations; • our reliance on our largest customers to generate a significant amount of our revenue; • our ability to integrate and achieve the expected benefits of acquisitions, partnerships and investments; Risks Related to **Cybersecurity** ~~Cyber Security~~ , Data Privacy and Intellectual Property • any breaches of our networks or systems, or those of **Amazon Web Services ("** AWS **")** or our service providers ~~; • our substantial reliance on AWS to operate our platform~~ ; • our actual or perceived failure to comply with increasingly stringent laws, regulations and obligations relating to privacy, data protection and data security; • our ability to protect our intellectual property rights; • our use of open source software **; • our reliance on third- party technology and intellectual property; • our use of AI technologies in our platform and business** ; Risks Related to Legal and Regulatory Matters • our ability to comply with telecommunications- related regulations, and the impact of future legislative or regulatory actions; • our ability to obtain or retain geographical, mobile, regional, local or toll- free numbers and to effectively process requests to port such numbers in a timely manner due to industry regulations; • federal **and state** legislation and international laws imposing obligations on the senders of commercial emails; • fraudulent **or illegal** usage of or activity relating to our products; • changes in laws and regulations related to the Internet or its infrastructure; • compliance with applicable laws and regulations, including export control, economic trade sanctions, and anti- corruption regulations; • standards imposed by private entities and inbox service providers that interfere with the effectiveness of our platform; • any legal proceedings or claims against us; Risks Related to Financial and Accounting Matters • exposure to foreign currency exchange rate fluctuations; • our substantial indebtedness that may decrease our business flexibility; • our ability to obtain additional capital to support our business and its availability on acceptable terms; • the accuracy of our **key metrics, and assumptions and estimates used to calculate them; • the accuracy of our** estimates and judgments related to our critical accounting policies; • changes in accounting standards that may cause adverse financial reporting fluctuations **; • the possibility that our goodwill or intangible assets could become impaired** ; • our failure to maintain an effective system of disclosure controls and internal control over financial reporting; Risks Related to Tax Matters • our ability to use our net operating losses and certain other tax attributes to offset future taxable income and taxes; • additional tax liabilities or potentially adverse tax consequences on our global operations and structure; • changes in tax rules and regulations; Risks Related to Ownership of Our ~~Class A~~ Common Stock • volatility of the trading price of our ~~Class A~~ common stock; • potential decline in the market price of our ~~Class A~~ common stock due to substantial future sales of shares ~~; • the dual class nature of our stock~~ ; • the possibility that we may not realize the anticipated long- term stockholder value of our share repurchase program; • securities or industry analysts changing their recommendations regarding our ~~Class A~~ common stock; ~~and~~ • anti- takeover provisions contained in our governing documents and the exclusive forum provision in our bylaws **; General Risks • the occurrence of natural catastrophic events and other events beyond our control; and • our initiatives, goals, commitments, and disclosures related to ESG matters** . Risks Related to Our Business and Our Industry Global economic and political conditions, including macroeconomic uncertainties, may continue to adversely impact our business, results of operations and financial condition. Global economic and business activities continue to face widespread macroeconomic uncertainties, including **changes in the** labor ~~shortages~~ **market** and supply chain disruptions, inflation and monetary supply shifts, ~~as well as~~ **volatility in the banking and financial services**

sectors, and recession risks, which may continue for an extended period. Additionally, the instability in the geopolitical environment in many parts of the world, including from the war in Ukraine **and conflict in the Middle East** , may continue to **cause or exacerbate** ~~put pressure on and lead to~~ uncertain economic conditions. These macroeconomic conditions have resulted in, and may continue to result in, decreased business spending by our ~~customers~~ **current** and prospective customers and business partners, reduced demand for **or usage of** our products, lower renewal rates by our customers, longer or delayed sales cycles, including ~~customers~~ **current** and prospective customers delaying contract signing or contract renewals, reduced budgets or minimum commitments related to the products that we offer, or delays in customer payments or our ability to collect accounts receivable, all of which could have an adverse impact on our business, results of operations and financial condition. **The current** ~~Many of our customers are in industries that have been negatively impacted by recent~~ macroeconomic **environment has constrained** ~~conditions, including customers in social media, cryptocurrencies, retail and e- commerce, consumer packaged goods, direct- to- consumer and other~~ -- **the budgets** ~~industries dependent on consumer spending,~~ and ~~the concentration of our customer base within these industries could exacerbate the effects of weakening macroeconomic conditions on our business. For example, we have generally experienced longer sales cycles when engaging with current and potential customers in industries negatively impacted by macroeconomic conditions. Our products are also utilized by many small and medium- sized businesses, which may be adversely affected by economic downturns and other adverse macroeconomic conditions to a greater extent than larger enterprises with greater~~ financial resources **of some of our current and prospective customers, which has caused them to become more budget- conscious and to delay and / or reduce spending** . Given that a majority of our revenue is usage- based **and impacted by general consumer sentiment and activity** , our business may be more **immediately and** severely impacted by adverse macroeconomic conditions than those that rely primarily on software- as- a- service (" SaaS ") subscription revenue. ~~Prolonged~~ **The current** ~~economic~~ **macroeconomic** ~~slowdowns may also result in~~ **environment has caused certain of our Communications** customers **to reduce** ~~without long- term contracts with us may reducing~~ or ~~terminating~~ **terminate** their usage of our products without notice or termination ~~changes~~ **charges , which has negatively impacted, and, despite recent stabilization in usage volumes, may in the future negatively impact, our Communications revenue** . Similarly, ~~these~~ -- **the** ~~conditions may result in~~ **current macroeconomic environment has caused certain of our Segment and other subscription- based** customers ~~requesting~~ to renegotiate existing contracts on less advantageous terms to us than those currently in place, **reduce or limit their contract value,** ~~defaulting~~ --- **default** on payments due on existing contracts, or ~~not~~ **fail to** ~~renewing~~ --- **renew** at the end of their current contract term ~~. For example~~ , ~~rising interest rates in the United States~~ **which has had, and may continue to** have ~~begun to affect~~ , **a negative impact on** ~~and may continue to affect, businesses across many industries, including ours~~ - **our revenue** ~~, by increasing the costs of labor, employee healthcare and other benefits, which may further constrain our, our customers' and prospective customers' budgets and financial resources~~ . A **prolonged** ~~sustained general~~ economic **slowdown could exacerbate these negative effects on** ~~downturn may result in customers and potential customers perceiving our products as being too costly, or too difficult to deploy or migrate to, such that our~~ revenue **and revenue growth in both** ~~may be disproportionately affected by delays or~~ **our** ~~reductions in spending~~ **Communications and Segment business units** . Additionally, ~~if~~ **when** customers fail to pay us or reduce their spending with us, we may be adversely affected by an inability to collect amounts due, the costs of enforcing the terms of our contracts, including through litigation, **and /** or a reduction in revenue. ~~To~~ **For example, in February 2023, one of our customers, Oi SA, a Brazilian telecom company, initiated reorganization proceedings in a Brazilian bankruptcy court as well as a secondary proceeding under Chapter 15 in the United States and exposed us to risks on collections of pre- petition receivables and ongoing revenue. Many of our customers are in industries that have been negatively impacted by recent macroeconomic conditions, including customers in social media, cryptocurrencies, retail and e- commerce, consumer packaged goods, direct- to- consumer and** ~~the~~ **other industries dependent on consumer spending, and the concentration of our customer base within these industries could exacerbate the effects of weakening macroeconomic conditions on our business. For example, we have experienced declines in usage of our Communications products by customers in industries negatively impacted by macroeconomic conditions which, despite recent stabilization in usage volumes, could reoccur or worsen in the future. We have also generally experienced, and expect to continue to experience to varying degrees, longer sales cycles when engaging with current and potential customers in such industries. Our customers include many small and medium- sized businesses, which have been, and may continue to be, adversely affected by the macroeconomic conditions and uncertainties to a greater** extent ~~that~~ **than larger enterprises with greater financial resources. If the effects of the current** macroeconomic ~~uncertainties~~ **environment** continue to ~~harm~~ **adversely affect** our business **and the businesses of our current and prospective customers** , **our** results of operations and financial condition **may continue to be harmed** , **and** many of the other risks described in this " Risk Factors " section will be exacerbated. Our quarterly and annual results of operations have fluctuated in the past and may continue to do so in the future. As a result, we may fail to meet securities analysts' and investors' expectations, which could cause the price of our ~~Class A~~ common stock to decline. Our quarterly and annual results of operations ~~, including our revenue, cost of revenue, gross margin and operating expenses,~~ have fluctuated in the past and may continue to do so in the future due to a variety of factors, many of which are outside of our control. These fluctuations and the related impacts to any earnings guidance we may issue from time to time could cause the price of our ~~Class A~~ common stock to change significantly or experience declines. In addition to the other risks described in this " Risk Factors " section, some of the factors that may result in fluctuations to our results of operations include: • fluctuations in demand for, pricing of, or usage of, our products, including due to the effects of global macroeconomic conditions ~~, the easing of the COVID- 19 pandemic~~ , competition, and differing levels of demand for our products based on changing customer priorities, resources, financial conditions and economic outlook; • general economic conditions, including a downturn or recession, rising inflation and ~~rising~~ interest rates, **and** geopolitical uncertainty and instability; • **changes in** the **organization** ~~expected costs and benefits~~ of our business ~~unit~~ **units** ~~reorganization and changes to our leadership structure~~ ; • the amount and timing of costs, ~~including~~ **and** any adverse effects associated with, our ~~recent~~ workforce reductions; • our ability to attract and retain new customers, obtain renewals from existing customers and cross- sell or otherwise increase revenue from existing customers; • our ability to introduce new products and enhance existing products; • our ability to leverage more of our self- service capabilities for customers; • competition and the actions of our competitors, including pricing changes and the introduction of new **technologies,** products, services and geographies; • significant security breaches or incidents impacting our platform, or interruptions to ~~,~~ the delivery and use of our products; • changes in cloud infrastructure, network services and other third- party technology, including the fees charged by their providers; • the ~~rate~~ productivity of our **sales force** ~~salesforce, including our enterprise salesforce~~ ; • the length and complexity of the sales cycle for **certain of** our products ~~, especially for~~ **or customers** ~~sales to larger enterprises, government and regulated organizations~~ ; • changes in the mix of products that our customers use during a particular period; • **seasonal trends in consumer activity; •** changes in the mix or amount of products sold in the United States versus internationally; • the amount and timing of operating costs and capital expenditures related to the operations and expansion of our business; • expenses in connection with mergers, acquisitions **, dispositions,** or other strategic transactions; • the timing of customer payments and our ability to collect accounts receivable from customers; • ~~rising~~ **increases in** inflation and our ability to control costs, including our operating expenses; • the amount and timing of costs associated with recruiting, training and integrating new employees, and retaining existing employees; • changes in foreign currency exchange rates and our ability to effectively hedge our foreign currency exposure; • extraordinary expenses such as litigation or other dispute- related settlement payments; • changes in laws, industry standards and regulations that affect our business; • sales tax and other tax determinations by authorities in the jurisdictions in which we conduct business; • the impact of new accounting pronouncements; and • fluctuations in stock- based compensation ~~expense~~ **expenses** . The occurrence of one or more of the foregoing and other factors may cause our results of operations to vary significantly. As such, comparing our operating results on a period- to- period basis may not be meaningful and should not be relied upon as an indication of future performance. In addition, a significant percentage of our operating expenses is fixed in nature and is based on forecasted revenue trends. Accordingly, in the event of a revenue shortfall, we may not be able to mitigate the negative impact on our net income (loss) and margins in the short term. If we fail to meet or exceed the expectations of investors or securities analysts, then the trading price of our ~~Class A~~ common stock could fall substantially, and we could face costly lawsuits, including securities class action suits **, which, in turn, could harm our business, results of operations and financial condition** . Actions that we are taking to restructure our business in alignment with our strategic priorities may not be as effective as anticipated. In **December** ~~September of 2022~~ **2023** , we reduced **our workforce by approximately 5 %, after reducing** our workforce by approximately 11 % ~~, and in February 2023, we reduced our workforce by an~~ **and** ~~additional~~ approximately 17 % **in September 2022 and February 2023, respectively** . While our reductions in force and other efforts to restructure our business were designed to **streamline operations,** reduce operating costs, improve operating margins **,** and ~~shift~~ **realign** our selling capacity ~~to accelerate software sales~~ , we may encounter challenges in the execution of these efforts that could prevent us from recognizing the intended benefits of such efforts or otherwise adversely affect our business, results of operations and financial condition. As a result of the reductions in force, we have incurred **,** and may continue to incur **,** additional costs in the short ~~-~~ term, including cash expenditures for employee ~~transition~~ **transitions** , notice period and severance payments, employee benefits and related facilitation costs, as well as non- cash expenditures related to vesting of share- based awards. These additional cash and non- cash expenditures could have the effect of reducing our operating margins. Our reductions in force may result in ~~other~~ unintended consequences, including employee attrition beyond our intended reduction in force ~~, which may also be further exacerbated by the actual or perceived declining value of our equity awards~~ ; damage to our corporate culture and decreased employee morale among our remaining employees ~~, including as a result of reduced employee perks~~ ; diversion of management attention; damage to our reputation as an employer, which could make it more difficult for us to hire new employees in the future; and the loss of institutional knowledge and expertise of departing employees. If we experience any of these adverse consequences, our reductions in force and other restructuring efforts may not achieve or sustain their intended benefits, or the benefits, even if achieved, may not be adequate to meet our long- term profitability and operational expectations, which could adversely affect our business, results of operations and financial condition. In addition, our reductions in force and other restructuring efforts could lead us to fail to meet, or cause delays in meeting, our operational and growth targets. While positions have been eliminated, functions that they performed remain necessary to our operations, and we may be unsuccessful in effectively and efficiently distributing the duties and obligations of departed employees among our remaining employees. The reduction in our workforce could also prevent us from pursuing new opportunities and initiatives or require us to adjust our growth strategy. As part of our reductions in force, we have reduced the size of our sales force to drive further efficiencies in our sales operations. **With a smaller** ~~As the size of our~~ workforce ~~decreases~~ , we ~~will increasingly rely~~ **are relying more heavily** on our self- service model to drive sales of our ~~communications~~ **Communications** products to customers that do not require direct account coverage. Our self- service capabilities may not be as successful as we anticipate, and **similarly,** our efforts to accelerate ~~software~~ **Segment** sales may not be effective or may take longer than we expect to drive growth. If **we experience any of** these ~~factors lead us to fail~~ **adverse consequences, our reductions in force and other restructuring efforts may not achieve or sustain their intended benefits, or the benefits, even if achieved, may not be adequate** to meet our **long- term profitability and** operational **expectations** ~~and growth targets or to delays in meeting such targets~~ , **which could adversely affect** our business, results of operations and financial condition ~~may be adversely affected~~ . As we continue to identify areas of cost savings and operating efficiencies, we may consider implementing further measures to reduce operating costs and improve operating margins. We may not be successful in implementing such initiatives, including as a result of factors beyond our control. If we are unable to realize the anticipated savings and efficiencies from our reductions in force, other restructuring efforts and future strategic initiatives, our business, results of operations and financial condition could be harmed. In the first quarter of 2023, we reorganized our business into business units **, and we have since adopted a two- segment reporting**

structure and further modified our business units and reporting segments. These changes may be disruptive to our business and may not have the desired effects. **In** ~~As we announced in February 2023, in~~ the first quarter of 2023, we reorganized our business into two business units **—** ~~– Twilio~~ Communications and ~~Twilio~~ Data & Applications ~~–~~**—** to enable us to develop the organization and systems to successfully operate a multi- product business and to better align our sales resources with customer and market opportunities. ~~We expect that~~ **In addition, as the business units were created based on how management views and evaluates** our **business, beginning with the quarter ended June 30, 2023, we changed our operating and reporting segment structure from one reportable segment to two reportable segments and revised our prior period presentation to conform to the new segments. In the fourth quarter of 2023, we modified the organization of our business units by moving Flex and Marketing Campaigns from Data & Applications to Communications, and we subsequently renamed Data & Applications to Segment. Our** business unit reorganization **and changes in our segment reporting structure have required, and** will **continue to** require **,** significant expenditures ~~and~~ **,** allocation of valuable management resources **,** and ~~may place~~ significant demands on our operational and financial infrastructure. This could lead to a number of risks, including: actual or perceived disruption of service or reduction in service standards to our customers; the failure to preserve adequate internal controls as we reorganize our general and administrative functions, including our information technology and financial reporting infrastructure; the failure to preserve partnership, sales and other important relationships and to resolve conflicts that may arise; loss of sales as we eliminate certain sales positions, reorganize our sales teams into business units, and ~~focus on leveraging~~ **improve and expand** our **use of** self- service capabilities; failure to develop effective cross- selling motions between the businesses; failure of the business units to drive efficiencies and leverage; diversion of management attention from ongoing business activities and core business objectives in order to manage operational changes; and the failure to maintain our corporate culture, employee morale and productivity, and to retain highly skilled employees due to reductions in our workforce and changes in leadership structure. Because of these and other factors, we cannot predict whether we will realize the purpose and anticipated benefits of ~~the~~ **our** business ~~unit reorganization~~ **reorganizations and segment reporting changes, and any similar changes in the future**, and if we do not, our business, results of operations and financial condition could be adversely affected **. We are currently conducting an operational review of our Segment business, which we expect to complete in March 2024 and which could result in further changes to our Segment business. There is no guarantee that investors, analysts or the market will understand or favorably view the changes we make to our financial reporting in connection with the shift from one to two segments or that any such changes will have the desired effect. Failure of investors or analysts to understand our revised segment reporting structure may negatively affect their ability to understand our business and operating results, which could adversely affect our stock price. In addition, we test for goodwill impairment at the reporting unit level and consider the difference between the fair value of a reporting unit and its carrying value when determining whether any impairment exists. There can be no assurance that changes to our segment reporting structure and business units will not result in impairment charges in future periods, which could harm our operating results**. Our business depends on customers increasing their use of our products, and a loss of customers or decline in their use of our products could adversely affect our business, results of operations and financial condition. Our revenue grows as customers increase their usage of a product, extend their usage of a product to new applications or adopt a new product that we offer. The majority of our revenue is usage- based and our ability to grow and generate incremental revenue depends, in part, on our ability to maintain and grow our relationships with existing customers and to have them increase their usage of our ~~platform~~ **products**. If our customers do not increase their use of our products, then our revenue may decline ~~. The majority of our~~ **or** ~~customers are charged~~ **grow at rates lower than expected. Most of our usage-** based ~~on their usage of our products. Most~~ customers do not have long- term contractual financial commitments to us and, therefore, ~~most of our customers~~ may reduce or cease their use of our products at any time without penalty or termination charges. **Our subscription- based customers generally base their contract value on anticipated usage, and if their anticipated levels of usage are not met, they may reduce their contract value or choose not to renew their contract upon its expiration.