

Risk Factors Comparison 2025-02-25 to 2024-02-23 Form: 10-K

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Any investment in our securities involves a high degree of risk. Please consider the following risk factors carefully. If any one or more of the following risks were to occur, it could have a material adverse effect on our business, prospects, financial condition and results of operations, and the market price of our securities could decrease significantly. Statements below to the effect that an event could or would harm our business (or have an adverse effect on our business or similar statements) mean that the event could or would have a material adverse effect on our business, prospects, financial condition and results of operations, which in turn could or would have a material adverse effect on the market price of our securities. Many of the risks we face involve more than one type of risk. Consequently, you should carefully read all of the risk factors below, and in any reports we file with the SEC after we file this **Annual Report Form 10-K**, before making any decision to acquire or hold our securities. Risks Relating to Our Company and its Operational, Litigation and Regulatory Environment We depend on third- party companies to perform functions critical to our business, and any failure or increased cost on their part could have a material adverse effect on our business. We depend on third- party companies, including third- party carriers, insurers, warranty providers, and a large number of independent fulfillment partners whose products we offer for sale on our Website, to perform functions critical to **our business and** our ability to deliver products and services to our customers on time and at a reasonable cost. We depend on our carriers, insurers, warranty providers, and fulfillment partners to perform traditional retail operations such as maintaining inventory, preparing merchandise for shipment to our customers, delivering purchased merchandise on a timely and cost-effective basis, insuring the products, and offering warranty services associated with products. We also depend on the delivery and product assembly services that we and they utilize, on the payment processors that facilitate our customers' payments for their purchases, and on other third parties (including SaaS, IaaS, and other cloud- based third- party service providers) over which we have no control, for the operation of our business. Difficulties with any of our significant fulfillment partners or third-party carriers, insurers, warranty providers, delivery or product assembly services, payment processors or any of the third- party service providers involved in our business, regardless of the reason, could have a material adverse effect on our financial results, business and prospects. We face intense competition and may not be able to compete successfully against existing or future competitors. The online retail market is evolving rapidly and is intensely competitive. Barriers to entry **are-can be** minimal, and current and new competitors can launch new websites at a relatively low cost. We currently compete with numerous competitors, including: • online retailers with or without discount departments, including Amazon. com, AliExpress (part of the Alibaba Group), eBay, Temu, and Rakuten. com; • online shopping services, including Google Shopping, Facebook, Instagram, and TikTok; • online specialty retailers such as Wayfair, Build. com, Houzz, Hayneedle, Rugs. com, Groupon, and World Market; • furniture specialists including Bob' s Discount Furniture, Havertys, Raymour & Flanigan, At Home, Tuesday Morning, Living Spaces, Nebraska Furniture Mart, RC Willey, and Rooms To Go; • traditional general merchandise and specialty retailers and liquidators including Ashley Furniture, Best Buy, Big Lots, Costco, Crate and Barrel, Ethan Allen, Gilt, Home Depot, HomeGoods, Hudson' s Bay Company, IKEA, J. C. Penney Company, Kirkland' s, Kohl' s, Lands' End, Lowe' s, Macy' s, Nordstrom, Pottery Barn, ~~Restoration Hardware~~ **Arhaus, RH**, Ross Stores, Saks Fifth Avenue, Sears, T. J. Maxx, Target, Walmart, West Elm, and Williams- Sonoma, all of which also have an online presence; and • online liquidators such as SmartBargains. We expect that existing and future traditional manufacturers and retailers will continue to add or improve their e-commerce offerings, and that our existing and future e- commerce competitors, including Amazon, will continue to increase their offerings, their delivery capabilities, and the ways in which they **entice and** enable shoppers to purchase goods, including their mobile technology and the voice- activated shopping services offered by Amazon. Further, large marketplace websites and sites which aggregate marketplace sellers with a large product selection are becoming increasingly popular **. We, and we** may not be able to place our products on these sites to take advantage of their internal search platforms and some shoppers may begin their searches at these websites rather than utilize traditional search engines at all. Many of our competitors specialize in one or more of the areas in which we offer products. For example, our furniture offerings compete with numerous retail furniture websites and traditional furniture retail specialists. We also face competition from shopping services such as Google Shopping, which offers products from Walmart, Costco, Target and many other retailers. Competition from our competitors, many of whom have longer operating histories, larger customer bases, greater brand recognition, greater access to capital and significantly greater financial, marketing and other resources than we do, affects us and has had and could continue to have a material adverse effect on our financial results, business and prospects. **We may not timely identify or effectively respond to consumer needs, expectations or trends, which could adversely affect our relationship with our customers, the demand for our products and services, and our market share. The success of our business depends in part on our ability to identify and respond promptly to evolving trends in demographics, shifts in consumer preferences, expectations and needs, changes in the macroeconomic environment, and unexpected weather conditions, natural disasters, or public health issues (including pandemics and related impacts) that impact our customers, while also managing appropriate inventory levels and maintaining an excellent customer experience. It is difficult to successfully predict the products and services our customers will demand. As our customers expect a more personalized experience, our ability to collect, use, retain, and protect relevant customer data is important to our ability to effectively meet their expectations. Our ability to collect and use that data, however, is subject to a number of external factors, including the impact of legislation or regulations governing data privacy, data- driven technologies such as artificial intelligence, and data security, as well as customer expectations around data collection, retention, and use. In addition, each of our primary customer groups has**

different needs and expectations, many of which evolve as the demographics in a particular customer group change. Customer preferences and expectations related to sustainability of products and operations are also changing. In addition, as the impacts of COVID- 19 have subsided, customers have shifted more of their spending back to travel, dining and other experiences, compared to the historic levels of home improvement spending we saw during the heights of the pandemic. If we do not successfully differentiate the shopping experience to attract our customers and meet their individual needs and expectations, it may adversely impact our sales and our market share. Customer expectations about the methods by which they purchase and receive products or services are also becoming more demanding. Customers routinely and increasingly use technology and a variety of electronic devices and digital platforms to rapidly compare products and prices, read product reviews, determine real- time product availability, and purchase products, and new channels and tools to expand the customer experience appear and change rapidly. We must continually anticipate and adapt to these changes in the shopping and purchasing process by continuing to adjust and enhance the customer experience as well as our delivery options. We cannot guarantee that our current or future fulfillment options will be maintained and implemented successfully or that we will be able to meet customer expectations on delivery or pickup times, options and costs. Failure to provide a relevant and effective customer experience in a timely manner that keeps pace with technological developments and dynamic customer expectations, preferences, and trends or to differentiate the customer experience could adversely affect our relationship with our customers, the demand for our products and services, and our market share.