** Customers may terminate or reduce their use of our products for any number of reasons, including **dissatisfaction** ~~if they are not satisfied~~ with our products ~~,~~ **or with** the value proposition of our products **,** ~~or~~ **our** ~~our ability~~ **inability** to meet their needs and expectations, ~~or due to~~ their use of competitors' products ~~.~~ **, macroeconomic conditions,** ~~For~~ **or** ~~example~~ **reductions in their budgets. Additionally**, prior instances of disruptions in our cloud communications platform impacted our customers' ability to use products on our platform for up to several hours at a time. Issues with our products have caused, and may in the future cause, us to incur certain costs associated with offering credits to our affected customers, which have had, and in the future may have, an adverse impact on customer satisfaction and our ability to retain or attract customers. Additionally, we believe our ability to provide customers with high- quality, effective customer support services at all stages of the process is a crucial component of maintaining customer satisfaction, generating increased customer usage of our products and ultimately retaining customers. **If we are unable** ~~Our inability to devote sufficient resources~~ to effectively assist our customers **, it** could adversely affect our ability to retain existing customers and could disincentivize prospective customers from adopting our products. ~~We~~ **The resources we dedicate to customer service at a particular time** may ~~be~~ **prove insufficient, such as in the event we are** unable to respond quickly enough to accommodate short- term increases in demand for customer support. We also may be unable to modify the nature, scope and delivery of our customer support in order to compete with changes in the support services provided by our competitors. Our sales are highly dependent on our business reputation and on positive recommendations from our customers. ~~Our inability~~ **If we are unable** to provide high- quality customer support, or **if there is** a market perception that we do not maintain high- quality customer support, **it** could erode the trust of current and potential customers and adversely affect our reputation. Customer usage of our products ~~is~~ **depends on factors** generally outside of our control ~~and therefore~~ **, including macroeconomic conditions, so** it is difficult to accurately predict customers' usage levels. The loss of customers or reductions in their usage levels of our products may each have a negative impact on our business, results of operations and financial condition. Our Dollar- Based Net Expansion Rate **has recently declined as compared to prior periods, and it** may **continue to** decline in the future if customers are not satisfied with our products and related customer service experience, the value proposition of our products or our ability to meet their needs and expectations **, or due to macroeconomic conditions or reductions in customers' budgets** . If a significant number of customers cease using, or reduce their usage of our products, including due to cost- saving measures in the face of macroeconomic uncertainty or changes in the competitive landscape, then we may be required to spend significantly more on sales and marketing than we currently expect in order to maintain or increase revenue from customers. Such additional sales and marketing expenditures could adversely affect our business, results of operations and financial condition. If we are unable to attract new customers **or sell additional products to our existing customers** in a cost- effective manner, ~~sell additional products to our existing customers or develop new products and enhancements to our products that achieve market acceptance then~~ our business, results of operations and financial condition would be adversely affected. To grow our business, we must continue to attract new customers in a cost- effective manner, increase revenue from existing customers, and increase gross ~~margins~~ **profits** , each of which depends in part on our ability to ~~enhance and improve our existing products,~~ increase adoption and usage of our products, and ~~introduce~~ **successfully market** new products, ~~particularly~~ **including** products with higher gross margins **, in a cost- effective manner** . We use a variety of marketing channels to promote our products and platform, such as developer events and developer evangelism, search engine marketing and optimization, regional customer events, email campaigns, billboard advertising and public relations initiatives. If the costs of the marketing channels we use increase, then we may choose to use alternative and less expensive channels, which may not be as effective as the channels we currently use. We have made in the past, and may make in the future, significant expenditures and investments **of time and resources** in new marketing campaigns **and sales motions** , and we cannot guarantee that any such investments will lead **to** wider adoption of our products or to the cost- effective acquisition of additional customers. **In addition, new products that we develop may require increasingly sophisticated and more costly sales efforts and result in a longer sales cycle.** If we are unable to maintain effective marketing programs, ~~then~~ our ability to efficiently attract new customers could be adversely affected **,** and we may not be able to attract the number and types of new customers we are seeking. In addition, ~~our ability~~ **we are continuing** to ~~attract new~~ **improve and expand our use of self- service capabilities, particularly for our Communications API** customers ~~and~~ **, which may not be as effective as we anticipate in driving adoption or increased usage of our products. If we are unable to successfully** increase ~~revenue from~~ **adoption and usage of our** existing ~~customers depends in large part on our ability to enhance~~ and ~~improve our existing products and to introduce compelling~~ new products that reflect the changing nature of our...... products, and increase our gross margins , or if our efforts to increase the usage of our products are more expensive ~~than we expect, then our~~ - **or time** ~~business, results of operations and financial condition would be adversely affected. The adoption of our products, and the development of enhancements and new products, also depends, in part, on our ability to anticipate complex and uncertain emerging technologies, changes to customers' needs and expectations, and shifts in industry standard practices. Anticipating these factors requires that we allocate significant resources without any guarantee that any such investments and efforts will result in wider adoption of our products in the marketplace. If we are unable to adequately anticipate these changes, then our business and financial condition could be adversely affected. Additionally, the success of our existing products and any new products we introduce depends, in part, on our ability to integrate them with third~~ - **consuming** party products used by us or our...... usage of our products are more expensive than we expect, then our business, results of operations and financial condition would be adversely affected. If we are unable to increase adoption of our products by enterprises, our business, results of operations and financial condition may be adversely affected. Historically, a majority of our revenue has been generated as a result of software developers adopting our **Communications API** products through our self- service model. Our ability to increase our customer base, especially among enterprises, and achieve broader market acceptance of our products will depend, in part, on our ability to effectively organize, focus and train our sales, marketing and other employees. Our ability to convince enterprises to adopt our products will depend, in part, on our ability to attract and retain sales employees with experience selling to enterprises. We believe that there is significant competition for experienced sales professionals with the skills and technical knowledge that we require. Even if we are successful in hiring qualified sales employees, new hires require significant training and experience before they achieve full productivity, particularly for sales efforts targeted at enterprises and new territories. Our recent hires and planned hires may not become as productive as quickly as we expect, and we may encounter difficulties or be unable to hire or retain sufficient numbers of qualified individuals in the future in the markets where we do business. Because we do not have a long history of targeting our sales efforts at enterprises, we cannot predict whether, or to what extent, our sales will increase as we organize and train our sales force or how long it will take for sales employees to become productive. As we seek to increase the adoption of our products by enterprises, including ~~products like~~ Segment and Engage, which are primarily aimed at complex customer data platform implementations at larger companies, ~~and Flex, which is primarily aimed at complex contact center implementations at larger companies,~~ we expect to incur higher costs and longer sales cycles. In the enterprise market segment, the decision to adopt our products may require the approval of multiple technical and business decision makers, including legal, security, compliance, procurement, operations and information technology (" IT "). In addition, while enterprise customers may quickly deploy our products on a limited basis, before they will commit to deploying our products at scale, they often require extensive education about our products and significant customer support time and also engage in protracted pricing and contract negotiations, which may be exacerbated by changing inflationary pressure and reduced IT budgets and may result in higher costs and longer sales cycles. In addition, sales cycles for enterprises are inherently more complex and less predictable than the sales through our self- service model, and some enterprise customers may not use our products enough to generate revenue that justifies the cost to obtain such customers. These complex and resource- intensive sales efforts could place additional strain on our product and engineering resources. Further, enterprises, including some of our **existing** customers, may choose to develop their own solutions that do not include our products. They may also demand reductions in pricing as their usage of our products increases, notwithstanding increased costs incurred by us to provide such products, which could have an adverse impact on our gross margin. Additionally, ~~economic recessions~~ **we have experienced, and may continue to experience, certain of** ~~or~~ **our** ~~slowdowns can result in our enterprise~~ customers ~~terminating~~ **failing to renew** their ~~arrangements~~ **contracts** with us, **reducing or limiting their contract values, and engaging in** longer sales cycles ~~, and reduced or limited contract values~~ as ~~enterprise organizations~~ **these customers** focus on general cost reductions in the face of macroeconomic uncertainty. As a result of our limited experience selling and marketing to enterprises, our efforts to sell to these potential customers may not be successful. If we are unable to increase the revenue that we derive from enterprises, then our business, results of operations and financial condition may be adversely affected. **Our future success depends, in part, on our ability to develop new products and product enhancements that achieve market acceptance, as well as adapt and respond effectively to rapidly changing technology and regulations, dynamic industry standards, and evolving interoperability requirements. Our ability to attract new customers and increase revenue from existing customers depends in large part on our ability to enhance and improve our existing products and to introduce compelling new products that reflect the changing nature of our markets, technology, industry standards, and customer needs and preferences.** The ~~The~~ success of any enhancements or new products **we introduce** depends on several factors,including timely completion,adequate quality testing,actual performance quality,market- accepted pricing levels and overall market acceptance.Enhancements and new products that we develop may not be introduced in a timely or cost- effective manner,may contain errors or defects,may require reworking features and capabilities,may have interoperability difficulties with our platform or other products or may not achieve the broad market acceptance necessary to generate significant revenue or increase our gross ~~margins~~ **profits** .Furthermore,our ability to increase the usage of our products depends,in part,on the development of new use cases for our products,which is typically driven by our developer community and may be outside of our control. **The markets for our** ~~Our ability to generate usage of additional~~ products ~~by~~ **,including the** market for ~~our products may become less competitive.The market for~~ communications in general ~~,~~ and cloud communications in particular, ~~is~~ **are** subject to rapid technological change,evolving industry standards, **and** changing regulations,as well as changing customer needs,requirements and preferences.These are all uncertain and we cannot predict the consequences,effects,or introduction of new,disruptive,emerging technologies or the manner and pace at which our ~~market~~ **markets** ~~develops~~ - **develop** over time,and our ability to compete in ~~our~~ **these** ~~market~~ **markets** depends on predicting and adapting to these changing circumstances.The success of our business will depend,in part,on our ability to adapt and respond effectively to these changes on a timely basis ~~.If~~ **,and anticipating these factors requires that** we ~~are unable to develop new products~~ **allocate significant resources without any guarantee** that ~~satisfy our customers~~ **any such investments** and ~~provide enhancements and new~~ **efforts will result in initial or enhanced adoption of** our products **in the marketplace. For example, with the development of next- generation solutions that utilize new** and ~~to compete effectively and may lead to customers reducing or terminating their usage of our products.For example,if user authentication practices evolve to reduce or eliminate the use of one- time passwords,our revenue could be adversely affected.Additionally,the success of our existing products and any new products we introduce depends,in part,on our ability to integrate them with third-~~ party products used by us or our customers.The providers of such third- party products may modify the features,functionality,pricing,and other terms and conditions with respect to such products in a manner adverse to us and to our customers that use such third- party products in connection with our products.If we are unable to maintain the integrations between our products ~~and~~ **with** such third- party products,our ability to meet the needs and expectations of our current and prospective customers could be adversely affected **and** ~~,which could~~ adversely affect our business. ~~Our~~ **If we are unable to successfully enhance our existing products to meet evolving customer requirements,increase adoption and usage of our products,develop and drive adoption of new products,maintain integrations with third- party products,anticipate changes in technology,customers' needs and expectations,or industry standards,and increase our gross margins,or if our efforts to increase the usage of our products are more expensive** platform **must integrate with and leverage a variety of infrastructure, network, hardware, mobile and software platforms and technologies, and we need to continuously modify and enhance our products and platform to adapt to changes and innovation in these technologies. For example, Apple, Google, Yahoo and other cell- phone operating system providers or inbox service providers have developed, and may in the future develop, new applications or functions intended to filter spam and unwanted phone calls, messages or emails. Third party platforms may also implement changes to their privacy policies or practices that may adversely impact us or our customers. In addition, our network service providers may adopt new filtering technologies in an effort to combat spam or robocalling. Such technologies may inadvertently filter desired messages or calls to or from our customers. If cell- phone operating system providers, network service providers, our customers or their end users adopt new software platforms or infrastructure, we may be required to develop new versions of our products to work with those new platforms or infrastructure. This development effort may require significant resources, which would adversely affect our business, results of operations and financial condition. Any failure of our products and platform to operate effectively with evolving or new platforms and technologies could reduce the demand for our products. If we are unable to respond to these changes in a cost-effective manner, our products may become less marketable and less competitive or obsolete, and our business, results of operations and financial condition could be adversely affected. If we are unable to successfully and cost- effectively increase adoption and usage of our existing products, develop and drive adoption of new products, maintain integrations with third- party products, or anticipate and keep pace with changes in technology, customers' needs, customers' expectations, and industry standards, our business, results of operations and financial condition would be adversely affected. The markets for our products** ~~continues~~ - **continue** to evolve ~~,~~ and may decline or experience limited growth **. The markets for** ~~, and is dependent in part on developers continuing to adopt our platform and use~~ our products ~~. The market for our products and platform continues~~ - **continue** to evolve, which makes our business and future prospects difficult to evaluate. ~~We believe that our revenue currently constitutes a significant portion of the total revenue in the market, and therefore, we believe~~

~~that our future success will depend in large part on the growth, if any, and evolution of this market.~~ If ~~developers~~ **current** and ~~organizations~~ **prospective customers** do not recognize the need for and benefits of our products and platform, they may decide to adopt alternative products and services to satisfy some portion of their business needs. In order to grow our business and extend our market position, we intend to focus on educating developers and **enterprises** ~~other potential customers~~ about the benefits of our products and platform, expanding and improving the functionality of our products and bringing new technologies to market to increase market acceptance and use of our platform. Our growth will depend, in part, on our ability to **expand the markets** ~~leverage more of our self- service capability for developers~~ that ~~do not need direct account coverage. We will also continue to prioritize accelerating software sales, which could have an impact on~~ our **products address** ~~results of operations~~ . Our ability to **do so** ~~expand the market that our products and platform address~~ depends upon a number of factors, including the cost, performance and perceived value associated with such products and platform. The ~~market~~ **markets** for our products and platform could fail to grow significantly, or at all, or there could be a reduction in demand for our products as a result of any number of factors, including a lack of ~~developer~~ **customer** acceptance, technological challenges, competing products and services, decreases in spending by current and prospective customers, weakening ~~economic~~ **macroeconomic** conditions, ~~including due to labor shortages, supply chain disruptions and inflationary pressures~~ and other causes. If ~~our~~ **these** ~~market~~ **markets** ~~does~~ **do** not experience significant growth or demand for our products decreases, then our business, results of operations and financial condition could be adversely affected. If we fail to effectively manage our growth, then our business, results of operations and financial condition could be adversely affected. Although we cannot provide any assurance that our business will continue to grow at the same rate or at all in the future, we have experienced substantial growth in our business and operations in recent years, which has placed, and may continue to place, significant demands on our management and our operational and financial resources **, especially as we continue to focus on improving our operating efficiency** . Although we ~~committed to~~ **have conducted** workforce ~~reduction~~ **reductions** ~~plans~~ in **the past** ~~September 2022 and February 2023 to reduce operating costs, improve operating margins and accelerate profitability~~ , we may experience employee growth in the future. We have also experienced significant growth in the number of customers, usage and amount of data that our platform and associated infrastructure support. As a result of this growth, our organizational structure is becoming more complex as we improve our operational, financial and management controls as well as our reporting systems and procedures. The expansion of our systems and infrastructure, as well as the changes arising from our business ~~unit reorganization~~ **reorganizations** , **has required, and** will **continue to** require **,** us to commit substantial financial, operational, and technical resources. Our revenue may not increase as a result of our investments in these areas and, if revenue does increase, it may not increase enough to offset these investments, or it may take several periods before we begin to see the benefits of these investments. If we are unable to adequately manage our growth and other business changes in a manner that preserves the key aspects of our corporate culture, including as a result of our ~~recent~~ **past** reductions in force and **the reorganization of our** business ~~unit reorganization~~ , the quality and performance of our products may suffer, which could negatively affect our brand, reputation and ability to retain and attract customers and employees. Finally, if we are unable to maintain reliable service levels for our customers or if the level of efficiency in our organization suffers as we grow and transform our operating model, then our business, results of operations and financial condition could be adversely affected. **We continue to scale the capacity of, and enhance the capability and reliability of, our technical infrastructure to support increased activity on our platform. Any failure to maintain performance, reliability, security, integrity and availability of our products and infrastructure to the satisfaction of our customers may harm our reputation and our ability to retain existing customers or attract new customers. If we fail to efficiently scale and manage our infrastructure, or if our customers experience service disruptions or outages, our business, financial condition and operating results may be adversely impacted.