Our business depends on effective marketing, including marketing via email, search engine marketing, influencer marketing, and social media marketing. Our, and our competitors have and may continue to directly cause us to increase our marketing costs and decrease certain other types of marketing, and have and may continue to outspend us on marketing or be more efficient in their spend, and also have and may continue to cause us to decrease certain types of marketing. We depend on effective marketing and inflow of customer traffic. We depend on search engine marketing, email, and other e- commerce marketing methods to promote our site and offerings and to generate a substantial portion of our revenue. If a significant portion of our target customers no longer utilize email, or if we are unable to effectively and economically deliver email or marketing materials through other channels to our potential customers, whether for legal, regulatory or other reasons, it would have a material adverse effect on our business. For example, some email services have features that organize incoming emails into categories and such categorization or similar inbox organizational features may result in our emails being delivered in a less prominent location in a customer's inbox or viewed as "spam" by our customers and may reduce the likelihood of that customer opening our emails. Actions by third parties to block, impose restrictions on or charge for the delivery of emails or other messages could also adversely impact our business. From time to time, Internet service providers or other third parties may block bulk email transmissions or otherwise experience technical difficulties that result in our inability to successfully deliver emails or other messages to third parties. We also rely on social media and influencers for marketing purposes, and anything that limits our ability or our customers' ability or desire to utilize social media could have a material adverse effect on our business, including changes to the terms of social networking services to limit promotional communications, any restrictions that would limit our ability or our customers' ability to send communications through their services, disruptions or downtime experienced by these social networking services, or decline in or cessation of the use of or engagement with social networking services, including due to legislation, regulation, or directives (including executive orders).

In addition to competing with us for customers, suppliers, and employees, our competitors have and may continue to directly increase our operating costs, by driving up the cost of various forms of online advertising. Furthermore, our competitors may outspend us or be more efficient on various forms of advertising or marketing, making our marketing efforts less effective. We may elect to decrease our use of search engine marketing or other forms of marketing from time to time in order to decrease our costs, which may have a material adverse effect on our financial results and business. We may also elect to spend additional amounts on search engine marketing or other forms of marketing from time to time in order to increase traffic to our Website, or to take other strategic actions to increase traffic and / or conversion, and such increased spending may not be effective on a cost- benefit basis, or at all. If we are unable to develop, improve, implement and maintain effective and efficient cost- effective advertising and marketing programs, it would have a material adverse effect on our financial results and business. Numerous potential economic- Economic factors, including a recession- recessions, other economic downturns, inflation, our exposure to the U. S. housing industry market, and the potential for a decrease- decreases in consumer spending, have affected and could continue to adversely affect us. Various potential adverse- economic conditions, including a recession- recessions, other economic downturns, inflation, and weakness- weaknesses in the U. S. housing market, could and decrease- decreased consumer discretionary spending have adversely affected and could further adversely affect our financial performance. We believe that our sales of home- related products are affected by the strength of the U. S. housing industry market and overall consumer sentiment on discretionary goods. A recession- Recessions or other economic downturn- downturns, in particular in the U. S. housing industry market, has have negatively impacted our sales in the past, and could have a material adverse effect on our financial results, business, and prospects in the future. Similarly, a substantial portion of the products and services we offer are products or services that consumers may view as discretionary items rather than necessities. As a result, our results of operations are sensitive to changes in macroeconomic conditions that impact consumer spending, including discretionary spending. Difficult macroeconomic conditions also impact our customers' ability to obtain consumer credit and therefore their purchasing power. Other factors, including consumer confidence in the economy, employment levels, interest rates, inflation, fuel and energy costs, tax rates, and consumer debt levels could reduce consumer spending or change consumer purchasing habits. Slowdowns in Any of the foregoing U. S. or global economy, or an uncertain economic outlook, could materially adversely affect consumer spending habits, have negatively impacted our sales in the past, and could have a material adverse effect on our financial results, business, and prospects. Tariffs, bans, or other measures or events that increase the effective price of products or limit our ability to access

products we or our suppliers or fulfillment partners import into the United States could have a material adverse effect on our business. We and many of our suppliers and fulfillment partners source a large percentage of the products we offer on our Website from China and other countries. **President Donald J. Trump has advocated for greater restrictions on international trade in general, including increased tariffs on certain goods imported into the United States, particularly from China.** If the United States imposes tariffs or bans on imports, or if other factors that are outside of our control increase the prices of imported products sold on our Website or limit our ability to access products sold on our Website, the increased prices and / or supply chain challenges could have a material adverse effect on our financial results, business and prospects. Our changing business model and use of the Overstock brand, Bed Bath & Beyond brand, **Zulily brand,** and Beyond brand, could negatively impact our business. **We Our business has undergone a number of changed changes in the recent past, including our company name changing** from Overstock.com, Inc. to Beyond, Inc., **our purchased- purchase of** the Bed Bath & Beyond **and Zulily brand-brands,** **changed changing** our company ticker symbol from OSTK to BYON, and **transferred-transferring** the listing of our common stock from **NASDAQ to the NYSE-Nasdaq Stock Market LLC to the New York Stock Exchange.** These changes, **along with others,** may cause negative impacts to our business, including **customers- customer** and **stockholder shareholders,** confusion about our brands, the need for higher promotional discounting or marketing costs to acquire and maintain customers, diversion of the attention of management or key personnel, employee fatigue resulting from implementation efforts, disruptions to existing business relationships, **and unexpected economic, political, or regulatory risks; or any other unforeseen costs, expenses, losses, disruptions, delays, or negative impacts that could have a material adverse effect on our financial results, business and prospects.** The changing job market, the changes in our leadership team, the change in our compensation approach, **the loss of key personnel, the changing job structure-structures,** or any inability to attract, retain and engage key personnel could affect our ability to successfully grow our business. Our performance is substantially dependent on the continued service and performance of our senior management, our board of directors, and other key personnel. **We In 2024, we** underwent significant changes to our executive management team and **our board of directors in 2023- structural changes to our organization, and changes to our workforce** with certain key positions still remaining open. We also underwent changes to our workforce in 2023 when we had a reduction **reductions** in force. **We Additionally, in 2024, we** adjusted our approach to **our executives'** equity compensation **provided to our executives-** from a **fully** time- based approach to a **fully** performance- based approach. **With Uncertainties, including any-many substantial businesses allowing employees to work remotely, we are forced to compete with businesses in other locations and states to attract and retain key employees. We recently sold our corporate headquarters and announced that local employees will be asked to increase their onsite work from three days each week to four days each week at a new location. We also announced the elimination of our 9- 80 schedule (where employees were permitted to work nine- hour days, rather than standard eight-hour days, and take every other Friday off from work). Changes in leadership, structural changes to in leadership, or our any negative impacts associated with organization, reductions in force, changed approach to performance- based compensation, may cause employees to seek other opportunities or impair our ability to recruit new employees. With more businesses allowing employees to work remotely, we are forced to compete with businesses in other locations and states to attract and retain key employees. Currently, most of our local workforce works a hybrid schedule, where they work onsite three days each week and perform the remaining workdays in that week remotely. We are planning to sell our corporate headquarters, which if completed, could result in more remote work. The changes in leadership, the reduction in force, the changed approach to performance- based compensation, and the uncertainty of the future job structure-structures could create consequences such as a lack of or decreased productivity, a lack of engagement, employee dissatisfaction, and employee fatigue and, any of which could result in key-impair our ability to recruit, hire, and retain employees finding other employers more attractive than working for our Company. The loss of, or the inability to retain or engage the services of key employees for any reason, could harm our business. Our future success depends on our ability to identify, attract, recruit, hire, train, engage, retain, and motivate highly- skilled personnel necessary to successfully operate our business. Our failure to do any of attract, retain, and engage the foregoing personnel necessary to successfully operate our business could have a material adverse effect on our financial results, business and prospects. We rely upon paid and natural search engines to rank our product offerings, and our financial results may suffer if we are unable to maintain our prior rankings in natural searches. We rely on paid and natural search engines to attract consumer interest in our product offerings, including Google, Bing, and Yahoo!. Changes to their ranking algorithms and competition from other retailers to attract consumer interest may adversely affect our product offerings in paid and / or natural searches, and we may at times be subject to ranking penalties if the operators of search engines believe we are not in compliance with their guidelines. Search engine companies change their natural search engine algorithms periodically and online retailers compete to rank well with these search engine companies. Our ranking in natural searches may be adversely affected by those changes, as has occurred from time to time, which has led us to pursue revenue growth in other more expensive marketing channels. Google's search engine is dominant in our business and has historically been a significant source of traffic to our website, much of it at essentially no incremental cost to us. Search engine companies may also determine that we are not in compliance with their guidelines from time to time, as has occurred in the past, and they may penalize us in their search algorithms as a result. In recent years, we have experienced declines in our rankings in Google's natural search engine, which has required us to utilize more expensive marketing channels or otherwise compensate for the loss of some of the natural search traffic. Any future declines in our rankings in Google's natural search engine could have a material adverse effect on our business. If we are not profitable and / or are unable to generate sufficient positive cash flow from operations, our ability to continue in business will depend on our ability to raise additional capital, obtain financing or monetize significant assets, and we may be unable to do so. At December 31, 2023-2024, our accumulated deficit was \$ 481-740. 7-5 million. We experienced significant losses in years leading up to 2020. Although our financial results were significantly better in 2020 and 2021, we incurred additional losses in 2022 and through 2023-2024, which included significant non- cash losses on**

our equity method investments and a write- down loss on our corporate headquarters. If we are unable to successfully manage our business in the future, our ability to continue in business could depend on our ability to raise sufficient additional capital, obtain sufficient financing, or sell or otherwise monetize significant assets ~~such as our corporate headquarters which is currently being marketed for sale~~. Additionally, we may not be able to raise capital on acceptable terms or at all. The occurrence of any of the foregoing risks would have a material adverse effect on our financial results, business and prospects. Our business depends on the Internet, our infrastructure and transaction- processing systems **, and catastrophic events could adversely affect our operating results**. We are completely dependent on our infrastructure and on the availability, reliability and security of the Internet and related systems. Although we have migrated and continue to migrate some of our computer systems and operations to the public cloud, a substantial majority of our computer and communications infrastructure is running in our private cloud on hardware that is located at a single ~~Beyond owned and operated facility~~, which we ~~are currently marketing for sold on December 20, 2024. As part of the sale~~ **, we entered into a lease agreement that allows us to continue to occupy and use the data center at the facility**. Our systems and operations **, and those of the third parties that we rely on**, are vulnerable to damage or interruption from ~~fire~~ **natural disasters or extreme weather events (such as earthquakes, flood floods, fires and droughts), including those related to, or exacerbated by, climate change, other types of fires or floods**, power loss, telecommunications failure, **software or hardware malfunctions**, terrorist attacks, ~~cyberattacks cyber-attacks~~, acts of war, break- ins, ~~earthquake~~ and similar events **. The adverse effects of any such catastrophic event would be exacerbated if experienced at the same time as another unexpected and adverse event, such as a pandemic. Current events, including political events, social activism, tension and potential for violence, may impact our workforce, customers, properties and the communities where we operate. If our customers and employees do not perceive our response to be appropriate or adequate for a particular region or for our company as a whole, we could suffer damage to our reputation and brand, which could adversely affect our business. As a consequence of these or other catastrophic events, we may experience interruption to our operations or losses of property, equipment and / or inventory, which could adversely affect our revenue and profitability**. Our back- up facility by itself is not adequate to support fulfillment of sales orders. Our servers and applications are vulnerable to malware, physical or electronic break- ins, internal sabotage, and other disruptions, the occurrence of any of which could lead to interruptions, delays, loss of critical data or the inability to accept and fulfill customer orders. Any internal or critical third- party system interruption that results in the unavailability of our ~~Website~~ **websites** or our mobile app or reduced performance of our transaction systems could interrupt or substantially reduce our ability to conduct our business. We have experienced periodic systems interruptions due to server failure, application failure, power failure and intentional ~~cyberattacks cyber-attacks~~ in the past, and may experience additional interruptions or failures in the future. Any failure or impairment of our infrastructure or of the availability of the Internet or related systems caused by any source, including the ~~transfer~~ **housing or maintenance** of our hardware ~~to another location if we sell by a third party (including the purchaser of the facility where it is now located)~~ **, or any inability to access or protect our hardware in a timely manner**, could have a material adverse effect on our financial results, business and prospects. In addition, the occurrence of any event that would adversely affect e- commerce or discourage or prevent consumers from shopping online or via mobile apps could significantly decrease the volume of our sales. **Compliance with ever- evolving federal, state, and foreign laws and other requirements relating to the handling of information about individuals necessitates significant expenditure and resources, and any failure by us, our vendors or our business partners to comply may result in significant liability, negative publicity, and / or an erosion of trust, which could materially adversely affect our business, results of operations, and financial condition. In connection with running our business, we receive, store, use and otherwise process information that relates to individuals and / or constitutes " personal data," " personal information," " personally identifiable information," or similar terms under applicable data privacy laws (collectively, " Personal Information"), including from and about actual, former and prospective customers as well as our employees and business contacts. We also depend on a number of third party vendors in relation to the operation of our business, a number of which process Personal Information on our behalf. In addition, we share Personal Information with, and obtain Personal Information from, certain business partners pursuant to commercial arrangements. We, our vendors and our business partners are subject to a variety of federal, state and foreign data privacy laws, rules, regulations, industry standards and other requirements. These requirements, and their application, interpretation and amendment are constantly evolving. It is also possible that new laws, regulations and other requirements, or amendments to or changes in interpretations of existing laws, regulations and other requirements, may require us to incur significant costs, implement new processes, or change our handling of information and business operations, which could ultimately hinder our ability to grow our business by extracting value from our data assets. For example, in the United States, the Federal Trade Commission and state regulators enforce a variety of data privacy issues, such as promises made in privacy policies or failures to appropriately protect information about individuals, as unfair or deceptive acts or practices in or affecting commerce in violation of the Federal Trade Commission Act or similar state laws. In addition, in recent years, certain states have adopted or modified data privacy and security laws and regulations that may apply to our business. For example, the California Consumer Privacy Act (" CCPA") requires businesses that process personal information of California residents to, among other things: provide certain disclosures to California residents regarding the business' s collection, use, and disclosure of their personal information; receive and respond to requests from California residents to access, delete, and correct their personal information, or to opt- out of certain disclosures of their personal information; and enter into specific contractual provisions with service providers that process California resident personal information on the business' s behalf. The enactment of the CCPA is prompting a wave of similar legislative developments in other states in the United States, which creates a patchwork of overlapping but different state laws. For example, since the CCPA went into effect, numerous state laws that share similarities with the CCPA are now in effect.**