** The ~~market~~ **markets** in which we participate ~~is~~ **are** intensely competitive, and if we do not compete effectively, our business, results of operations and financial condition could be harmed. The ~~market~~ **markets** for **our products are** ~~customer engagement platform is~~ rapidly evolving, significantly fragmented and highly competitive, with relatively low barriers to entry in some segments. The principal competitive factors in our market include completeness of offering, credibility with customers, global reach, ease of integration and programmability, product features, platform scalability, reliability, deliverability, security and performance, brand awareness and reputation, the strength of sales and marketing efforts, customer support, **and** ~~as well as~~ the cost of deploying and using ~~our~~ products. In our Communications business, our competitors are primarily (i **) CPaaS companies that offer communications products and applications, (ii) other software companies that compete with portions of our communications product line, and (iii**) regional network service providers that offer limited developer functionality on top of their own physical infrastructure ~~, (ii) CPaaS companies that offer communications products and applications, and (iii) other software companies that compete with portions of our communications product line~~ . In our **Segment** ~~Data & Applications~~ business **,** our competitors are primarily (i ~~) legacy on- premises vendors, (ii~~) SaaS companies and marketing cloud platform vendors that offer bundled applications and platforms, **(ii) CRM and customer experience vendors** and (iii) **standalone** ~~CRM and~~ customer ~~experience~~ **data platform** vendors. Some of our competitors and potential competitors are larger and have greater name recognition, longer operating histories, more established customer relationships, larger budgets, lower operating costs, and significantly greater resources than we do. As a result, our competitors may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards, customer requirements or changing economic conditions. Our competitors may also offer products or services that address one or a limited number of functions at lower prices, with greater depth than our products or in different geographies. Our current and potential competitors may develop and market new products and services with comparable functionality to our products, and this could lead to us having to decrease prices in order to remain competitive. With the introduction of new products and services and new market entrants, we expect competition to intensify in the future. As we expand the scope of our products, we may face additional competition and, in some cases, may find our products in competition with those of our customers, which could cause them to replace our products with competitive offerings. If one or more of our competitors were to merge or partner with another of our competitors or our suppliers, the change in the competitive landscape could also adversely affect our ability to compete effectively. For example, certain of our competitors have engaged in acquisition activity and we expect that our competitors will continue to evaluate the acquisition of companies and technologies that could increase competition with our products in the future. In addition, some of our competitors have lower list prices than us, which may be attractive to certain customers even if those products have different or lesser functionality. Pricing pressures and increased competition generally could result in reduced revenue, reduced margins, increased losses or the failure of our products to achieve or maintain widespread market acceptance, any of which could harm our business, results of operations and financial condition. Our business, results of operations and financial condition also depends, in part, on our ability to establish and maintain relationships through resellers, distributors, and strategic partners. A portion of our revenue is derived from sales made by these partners and any one of them may later decide to sell their own products or those of third parties that may be competitive with our products. A loss or reduction in sales of our products through these third- party intermediaries could adversely affect our revenue and other results of operations. We have a history of losses and may not achieve or sustain profitability in the future. We have incurred net losses in each year since our inception, including net losses of $ 1. **0 billion, $ 1.** 3 billion ~~,~~ **and** $ 949. 9 ~~million and $ 491. 0~~ million in the years ended December 31, **2023,** 2022 ~~,~~ **and** 2021 ~~and 2020~~ , respectively. We had an accumulated deficit of $ ~~3~~ **5** . ~~4~~ **1** billion as of December 31, ~~2022~~ **2023** . We will need to generate and sustain increased revenue levels, and manage our operating expenses, in future periods to become profitable **and achieve our stated profitability goals** and, even if we do, we may not be able to maintain or increase our level of profitability. We expect to continue to expend substantial financial and other resources on, among other things: investments in our engineering team; improvements in security and data protection; the development of new products, features and functionality and enhancements to our platform; sales and marketing ~~, including the continued expansion of our direct sales organization and marketing programs, especially for enterprises, organizations outside of the United States, and programs directed at increasing our brand awareness among developers, as well expansion of our self- service capabilities~~ ; expansion of our operations and infrastructure, both domestically and internationally; and general administration, including legal, accounting and other expenses related to being a public company. Our efforts to grow our business may be more costly than we expect, and we may not be able to increase our revenue enough to offset our ~~increased~~ **associated** operating expenses. We may incur significant losses in the future for a number of reasons, including the other risks described herein, and unforeseen expenses, difficulties, complications and delays and other unknown events. If we are unable to achieve and sustain profitability, or if we incur significant losses, the value of our business and ~~Class A~~ common stock may significantly decrease. We depend largely on the continued services of highly skilled personnel, including our senior management and other key employees, and ~~failing~~ **the inability** to attract, integrate or retain such employees could adversely affect our business, results of operations and financial condition. Our future performance depends on the continued services and contributions of highly skilled personnel, including our senior management and other key employees, to execute on our business plan, to develop our products and platform, to deliver our products to customers, to attract and retain customers and to identify and pursue opportunities to expand our business. We believe that there is, and will continue to be, intense competition for highly skilled management, technical, sales and other employees with experience in our industry. In addition, we have **conducted reductions in force and** experienced and may continue to experience ~~high levels of~~ employee attrition, which could significantly delay or prevent the achievement of our business objectives, and any resulting influx of new employees may require us to expend time, attention and resources to recruit and retain employees, restructure parts of our organization and train and integrate new personnel ~~. We have focused our hiring efforts on areas such as Segment, Engage and Flex, and we have frozen the vast majority of new hires and backfills outside of these core areas~~ . If we fail to effectively manage attrition, and to hire, integrate and adequately incentivize our personnel, our efficiency and ability to meet our operational and growth targets, as well as our corporate culture, employee morale, productivity and retention, could suffer, and our business and operating results would be adversely impacted. Additionally, loss of services of senior management or other key employees could significantly delay or prevent the achievement of our development and strategic objectives. In ~~particular~~ **January 2024** , ~~we depend to a considerable degree on the vision, skills, experience and effort of~~ our co- founder ~~and~~ **, Jeff Lawson, resigned as** Chief Executive Officer **and as a member of our board of directors** , ~~Jeff Lawson~~ **and Khozema Shipchandler, our former President, Twilio Communications, was appointed as Chief Executive Officer and as a member of our board of directors. We will incur various expenses in connection with the transition and we may face challenges in connection with the transition, such as potential changes to our strategy, corporate culture, and other changes in our management structure or roles** . Any of our executive officers may terminate employment with us at any time with no advance notice. We have experienced, and may continue to experience, high attrition among our senior management team and key employees. The replacement of any of our senior management or other key employees will involve significant time and costs, and any loss of services of any such key employee for any reason could significantly delay or prevent the achievement of our business objectives and could adversely affect our business, results of operations and financial condition. The labor market for our business is subject to external factors that are beyond our control, including our industry' s highly competitive market for skilled workers and leaders ~~, inflation, effects that the COVID- 19 pandemic has had on the labor market, and workforce participation rates~~ . We must provide competitive compensation packages and a high- quality work environment to hire, retain and motivate employees. Volatility in, or the actual or perceived lack of performance of, our stock price may affect our ability to attract, motivate and retain key employees. In September 2022 ~~and~~ **,** February **2023 and December** 2023, we implemented reductions in force, which may have an impact on our ability to hire, retain and motivate employees. If we are unable to retain and motivate our existing employees and attract qualified employees to fill key positions, we may be unable to manage our business effectively, including the development, marketing and sale of our products, ~~which could adversely affect our business, results of operations and financial condition. Further, we believe that a critical contributor to our success and our ability to attract, recruit, hire and retain highly skilled personnel has been our corporate culture. As we grow~~

~~and experience organizational changes, including as a result of the reductions in force and our business unit restructuring, we may find it difficult to maintain important aspects of our corporate culture. While we are taking steps to develop a more inclusive and diverse workforce, there is no guarantee that we will be able to do so. Our inability to preserve our culture, or to reshape our culture, as we grow and transform our operating model could limit our ability to innovate and could negatively affect our ability to retain and recruit personnel, continue to perform at current levels or execute on our business strategy, any one of~~ which could adversely affect our business, results of operations and financial condition. If we are not able to maintain and enhance our brand and increase market awareness of our company and products, then our business, results of operations and financial condition may be adversely affected. We believe that maintaining and enhancing the " Twilio " brand identity and increasing market awareness of our company and products, particularly among developers and enterprises, is critical to achieving widespread acceptance of our platform, to ~~strengthen~~ **strengthening** our relationships with our existing customers and to our ability to attract new customers. The successful promotion of our brand will depend largely on our continued marketing efforts, our ability to continue to offer high- quality products, and our ability to successfully differentiate our products and platform from competing products and services. Our brand promotion and thought leadership activities may not be successful or yield increased revenue. In addition, independent industry analysts often provide reviews of our products and competing products and services, which may significantly influence the perception of our products in the marketplace. If these reviews are negative or not as strong as reviews of our competitors' products and services, then our brand may be harmed. The promotion of our brand also requires us to make substantial expenditures, and we anticipate that these expenditures will increase as our ~~market~~ **markets** ~~becomes~~ **become** more competitive and as we expand into new markets. To the extent that these activities increase revenue, this revenue still may not be enough to offset the increased expenses we incur , including, but not limited to...... and financial condition could be adversely affected . To deliver our products, we rely on network service providers and internet service providers for our network service and connectivity, and disruption or deterioration in the quality of these services or changes in network service provider fees that we pay in connection with the delivery of communications on our platform could adversely affect our business, results of operations and financial condition. We currently interconnect with fixed and mobile network service providers around the world to enable the use by our customers of our products over their networks. Although we are in the process of acquiring authorization in many countries for direct access to phone numbers and for the provision of voice and messaging services on the networks of fixed and mobile network service providers, we expect that we will continue to rely on network service providers for these services. Where we do not have direct access to phone numbers, our reliance on network service providers has reduced our operating flexibility, ability to make timely service changes and control quality of service. In addition, the fees that we are charged by network service providers may change daily or weekly and we can be subject to the imposition of additional fees, penalties, or other administrative or technical requirements, and even service interruption, due to regulatory, competitive, or other industry related changes over which we have little to no control. We typically do not change our customers' pricing as rapidly and, as a result, such fee increases could adversely affect our business and results of operations. For example, in recent years, multiple major U. S. mobile carriers have introduced ~~Application to Person ("~~A2P ~~")~~ SMS service offerings that added a new fee for A2P SMS messages delivered to their respective subscribers, and, from time ~~-~~to ~~-~~time, other U. S. mobile carriers have added similar fees. While we have historically responded to these types of fee increases through a combination of further negotiating efforts with our network service providers, absorbing the increased costs or ~~changing our prices~~ **passing the fees through** to customers, there is no guarantee that we will continue to be able to respond in these ways in the future without a material negative impact to our business. ~~In the case of these new carriers' A2P SMS fees, after a short phase- in period where we absorbed the fees, we began on May 1, 2021 to pass these fees directly through to our customers who are sending SMS messages to these carriers' subscribers.~~ Passing these fees through to our customers typically has the effect of increasing our **Communications** revenue and cost of revenue, but typically does not impact the gross profit dollars received for sending these messages and, as a result, has a negative impact on our gross margins. Additionally, our ability to respond to any new fees may be constrained if all network service providers in a particular market impose equivalent fee structures, if the magnitude of the fees is disproportionately large when compared to the underlying prices paid by our customers, or if the market conditions limit our ability to increase the price we charge our customers. Furthermore, many of these network service providers do not have long- term committed contracts with us and may interrupt services or terminate their agreements with us without notice. If a significant portion of our network service providers stop providing us with access to their infrastructure, fail to provide these services to us on a cost- effective basis, cease operations, or otherwise terminate these services, the delay caused by qualifying and switching to other network service providers could be time consuming and costly and could adversely affect our business, results of operations and financial condition. Further, if problems occur with our network service providers, it may cause errors, service outages, or poor- quality communications on our products, and we could encounter difficulty identifying the source of the problem. The occurrence of errors, service outages, or poor- quality communications on our products, whether caused by our platform or a network service provider, may result in the loss of our existing customers or the delay of adoption of our products by potential customers and may adversely affect our business, results of operations and financial condition. Further, we sometimes access network services through intermediaries who have direct access to network service providers. Although we are in the process of securing direct connections with network service providers in many countries, we expect that we will continue to rely on intermediaries for these services for some period of time. These intermediaries sometimes have offerings that directly compete with our products and may stop providing services to us on a cost- effective basis. If a significant portion of these intermediaries stop providing services or stop providing services on a cost- effective basis, our business could be adversely affected. We also interconnect with internet service providers around the world to enable the use of our email products by our customers, and we expect **to** ~~that we will~~ continue to rely on internet service providers for network connectivity going forward. Our reliance on internet service providers reduces our control over quality of service and exposes us to potential service outages and rate fluctuations. The occurrence of poor- quality of service or service outages on our products may result in the loss of our existing customers or the delay of adoption of our products by potential customers and may adversely affect our business, results of operations and financial condition. Similarly, if a significant portion of our internet service providers stop providing us with access to their network infrastructure, fail to provide access on a cost-effective basis, cease operations, or otherwise terminate access, the delay caused by qualifying and switching to other internet service providers could be time consuming and costly and could adversely affect our business, results of operations, and financial condition. Failure to set optimal prices for our products could adversely impact our business, results of operations and financial condition. For certain of our products, we primarily charge our customers based on their ~~use~~ **usage** of such products ~~(" usage- based pricing ")~~. One of the challenges of ~~our~~ **this** usage- based pricing model is the variability of the fees that we pay to network service providers over whose networks we transmit communications. Such network fees can vary daily or weekly and are affected by volume and other factors that may be outside of our control, and which are difficult to predict. This can result in us incurring increased costs that we may be unable or unwilling to pass through to our customers, which could adversely impact our business, results of operations and financial condition. If we elect to pass through increased fees to our customers, it could adversely affect our relationship with our customers and our customers may look for lower cost alternatives. We **adjust the pricing models for our products from time to time and** expect that we ~~may need~~ **will continue** to ~~change~~ **do so. Many of** our **usage- based customers enter into contracts with negotiated** pricing ~~model from time to time. In the past~~, **and** ~~we have at times reduced~~ our **subscription** ~~prices either for individual~~ customers **are also subject to negotiated pricing** ~~in connection with long- term agreements or for a particular product~~. **As** ~~Further, as~~ competitors introduce new products or services that compete with ours or reduce their prices, we may be unable to attract new customers or retain existing customers based on our historical pricing. ~~As~~ **If** we **are required** ~~expand internationally, we also must determine the appropriate price to enable us to compete effectively internationally. Moreover, enterprises may demand substantial price concessions. In addition, if the mix of products sold changes, including for a shift to IP- based products, then we may need to,~~ or choose to ~~, revise our pricing. As a result, in the future we may be required or choose to~~ reduce our prices ~~or change our pricing models~~, ~~which~~ **it** could adversely affect our business, results of operations and financial condition. **Our** ~~We are continuing to expand our~~ international operations ~~, which exposes~~ - **expose** us to risks inherent in global operations ~~. We are continuing to expand our international operations to increase our revenue from customers outside of the United States as part of our growth strategy~~. In the years ended December 31, **2023,** 2022 and 2021, we derived **34 %,** 34 % and 32 % of our revenue from customer accounts located outside the United States, respectively. The future success of our business will depend, in part, on our ability to **strategically maintain and** expand our customer base worldwide ~~. Between December 31, 2021 and December 31, 2022, our international headcount grew from 2, 964 employees to 3, 490 employees. We expect to continue to hire employees outside of the United States to reach new customers and gain access to additional technical talent~~. Operating in international markets requires significant resources and management attention and ~~will subject~~ **subjects** us to regulatory, economic and political risks in addition to those we ~~already~~ face in the United States. In addition, we ~~will~~ face risks in doing business internationally that could adversely affect our business, including: • inflation and actions taken by central banks to counter inflation; • the difficulty of managing and staffing international operations and the increased operations, travel, infrastructure and legal compliance costs associated with servicing international customers and operating numerous international locations; • our ability to effectively price our products in competitive international markets; • new and different sources of competition or other changes to our current competitive landscape; • potentially greater difficulty collecting accounts receivable and longer payment cycles; • higher or more variable network service provider fees outside of the United States; • the need to adapt and localize our products and support for specific countries; • understanding, reconciling, and implementing technical controls to address, different technical standards, data privacy and telecommunications regulations, and registration and certification requirements outside the United States, which could prevent customers from deploying our products or limit their usage; • our ability to comply with laws, regulations and industry standards relating to data privacy, data protection, data localization and data security **, as well as sustainability and other ESG matters,** enacted in countries and other regions in which we operate or do business, **and the associated costs and management attention required to support such compliance; • difficulties in understanding and complying with local laws, regulations and customs in non- U. S. jurisdictions; • compliance with export controls and economic sanctions regulations administered by U. S. and foreign governmental entities in jurisdictions in which we operate,** including the ~~foreign governmental entities in jurisdictions in which we operate,including the~~ Department of Commerce' s Bureau of Industry and Security and the Treasury Department' s Office of Foreign Assets Control;• compliance with various anti- bribery and anti-corruption laws such as the U.S.Foreign Corrupt Practices Act,as amended (" FCPA ") and United Kingdom Bribery Act of 2010;• changes in international trade policies,tariffs and other non- tariff barriers,such as quotas and local content rules;• more limited protection for intellectual property rights in some countries;• adverse tax consequences;• fluctuations in currency exchange rates,which could increase the price of our products outside of the United States,increase the expenses of our international operations and expose us to foreign currency exchange rate risk;• currency control regulations,which might restrict or prohibit our conversion of other currencies into U.S.dollars;• restrictions on the transfer of funds;• deterioration of political relations between the United States and other countries;• the impact of natural disasters and public health epidemics or pandemics such as COVID- 19 on employees,contingent workers,partners,travel and the global economy and the ability to operate freely and effectively in a region that may be fully or partially on lockdown;and • political or social unrest,economic instability,conflict or war in a specific country or region in which we,our customers,partners or service providers operate,which could have an adverse impact on our operations in the region or otherwise have a material impact on regional or global economies,any or all of which could adversely affect our business.Also,due to costs from our international **operations** ~~expansion efforts~~ and network service provider fees outside of the United States,which generally are higher than domestic rates,our **Communications** gross margin for international customers is typically lower than our **Communications** gross margin for domestic customers.As a result,our **Communications** gross margin has been,and may continue to be,adversely impacted **by** ~~as~~