Similar laws have been proposed in many other states and at the federal level as well. Additionally, laws, regulations, and standards covering marketing, advertising, and other activities conducted by telephone, email, mobile devices, and the internet may be or become applicable to our business, such as the Telephone Consumer Protection Act (the "TCPA"), the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (the "CAN-SPAM Act"), and similar state consumer protection and communication privacy laws. For example, we send text messages to customers as part of our business operations. The actual or perceived improper sending of text messages may subject us to potential risks, including liabilities or claims relating to consumer protection laws such as the TCPA, which imposes significant restrictions on the ability to make telephone calls or send text messages to mobile telephone numbers without the prior consent of the person being contacted. We may also be subject to international privacy laws such as the European Union General Data Protection Regulation and the UK General Data Protection Regulation, as well as laws and regulations in other jurisdictions. These laws contain significant privacy requirements that may impose restrictions on our ability to collect, use, and otherwise process Personal Information. Even though we believe we are generally in compliance with applicable laws, rules and regulations relating to privacy and data security, these laws are in some cases relatively new and the interpretation and application of these laws are uncertain. Any failure or perceived failure by us (or in some cases, our vendors and business partners) to comply with data privacy laws, rules, regulations, industry standards and other requirements could result in proceedings or actions against us by individuals, consumer rights groups, government agencies, or others. We could incur significant costs in investigating and defending such claims and, if found liable, pay significant damages or fines or be required to make changes to our business. Further, these proceedings and any subsequent adverse outcomes may subject us to significant negative publicity and an erosion of trust. If any of these events were to occur, our business, results of operations, and financial condition could be materially adversely affected. If we or our third-party providers experience cyberattacks or data security incidents, there may be damage to our brand and reputation, material financial penalties, and legal liability, which would materially adversely affect our business, results of operations, and financial condition. We rely on our computer systems, hardware, software, technology infrastructure and online sites and networks and those of our for both internal and external operations that are critical to our business (collectively, "IT Systems"). We own and manage some of these IT Systems but also rely on third parties for a range of IT Systems and related products and services, including but not limited to our suppliers, banks, credit card processors, delivery services, and public cloud providers. We and certain of our third-party providers collect, maintain and process data about customers, employees, business partners and others, including personal information, confidential and proprietary intellectual property, financial information, trade secrets, and other business information (collectively, "Confidential Information"). Our business involves the storage and transmission of Confidential Information, and we face numerous and evolving cybersecurity risks that could threaten the confidentiality, integrity and availability of our IT Systems and Confidential Information, including from diverse threat actors, such as state-sponsored organizations, opportunistic hackers and hacktivists, as well as through diverse attack vectors, such as social engineering or phishing, malware (e. g., ransomware), malfeasance by insiders, human or technological error, and as a result of malicious code embedded in open-source software, or misconfigurations, bugs or other vulnerabilities in commercial software that is integrated into our or our third parties' IT Systems, products or services. Because we make extensive use of third party suppliers and service providers, such as banks, credit card processors, delivery services and cloud services that support our internal and customer-facing operations, successful cyberattacks that disrupt or result in unauthorized access to third party IT Systems can materially impact our operations and financial results. Moreover, we have acquired and continue to acquire companies with cybersecurity vulnerabilities or unsophisticated security measures, which exposes us to significant cybersecurity, operational, and financial risks. Remote and hybrid working arrangements at our company (and at many third-party providers) also increase cybersecurity risks due to the challenges associated with managing remote computing assets and security vulnerabilities that are present in many non-corporate and home networks. Additionally, any integration of artificial intelligence in our or any service providers' or business partners' operations, products or services is expected to pose new or unknown cybersecurity risks and challenges. Cyberattacks are expected to accelerate on a global basis in frequency and magnitude as threat actors are becoming increasingly sophisticated in using techniques and tools — including artificial intelligence — that circumvent security controls, evade detection and remove forensic evidence. As a result, we may be unable to detect, investigate, remediate or recover from future attacks or incidents, or to avoid a material adverse impact to our IT Systems, Confidential Information or business. There can also be no assurance that our cybersecurity risk management program and processes, including our policies, controls or procedures, will be fully implemented, complied with or effective in protecting our IT Systems and Confidential Information. Furthermore, given the nature of complex systems, software and services like ours, and the scanning tools that we deploy across our networks and products, we regularly identify and track security vulnerabilities. We are subject unable to comprehensively apply patches cybersecurity risks and risks of data loss or confirm that measures are in place other security breaches. Our business involves the storage and transmission of users' proprietary information, and security breaches could expose us to mitigate all such vulnerabilities a risk of loss or misuse of this information-, and to resulting claims, fines, and litigation or that patches will be applied before vulnerabilities are exploited by a threat actor. We and certain of our third-party providers and business partners have experienced developed certain software products to assist with the operation and management of our business, which could contain flaws or vulnerabilities that could present cybersecurity-related risks or result in data loss, other security breaches, or damage to our business, our suppliers, or our customers. We have been subjected to a variety of cyber-attacks, which have increased in number and variety over time. We believe our systems are probed by potential hackers virtually 24/7, and we expect the problem will continue to grow worse over time. Cyber-attacks

may target us, our customers, our suppliers, banks, credit card processors, delivery services, public cloud providers, e-commerce in general or the communication infrastructure on which we depend. Any adverse impact flaws or vulnerabilities in the software we created or technologies designed to prevent attacks on the availability, integrity or confidentiality of our IT systems and other third-party systems, compromise of our or Confidential Information can security, data breaches, malfunctions, or errors, could result in a violation of applicable privacy and other laws, significant legal and financial exposure (such as class actions), regulatory investigations, damage to our reputation that cause us to lose existing or future customers, and a loss of confidence in our security measures, and significant incident response, system restoration or remediation and future compliance costs, any of which could have a material adverse effect on our financial results, operations results, and business. Moreover, any insurance coverage we may carry may be inadequate to cover the expenses and other potential financial exposure we could face due to as a result of a cyber-attack or data breach and there can be no assurance that applicable insurance will be available to us in the future on economically reasonable terms or at all. Moreover, as we accept debit and credit cards for payment, we are subject to the Payment Card Industry Data Security Standard ("PCI-DSS"), issued by the Payment Card Industry Security Standards Council. PCI-DSS contains compliance guidelines with regard to our security surrounding the physical and electronic storage, processing and transmission of cardholder data. If we are unable to comply with the security standards established by banks and the payment card industry, we may be subject to fines, restrictions and expulsion from card acceptance programs, which could materially and adversely affect our business. We are subject to payment-related risks that could increase our operating costs, expose us to fraud or theft, subject us to potential liability, and potentially disrupt our business. We accept or have accepted payments using a variety of methods, including credit and debit cards, electronic payments, digital wallets, loan programs including installment loans, and gift cards, and we may offer new payment options over time. Acceptance of these payment options subjects us to rules, regulations, contractual obligations and compliance requirements, including payment network rules and operating guidelines, data security standards and certification requirements, and rules governing electronic funds transfers. These requirements may change over time or be reinterpreted, making compliance more difficult, costly, or uncertain. For certain payment methods, including credit and debit cards, we pay interchange fees and other costs to accept these payments, and we may also incur losses, all of which may increase over time and raise our operating costs. We rely on third parties to provide payment processing services, including the processing of credit cards, debit cards, and other forms of electronic payment. If these companies become unable to provide these services to us, or if their systems are compromised, it could potentially disrupt our business. The payment methods that we offer, and the selling channels in which we operate, also subject us to potential fraud and theft by threat actors, who are becoming increasingly more sophisticated, seeking to obtain unauthorized access to or exploit weaknesses that may exist in our sales, payments and payment processing systems. If we fail to comply with applicable rules or requirements for the payment methods we accept, or if payment-related data is compromised due to a breach or misuse of data, we may be liable for costs incurred by payment card issuing banks and other third parties or we may be subject to fines and higher transaction fees, or our ability to accept or facilitate certain types of payments may be impaired. In addition, our customers could lose confidence in certain payment types, or may expect or demand payment methods that we do not currently offer, which could result in competitive disadvantages or require a shift to other payment types or potential changes to our payment systems that may result in higher costs. As a result, our business and operating results could be adversely affected. We have significant deferred tax assets and may not be able to realize these assets in the future. We have established a valuation allowance for our net deferred tax assets, primarily due to recent operating losses, forecasted near-term losses, and uncertainty regarding our future taxable income. Determining whether a valuation allowance for deferred tax assets is appropriate requires judgment and an evaluation of all positive and negative evidence. At each reporting period, we assess the need for, or the sufficiency of a valuation allowance against deferred tax assets. We intend to maintain a valuation allowance on our net deferred tax assets until there is sufficient evidence to support the reversal of all or some portion of the allowance. We may be required to recognize losses relating to our equity method investments. At December 31, 2023-2024, we held equity method investments totaling approximately \$ 155-78.9-2 million. The underlying equity interests are in entities that are in the startup or development stages. Equity method securities-interests are inherently risky because we do not have the ability to influence the business decisions underlying. Further, these those investments and are inherently risky because the markets for the technologies or products these companies are developing are typically in the early stages and may never materialize. Since these investments are in companies that are in the early startup or development stages, even if their technology or products are viable, they may not be able to obtain the capital or resources necessary to successfully bring their technology or products to market. We have recognized losses related to these equity method securities in the past and may in the future recognize additional losses. Additionally, due to tax law limitations around deductibility of capital and investment losses, we may not be able to recognize a tax benefit on these losses when they occur. Any such loss could be material and could have a material adverse effect on our financial results. If governmental entities or providers of consumer devices and internet browsers further restrict or regulate the use of "cookie" tracking technologies, the amount or accuracy of online user information we collect could decrease, which could harm our business and operating results. Various federal, state and international governmental entities have enacted or are considering enacting legislation or regulations that could significantly restrict the ability of companies to use proprietary or third-party "cookies" and other methods of online tracking for behavioral advertising. For example, some governmental agencies have regulated the level of consumer notice and consent required before a company can employ cookies or other electronic tracking tools or the use of data gathered with such tools. Additionally, some providers of consumer devices and web browsers have implemented or plan to implement methods of making it easier for Internet users to prevent the placement of cookies, to block other tracking technologies or to require new permissions from users for certain activities, which have impacted us in the past and have the potential to significantly reduce

the effectiveness of such practices and technologies in the future. For example, in January 2024, Google began testing a new feature in Chrome that limits cross-site tracking by restricting website access to third-party cookies by default, with a goal of phasing out third-party cookies for everyone in the second half of 2024. Any further restriction on the use of cookies and other online tracking and advertising practices could **lower the quality of the data we collect, negatively impact our targeted marketing capabilities, increase costs associated with developing or transitioning to new technologies or methods, and could impact our ability to compete. Increased restrictions on tracking technologies could also lead to increased compliance, legal, and regulatory risks, increased costs associated with the management thereof, and increased costs associated with potential fines, penalties, claims, defense costs, reputational harm, or other associated costs. Such restrictions on tracking could also** limit our ability to effectively retain existing customers or acquire new customers and consequently, materially adversely affect our business, financial condition and operating results. If the legal, regulatory, or tax treatment of our company changes adversely, it could impact our ability to conduct business and, accordingly, our financial results. New or revised laws, regulations, or court decisions may subject us to additional requirements and new disclosures that could increase the cost of doing business, increase scrutiny for the way decisions are made, decrease our revenues, **increase our expenses,** or impact our business model. For example, the SEC has proposed rules that would affect publicly-traded company disclosure obligations in the areas of climate change which, if approved, would increase our costs of doing business and expose us to potential compliance risk. In addition, new or revised tax regulations or court decisions may subject us or our customers to additional taxes. For example, various jurisdictions around the world have enacted or are considering revenue-based taxes such as digital services **advertising taxes, data collection taxes,** and other targeted taxes, which could lead to inconsistent and potentially overlapping international tax regimes. The Organization for Economic Cooperation and Development (OECD) is coordinating negotiations among more than **that could increase our expenses** 140 countries with the goal of achieving consensus around substantial changes to international tax policies, including the implementation of a minimum global effective tax rate of 15%. Other new or revised legal, regulatory, or tax treatment could expose us to additional risk, increase the cost of doing business online, and increase internal costs necessary to capture data, report data, and collect and remit taxes. Any of these items could have a material adverse effect on our business and financial results. We and certain of **Failure to comply with, our or former changes in, laws, regulations** and current officers **enforcement activities may adversely affect the products, services and directors markets in which we operate. From time to time, we are named in shareholder subject to claims, individual and class action lawsuits and shareholder derivative lawsuits, arbitration proceedings, government and regulatory investigations, inquiries, actions or requests, and other proceedings alleging violations of laws, rules, and regulations with respect to taxation, advertising practices, online services, intellectual property rights, privacy, consumer and data protection, pricing, content, copyrights, distribution, mobile communications, electronic device certification, electronic waste, energy consumption, environmental regulation, electronic contracts and other communications, competition, employment (including diversity, equity and inclusion), labor rights, import and export matters including tariffs and the importation of specified or proscribed items and importation quotas, information reporting requirements (including sustainability reporting), access to our services and facilities, the design and operation of websites, health, safety, and sanitation standards, the characteristics and quality of products and services, product labeling and unfair and deceptive trade practices. There may be changes to the laws, regulation, standards, directives (including executive orders), and enforcement priorities that affect our operations in substantial and unpredictable ways at the federal and state level in the United States and in other countries in which our services are or may be used. Changes to laws, regulations and standards, including interpretation and enforcement of such laws, regulations and standards could require increase the cost of doing business or otherwise change how or where we want to do business. In addition, changes to laws, regulations and standards could affect our merchants and software partners and could result in material effects on the way we operate and the cost to operate our business. Failure to comply with such laws, regulations and standards could result in harm to our members, employees and partners in the supply chain, significant additional management costs to satisfy compliance, remediation or compensatory requirements, or the imposition of severe penalties or restrictions on operations by governmental agencies or courts that could adversely affect our reputation, business, financial condition, and results of operations. From time and attention, result in significant additional to time we are subject to various legal expenses proceedings which could adversely affect or our business, financial condition or result results of operations in government enforcement actions. We and certain of our former and current officers and directors are named involved in various shareholder class action lawsuits and shareholder derivative lawsuits, and may become subject to further litigation, government investigations matters from time to time. or For more information regarding our material legal proceedings arising therefrom. The pending litigation and any future litigation, investigations or please see Item 8 of Part II, "Financial Statements and Supplementary Data" — Note 15 — Commitments and Contingencies, subheading Legal Proceedings and Contingencies, contained in other the "Notes to Consolidated Financial Statements" of this Annual Report. Such matters can actions that may be filed or initiated against us or our current or former officers or directors may be time-consuming and expensive. We cannot predict what losses, divert management's attention if any, we may incur in these litigation matters, and expect resources and cause us to incur significant expenses legal expenditures in defending and responding to these litigation matters. Our Any such legal proceedings, if decided adversely to us, could result in significant monetary damages, penalties and reputational harm, and will likely involve significant defense and other costs. We have entered into indemnification agreements with each of our directors and certain of our officers, requiring us to indemnify them. Further, our insurance or indemnities may not cover all claims that have been or may be brought asserted against us, and insurance coverage any claims asserted against us, regardless of merit or eventual outcome, may not continue to harm our reputation. If we are unsuccessful in our defense in these litigation matters, or any other legal proceeding, we may be available forced to pay damages us at a reasonable cost. As a result, we may be exposed to substantial**