~~we expand~~ our **international** operations ~~and customer base worldwide~~ .Our failure to manage any of these risks successfully could harm our international operations,and adversely affect our business,results of operations and financial condition.We currently generate significant revenue from our largest customers,and the loss or decline in revenue from any of these customers could harm our business,results of operations and financial condition.In the years ended December 31, **2023,** 2022 ~~,~~ **and** 2021 ~~and 2020~~ ,our 10 largest Active Customer Accounts generated an aggregate of **10 %,** 12 % ~~,~~ **and** 11 ~~% and 14~~ % of our revenue,respectively.If any of these customers,or other large customers **,** do not continue to use our products,use fewer of our products,or use our products in a more limited capacity,or not at all,our business,results of operations and financial condition could be adversely affected.Additionally,the usage of our products by customers that do not have long- term contracts with us may change between periods.Those with no long- term contract with us may reduce or fully terminate their usage of our products at any time without notice,penalty or termination charges,which may adversely impact our results of operations.We may not realize potential benefits from our acquisitions,partnerships and investments because of difficulties related to integration,the achievement of synergies,and other challenges.We have acquired and invested in businesses and technologies that are complementary to our business through acquisitions,partnerships or investments,and we expect to continue to selectively evaluate strategic opportunities in the future.There can be no assurances that our businesses can be combined in a manner that allows for the achievement of substantial benefits.Any integration process may require significant time and resources,and we may not be able to manage the process successfully as our ability to acquire and integrate larger or more complex companies,products,or technology in a successful manner is unproven.If we are not able to successfully integrate these acquired businesses with ours or pursue our customer and product strategy successfully,the anticipated benefits of such acquisitions may not be realized fully or may take longer than expected to be realized.Further,it is possible that there could be a loss of our key employees and customers,disruption of ongoing businesses or unexpected issues,higher than expected costs and an overall post-completion process that takes longer than originally anticipated.In addition,the following issues,among others,must be addressed in order to realize the anticipated benefits of our acquisitions,partnerships or investments:• combining the acquired businesses' corporate functions with our corporate functions;• combining acquired businesses with our **existing** business in a manner that permits us to achieve the synergies anticipated to result from such acquisitions,the failure of which would result in the anticipated benefits of our acquisitions not being realized in the time frame currently anticipated or at all;• maintaining existing agreements with customers,distributors,providers,talent and vendors and avoiding delays in entering into new agreements with prospective customers,distributors,providers,talent and vendors;• determining whether and how to address possible differences in corporate cultures and management philosophies;• integrating the companies' compliance,administrative and IT infrastructure;• developing products and technology that allow value to be unlocked in the future;• evaluating and forecasting the financial impact of such acquisitions,partnerships and investments,including accounting charges;and • effecting potential actions that may be required in connection with obtaining regulatory approvals.In addition,at times the attention of certain members of our management and resources may be focused on integration of the acquired businesses and diverted from day- to-day business operations,which may disrupt our ongoing business.We have incurred,and may continue to incur,significant,nonrecurring costs in connection with our acquisitions,partnerships and investments and integrating our operations with those of the acquired businesses,including costs to maintain employee morale and to retain key employees.Management cannot ensure that the elimination of duplicative costs or the realization of other efficiencies will offset the transaction and integration costs in the near term or at all. **From time to time we may also divest or stop investing in certain businesses or products.For example,in the second quarter of 2023,we sold our Internet of Things assets and liabilities,and in the third quarter of 2023,we sold our ValueFirst business.** The ~~effects~~ **sale** of ~~the COVID- 19 pandemic~~ **a business or product may require us to restructure operations** and **/ or terminate employees,and could expose us to unanticipated ongoing obligations and liabilities,including as a result of our indemnification obligations.Additionally,such transactions could disrupt our customer,supplier and / or employee relationships and divert management and our employees' time and attention.During the pendency of a divestiture,we may be subject to risks** related ~~public health measures have affected how we and our~~ **to a decline in the business,loss of employees,** customers, ~~partners and service providers are operating our~~ - **or suppliers** ~~respective businesses~~ ,and **that** the **transaction** ~~extent of the impact on our business and results of operations remains uncertain.The global COVID- 19 pandemic has disrupted,and~~ may **not close** ~~continue to disrupt,our day- to- day operations and the operations of our customers,partners and service providers.The pandemic and its impact on the global economy may result in differing levels of demand for our products as the priorities,resources,financial conditions and economic outlook of our customers,partners and service providers change~~ ,which could **have an** ~~adversely~~ -- **adverse** ~~affect~~ **effect on** ~~or increase~~ the ~~volatility of~~ **business to be divested and on us.Additionally,we may experience harm to** our financial results ~~.Any prolonged contractions in industries~~ **,including loss of revenue,and we may not realize the expected benefits and cost savings of these actions and our operating results may be adversely** impacted ~~by COVID- 19,along with any effects on supply chain or on other industries in which our customers,partners and service providers operate,could adversely impact our business,results of operations and financial condition.The pandemic could also result in reduced customer demand and willingness to enter into or renew contracts with us,which would adversely impact our business,results of operations and overall financial performance in future periods.While we have developed and continue to develop plans to help mitigate the potential negative impact of the pandemic on our business,these efforts may not be effective.The impact of the pandemic on our business will continue to depend on future developments,including but not limited to,the emergence of new coronavirus variants,the efforts or other actions undertaken to contain the virus or mitigate its effects and the easing or removal of such actions,all of which could evolve or change at any given time and are difficult to predict.If the COVID- 19 pandemic continues to impact our employees,partners,suppliers or customers,or if the abatement of the pandemic results in decreased demand or a more challenging sales environment,our business,results of operations and financial condition may be harmed~~ .Breaches of or incidents impacting our networks or systems,or those of ~~Amazon Web Services ("~~AWS ~~")~~ or our service providers,could degrade our ability to conduct our business,compromise the integrity of our products,platform and data,result in significant loss or unavailability of data and the theft of our intellectual property,damage our reputation,expose us to liability to third parties and require us to incur significant additional costs to maintain the security of our networks and data.We depend upon our IT systems to conduct virtually all of our business operations,ranging from our internal operations and research and development activities to our marketing and sales efforts and communications with our customers and business partners.We have in the past and may in the future be subject to a variety of evolving threats,including but not limited to social- engineering attacks (including through phishing attacks),malicious code (such as viruses and worms),malware (including as a result of advanced persistent threat intrusions),denial- of- service attacks (such as credential stuffing),personnel misconduct or error,ransomware attacks,supply- chain attacks,software bugs,server malfunctions,software or hardware failures,loss or unavailability of data or other information technology assets,adware,telecommunications failures,earthquakes,fires,floods **,natural disasters,** and other similar threats.Individuals or entities may attempt to penetrate the security of our platform,or of our network or systems,and to cause harm to our business operations,including by misappropriating our proprietary information or that of our customers,employees and business partners or to cause interruptions of our products and platform.In particular,cyberattacks and other malicious internet- based activity continue to increase in frequency and in magnitude generally,and cloud- based companies have been targeted in the past.In addition to threats from traditional computer hackers,malicious code,software vulnerabilities,supply chain attacks and vulnerabilities through our third- party partners,employees theft or misuse,password spraying,phishing,smishing,vishing,credential stuffing and denial- of- service attacks,we also face threats from sophisticated organized crime,nation- state,and nation- state supported actors who engage in attacks (including advanced persistent threat intrusions) that add to the risk to our systems (including those hosted on AWS or other cloud services),internal networks,our customers' systems and the information that they store and process.Ransomware and cyber extortion attacks,including those perpetrated by organized criminal threat actors,nation- states,and nation- state- supported actors,are becoming increasingly prevalent and severe and can lead to significant interruptions in our operations,loss of data and income,reputational harm,and diversion of funds.Extortion payments may alleviate or reduce the negative impact of a ransomware attack,but we may be unwilling or unable to make such payments due to,for example,applicable laws or regulations prohibiting such payments.Because the techniques used to access,disrupt or sabotage devices,systems and networks change frequently and may not be recognized until launched against a target,we may be required to make further investments over time to protect data and infrastructure as cybersecurity threats develop,evolve and grow more complex over time.We may also be unable to anticipate these techniques,and we may not become aware in a timely manner of any security breach or incident,which could exacerbate any damage we experience.Additionally,we depend upon our employees and contractors to appropriately handle confidential and sensitive data,including customer data,and to deploy our IT resources in a safe and secure manner that does not expose our network systems to security breaches or incidents or the loss,alteration,unavailability,or other unauthorized processing of data.We have been and expect to be subject to cybersecurity threats and incidents,including denial- of- service attacks,employee errors or individual attempts to gain unauthorized access to information systems. **We also continue to incorporate AI solutions and features into our platform,which may result in security incidents or otherwise increase cybersecurity risks.Further,AI technologies may be used in connection with certain cybersecurity attacks,resulting in heightened risks of security breaches and incidents.** Any data security incidents,including internal malfeasance or inadvertent disclosures by our employees or a third party' s fraudulent inducement of our employees to disclose information,unauthorized access or usage, **the introduction of** ~~virus~~ **viruses** or ~~similar~~ **other malicious code or any other** breach or incident or disruption of our platform,systems,or networks or those of our service providers,such as AWS,could result in loss **,corruption** ,unavailability,or other unauthorized processing of confidential information,and any such event,or the perception that it has occurred,may result in damage to our reputation,erosion of customer trust,loss of customers,litigation,regulatory investigations,fines,penalties and other liabilities.For example,in June and August 2022,we became aware that threat actors had conducted sophisticated social engineering campaigns against some of our employees after having obtained employee names and cell phone numbers from unknown sources.The attack identified in August,which involved smishing text messages that purported to be from our IT department,resulted in the threat actor obtaining some of our employees' credentials and access to certain data of approximately 209 customers out of our total customer base of approximately 270,000 at that time.We notified and worked with our affected customers.We also notified appropriate regulators and addressed their questions about the incident.We also took steps to remediate the incident,including enhancing our security training,improving our two factor authentication requirements,implementing additional layers of control within our VPN,reducing access to certain internal applications and tools,and increasing the refresh frequency for access to certain internal applications.Industry reports indicate that the threat actors also attacked other technology,telecommunication and cryptocurrency companies.Furthermore,we are required to comply with laws and regulations that require us to maintain the security of personal information and we may have contractual and other legal obligations to notify customers,regulators **,government agencies** ,impacted individuals or other relevant stakeholders of security breaches.Such disclosures are costly,and the disclosures or the failure to comply with such requirements could lead to adverse consequences.If we (or a third party upon whom we rely) experience a security incident or are perceived to have experienced a security incident,we may experience adverse consequences.These consequences may include:government enforcement actions and other actions or proceedings (for example,investigations,audits,and inspections),and related fines,penalties,required remedial actions,or other obligations and liabilities;additional reporting requirements and / or oversight;restrictions on processing or transferring data (including personal data);claims,demands,and litigation (including class claims);indemnification obligations;monetary fund diversions;interruptions in our operations (including availability of data);financial loss and other similar harms.Actual and perceived security incidents and attendant consequences could also lead to negative publicity and reputational harm,may cause our customers to lose confidence in the effectiveness of our security measures and require us to expend significant capital and other resources to respond to and / or mitigate the security incident.Accordingly,if our cybersecurity measures or those of AWS or our service providers fail to protect against unauthorized access,attacks (which may include sophisticated cyberattacks), **or if our employees or contractors** compromise or ~~the mishandling~~ **mishandle** ~~of~~ data ~~by our employees and contractors~~ ,then our reputation,customer trust,business,results of operations and financial condition could be adversely affected.While we maintain errors,omissions and cyber liability insurance policies covering certain security and privacy damages,we cannot be certain that our existing insurance coverage will continue to be available on acceptable terms or will be available,and in sufficient **amounts,to cover the potentially significant losses that may result from a security incident or breach or that the insurer will not deny coverage as to any future claim.Our actual or perceived failure to comply with increasingly stringent laws,regulations and contractual obligations relating to privacy,data protection and data security could harm our reputation and subject us to significant fines and liability or loss of business.We and our customers are subject to numerous domestic (for example,the California Consumer Privacy Act of 2018 (“ CCPA ”)) and foreign (for example,the General Data Protection Regulation (“** GDPR ~~data security could harm our reputation and subject us to significant fines and liability or loss of business.We and our customers are subject to numerous domestic (for example,the California Consumer Privacy Act of 2018 (“ CCPA ”)) and foreign (for example,the General Data Protection Regulation (“ GDPR~~ ”) in the European Union (“ EU ”)) privacy,data protection and data security laws and regulations that restrict the collection,use,disclosure and processing of personal information,including financial and health data.These laws and regulations are expanding globally,evolving,are being tested in courts,may result in increasing regulatory and public scrutiny of our practices relating to personal information and may increase our exposure to regulatory enforcement action,sanctions and litigation.The **breadth and depth of changes in data protection obligations has required significant time and resources,including a review of our technology and systems currently in use against the requirements of GDPR.The** CCPA **(as amended by the California Privacy Rights Act of 2020)** imposes obligations on businesses to which it applies.These obligations include,but are not limited to,providing specific disclosures in privacy notices and affording California residents **(both consumers and employees)** certain rights related to their personal information.The CCPA allows for statutory fines for noncompliance. ~~In addition,the California Privacy Rights Act of 2020 (“ CPRA ”),which became enforceable as of January 1,2023,expanded the CCPA protections for consumers and employees.~~ Similar laws have been enacted or been proposed at the state and federal levels.For example,Connecticut,Utah,Virginia and Colorado have each passed laws similar to but different from the CCPA ~~and CPRA~~ that **took effect in 2023;Florida,Montana,Oregon and Texas** have ~~taken or~~ **enacted similar legislation that becomes effective in 2024;Tennessee,Delaware,New Jersey and Iowa have passed such a law that** will take effect in ~~2023~~ **2025 ;and Indiana has enacted similar legislation that will become effective in 2026** .If we become subject to new privacy,data protection and data security laws,the risk of enforcement action against us could increase because we may become subject to additional obligations,and the number of individuals or entities that can initiate actions against us may increase,including individuals,via a private right of action,and state actors.Outside the United States, ~~an increasing and right of action,and state actors.Outside the United States,~~ an increasing number of laws,regulations,and industry standards apply to privacy,data protection and data security.For example,the GDPR,the United Kingdom’ s Data Protection Act 2018 (“ UK GDPR ”) and the **new** Swiss Federal Act on Data Protection **,** impose strict requirements for processing the personal information of individuals protected by the legislation,whether their data is processed within or outside the European Economic Area (“ EEA ”),the United Kingdom (“ UK ”) and Switzerland,respectively (such jurisdictions,collectively,“ Europe ”).For example,the GDPR imposes significant requirements regarding the processing of individuals’ personal information,including in relation to transparency,lawfulness of processing,individuals’ privacy rights,compliant contracting,data minimization,data breach notification,data re- usage,data retention,security of processing and international data transfers.Under the GDPR and UK GDPR,government regulators may impose temporary or definitive bans on data processing or data transfers,require a company to delete data,as well as impose significant fines,potentially ranging up to 20 million Euros **under the GDPR,17.5 million GBP under the UK GDPR,** or 4 % of a company’ s worldwide revenue,whichever is higher.Further,individuals may initiate compensation claims or litigation related to our processing of their personal information.Other privacy laws in Europe impose strict requirements around marketing communications and the deployment of cookies on users’ devices.As another example, ~~Brazil’ s~~ Brazil’ s General Data Protection Law (Lei Geral de Proteção de Dados Pessoais) (Law No. 13,...... Lei Geral de Proteção de Dados Pessoais , or “ LGPD ”) (Law No. 13, 709 / 2018) may apply to our operations. The LGPD broadly regulates processing of personal information of individuals in Brazil and imposes compliance obligations and penalties comparable to those of the GDPR. **Additionally, we expect an increase in the regulation of the use of AI and ML in products and services. For example, in Europe, the proposed Artificial Intelligence Act (“ AI Act ”), once adopted, could impose onerous obligations related to the development, placing on the market and use of AI- related systems. We may have to change our business practices to comply with obligations under these or other new and evolving regimes.** Further, the interpretation and application of new domestic and foreign laws and regulations in many cases is uncertain, and our legal and regulatory obligations in such jurisdictions are subject to frequent and unexpected changes, including the potential for various regulatory or other governmental bodies to enact new or additional laws or regulations, to issue rulings that invalidate prior laws or regulations, or to increase penalties significantly. For example, the EU’ s Digital Services Act ~~and~~ **,** Digital Markets **Act and Data** Act recently entered into force **. Also** , ~~whereas proposed~~ **the UK Parliament is currently debating the Data Protection and Digital Information (No. 2) Bill which, if enacted, will introduce certain changes to the UK’ s data protection** laws ~~in Europe include the Artificial Intelligence Act and the Data Act~~ . Similarly, with our registration as an interconnected VoIP provider **for certain products** with the Federal Communications Commission (“ FCC ”), we also must comply with privacy laws associated with customer proprietary network information ~~(“ CPNI ”)~~ rules in the United States. If we fail or are perceived to have failed to maintain compliance with these requirements, we could be subject to regulatory audits, civil and criminal penalties, fines and breach of contract claims, as well as reputational damage, which could impact the willingness of customers to do business with us. In addition to our legal obligations, our contractual obligations relating to privacy, data protection and data security have become increasingly stringent due to changes in laws and regulations and the expansion of our offerings. Certain privacy, data protection and data security laws, such as the GDPR and the CCPA, require our customers to impose specific contractual restrictions on their service providers. In addition, we support customer workloads that involve the processing of protected health information and are required to sign business associate agreements with customers that subject us to requirements under the federal Health Insurance Portability and Accountability Act of 1996, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009, as well as state laws that govern health information. Our actual or perceived failure to comply with laws, regulations, contractual commitments, or other actual or asserted obligations, including certain industry standards, regarding privacy, data protection and data security could lead to costly legal action, adverse publicity, significant liability, inability to process data, and decreased demand for our services, which could adversely affect our business, results of operations and financial condition. As a cumulative example of these risks, because our primary data processing facilities are in the United States, we have experienced hesitancy, reluctance, or refusal by European or multinational customers to continue to use our services due to the potential risks posed as a result of the Court of Justice' s July 2020 ruling in the " Schrems II " case, as well as related guidance from regulators **and the recent enforcement action against Meta by the Irish Data Protection Commission** . For example, absent appropriate safeguards or other circumstances, the GDPR and laws in Switzerland and the UK generally restrict the transfer of personal information to countries outside of the EEA, Switzerland and the UK such as the United States **. On July 10** , ~~that~~ **2023,** the European Commission **adopted its** ~~does not consider as providing an adequate~~ **adequacy decision for** ~~level of privacy, data protection and data security. On March 25, 2022, the United States and EU announced an " agreement in principle " to replace~~ the EU- U. S. ~~Privacy Shield transfer framework with the Trans- Atlantic~~ Data Privacy Framework. **Based on** ~~Progress has since been made towards the establishment of~~ this ~~as a valid transfer mechanism with President Biden' s issuance of the Executive Order Enhancing Safeguards for United States Signals Intelligence Activity in October 2022. Additionally, on December 13, 2022, the European Commission published a draft adequacy~~ decision **,** ~~on the level of protection of~~ personal ~~data under~~ **information can flow from the EU to U. S. companies participating in** the EU- U. S. Data Privacy Framework ~~, but this~~ **without having to put in place additional data protection safeguards. We are certified under the EU- U. S. Data Privacy** ~~framework~~ **Framework** ~~has not yet been established~~ **, the UK Extension to the EU- U. S. Data Privacy Framework, and the Swiss- U. S. Data Privacy Framework** . If we cannot ~~implement and~~ maintain a valid mechanism for cross- border data transfers, we **and our customers** may face increased exposure to regulatory actions, substantial fines, and injunctions against processing or transferring personal information from Europe or elsewhere. The inability to ~~import~~ **transfer** personal information to the United States could significantly and negatively impact our business operations; limit our ability to collaborate with parties that are subject to data privacy and security laws; or require us to increase our personal information processing capabilities in Europe and / or elsewhere at significant expense. ~~We and our customers are at risk of enforcement actions during such time we continue to require data transfers from Europe for the provision of our services.