uninsured or under-insured liabilities, including pursuant to our ~~or fines~~ indemnification obligations, **enter into consent decrees or change our business practices, any of which could materially adversely affect our business, prospects, results of operations and financial condition and results of operations. Damage to our reputation or brand image could adversely affect our sales and results of operations. Our reputation is largely based on public perceptions. Incidents that erode trust or confidence in us could adversely affect our reputation and thereby impact our business, particularly if the incidents result in rapid or significant adverse publicity, protests, litigation, boycotts, governmental inquiries, or other stakeholder responses. This could include incidents regarding our actions or inactions on issues related to corporate social responsibility or environmental, social, and governance ("ESG") matters, and any perceived lack of transparency about such matters.** We have established, and may continue to establish, various goals and initiatives on ESG matters, including with respect to sustainability and diversity, equity, and inclusion topics. We cannot guarantee that we will achieve these goals and initiatives. Any failure, or perceived failure, by us to achieve these goals and initiatives could adversely affect our reputation. Further, stakeholder expectations regarding ESG matters continue to evolve and are not uniform, and our pursuit of our goals and initiatives could adversely impact our reputation due to such differing expectations. In turn, damage to our reputation or ~~and brand~~ **tZERO image could**, among other things, adversely impact our customer loyalties and sales, our supply chain relationships and business opportunities, our ability to attract and retain talent sufficient to meet business needs, and results of operations. Any of the foregoing can be further exacerbated by changes to laws, regulation, standards, directives (including executive orders), and enforcement priorities. See " — Failure to comply with, or changes in, laws, regulations and enforcement activities may adversely affect the products, services and markets in which we operate." Regulatory changes or actions may alter the nature of an investment in us or restrict the use of cryptocurrencies and blockchain technology in a manner that adversely affects our business, prospects and operations. As cryptocurrencies and blockchain technology have ~~own-grown in a direct minority interest, are both popularity and market size, governments around the world have reacted differently to the them~~, with certain governments deeming them illegal while others have allowed their use and trade. Governments may in the future regulate, curtail or outlaw the ability for acquisition, use or redemption of cryptocurrencies and blockchain technology. Governments may take regulatory action that may increase the cost and / or ~~subjects-~~ **subject** of, and parties **cryptocurrency companies or blockchain technology to**, ~~investigations~~ **additional regulation. Similar actions by governments** the SEC Division of Enforcement, which has required us to expend significant financial and legal resources. The resolution of those investigations may have a material adverse effect on our ~~or regulatory bodies could~~ business, financial condition, results ~~result~~ of operations and cash flows. As previously disclosed, in ~~restriction of~~ October 2019, we received a subpoena from the SEC requiring **acquisition, ownership, holding, selling, us use to produce documents or trading of our securities. In the United States and certain other jurisdictions,** information related to the Series A-1 Preferred stock dividend we announced to stockholders in June 2019 and requesting copies of 10b5-1 plans entered into by certain officers **cryptocurrencies may be securities** and **subject to** directors. In December 2019, we received a subpoena from the **securities laws of SEC** requesting our insider trading policies and certain employment and consulting agreements. We also received requests from the SEC for our communications **relevant jurisdictions. If we fail to comply with any** our former Chief Executive Officer and Director, Patrick Byrne, and the matters referenced in the December 2019 subpoenas. In January 2021, we received a subpoena from the SEC requesting information regarding our Retail guidance in 2019 and certain communications with current and former executives, board members, and investors. We continue to cooperate with the SEC in these matters. Although we believe that we have fully complied with all ~~relevant laws and,~~ regulations, there can ~~or~~ **prohibitions that may** be no assurance **applicable to us, we could face regulatory or other enforcement actions and potential fines or other consequences. The rapidly evolving regulatory landscape with respect to cryptocurrency and blockchain technology may subject us to inquiries or investigations from regulators and governmental authorities, require us to make product changes, restrict or discontinue product offerings, and implement additional and potentially costly controls. If we fail to comply with regulations, requirements, prohibitions or other obligations applicable to us, we could face regulatory or other enforcement actions and potential fines and other consequences. Cryptocurrencies have in the past and may in the future experience periods of extreme price volatility. Fluctuations in the value of any cryptocurrencies or other digital assets that the SEC will not commence we might hold could also lead to volatility in our financial results and could have an enforcement adverse impact on our business. These uncertainties, including accounting and tax developments, or other requirements relating to cryptocurrency or blockchain technology could expose us to litigation, regulatory action and possible** against us, or members of our management or former management, or as to the ultimate resolution of any enforcement action that the SEC may decide to bring. Under applicable law, the SEC has the ability **liability** to impose significant sanctions on companies and individuals who are found to have violated the provisions of applicable federal securities laws, including cease and desist orders, civil money penalties, and barring individuals from serving as directors or officers of public companies. We have expended significant financial and legal resources responding to the SEC subpoena and such responses have required a significant amount of time and attention of our senior management and personnel. Defending any enforcement action brought by the SEC against us or members of our management would involve further significant expenditures and the resolution of any such enforcement action could have a material adverse effect on our business, financial condition, results of operations and cash flows. Additionally, the outcome of any investigation related to the activities of tZERO could result in negative publicity for tZERO or us or limit the products which tZERO may be able to offer, which may have an adverse effect on the current and future business ventures of tZERO or ~~our us~~ **business**. If we do not successfully optimize and operate our ~~distribution-fulfillment center or~~ **warehouse, and customer service operations, our business could be harmed. We have expanded, contracted, and otherwise modified our distribution-fulfillment center-centers, warehouse warehouses**, and customer service operations from time to time in the past, and expect that we will continue to do so. If we do