~~ In addition, outside of Europe, other jurisdictions have proposed and enacted laws relating to cross- border data transfer or requiring personal information, or certain subcategories of personal information, to be stored in the jurisdiction of origin. If we are unable to increase our data processing capabilities and storage in Europe and other countries to limit or eliminate the need for data transfers out of Europe and other applicable countries quickly enough, and ~~other~~ valid solutions for personal information transfers to the United States or other countries are not available or are difficult to implement in the interim, we will likely face continuing reluctance from European and multinational customers to use our services and increased exposure to regulatory actions, substantial fines and injunctions against processing or transferring personal information across borders. Evolving laws, regulations, and other actual and asserted obligations relating to privacy, data protection, and data security **, as well as any new or evolving obligations relating to the use of AI and ML technologies,** could reduce demand for our platform, increase our costs, impair our ability to grow our business, or restrict our ability to store and process data or, in some cases, impact our ability to offer our service in some locations and may subject us to liability. Further, in view of new or modified federal, state or foreign laws and regulations, industry standards, contractual obligations and other actual and asserted obligations, or any changes in their interpretation, we may find it necessary or desirable to fundamentally change our business activities and practices or to expend significant resources to modify our practices and platform and otherwise adapt to these changes. We may be unable to make such changes and modifications in a commercially reasonable manner or at all, and our ability to develop new products and features could be limited. We could incur substantial costs in protecting or defending our intellectual property rights, and any failure to protect our intellectual property could adversely affect our business, results of operations and financial condition. Our success depends, in part, on our ability to protect our brand and the proprietary methods and technologies that we develop under patent and other intellectual property laws. We rely on a combination of patents, copyrights, trademarks, service marks, trade secret laws and other intellectual property laws, contractual provisions, and internal processes, procedures, and controls in an effort to establish, maintain, enforce, and protect our intellectual property and proprietary rights. However, the steps we take to protect our intellectual property may be inadequate. While we have been issued patents in the United States and other countries and have additional patent applications pending, we may be unable to obtain patent protection for the technology covered in our patent applications. In addition, any patents issued to us in the future may not provide us with competitive advantages or may be successfully challenged by third parties. Further, the laws of some countries do not protect intellectual property or proprietary rights to the same extent as the laws of the United States, and mechanisms for enforcement of such rights in some foreign countries may be inadequate. To the extent we expand our international activities, our exposure to unauthorized copying and use of our products and proprietary information may increase. Accordingly, despite our efforts, we may be unable to prevent third parties from infringing upon or misappropriating our technology and intellectual property. We also rely, in part, on contractual confidentiality obligations we impose on our business partners, employees, consultants, advisors, customers and others in our efforts to protect our proprietary technology, processes and methods. These obligations may not effectively prevent unauthorized disclosure or use of our confidential information, and it may be possible for unauthorized parties to copy or access our software or other proprietary technology or information, or to develop similar products independently without ~~our~~ **us** having an adequate remedy for unauthorized use or disclosure of our confidential information. In addition, others may independently discover our trade secrets and proprietary information, and in these cases, we may not be able to assert any trade secret rights against those parties. We may be required to spend significant resources to monitor, enforce, maintain, and protect our intellectual property and proprietary rights. Litigation brought to protect and enforce our intellectual property or proprietary rights could be costly, time-consuming and distracting to management, result in a diversion of significant resources, or the narrowing or invalidation of portions of our intellectual property. Our efforts to enforce our intellectual property or proprietary rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of such rights. Our failure to meaningfully protect our intellectual property and proprietary rights, could have an adverse effect on our business, results of operations and financial condition. We have been sued and may, in the future, be sued by third parties for alleged infringement of their intellectual or other proprietary rights, which could adversely affect our business, results of operations and financial condition. There is considerable patent and other intellectual property development activity in our industry. We may also introduce or acquire new products or technologies, including in areas where we historically have not participated, which could increase our exposure to intellectual property infringement claims brought by third parties. Our future success depends, in part, on not infringing the intellectual property or proprietary rights of others and we may be unaware of such rights that may cover some or all of our technology or intellectual property. We have from time to time been subject to claims that our products or platform and underlying technology are infringing upon third- party intellectual property or proprietary rights. We may be subject to such claims in the future and we may be found to be infringing upon such rights. Any claims or litigation could cause us to incur significant expenses (including settlement payments and costs associated with litigation) and, if successfully asserted against us, could require that we pay substantial damages or ongoing royalty payments, prevent us from offering our products, or require that we comply with other unfavorable terms. Additionally, our agreements with customers and other third parties typically include indemnification or other provisions under which we agree to indemnify or are otherwise liable to them for losses suffered or incurred by them as a result of claims of intellectual property infringement. Although we typically limit our liability with respect to such obligations through such agreements, we may still incur substantial liability related to our indemnification obligations. Regardless of the merits or ultimate outcome of any claims of infringement, misappropriation, or violation of intellectual or other proprietary rights that have been or may be brought against us or that we may bring against others, these types of claims, disputes, and lawsuits are time- consuming and expensive to resolve, divert management' s time and attention, and could harm our reputation. Litigation is inherently unpredictable and we cannot predict the timing, nature, controversy or outcome of disputes brought against us or assure you that the results of any of these actions will not have an adverse effect on our business, results of operations or financial condition. Our use of open source software could negatively affect our ability to sell our products and subject us to possible litigation. Our products and platform incorporate open source software, and we expect to continue to incorporate open source software in our products and platform in the future. Few of the licenses applicable to open source software have been interpreted by courts, and there is a risk that these licenses could be construed in a manner that could impose unanticipated conditions or restrictions on our ability to commercialize our products and platform. Although we have implemented policies to regulate the use and incorporation of open source software into our products and platform, we cannot be certain that we have not incorporated open source software in our products or platform in a manner that is inconsistent with such policies. If we fail to comply with open source licenses, we may be subject to certain requirements, including requirements that we offer our products that incorporate the open source software for no cost, that we make available the source code for any modifications or derivative works we create based upon, incorporating or using the open source software and that we license such modifications or derivative works under the terms of applicable open source licenses. If an author or other third party that distributes such open source software were to allege that we had not, or have not, complied with the terms and conditions of the license for such open source software, we could be required to incur significant legal expenses defending against such allegations and could be subject to significant damages, enjoined from generating revenue from customers using products that contained the open source software and required to comply with onerous conditions or restrictions on these products. In any of these events, we and our customers could be required to seek licenses from third parties in order to continue offering our products and platform and to re- engineer our products or platform or discontinue offering our products to customers in the event re- engineering cannot be accomplished on a timely basis. Any of the foregoing could require us to devote additional research and development resources to re- engineer our products or platform, damage our reputation, give rise to increased scrutiny regarding our use of open source software, result in customer dissatisfaction and may adversely affect our business, results of operations and financial condition. **We rely on technology** ~~we may experience adverse consequences.These consequences may include:government enforcement actions~~ and **intellectual property of third parties,** ~~other~~ -- **the** ~~actions~~ **loss of which could limit the functionality of** ~~or~~ **our products** ~~proceedings (for example,investigations,audits,~~ and **disrupt** ~~inspections),and related fines,penalties,required remedial actions,or~~ **our** ~~other obligations~~ **business.We use technology** and ~~liabilities;~~ **intellectual property licensed from third parties in certain of our products and our platform,and we expect to license** additional ~~reporting requirements~~ **third- party technology** and ~~/ or oversight;restrictions~~ **intellectual property in the future.Licensed technology and intellectual property may not continue to be available** on **commercially reasonable terms** ~~processing or transferring data (including personal data);claims~~ , ~~demands,and litigation (including class claims);indemnification obligations;monetary fund diversions;interruptions in our~~ - **or at all.The** ~~operations (including availability of data);financial~~ loss ~~and~~ **of** ~~other~~ -- **the right to license** ~~similar harms.Actual~~ and **distribute third- party technology** ~~perceived security incidents and attendant consequences~~ could **limit the functionality of our products** ~~also lead to negative publicity and reputational harm,may cause our~~ - **or platform** ~~customers to lose confidence in the effectiveness of our~~

~~security measures~~ and **could** require us to **redesign** ~~expend significant capital and other resources to respond to and / or~~ **our** ~~mitigate~~ **products or platform.In addition,if** the **third- party technology and intellectual property we use has errors,** security **vulnerabilities** ~~incident.Accordingly~~ , ~~if our~~ - **or** ~~cybersecurity measures~~ **otherwise malfunctions,the functionality of** ~~or~~ **our** ~~those of AWS~~ **products and platform may be negatively impacted,** ~~or~~ **our** ~~our~~ **customers may experience reduced** service **levels** ~~providers fail to protect against unauthorized access~~ , **and** ~~attacks (which may include sophisticated cyberattacks),compromise or~~ **our** ~~the mishandling of data by our employees and contractors,then our reputation,customer trust,~~ business **may** ~~,results of operations and financial condition could~~ be adversely affected. ~~While we maintain errors,omissions and cyber liability insurance policies covering certain security and privacy damages,we cannot be certain that our existing insurance coverage will continue to be available on acceptable terms or~~ **For example** ~~will be available~~ , **we** ~~and in sufficient amounts,to cover the potentially significant losses that may result from a security incident or breach or that the insurer will not deny coverage as to any future claim.We substantially rely upon AWS to operate our platform,and any disruption of or interference with our use of AWS would adversely affect our business,results of operations and financial condition.We~~ outsource a substantial majority of our cloud infrastructure to AWS,which hosts our products and platform.Our customers need to be able to reliably access our platform,without material interruption or degradation of performance.AWS runs its own platform that we access,and we are,therefore,vulnerable to service interruptions at AWS.We have experienced,and expect that we may experience interruptions,delays and outages in service and availability in the future due to a variety of factors,including infrastructure changes,human or software errors,website hosting disruptions and capacity constraints.Capacity constraints could be caused by a number of potential causes,including technical failures,natural disasters,public health epidemics or pandemics ~~(such as COVID- 19)~~ ,fraud or security attacks.In addition,if our security,or that of AWS,is compromised,our products or platform ~~are~~ **become** unavailable,or if our users are unable to use our products within a reasonable amount of time or at all,any one of which may be due to circumstances beyond our control,then our business,results of operations and financial condition could be adversely affected.In some instances,we may encounter difficulties or otherwise not be able to identify the cause or causes of these performance problems within a period of time acceptable to our customers.It may become increasingly difficult to maintain and improve our platform performance and to troubleshoot performance issues,especially during peak usage times,as our products become more complex and the usage of our products increases.To the extent that we do not effectively address capacity constraints,either through AWS or alternative providers of cloud infrastructure,or **through** other factors that may result in interruptions,delays and outages in service and availability of our products and / or services,our business,results of operations and financial condition may be adversely affected.In addition,if Amazon **.com,Inc.(“ Amazon ”)** requires that we comply with unfavorable terms in order to continue our use of AWS ~~of~~ **or** if Amazon implements any changes in its service levels for AWS,the changes may adversely affect our ability to meet our customers’ requirements,result in negative publicity which could harm our reputation and brand and may adversely affect the usage of our platform.The substantial majority of the services we use from AWS are for cloud- based ~~server~~ - **reserve service** capacity and,to a lesser extent,storage and other optimization offerings.AWS enables us to order and reserve ~~server~~ - **service** capacity in varying amounts and sizes distributed across multiple regions.We access AWS infrastructure through standard IP connectivity protocols.AWS provides us with computing and storage capacity pursuant to an agreement that continues until terminated by either party.AWS may terminate the agreement if we fail to cure a breach of the agreement within 30 days of our being notified of the breach and,in some cases,AWS may suspend the agreement immediately for cause upon notice.Although we expect that we could procure similar services from other third parties,if any of our arrangements with AWS are terminated,we could experience interruptions to our platform and encounter difficulties in our ability to make our products reliably accessible by customers,as well as delays and additional expenses in procuring,implementing,and transitioning to alternative cloud infrastructure services.Any of the above circumstances or events may harm our reputation,erode customer trust,cause customers to stop using or ~~reducing~~ **reduce** their usage of our products,discourage ~~them~~ **customers** from renewing their contracts,impair our ability to increase revenue from existing customers,impair our ability to grow our customer base,subject us to financial penalties and liabilities under our service level agreements and otherwise harm our business,results of operations and financial condition. **The use of AI technologies in our platform and our business may not produce the desired benefits,and may result in increased liability,reputational harm,or other adverse consequences.We continue to incorporate additional AI solutions and features into our platform and our business,including CustomerAI,and these solutions and features may become more important to our operations or to our future growth over time.We expect to rely on AI solutions and features to help drive future growth in our business,but there can be no assurance that we will realize the desired or anticipated benefits from AI.** Our ~~actual~~ **investments in AI solutions and features have and may continue to negatively impact** ~~or~~ **our** ~~perceived failure~~ **cost of revenue and gross margins,particularly for our Segment business,until we are able** to ~~comply~~ **increase revenue enough to offset these investments.We may also fail to properly implement or market our AI solutions and features.Our competitors or other third parties may incorporate AI into their products,offerings,and solutions more quickly or more successfully than us,which could impair our ability to compete effectively and adversely affect our results of operations.Our ability to effectively implement and market our AI solutions and features will depend,in part,on our ability to attract and retain employees** with **AI expertise** ~~increasingly stringent laws~~ , **and we expect significant competition for professionals with the skills and technical knowledge that we will require.Additionally,our offerings based on AI may expose us to additional claims,demands and proceedings by private parties and** ~~regulations~~ - **regulatory authorities** ~~and contractual obligations relating to privacy,data protection and data security could harm our reputation~~ and subject us to **legal** ~~significant fines and~~ liability ~~or loss of business.We and our customers are subject to numerous domestic (for example,the California Consumer Privacy Act of 2018 (“ CCPA ”)) and foreign (for example,the General Data Protection Regulation (“ GDPR ”) in the European Union (“ EU ”)) privacy,data protection and data security laws and regulations that restrict the collection,use,disclosure and processing of personal information,including financial and health data.These laws and regulations~~

~~are expanding globally,evolving,are being tested in courts,may result in increasing regulatory and public scrutiny of our practices relating to personal information and may increase our exposure to regulatory enforcement action,sanctions and litigation.The CCPA imposes obligations on businesses to which it applies.These obligations include,but are not limited to,providing specific disclosures in privacy notices and affording California residents certain rights related to their personal information.The CCPA allows for statutory fines for noncompliance.In addition,the California Privacy Rights Act of 2020 (" CPRA "),which became enforceable~~ as **well as** ~~of January 1,2023,expanded the CCPA protections for consumers and~~ **brand** ~~employees.Similar laws have been enacted or been proposed at the state~~ and ~~federal levels~~ **reputational harm** .For example, ~~Connecticut~~ **our business** , **financial condition** ~~Utah,Virginia~~ and ~~Colorado~~ **results of operations may be adversely affected if content or recommendations that AI solutions or features assist in producing are or are alleged to be deficient,inaccurate,or biased,or if such content,recommendations,solutions,or features or their development or deployment (including the collection,use,or other processing of data used to train or create such AI solutions or features) are found to** have ~~each passed~~ **or alleged to have infringed upon or misappropriated third- party intellectual property rights or violated applicable** laws **,regulations,or** ~~similar to but different from the~~ **other actual** ~~CCPA and CPRA that have taken~~ or **asserted legal obligations to which** ~~will take effect in 2023.If~~ we **are or may** become subject ~~to new privacy~~ **.The legal** , **regulatory** ~~data protection and data security laws~~ , ~~the risk of enforcement action against us could increase because~~ **and policy environments around AI are evolving rapidly,and** we may become subject to ~~additional~~ **new and evolving legal and other** obligations ~~,~~ **.These** and ~~the~~ **other developments may require** ~~number of individuals or entities that can initiate actions against~~ us ~~may increase~~ **to make significant changes to our use of AI** ,including ~~individuals,via a private right~~ **by limiting or restricting our use** of ~~action~~ **AI** ,and ~~state actors.Outside~~ **which may require us to make significant changes to our policies and practices,which may necessitate expenditure of significant time,expense,and** ~~the~~ **other** ~~United States~~ **resources.AI also presents emerging ethical issues** , **and if our use of AI becomes controversial,we may experience brand or reputational harm.** Certain of our products are subject to telecommunications- related regulations, and future legislative or regulatory actions could adversely affect our business, results of operations and financial condition. As a provider of communications products, we are subject to existing or potential FCC regulations relating to privacy, telecommunications, consumer protection and other requirements. In addition, the extension of telecommunications regulations to our non- interconnected VoIP services could result in additional federal and state regulatory obligations and taxes. We are also in discussions with certain jurisdictions regarding potential sales and other taxes for prior periods that we may owe. In the event any of these jurisdictions disagree with management' s assumptions and analysis, the assessment of our tax exposure could differ materially from management' s current estimates, which may increase our costs of doing business and negatively affect the prices our customers pay for our services. If we do not comply with FCC rules and regulations, we could be subject to FCC enforcement actions, fines, loss of licenses and possibly restrictions on our ability to operate or offer certain of our products. **For example, on January 25, 2023, we received a " cease- and- desist " letter from the FCC related to reported fraudulent traffic on our messaging platform. We subsequently removed the identified traffic. In response to written questions from the FCC, we sent a follow- up letter to the agency on February 10, 2023 detailing our fraud mitigation practices and various planned improvements to reduce future risks. There has been no further communication from the agency on this matter.** Any enforcement action by the FCC, which may be a public process, would hurt our reputation in the industry, could erode customer trust, possibly impair our ability to sell our VoIP ~~and~~ **,** other telecommunications products **and / or other services** to customers and could adversely affect our business, results of operations and financial condition. Certain of our products are subject to a number of FCC regulations and laws that are administered by the FCC. Among others, we must comply (in whole or in part) with: • the Communications Act of 1934, as amended, which regulates communications services and the provision of such services; • the Telephone Consumer Protection Act, which limits the use of automatic dialing systems for calls and texts, artificial or prerecorded voice messages and fax machines; • the Communications Assistance for Law Enforcement Act, which requires covered entities to assist law enforcement in undertaking electronic surveillance; • requirements to safeguard the privacy of certain customer information; • payment of annual FCC regulatory fees and contributions to FCC- administered funds based on our interstate and international revenues; and • rules pertaining to access to our services by people with disabilities and contributions to the Telecommunications Relay Services fund. In addition, Congress and the FCC are attempting to mitigate the prevalence of robocalls by requiring participation in a technical standard called **Signature- based Handling of Asserted Information Using toKENs (" SHAKEN ") and Secure Telephone Identity Revisited (" STIR ") (together, "** SHAKEN / STIR **")** , which allows voice carriers to authenticate caller ID, prohibiting malicious spoofing **. The FCC also has open proceedings relating to robocalls and robotexts. While we do not currently expect the FCC to require more than the robocall and robotexting measures that we have started to implement, if the FCC were to implement new regulations or requirements that limited the types of customers allowed to use our platform or overly burdensome requirements for our customers, those actions could limit the customers that we are able to serve** . Similarly, in May 2021, the Biden Administration issued an Executive Order requiring federal agencies to implement additional information technology security measures, including, among other things, requiring agencies to adopt multifactor authentication and encryption for data at rest and in transit to the maximum extent consistent with Federal records laws and other applicable laws. The National Institute of Standards and Technology issued a Secure Software Development Framework (SSDF) on September 30, 2021 and Software Supply Chain Security Guidance (incorporating the SSDF), on February 4, 2022, and on March 7, 2022, the Office of Management and Budget directed federal agencies to incorporate both documents into their software lifecycle and acquisitions practices. The Executive Order also may lead to the development of additional secure software development practices and / or criteria for a consumer software labeling program, the criteria which will reflect a baseline level of secure practices, for software that is developed and sold to the U. S. federal government. Software developers will be required to provide visibility into their software and make security data publicly available. Due to this Executive Order, federal agencies may require us to modify our cybersecurity practices and policies, thereby increasing our compliance costs. If we are unable to meet the requirements of the Executive Order, our ability to work with the U. S. government may be impaired and may result in a loss of revenue. If we do not comply with any current or future rules or regulations that apply to our business, we could be subject to substantial fines and penalties, and we may have to restructure our offerings, exit certain markets or raise the price of our products. In addition, any uncertainty regarding whether particular regulations apply to our business, and how they apply, could increase our costs or limit our ability to grow. As we continue to expand internationally, we have become subject to telecommunications laws and regulations in the foreign countries where we offer our products. Internationally, we currently offer our products in more than 180 countries and territories. Our international operations are subject to country- specific governmental regulation and related actions that have increased and will continue to increase our compliance costs or impact our products and platform or prevent us from offering or providing our products in certain countries. Moreover, the regulation of CPaaS companies like us is continuing to evolve internationally and many existing regulations may not fully contemplate the CPaaS business model or how they fit into the communications regulatory framework. As a result, interpretation and enforcement of regulations often involve significant uncertainties. In many countries, including those in the European Union, a number of our products or services are subject to licensing and communications regulatory requirements which increases the level of scrutiny and enforcement by regulators. Future legislative, regulatory or judicial actions impacting CPaaS services could also increase the cost and complexity of compliance and expose us to liability. For example, in some countries, some or all of the services we offer are not considered regulated telecommunications services, while in other countries they are subject to telecommunications regulations, including but not limited to payment into universal service funds, licensing fees, provision of emergency services, provision of information to support emergency services and number portability. Failure to comply with these regulations could result in our Company being issued remedial directions to undertake independent audits and implement effective systems, processes and practices to ensure compliance, significant fines or being prohibited from providing telecommunications services in a jurisdiction. **In addition, from time to time we implement Know- Your- Customer and / or Know- Your- Traffic related processes in the jurisdictions in which we operate, which may create friction for our customers, require management attention, and increase our compliance costs.** Moreover, certain of our products may be used by customers located in countries where voice and other forms of Internet Protocol (" IP ") communications may be illegal or require special licensing or in countries on a U. S. embargo list. Even where our products are reportedly illegal or become illegal or where users are located in an embargoed country, users in those countries may be able to continue to use our products in those countries notwithstanding the illegality or embargo. We may be subject to penalties or governmental action if consumers continue to use our products in countries where it is illegal to do so or if we use a local partner to provide services in a country and the local partner does not comply with applicable governmental regulations. Any such penalties or governmental action may be costly and may harm our business and damage our brand and reputation. We may be required to incur additional expenses to meet applicable international regulatory requirements or be required to raise the prices of services, or restructure or discontinue those services if required by law or if we cannot or will not meet those requirements. Any of the foregoing could adversely affect our business, results of operations and financial condition. If we are unable to obtain or retain geographical, mobile, regional, local or toll- free numbers, or to effectively process requests to port such numbers in a timely manner due to industry regulations, our business and results of operations may be adversely affected. Our future success depends in part on our ability to obtain allocations of geographical, mobile, regional, local and toll- free direct inward dialing numbers or phone numbers as well as short codes and alphanumeric sender IDs (collectively, " Numbering Resources ") in the United States and foreign countries at a reasonable cost and without overly burdensome restrictions. Our ability to obtain allocations of, assign and retain Numbering Resources depends on factors outside of our control, such as applicable regulations, the practices of authorities that administer national numbering plans or of network service providers from whom we can provision Numbering Resources, such as offering these Numbering Resources with conditional minimum volume call level requirements, the cost of these Numbering Resources and the level of overall competitive demand for new Numbering Resources. In addition, in order to obtain allocations of, assign and retain Numbering Resources in the EU or certain other regions, we are often required to be licensed by local telecommunications regulatory authorities, some of which have been increasingly monitoring and regulating the categories of Numbering Resources that are eligible for provisioning to our customers. We have obtained licenses and are in the process of obtaining licenses in various countries in which we do business, but in some countries, the regulatory regime around provisioning of Numbering Resources is unclear, subject to change over time, and sometimes may conflict from jurisdiction to jurisdiction. Furthermore, these regulations and governments' approach to their enforcement, as well as our products and services, are still evolving and we may be unable to maintain compliance with applicable regulations, or enforce compliance by our customers, on a timely basis or without significant cost. Also, compliance with these types of regulation may require changes in products or business practices that result in reduced revenue. Due to our or our customers' assignment and / or use of Numbering Resources in certain countries in a manner that violates applicable rules and regulations, we have been subjected to government inquiries and audits, and may in the future be subject to significant penalties or further governmental action, and in extreme cases, may be precluded from doing business in that particular country. We have also been forced to reclaim Numbering Resources from our customers as a result of certain events of non- compliance. These reclamations result in loss of customers, loss of revenue, reputational harm, erosion of customer trust, and may also result in breach of contract claims, all of which could have an adverse effect on our business, results of operations and financial condition. Due to their limited availability, there are certain popular area code prefixes that we generally cannot obtain. Our inability to acquire or retain Numbering Resources for our operations may make our voice and messaging products less attractive to potential customers in the affected local geographic areas. In addition, future growth in our customer base, together with growth in the customer bases of other providers of cloud communications, has increased, which increases our dependence on needing sufficiently large quantities of Numbering Resources. It may become increasingly difficult to source larger quantities of Numbering Resources as we scale and we may need to pay higher costs for

Numbering Resources, and Numbering Resources may become subject to more stringent regulation or conditions of usage such as the registration and on- going compliance requirements discussed above. Additionally, in some geographies, we support number portability, which allows our customers to transfer their existing phone numbers to us and thereby retain their existing phone numbers when subscribing to our voice and messaging products. Transferring existing numbers is a manual process that can take up to 15 business days or longer to complete. Any delay that we experience in transferring these numbers typically results from the fact that we depend on network service providers to transfer these numbers, a process that we do not control, and these network service providers may refuse or substantially delay the transfer of these numbers to us. Number portability is considered an important feature by many potential customers, and if we fail to reduce any related delays, then we may experience increased difficulty in acquiring new customers. United States federal **and state** legislation and international laws impose certain obligations on the senders of commercial emails, which could minimize the effectiveness of our platform, and establish financial penalties for non- compliance, which could increase the costs of our business. The Federal Controlling the Assault of Non- Solicited Pornography and Marketing Act of 2003 (the " CAN- SPAM Act ") establishes certain requirements for commercial email messages and transactional email messages and specifies penalties for the transmission of email messages that are intended to deceive the recipient as to source or content. Among other things, the CAN- SPAM Act, obligates the sender of commercial emails to provide recipients with the ability to " opt- out " of receiving future commercial emails from the sender. In addition, some states have passed laws regulating commercial email practices that are significantly more restrictive and difficult to comply with than the CAN- SPAM Act. For example, Utah and Michigan prohibit the sending of email messages that advertise products or services that minors are prohibited by law from purchasing or that contain content harmful to minors to email addresses listed on specified child protection registries. Some portions of these state laws may not be preempted by the CAN- SPAM Act. In addition, certain non- U. S. jurisdictions in which we operate have enacted laws regulating the sending of email that are more restrictive than U. S. laws. For example, some foreign laws prohibit sending broad categories of email unless the recipient has provided the sender advance consent (or ~~"~~**“**opted- in ~~"~~**”**) to receipt of such email. If we were found to be in violation of the CAN- SPAM Act, applicable state laws governing email not preempted by the CAN- SPAM Act or foreign laws regulating the distribution of email, whether as a result of violations by our customers or our own acts or omissions, we could be required to pay large penalties, which would adversely affect our financial condition, significantly harm our business, injure our reputation and erode customer trust. The terms of any injunctions, judgments, consent decrees or settlement agreements entered into in connection with enforcement actions or investigations against our company in connection with any of the foregoing laws may also require us to change one or more aspects of the way we operate our business, which could impair our ability to attract and retain customers or could increase our operating costs. Our customers' and other users' violation of our policies or other misuse of our platform to transmit unauthorized, offensive or illegal messages, spam, phishing scams, and website links to harmful applications or for other fraudulent or illegal activity could damage our reputation, and we may face a risk of litigation and liability for illegal activities on our platform and unauthorized, inaccurate, or fraudulent information distributed via our platform. The actual or perceived improper sending of text messages or voice calls may subject us to potential risks, including liabilities or claims relating to consumer protection laws and regulatory enforcement, including fines. For example, the Telephone Consumer Protection Act of 1991 (" TCPA ") restricts telemarketing and the use of automatic SMS text messages without explicit customer consent. TCPA violations can result in significant financial penalties, as businesses can incur penalties or criminal fines imposed by the FCC or be fined up to $ 1, 500 per violation through private litigation or state attorneys general or other state actor enforcement. Class action suits are the most common method for private enforcement. This has resulted in civil claims against our company and requests for information through third- party subpoenas. The scope and interpretation of the laws that are or may be applicable to the delivery of text messages or voice calls are continuously evolving and developing. If we do not comply with these laws or regulations or if we become liable under these laws or regulations due to the failure of our customers to comply with these laws by obtaining proper consent, we could face direct liability. Moreover, certain customers may use our platform to transmit unauthorized, offensive or illegal messages, calls, spam, phishing scams, and website links to harmful applications, reproduce and distribute copyrighted material or the trademarks of others without permission, and report inaccurate or fraudulent data or information. These issues also arise with respect to a portion of those users who use our platform on a free trial basis or upon initial use. These actions are in violation of our policies, in particular, our Acceptable Use Policy. For example, on January ~~24~~ **25**, 2023, we received a cease- and- desist letter from the FCC alleging that we were transmitting illegal robocall traffic that originated from an independent software vendor customer and their end user customer. In response, we ~~have~~ suspended the customers' accounts and **sent** ~~are in the process of responding to~~ the FCC ~~regarding the steps we are taking to prevent new~~ **a follow- up letter on February 10, 2023 detailing** ~~or~~ **our** ~~renewing customers~~ **fraud mitigation practices and various planned improvements to reduce future risks. There has been no further communication** from **the agency on this matter** ~~using our network to transmit illegal robocalls~~. Failure to respond appropriately to the FCC' s allegations could allow domestic carriers to begin blocking all voice traffic transmitting from our network. However, our efforts to defeat spamming attacks, illegal robocalls and other fraudulent activity will not prevent all such attacks and activity. Such use of our platform could damage our reputation and we could face claims for damages, regulatory enforcement, copyright or trademark infringement, defamation, negligence, or fraud. Furthermore, enacting more stringent controls on our customers' use of our platform to combat such violations of our Acceptable Use Policy could increase friction for our legitimate customers and decrease their use of our platform. Our customers' and other users' promotion of their products and services through our platform might not comply with federal, state, and foreign laws or of contractual requirements imposed by carriers, such as the CTIA Shortcode Agreement, The Campaign Registry, and associated policies. We rely on contractual representations made to us by our customers that their use of our platform will comply with our policies and applicable law, including, without limitation, our email and messaging policies. Although we retain the right to verify that customers and other users are abiding by certain contractual terms, our Acceptable Use Policy and our email and messaging policies and, in certain circumstances, to review their email, messages and distribution lists, our customers and other users are ultimately responsible for compliance with our policies, and we do not systematically audit our customers or other users to confirm compliance with our policies. We cannot predict whether our role in facilitating our customers' or other users' activities will result in violations of carrier policies which could result in fines, administrative delays, or service interruptions. We also cannot predict whether our role in facilitating our customers' or other users' activities would expose us to liability under applicable state or federal law, or whether that possibility could become more likely if changes to current laws regulating content moderation, such as Section 230 of the Communications Decency Act, are enacted. If we are found liable for our customers' or other users' activities, we could be required to pay fines or penalties, redesign business methods or otherwise expend resources to remedy any damages caused by such actions and to avoid future liability. Additionally, our products may be subject to fraudulent usage, including but not limited to revenue share fraud, domestic traffic pumping, subscription fraud, premium text message scams and other fraudulent schemes. Although our customers are required to set passwords or personal identification numbers to protect their accounts, third parties have in the past been, and may in the future be, able to access and use their accounts through fraudulent means. Furthermore, spammers attempt to use our products to send targeted and untargeted spam messages. We cannot be certain that our efforts to defeat spamming attacks will be successful in eliminating all spam messages from being sent using our platform. In addition, a cybersecurity breach of our customers' systems could result in exposure of their authentication credentials, unauthorized access to their accounts or fraudulent calls on their accounts, any of 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 products, and could adversely affect our business, results of operations and financial condition. The future success of our business depends upon the continued use of the Internet as a primary medium for commerce, communications and business applications. Federal, state or foreign government 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. Changes in these laws or regulations could require us to modify our products and 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 and services such as our products and platform. ~~In particular, a re- adoption~~ **The current legislative and regulatory landscape regarding the regulation** of **the Internet is subject to uncertainty. For example, in January 2018, the FCC released an order that repealed the** " ~~network~~ **open Internet rules, " often known as " net** neutrality **,** " ~~rules in the United States,~~ which ~~President Biden supported during his campaign,~~ could affect the services used by us and our customers. **In response to this decision** California **and a number of states implemented their own net neutrality rules which mirrored parts of the repealed federal regulations. In October 2023, the FCC voted to begin the process of reinstating substantially all of the net neutrality rules that had been in place prior to the 2018 repeal. We cannot predict the actions the FCC may take, whether any new FCC order or state initiatives regulating providers will be modified, overturned, or vacated by legal action, federal legislation, or the FCC itself, or the degree to which further regulatory action – or inaction – may adversely affect our business. Should the FCC not reinstate net neutrality or if state initiatives codifying similar protections are modified, overturned, or vacated, internet service providers may be able to limit our users** ' ~~s state network neutrality law went into effect~~ **ability to access our platform or make our platform a less attractive alternative to our competitors' applications. On the other hand, if limits are imposed** on **the types** ~~March 10, 2021. A temporary injunction preventing implementation~~ of **traffic that U. S. domestic carriers can carry over their broadband networks, it could adversely affect the amount of carrier- originated traffic that we carry. In** a ~~similar law in Vermont expired~~ **related regulatory context, while the EU requires equal access to internet content, under its Digital Single Market initiative the EU may impose additional requirements that could increase our costs. If new FCC, EU, or other rules directly or inadvertently impose costs** on **online** ~~April 20, 2022, but a challenge to that law remains pending. A number of other states have adopted or are adopting or considering legislation or executive actions that would regulate the conduct of broadband~~ providers **like our business, our expenses may rise. Were any of these outcomes to occur, our ability to retain existing users or attract new users may be impaired, our costs may increase, and our business may be significantly harmed** . In addition, the use of the Internet as a business tool could be adversely affected 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. The performance of the Internet and its acceptance as a business tool has been adversely affected by " viruses, " " worms, " and similar malicious programs. If the use of the Internet is reduced as a result of these or other issues, then demand for our products could decline, which could adversely affect our business, results of operations and financial condition. Our global operations subject us to potential liability under export control, economic trade sanctions, anti- corruption, and other laws and regulations, and such violations could impair our ability to compete in international markets and could subject us to liability for compliance violations. Certain of our products and services may be subject to export control and economic sanctions laws and regulations, including the U. S. Export Administration Regulations, U. S. Customs regulations, and various economic and trade sanctions regulations administered by the U. S. Treasury Department' s Office of Foreign Assets Control as well as similar laws and regulations in other countries in which we do business. Exports of our products and