not successfully optimize and operate our **distribution fulfillment center, warehouse,** and customer service operations, it could significantly limit our ability to meet customer demand, customer shipping or return time expectations, or result in excessive costs and expenses for the size of our business. **We Because it is difficult to predict demand, we may not be able to manage our operations in an optimal way, which may result in excess or insufficient inventory or warehousing capacity. Our fulfillment and customer service centers may also fail to staff at optimal levels or manage our operations in an optimal way, which could result in reduced customer satisfaction and excess or insufficient inventory or warehousing capacity.** Our failure to manage our **warehouse operations, distribution centers or our fulfillment and center or** customer service **centers operations** optimally could adversely affect our financial results and customer experience and could have a material adverse effect on our financial results, business and prospects. If we fail to effectively utilize technological advancements, including in artificial intelligence, our business and financial performance could be negatively impacted. Our industry is highly competitive and is undergoing rapid changes due to technological advancement in areas such as artificial intelligence (AI). Our future success depends in part on our ability to effectively utilize these technological advancements. Our competitors may outpace us in incorporating AI into their product offerings and engagement with customers, which could affect our competitiveness and operational outcomes. Our efforts to utilize these technological advancements may not be successful, may result in substantial integration and maintenance costs, and may expose us to additional risks. **For example, Personal Information that may be used in relation to AI could subject us to data privacy and cybersecurity risks. within any dataset, collected from our business, is vulnerable to unintentional dissemination or For intentional destruction more information, which could lead see"** **Risks Relating to heightened business Our Company and security costs its Operational, Litigation reputational damage, and Regulatory Environment** administrative penalties, or legal claims defense expenses. The **" Additionally, the** content, analyses, or recommendations generated by AI programs, if deficient, inaccurate, or biased, could adversely impact our business, financial condition, and operational results, as well as our reputation. Moreover, ethical concerns associated with AI could lead to brand damage, competitive disadvantages, or legal repercussions. Any problems with our implementation or use of AI or other technological advancements could negatively impact our business or results of our operations. Global conflict could negatively impact our business, results of operations, and financial condition. Global conflict could increase costs and limit availability of fuel, energy, and other resources we depend upon for our business operations and could also limit product assortment availability. For example, while we do not operate in Russia or Ukraine, the **increasing** tensions between the United States and Russia and the other effects of the ongoing conflict in Ukraine, have resulted in many broader economic impacts such as the United States imposing sanctions and bans against Russia and Russian products imported into the United States. Such sanctions and bans have impacted and may continue to impact commodity pricing such as fuel and energy costs, making it more expensive for us and our partners to deliver products to our customers. **Conflict in the Middle East has resulted in reduced access to shipping ports, which in turn has increased shipping times and costs.** Further, we and many of our suppliers and fulfillment partners source a large percentage of the products we offer on our Website from China. Relations between the United States and China have become increasingly strained and if tensions were to escalate, it could limit **or delay** our ability to provide a full assortment of furniture and home furnishings on our Website. Sanctions, bans, trade restrictions, or other economic actions in response to present or future conflicts could result in an increase in costs, further disruptions to our supply chain, and a lack of consumer confidence resulting in reduced demand. **Any While the extent of such items is not presently known, any of them- the foregoing** could negatively impact our business, results of operations, and financial condition. We are partially self-insured with respect to our employees' health insurance. If the actual costs of these claims exceed the amounts we have accrued for them, we would incur additional expense. Since January 1, 2017, we have been partially self-insured with respect to our employees' health insurance, except to the extent of stop-loss coverage that limits our losses both on a per employee basis and an aggregate basis. The actual costs of our employees' health insurance claims could exceed our estimates of those costs for a number of reasons, including more claims or larger claims than we expect, and increases in the costs of healthcare generally. If the actual cost of our employees' health insurance claims and related expenses exceeds the amounts we have accrued, we may be required to record additional charges for these claims and / or to establish additional cash reserves, which could have a material adverse effect on our financial results, business and prospects. We may be unable to protect our proprietary technology and to obtain trademark protection for our marks. Our success depends to a significant degree upon the protection of our software and other proprietary intellectual property rights. We rely on a combination of laws, **regulations,** and contractual restrictions with our employees, customers, suppliers, affiliates, and others to establish and protect our proprietary rights, including the law pertaining to trade secrets. Despite these precautions, it may be possible for a third party to copy or otherwise obtain and use our intellectual property or trade secrets without authorization. In addition, we cannot ensure that others will not independently develop similar intellectual property. Third parties have in the past recruited and may in the future recruit our employees who have had access to our proprietary technologies, processes and operations. These recruiting efforts expose us to the risk that such employees and those hiring them will misappropriate and exploit our intellectual property and trade secrets. We may be unable to protect against such risks, in the United States or elsewhere, which could have a material adverse effect on our business. Although we have registered **some of our,** and are pursuing the registration of **our other** key trademarks in the United States and some other countries, some of our **trademarks and** trade names may not be eligible to receive registered trademark protection. In addition, effective trademark protection may not be available or we may not seek protection in every country in which we market or sell our products and services, including in the United States. Our competitors might adopt product or service marks like our marks or might try to prevent us from using our marks. Any claim by another party against us, or customer confusion related to our trademarks, or our failure to obtain trademark registration, could have a material adverse effect on our financial results, business and prospects. We are currently subject to claims that we have infringed intellectual property rights of third parties and may be subjected to additional infringement claims in the future. We **are currently have been in the past** and may in the future be subject to claims that we have infringed the intellectual property rights of others, by

offering allegedly infringing products or otherwise. We have contested and expect to continue to contest claims we consider unfounded rather than settling such claims, even when we expect the costs of contesting the claims could potentially exceed the cost of settlement. Any claims may result in significant expenditure of our financial and managerial resources and may result in us ~~making~~ **needing to make** significant damages or settlement payments or changes to our business. We could be prohibited from using software or business processes, or required to obtain licenses from third parties, which could be expensive or unavailable. Any such difficulties could have a material adverse effect on our financial results, business and prospects. **Product safety and quality concerns could have a material adverse impact on our revenue and profitability. If the products we sell fail to meet, or are alleged to fail to meet, applicable safety standards or our customers' expectations regarding safety and quality, we could be exposed to increased legal risk and damage to our reputation. Failure to take appropriate actions in relation to product-related issues (for example, product recalls), could lead to violations of laws and regulations and leave us susceptible to government enforcement actions or private litigation. Recalls of products, particularly when combined with lack of available alternatives or difficulty in sourcing sufficient volumes of replacement products, could also have a material adverse impact on our revenue and profitability.** We depend on our suppliers' and fulfillment partners' representations regarding product safety, content and quality, product compliance with various laws and regulations, including registration and / or reporting obligations, and for proper labeling of products. We rely on our suppliers' and fulfillment partners' representations of product safety, content and quality, product compliance with various laws and regulations, including registration and / or reporting obligations, and proper labeling of products. Issues or concerns regarding product safety, compliance, registration and / or reporting, labeling, content or quality could result in consumer or governmental claims and could adversely affect our financial results and business. Any indemnity agreement we may have with a supplier or fulfillment partner of a product may be inadequate or inapplicable, and any insurance coverage we may carry may be inadequate. Even unsuccessful claims could result in the expenditure of funds and management time and could have a negative impact on our business. The occurrence of any of the foregoing could have a material adverse effect on our financial results, business and prospects. We have an evolving business model, which increases the complexity of our business. ~~In prior years we added additional types of services and product offerings and in some cases, we modified or discontinued those offerings, and in some cases have re-launched offerings we had previously terminated.~~ We are **modifying and** expanding the types of products and services ~~that we offer~~ **offered for sale on our websites**, and accordingly may further expand our offerings in the future, and we do not know whether any of ~~them~~ **our modifications or expansions** will be successful. From time to time, we have also modified aspects of our business model relating to our product mix and the mix of direct ~~versus~~ partner sourcing of the products we offer. For example, we eliminated our assortment of non-home goods offered for sale. **Products purchased for direct sale come** on our Website to increase our brand association with **additional risks** "home" which resulted in reduced revenues, and we subsequently determined **uncertainties, including costs** to offer non-home goods through another channel **maintain inventory, risk of loss from theft or otherwise, and risks associated with the marketing and labeling of products**. In addition, we continue to experiment with new technologies to enhance the customer experience and iterate on delivery of new features. The additions and modifications to our business have increased the complexity of our business and **have** impacted **, and may in the future materially impact,** our management, personnel, operations, systems, technical performance, financial resources, and internal ~~financial~~ control and reporting functions. Further, our efforts to right-size our cost structure and create a more flexible technology stack may result in the introduction of technologies that are less mature or stable, which could cause problems in our website or back-end logistics systems **or compliance efforts**. Further, any new business, products or services, technology, or website we launch that is not favorably received by consumers could damage our reputation ~~or~~ **and** our brand. The occurrence of any of the foregoing could have a material adverse effect on our financial results, business, prospects, and the trading prices of our securities. **Investment in new business strategies, acquisitions, dispositions, partnerships, or other transactions could disrupt our ongoing business, present risks not originally contemplated and materially adversely affect our business, reputation, results of operations and financial condition. We have invested, and in the future may invest, in new business strategies, acquisitions, dispositions, partnerships, or other transactions. We intend for these initiatives to drive efficiencies and improve margins. Such endeavors may involve significant risks and uncertainties, including distraction of management from current operations, greater-than-expected liabilities and expenses, new claims or litigation, economic, political, legal and regulatory challenges associated with operating in new businesses, regions or countries, inadequate return on capital, unrealized benefits or unanticipated delays in realized benefits, potential impairment of tangible and intangible assets, and significant write-offs. Investment, acquisition, disposition and partnership transactions are exposed to additional risks, including the imposition of onerous conditions that could delay or prevent us from completing a transaction or otherwise limit our ability to fully realize the anticipated benefits of a transaction. Rapid, significant, and disruptive technological changes impact the industries in which we operate or in which we may in the future operate, including in areas such as tokenization, virtual currencies or cryptocurrencies, blockchain technologies, and the success of new business strategies, acquisitions, dispositions, partnerships, or other transactions will depend, in part, on our ability to adapt and respond effectively to these changes. In addition, any new investments or acquisitions may require us to raise additional capital, including debt or equity securities. These transactions may impose additional restrictions on our ability to operate and / or may be dilutive to you. In the event that additional liquidity is required from outside sources, we may not be able to raise the capital on terms acceptable to us or at all. If we are unable to raise additional capital when desired, our business, financial condition, and results of operations could be adversely affected. These new ventures are inherently risky and may not be successful. If we do not successfully manage and execute these initiatives, or if they are inadequate or ineffective, we may fail to meet our financial goals and achieve anticipated benefits, improvements may be delayed, not sustained or not realized, and our business, operations and competitive position could be adversely affected.** If Pelion is not successful in managing the