the provision of our services must be made in compliance with these requirements. **We** ~~Although we~~ take precautions to prevent our products **and services** from being provided in violation of such laws **; however** , we are aware of ~~previous~~ exports of certain of our products to a small number of persons and organizations that are the subject of U. S. sanctions or are located in countries or regions subject to U. S. sanctions. If we fail to comply with these laws and regulations, we and certain of our employees could be subject to substantial civil or criminal penalties, including: the possible loss of export privileges; fines, which may be imposed on us and responsible employees or managers; and, in extreme cases, the incarceration of responsible employees or managers. Any change in trade protection laws, policies, export, sanctions and other regulatory requirements affecting trade and investments, shift in the enforcement or scope of existing regulations, or change in the countries, governments, persons or technologies targeted by such regulations, could also result in decreased use of our products and services, or in our decreased ability to export our products or provide our services to existing or prospective customers with international operations. Any decreased use of our products and services or limitations on our ability to export our products and provide our services could adversely affect our business, results of operations and financial condition. Further, we incorporate encryption technology into certain of our products. Various countries regulate the import of certain encryption technology, including through import permitting and licensing requirements, and have enacted laws that could limit our customers' ability to import our products into those countries. Encryption products and the underlying technology may also be subject to export control restrictions. Governmental regulation of encryption technology and regulation of exports of encryption products, or our failure to obtain required approval for our products, when applicable, could harm our international sales and adversely affect our revenue. Compliance with applicable regulatory requirements regarding the export of our products and provision of our services, including with respect to new releases of our products and services, may create delays in the introduction of our products and services in international markets, prevent our customers with international operations from deploying our products and using our services throughout their globally- distributed systems or, in some cases, prevent the export of our products or provision of our services to some countries altogether. We are also subject to U. S. and foreign anti- corruption and anti- bribery laws, including the FCPA, the UK Bribery Act 2010, and other anti- corruption laws and regulations in the countries in which we conduct activities. Anti- corruption laws are interpreted broadly and generally prohibit companies, their employees, agents, representatives, business partners, and third ~~parties~~ **- party** intermediaries from directly or indirectly authorizing, offering, or providing, improper payments or things of value to recipients in the public or private sector, and also require that we maintain accurate books and records and adequate internal controls and compliance procedures designed to prevent violations. We sometimes leverage third parties to sell our products and conduct our business abroad. We, our employees, agents, representatives, business partners and third- party intermediaries may have direct or indirect interactions with officials and employees of government agencies or state- owned or affiliated entities and we may be held liable for the corrupt or other illegal activities of these employees, agents, representatives, business partners or third- party intermediaries even if we do not explicitly authorize such activities. **It is possible** ~~We cannot assure you~~ that ~~none of~~ our employees **,** agents, representatives, business partners or third- party intermediaries ~~will~~ **could** fail to comply with our policies and applicable laws and regulations, for which we may ultimately be held responsible. Any allegations or violation of the FCPA or other applicable anti- bribery and anti- corruption laws and anti- money laundering laws could result could result in whistleblower complaints, sanctions, settlements, prosecution, enforcement actions, significant fines and penalties, damages, adverse media coverage, investigations, loss of export privileges, severe criminal or civil sanctions, or suspension or debarment from government contracts, all of which may have an adverse effect on our reputation, business, results of operations, and prospects. Responding to any investigation or action ~~will~~ **would** likely result in a materially significant diversion of management' s attention and resources ~~and~~ **,** significant defense costs and other professional fees. The standards imposed by private entities and inbox service providers to regulate the use and delivery of email have in the past interfered with, and may continue to interfere with, the effectiveness of our platform and our ability to conduct business. From time to time **, private entities and inbox service providers impose requirements that impact our and our customers' ability to use and deliver email. For example** , some of our IP addresses have become, and we expect will continue to be, listed with one or more denylisting entities due to the messaging practices of our customers and other users. We may be at an increased risk of having our IP addresses denylisted due to our scale and volume of email processed, compared to our smaller competitors. There can be no guarantee that we will be able to successfully remove ourselves from those lists. Because we fulfill email delivery on behalf of our customers, denylisting of this type could undermine the effectiveness of our customers' transactional email, email marketing programs and other email communications, all of which could have a material negative impact on **our business, financial condition and results of operations. In the first quarter of 2024, Google and Yahoo began enforcing new email sender requirements aimed at sender authentication, including Domain- based Message Authentication, Reporting and Conformance (" DMARC ") record requirements. We expect that these requirements will require us to devote time and resources toward compliance efforts, and these or similar authentication requirements imposed in the future could result in reduced volumes for our email products and could adversely affect** our business, financial condition and results of operations. Additionally, inbox service providers can block emails from reaching their users or categorize certain emails as " promotional " emails and, as a result, direct them to an alternate or " tabbed " section of the recipient' s inbox. The implementation of new or more restrictive policies by inbox service providers may make it more difficult to deliver our customers' emails, particularly if we are not given adequate notice of a change in policy or struggle to update our platform or services to comply with the changed policy in a reasonable amount of time. If the open rates of our customers' emails are negatively impacted by the actions of inbox service providers to block or categorize emails then customers may question the effectiveness of our platform and cancel their accounts. This, in turn, could harm our business, financial condition and results of operations. Any legal proceedings or claims against us could be costly and time- consuming to defend and could harm our reputation regardless of the outcome. We are and may in the future become subject to legal proceedings and claims that arise in the ordinary course of business, such as disputes or employment claims made by our current or former employees. Any litigation, whether meritorious or not, could harm our reputation, will increase our costs and may divert management' s attention, time and resources, which may in turn seriously harm our business. Insurance might not cover such claims or the costs to defend such claims, might not provide sufficient payments to cover all the costs to resolve one or more such claims, and might not continue to be available on terms acceptable to us. A claim brought against us that is uninsured or underinsured could result in unanticipated costs and could seriously harm our business. If we are required to make substantial payments or implement significant changes to our operations as a result of legal proceedings or claims, our business, results of operations and financial condition could be adversely affected. We face exposure to foreign currency exchange rate fluctuations, and such fluctuations could adversely affect our business, results of operations and financial condition. As our international operations expand, our exposure to the effects of fluctuations in currency exchange rates grows. For example, global geopolitical events, such as the war in Ukraine **and conflict in the Middle East**, economic events, public health epidemics and pandemics such as the COVID- 19 pandemic, trade tariff developments and other events have caused global economic uncertainty and variability in foreign currency exchange rates. While we have primarily transacted with customers and business partners in U. S. dollars, we have also conducted business in currencies other than the U. S. dollar. We expect to ~~significantly~~ expand the number of transactions with customers that are denominated in foreign currencies in the future as we continue to expand our business internationally. We also incur expenses for some of our network service provider costs outside of the United States in local currencies and for employee compensation and other operating expenses at our non- U. S. locations in the respective local currency. Fluctuations in the exchange rates between the U. S. dollar and other currencies could result in an increase to the U. S. dollar equivalent of such expenses. In addition, our international subsidiaries maintain net assets that are denominated in currencies other than the functional operating currencies of these entities. As we continue to expand our international operations, we become more exposed to the effects of fluctuations in currency exchange rates. Accordingly, changes in the value of foreign currencies relative to the U. S. dollar can affect our results of operations due to transactional and translational remeasurements. As a result of such foreign currency exchange rate fluctuations, it could be more difficult to detect underlying trends in our business and results of operations. In addition, to the extent that fluctuations in currency exchange rates cause our results of operations to differ from our expectations or the expectations of our investors and securities analysts who follow our stock, the trading price of our ~~Class A~~ common stock could be adversely affected. We ~~recently~~ **have** implemented a program to hedge transactional exposure against the Euro, and may do so in the future with respect to other foreign currencies. We also use derivative instruments, such as foreign currency forward and option contracts, to hedge certain exposures to fluctuations in foreign currency exchange rates. The use of such hedging activities may not offset any or more than a portion of the adverse financial effects of unfavorable movements in foreign exchange rates over the limited time the hedges are in place. Moreover, the use of hedging instruments may introduce additional risks if we are unable to structure effective hedges with such instruments. We have incurred substantial indebtedness that may decrease our business flexibility, access to capital, and / or increase our borrowing costs, and we may still incur substantially more debt, which may adversely affect our operations and financial results. As of December 31, ~~2022~~ **2023**, we had $ 1. 0 billion of indebtedness outstanding (excluding intercompany indebtedness). Our indebtedness may: • limit our ability to obtain additional financing to fund future working capital, capital expenditures, business opportunities, acquisitions or other general corporate requirements; • require a portion of our cash flows to be dedicated to debt service payments instead of other purposes, thereby reducing the amount of cash flows available for working capital, capital expenditures, business opportunities, acquisitions and other general corporate purposes; • increase our vulnerability to adverse changes in general economic, industry and competitive conditions; • expose us to the risk of increased interest rates as certain of our borrowings, including borrowings under a future revolving credit facility, may be at variable rates of interest; • place us at a competitive disadvantage compared to our less leveraged competitors; and • increase our cost of borrowing. In addition, the indenture which governs our 3. 625 % notes due 2029 (the " 2029 Notes ") and our 3. 875 % notes due 2031 (the " 2031 Notes, " and together with the 2029 Notes, the " Notes ") contains restrictive covenants that limit our ability to engage in activities that may be in our long- term best interest. Our failure to comply with those covenants could result in an event of default which, if not cured or waived, could permit the trustee, or permit the holders of the Notes to cause the trustee, to declare all or part of the Notes to be immediately due and payable or to exercise any remedies provided to the trustee and / or result in the acceleration of substantially all of our indebtedness. Any such event would adversely affect our business, results of operations and financial condition. 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~~ **. We may be forced** to sell assets, seek additional capital **,** or restructure or refinance our indebtedness, including the Notes. Our ability to restructure or refinance our debt will depend on, among other things, 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 and the indenture that governs the Notes may restrict us from adopting some of these alternatives. In addition, any failure to make payments of interest and principal 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 and our financial condition. 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. We may require additional capital to support our business, and this capital might not be available on acceptable terms, if at all. We intend to continue to make investments to support our business and may require additional funds. In particular, we may seek additional funds to develop new products and enhance our platform and existing products, expand our operations, including our sales and marketing organizations and our presence outside of the United States, improve our infrastructure or acquire complementary businesses, technologies, services, products and other assets. In addition, we may use a portion of our cash to satisfy tax withholding and remittance obligations related to outstanding restricted stock units. Accordingly, we may need to engage in equity or debt financings to secure additional funds. If we raise additional funds through future issuances of equity or convertible debt securities, our stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our ~~Class A common stock and Class B~~ common stock. Any debt financing that we may secure in the future could involve restrictive covenants relating to our capital raising activities, our ability to repurchase stock, and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities. We may not be able to obtain additional financing on terms favorable to us, if at all, particularly during times of market volatility and general economic instability. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth, scale our infrastructure, develop product enhancements and to respond to business challenges could be significantly impaired, and our business, results of operations and financial condition may be adversely affected. We rely on assumptions and estimates to calculate certain of our key metrics, and real or perceived inaccuracies in such metrics could adversely affect our reputation and our business. We rely on assumptions and estimates to calculate certain of our key metrics, such as Active Customer Accounts and Dollar- Based Net Expansion Rate. Our key metrics are not based on any standardized industry methodology and are not necessarily calculated in the same manner or comparable to similarly titled measures presented by other companies. Similarly, our key metrics may differ from estimates published by third parties or from similarly titled metrics of our competitors due to differences in methodology. The numbers that we use to calculate Active Customer Accounts and Dollar- Based Net Expansion Rate are based on internal data. While these numbers are based on what we believe to be reasonable judgments and estimates for the applicable period of measurement, there are inherent challenges in measuring usage. We regularly review and may adjust our processes for calculating our internal metrics to improve their accuracy. If investors or analysts do not perceive our metrics to be accurate representations of our business, or if we discover material inaccuracies in our metrics, our reputation, business, results of operations, and financial condition would be harmed. If our estimates or judgments relating to our critical accounting policies prove to be incorrect, our results of operations could be adversely affected. The preparation of financial statements in conformity with U. S. **generally accepted accounting principles (“** GAAP **”)** requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as provided in Part ~~I~~**II** , Item ~~2~~ **7** , “ Management’ s Discussion and Analysis of Financial Condition and Results of Operations. ” The results of these estimates form the basis for making judgments about the carrying values of assets, liabilities and equity, and the amount of revenue and expenses that are not readily apparent from other sources. Assumptions and estimates used in preparing our consolidated financial statements include those related to revenue recognition and business combinations. Our results of **operations may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our results of operations to fall below the expectations of securities analysts and investors, resulting in a decline in the trading price of our common stock. Changes in accounting standards or practices may cause adverse, unexpected financial reporting fluctuations and affect our results of operations. A change in accounting standards or practices may have a significant effect on our results of operations and may even affect our reporting of transactions completed before the change is effective. New accounting pronouncements and varying interpretations of accounting pronouncements have occurred and may occur in the future. Changes to existing rules or the questioning of current practices may adversely affect our reported financial results or the way we conduct our business. For example, Accounting Standards Codification (“ ASC ”) 842, “ Leases ” that became effective January 1, 2019, had a material impact on our consolidated financial statements as described in detail in Note 2 to the consolidated financial statements included in our Annual Report on Form 10- K for the year ended December 31, 2020. Adoption of these types of accounting standards and any difficulties in implementation of changes in accounting principles, including the ability to modify our accounting systems, could cause us to fail to meet our financial reporting obligations, which result in regulatory discipline and harm investors' confidence in us. If our goodwill or intangible assets become impaired, we may be required to record a significant charge to earnings. We review our intangible assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Goodwill is required to be tested for impairment at least annually. As of December 31, 2023, we carried a net $ 5. 6 billion of goodwill and intangible assets. An adverse change in market conditions or significant changes in accounting conclusions, particularly if such changes have the effect of changing one of our critical assumptions or estimates, could result in a change to the estimation of fair value that could result in an impairment charge to our goodwill or intangible assets. For example, during the year ended December 31, 2023, we recorded an impairment of intangible assets related to Segment totaling approximately $ 285. 7 million, as described in additional detail in Note 6 to our consolidated financial statements included elsewhere in this Annual Report on Form 10- K. Any such charges may adversely affect our results of operations. If we fail to maintain an effective system of disclosure controls and internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable regulations could be impaired. As a public company, we are required to maintain internal control over financial reporting and to report any material weaknesses in such internal control. Section 404 of the Sarbanes- Oxley Act of 2002 (the “ Sarbanes- Oxley Act ”) requires that we evaluate and determine the effectiveness of our internal control over financial reporting and provide a management report on internal control over financial reporting. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our financial statements will not be prevented or detected on a timely basis. Our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business. Further, weaknesses in our disclosure controls and internal control over financial reporting may be discovered in the future. In addition, if we acquire additional businesses, we may not be able to successfully integrate the acquired operations and technologies and maintain internal control over financial reporting, if applicable, in accordance with the requirements of Section 404 of the Sarbanes- Oxley Act. Any failure to develop or maintain effective controls or any difficulties encountered in their implementation or improvement could harm our results of operations or cause us to fail to meet our reporting obligations and may result in a restatement of our financial statements for prior periods. Any failure to implement and maintain effective internal control over financial reporting also could adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports**

regarding the effectiveness of our internal control over financial reporting that we are required to include in our periodic reports that will be filed with the SEC. Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in our reported financial and other information, and could have a material and adverse effect on our business, results of operations and financial condition and could cause a decline in the trading price of our common stock. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on the New York Stock Exchange. Our ability to use our net operating losses and certain other tax attributes to offset future taxable income and taxes may be subject to certain limitations. As of December 31, 2023 we had U. S. federal, state and foreign net operating loss carryforwards (" NOLs "), of $ 3. 4 billion, $ 2. 6 billion and $ 1. 0 billion, respectively. Utilization of these NOL carryforwards depends on our future taxable income, and there is risk that a portion of our existing NOLs could expire unused, and that even if we achieve profitability, the use of our unexpired NOLs would be subject to limitations, which could materially and adversely affect our operating results. U. S. federal NOLs generated in taxable years beginning before January 1, 2018, may be carried forward only 20 years to offset future taxable income, if any. Under current law, U. S. federal NOLs generated in taxable years beginning after December 31, 2017, can be carried forward indefinitely, but the deductibility of such U. S. federal NOLs in taxable years beginning after December 31, 2020, is limited to 80 % of taxable income. It is uncertain if and to what extent various states will conform to federal law. Under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended (the " Code "), and corresponding provisions of state law, a corporation that undergoes an " ownership change " (generally defined as a greater than 50- percentage- point cumulative change (by value) in the equity ownership of certain stockholders over a rolling three- year period) is subject to limitations on its ability to utilize its pre-change NOLs and other pre- change tax attributes to offset post- change taxable income and taxes. Our existing NOLs and other tax attributes may be subject to limitations arising from previous ownership changes, and if we undergo an ownership change in the future, our ability to utilize NOLs could be further limited by Section 382 of the Code. Future changes in our stock ownership, some of which may be outside of our control, could result in an ownership change under Section 382 of the Code. In addition, at the state level, there may be periods during which the use of NOL carryforwards is suspended or otherwise limited, which could accelerate or permanently increase state taxes owed. We may have additional tax liabilities, which could harm our business, results of operations and financial condition. Significant judgments and estimates are required in determining our provision for income taxes and other tax liabilities. Our tax expense may be impacted, for example, if tax laws change or are clarified to our detriment or if tax authorities successfully challenge the tax positions that we take, such as, for example, positions relating to the arm' s- length pricing standards for our intercompany transactions and our indirect tax positions. In determining the adequacy of our provision for income taxes, we assess the likelihood of adverse outcomes that could result if our tax positions were challenged by the Internal Revenue Service (" IRS "), and other tax authorities. Should the IRS or other tax authorities assess additional taxes as a result of examinations, we may be required to record charges to operations that could adversely affect our results of operations and financial condition. We conduct operations in many tax jurisdictions throughout the United States and internationally. In many of these jurisdictions, non- income- based taxes, such as sales, value- added tax, goods and services tax, and telecommunications taxes, are assessed on our operations or our sales to customers. We are subject to indirect taxes, and may be subject to certain other taxes, in some of these jurisdictions. We collect certain telecommunications- based taxes from our customers in certain jurisdictions, and we expect to continue expanding the number of jurisdictions in which we will collect these taxes in the future. Many states are also pursuing legislative expansion of the scope of goods and services that are subject to sales and similar taxes as well as the circumstances in which a vendor of goods and services must collect such taxes. Following the United States Supreme Court decision in South Dakota v. Wayfair, Inc., states are now free to levy taxes on sales of goods and services based on an " economic nexus, " regardless of whether the seller has a physical presence in the state. Any additional fees and taxes levied on our services by any state may adversely impact our results of operations. Historically, we have not billed or collected taxes in certain jurisdictions and, in accordance with GAAP, we have recorded a provision for our tax exposure in these jurisdictions when it is both probable that a liability has been incurred and the amount of the exposure can be reasonably estimated. We reserved $ 18. 0 million and $ 22. 2 million for domestic jurisdictions and jurisdictions outside of the United States, respectively, on our December 31, 2023 balance sheet for these tax payments. These estimates include several key assumptions, including, but not limited to, the taxability of our products, the jurisdictions in which we believe we have nexus or a permanent establishment, and the sourcing of revenues to those jurisdictions. In the event these jurisdictions challenge our assumptions and analysis, our actual exposure could differ materially from our current estimates and reserves. If the actual payments we make to any jurisdiction exceed the accrual in our balance sheet, our results of operations would be harmed. In addition, some customers may question the incremental tax charges and seek to negotiate lower pricing from us, which could adversely affect our business, results of operations and financial condition. We are in discussions with certain jurisdictions regarding potential sales and other indirect taxes for prior periods that we may owe. If any of these jurisdictions disagree with management' s assumptions and analysis, the assessment of our tax exposure could differ materially from management' s current estimates. For example, in 2020, San Francisco City and County assessed us for $ 38. 8 million in taxes, including interest and penalties, which exceeded the $ 11. 5 million we had accrued for that assessment. We paid the full amount under protest and filed a lawsuit on May 27, 2021 contesting the assessment. We entered into a settlement agreement in November 2023 pursuant to which San Francisco paid us $ 18. 0 million in settlement of our claims. Our global operations and structure subject us to potentially adverse tax consequences. We generally conduct our global operations through subsidiaries and report our taxable income in various jurisdictions worldwide based upon our business operations in those jurisdictions. In

particular, our intercompany relationships are subject to complex transfer pricing regulations administered by taxing authorities in various jurisdictions. Also, our tax expense could be affected depending on the applicability of withholding and other taxes (including withholding and indirect taxes on software licenses and related intercompany transactions) under the tax laws of certain jurisdictions in which we have business operations. The relevant revenue and taxing authorities may disagree with positions we have taken generally, or our determinations as to the value of assets sold or acquired or income and expenses attributable to specific jurisdictions. If such a disagreement were to occur, and our position were not sustained, we could be required to pay additional taxes, interest and penalties, which could result in one- time tax charges, higher effective tax rates, reduced cash flows and lower overall profitability of our operations. Changes in, or interpretations of, tax rules and regulations or our tax positions may materially and adversely affect our income taxes. We are subject to income taxes in both the United States and numerous international jurisdictions. Significant judgment is required in determining our worldwide provision for income taxes. In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain. Our effective tax rates may fluctuate significantly on a quarterly basis because of a variety of factors, including changes in the mix of earnings and losses in countries with differing statutory tax rates, changes in our business or structure, changes in tax laws that could adversely impact our income or non- income taxes or the expiration of or disputes about certain tax agreements in a particular country. We are subject to audit by various tax authorities. In accordance with U. S. GAAP, we recognize income tax benefits, net of required valuation allowances and accrual for uncertain tax positions. Although we believe our tax estimates are reasonable, the final determination of tax audits and any related litigation could be materially different than that which is reflected in historical income tax provisions and accruals. Should additional taxes be assessed as a result of an audit or litigation, an adverse effect on our results of operations, financial condition and cash flows in the period or periods for which that determination is made could result. Changes in tax laws or tax rulings, or changes in interpretations of existing laws, could cause us to be subject to additional income- based taxes and non-income taxes (such as payroll, sales, use, value- added, digital tax, net worth, property, and goods and services taxes), which in turn could materially affect our financial position and results of operations. Additionally, new, changed, modified, or newly interpreted or applied tax laws could increase our customers' and our compliance, operating and other costs, as well as the costs of our products. For example, on August 16, 2022, the Inflation Reduction Act of 2022 was signed into law, with tax provisions primarily focused on implementing a 15 % minimum tax on global adjusted financial statement income, effective for tax years beginning after December 31, 2022, and a 1 % excise tax on share repurchases occurring after December 31, 2022, which resulted in an excise tax payable calculated on our 2023 share repurchases. As another example, beginning in 2022, the Tax Cuts and Jobs Act of 2017 (the " Tax Act ") eliminates the option to deduct research and development expenditures currently and requires taxpayers to capitalize and amortize them over five or fifteen years pursuant to Section 174 of the Code, which impacts our effective tax rate and our cash tax liability in 2023. If the requirement to capitalize Section 174 expenditures is not modified by legislation, it will continue to impact our effective tax rate and our cash tax liability. On October 8, 2021, the Organization for Economic Co-operation and Development (the " OECD ") announced the OECD / G20 Inclusive Framework on Base Erosion and Profit Shifting (the " Framework ") which agreed to a two- pillar solution to address tax challenges arising from digitalization of the economy. On December 20, 2021, the OECD released Pillar Two Model Rules defining the global minimum tax rules, which contemplate a minimum tax rate of 15 % for large multinational companies. On December 15, 2022, the European Union (EU) Member States formally adopted the EU' s Pillar Two Directive and various countries have enacted or are in the process of enacting legislation on these rules. These changes, when enacted by various countries in which we do business, may increase our taxes in these countries. Changes to these and other areas in relation to international tax reform, including future actions taken by foreign governments in response to the Tax Act, could increase uncertainty and may adversely affect our tax rate and cash flow in future years. The trading price of our common stock has been volatile and may continue to be volatile, and you could lose all or part of your investment. The trading price of our common stock has, and may continue to, fluctuate significantly in response to numerous factors, many of which are beyond our control and may not be related to our operating performance, including: • price and volume fluctuations in the overall stock market from time to time; • volatility in the trading prices and trading volumes of technology stocks; • changes in operating performance and stock market valuations of other technology companies generally, or those in our industry in particular; • sales of shares of our common stock by our stockholders; • our issuance or repurchase of shares of our common stock; • short selling of our common stock or related derivatives; • failure of securities analysts to maintain coverage of us, changes in financial estimates or the publication of reports or statements by securities analysts or investors who follow our company, or our failure to meet these estimates or the expectations of investors; • the financial projections we may provide to the public, any changes in those projections or our failure to meet those projections; • announcements by us or our competitors of new products or services; • the public' s reaction to our press releases, other public announcements and filings with the SEC; • rumors and market speculation involving us or other companies in our industry; • changes in laws, industry standards, regulations or regulatory enforcement in the United States or internationally; • actual or anticipated changes in our results of operations or fluctuations in our results of operations or actual or anticipated changes in our strategy or the organization of our business; • actual or anticipated developments in our business, our competitors' businesses or the competitive landscape generally; • litigation involving us, our industry or both, or investigations by regulators into our operations or those of our competitors; • developments or disputes concerning our intellectual property or other proprietary rights; • announced or completed acquisitions of businesses, products, services or technologies by us or our competitors; • changes in accounting standards, policies, guidelines, interpretations or principles; • any significant change in our management, including changes in the pace of hiring; and • general political, social, economic and market conditions, in both domestic and foreign markets, including the effects of the war in Ukraine and conflict in the Middle East on the global economy, changes in the labor market, supply chain disruptions, inflation, increased interest rates, instability and volatility in the banking and financial services sector, and slow or negative growth of our markets. In addition, in the past, following periods of volatility in the overall market and the market price of a particular company' s securities, securities class action litigation has often been instituted against these companies. This litigation, if instituted against us, could result in substantial costs and a diversion of our management' s attention and resources. Substantial future sales of shares of our common stock could cause the market price of our common stock to decline. The market price of our common stock could decline as a result of substantial sales of our common stock, particularly sales by our directors, executive officers and significant stockholders, or the perception in the market that holders of a large number of shares intend to sell their shares. Additionally, the shares of common stock subject to outstanding options and restricted stock unit awards under our equity incentive plans and the shares reserved for future issuance under our equity incentive plans will become eligible for sale in the public market upon issuance, subject to applicable insider trading policies. We may not realize the anticipated long- term stockholder value of our share repurchase program, and any failure to repurchase our common stock after we have announced our intention to do so may negatively impact our stock price. In February 2023, our board of directors authorized the repurchase of up to $ 1. 0 billion of our common stock from time to time through a share repurchase program. Under our share repurchase program, we may make repurchases of stock through a variety of methods, including open share market purchases, privately negotiated purchases, entering into one or more confirmations or other contractual arrangements with a financial institution counterparty to effectuate one or more accelerated stock repurchase contracts, forward purchase contracts or similar derivative instruments, Dutch auction tender offers, or through a combination of any of the foregoing, in accordance with applicable federal securities laws. Our share repurchase program terminates at 11: 59 pm Pacific Time on December 31, 2024, does not obligate us to repurchase any specific number of shares, and may be suspended at any time at our discretion and without prior notice. The timing and amount of any repurchases, if any, will be subject to liquidity, stock price, market and economic conditions, compliance with applicable legal requirements such as Delaware surplus and solvency tests and other relevant factors. Any failure to repurchase stock after we have announced our intention to do so may negatively impact our reputation and investor confidence in us and may negatively impact our stock price. The existence of our share repurchase program could cause our stock price to be higher than it otherwise would be and could potentially reduce the market liquidity for our stock. Although our share repurchase program is intended to enhance long- term stockholder value, there is no assurance that it will do so because the market price of our common stock may decline below the levels at which we repurchase shares, and short- term stock price fluctuations could reduce the effectiveness of the program. Repurchasing our common stock reduces the amount of cash we have available to fund working capital, capital expenditures, strategic acquisitions or business opportunities, and other general corporate purposes, and we may fail to realize the anticipated long- term stockholder value of any share repurchase program. If securities or industry analysts change their recommendations regarding our common stock adversely, the trading price of our common stock and trading volume could decline. The trading market for our common stock is influenced by the research and reports that securities or industry analysts may publish about us, our business, our market or our competitors. If any of the analysts who cover us change their recommendation regarding our common stock adversely, or provide more favorable relative recommendations about our competitors, the trading price of our common stock would likely decline. If any analyst who covers us were to cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the trading price of our common stock or trading volume to decline. Anti- takeover provisions contained in our certificate of incorporation and bylaws, as well as provisions of Delaware law, could impair a takeover attempt. Our certificate of incorporation, bylaws and Delaware law contain provisions which could have the effect of rendering more difficult, delaying, or preventing an acquisition deemed undesirable by our board of directors. Among other things, our certificate of incorporation and bylaws include provisions: • authorizing " blank check " preferred stock, which could be issued by our board of directors without stockholder approval and may contain voting, liquidation, dividend and other rights superior to our common stock; • limiting the liability of, and providing indemnification to, our directors and officers; • limiting the ability of our stockholders to call and bring business before special meetings; • providing that our board of directors is classified into three classes of directors with staggered three- year terms; • prohibiting stockholder action by written consent, instead requiring all stockholder actions to be taken at a meeting of our stockholders; • requiring advance notice of stockholder proposals for business to be conducted at meetings of our stockholders and for nominations of candidates for election to our board of directors; • controlling the procedures for the conduct and scheduling of board of directors and stockholder meetings; and • providing for advance notice procedures that stockholders must comply with in order to nominate candidates to our board of directors or to propose matters to be acted upon at a meeting of stockholders, which may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer' s own slate of directors or otherwise attempting to obtain control of us. These provisions, alone or together, could delay or prevent hostile takeovers and changes in control or changes in our management. As a Delaware corporation, we are also subject to provisions of Delaware law, including Section 203 of the Delaware General Corporation Law, which prevents certain stockholders holding more than 15 % of our outstanding common stock from engaging in certain business combinations without approval of the holders of at least two- thirds of our outstanding common stock not held by such 15 % or greater stockholder. Any provision of our certificate of incorporation, bylaws or Delaware law that has the effect of delaying, preventing or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock and

could also affect the price that some investors are willing to pay for our common stock. Our bylaws provide that the Court of Chancery of the State of Delaware is the exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees. Our bylaws provide that the Court of Chancery of the State of Delaware is the exclusive forum for the following types of actions or proceedings under Delaware statutory or common law: • any derivative action or proceeding brought on our behalf; • any action asserting a breach of fiduciary duty owed by our directors, officers, employees or our stockholders; • any action asserting a claim against us arising under the Delaware General Corporation Law; and • any action asserting a claim against us that is governed by the internal- affairs doctrine (the " Delaware Forum Provision "). The Delaware Forum Provision would not apply to suits brought to enforce a duty or liability created by the Exchange Act or any other claim under the Securities Act, for which the United States District Court for the Northern District of California has sole and exclusive jurisdiction (the " Federal Forum Provision "), as we are based in the State of California. In addition, our bylaws provide that any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock is deemed to have notice of and consented to the Delaware Forum Provision and the Federal Forum Provision; provided, however, that stockholders cannot and will not be deemed to have waived our compliance with the U. S. federal securities laws and the rules and regulations thereunder. The Delaware Forum Provision and the Federal Forum Provision may limit a stockholder' s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or employees, which may discourage lawsuits against us and our directors, officers and employees. If a court were to find the Delaware Forum Provision and the Federal Forum Provision in our bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving the dispute in other jurisdictions, which could seriously harm our business. We do not expect to declare any dividends in the foreseeable future. We have never paid dividends and we do not anticipate declaring any cash dividends to holders of our common stock in the foreseeable future. Consequently, investors may need to rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investment. Investors seeking cash dividends should not purchase our common stock. Our business is subject to the risks of pandemics, earthquakes, fire, floods and other natural catastrophic events, and to interruption by man- made problems such as power disruptions, computer viruses, data security breaches, terrorism or war. Our business operations are subject to interruption by natural disasters, flooding, fire, power shortages, public health epidemics or pandemics, terrorism, political unrest, cyber- attacks, geopolitical instability, war, the effects of climate change and other events beyond our control. For example, our corporate headquarters are located in the San Francisco Bay Area, a region known for seismic activity. A significant natural disaster, such as an earthquake, fire or flood, occurring at our headquarters, at one of our other facilities or where a business partner is located could adversely affect our business, results of operations and financial condition. Further, if a natural disaster or man- made problem were to affect our service providers, this could adversely affect the ability of our customers to use our products and platform. Natural disasters, public health epidemics or pandemics, such as the COVID- 19 pandemic, and geopolitical events, such as the war in Ukraine and conflict in the Middle East, could cause disruptions in our or our customers' businesses, national economies or the world economy as a whole. We also rely on our network and third- party infrastructure and enterprise applications and internal technology systems for our engineering, sales and marketing, and operations activities. Although we maintain incident management and disaster response plans, in the event of a major disruption caused by a natural disaster or man- made problem, we may be unable to continue our operations and may endure system interruptions, reputational harm, delays in our development activities, lengthy interruptions in service, breaches of data security and loss of critical data, any of which could adversely affect our business, results of operations and financial condition. In addition, computer malware, viruses and computer hacking, fraudulent use attempts and phishing attacks have become more prevalent in our industry, have occurred on our platform in the past and may occur on our platform in the future. Though it is difficult to determine what, if any, harm may directly result from any specific interruption or attack, any failure to maintain performance, reliability, security, integrity and availability of our products and technical infrastructure to the satisfaction of our customers may harm our reputation and our ability to retain existing customers and attract new customers. In addition, global climate change could result in certain types of natural disasters occurring more frequently or with more intense effects. Any such events may result in users being subject to service disruptions or outages, and we may not be able to recover our technical infrastructure in a timely manner to maintain or resume operations, which may adversely affect our financial results. Our reputation and / or business could be negatively impacted by ESG matters and / or our reporting of such matters. There is an increasing focus from regulators, certain investors, and other stakeholders concerning ESG matters, both in the United States and internationally. We communicate certain ESG- related initiatives, goals, and / or commitments regarding environmental matters, diversity, responsible sourcing and social investments, and other matters in our annual Impact and DEI Report, on our website, in our filings with the SEC, and elsewhere. These initiatives, goals, or commitments could be difficult to achieve and costly to implement. We could fail to achieve, or be perceived to fail to achieve, our ESG- related initiatives, goals, or commitments. In addition, we could be criticized for the timing, scope or nature of these initiatives, goals, or commitments, or for any revisions to them. To the extent that our required and voluntary disclosures about ESG matters increase, we could be criticized for the accuracy, adequacy, or completeness of such disclosures. Our actual or perceived failure to achieve our ESG- related initiatives, goals, or commitments could negatively impact our reputation, result in ESG- focused investors not purchasing and holding our stock, or otherwise materially harm our business.