Medici Ventures, L. P. fund or has to resign if there is a change in the interpretation or application of the Investment Advisers Act of 1940 (the "Advisers Act"), we would be unable to realize the anticipated benefits of this arrangement. As the general partner of the Medici Ventures, L. P. fund, Pelion has control over the limited partnership and its activities, including day-to-day operations and investment decisions. Pelion is able to sell investments of the limited partnership at any time, make additional investments, modify, amend or change existing investments, make new investments and otherwise control the activities of the limited partnership. The success of the Medici Ventures, L. P. fund depends on Pelion's ability to successfully manage the activities of the Medici Ventures, L. P. fund portfolio companies and its existing and future portfolio company investments. Pelion may not be successful in managing these investments and we may not receive the benefits we anticipate of the transaction with Pelion. Moreover, even if successful in managing the Partnership, Pelion has the right to withdraw as general partner under certain circumstances, including certain changes in Pelion's status under the Advisers Act. The occurrence of such an event is beyond our control, and, as a result, there can be no assurance that Pelion will remain as general partner for the term contemplated. If Pelion is no longer serving as the general partner, we will have the right under the partnership agreement to appoint a new general partner; however, it may not be possible to accomplish this in a timely manner, which could result in the termination of the partnership. Even if a new general partner is appointed in a timely manner, it may be unable to manage the activities of the Medici Ventures, L. P. fund and its portfolio company investments, which would prevent us from receiving the anticipated benefits of the partnership. Our international business efforts could adversely affect us. We sell products in international markets and are seeking to expand our international sales. International sales and transactions are subject to inherent risks and challenges that could adversely affect us, including: • the need to develop new supplier and manufacturer relationships and create new logistics capabilities; • the need to comply with additional U. S. and foreign laws and regulations; • changes in international laws, regulatory requirements, taxes and tariffs; • our limited experience with different local cultures and standards; • geopolitical events, such as war and terrorist attacks; • the risk that the products we offer may not appeal to customers in international markets, whether due to the products themselves, the time to deliver, a lack of brand recognition, or another reason; and • the additional resources and management attention required for such expansion. Our international business **operations** could expose us to penalties for non-compliance with laws applicable to international business and trade, including the U. S. Foreign Corrupt Practices Act, which could have a material adverse effect on our business. Foreign data protection, privacy and other laws and regulations are different and often more restrictive than those in the United States. Compliance with such laws and regulations will result in additional costs and may necessitate changes to our business practices, which may adversely affect our business. A lack of brand recognition, increased costs associated with shipping products cross-border, increased times to deliver products to customers, or other matters that may reduce customer demand, could adversely affect our business. To the extent that we make purchases or sales denominated in foreign currencies, we **would have are subject to** foreign currency risks, which **could have a material adverse effect on our financial results, business and prospects. We have entered into license agreements granting certain third parties the right to use certain of our trademarks, which could damage our brand and reputation. We have entered into license agreements with several third parties, pursuant to which we have authorized these licensees to use certain of our trademarks on certain products and certain store locations. Any failure of these third parties to deliver products at of reasonably comparable quality and price to the products we offer in connection with these trademarks, to offer good customer experiences consistent with our brands, or any breach of our licensing agreements by a licensee could negatively impact our objectives, consistency with our brands,** could have a material adverse effect on our financial results, business and prospects.

Risks Relating to Our Common Stock The trading price of our common stock may be adversely affected by short-selling activities involving our common stock. The trading price of our common stock has been and may continue to be volatile. Our stock price fluctuations may be due in part to short-selling activity related to our common stock. **Short selling is the practice of selling securities that the seller does not own, but rather has borrowed or intends to borrow from a third party with the intention of buying identical securities at a later date to return to the lender. A short seller hopes to profit from a decline in the value of the securities between the sale of the borrowed securities and the purchase of the replacement shares, as the short seller expects to pay less in that purchase than it received in the sale. It is therefore in the short seller's interest for the price of the stock to decline, and some short sellers publish, or arrange for the publication of, opinions or characterizations regarding the relevant issuer, often involving misrepresentations of the issuer's business prospects and similar matters calculated to create negative market momentum, which may permit them to obtain profits for themselves as a result of selling the stock short. As a public entity, we may be the subject of concerted efforts by short sellers to spread negative information in order to gain a market advantage.** The practice of short-selling activity may adversely affect our common stock price, which in turn could adversely affect our ability to raise capital and could have a material adverse effect on our financial results, business and prospects. **In addition, the publication of misinformation may also result in further lawsuits, the uncertainty and expense of which could adversely impact our business, financial condition, and reputation. There are no assurances that we will not face short sellers' efforts or similar tactics, and the market price of our common stock may decline as a result of their actions.** Significant fluctuations in our quarterly operating results may adversely affect the market prices of our common stock, and you may lose all or a part of your investment. Our revenues and operating results have varied in the past and may continue to vary significantly from quarter to quarter due to a number of factors, many of which are outside our control. In addition to the other risk factors described in this report, factors that have caused and / or could cause our quarterly operating results to fluctuate and in turn affect the market prices of our common stock include: • increases in the cost of advertising and changes in our sales and marketing expenditures; • our inability to **attract new customers and** retain existing customers or encourage repeat purchases; • the extent to which our existing and future marketing campaigns are successful; • price competition, particularly in the costs of marketing and product pricing; • the amount and timing of operating costs and capital expenditures; • the amount and timing of our purchases of inventory; • our inability to manage distribution operations or

provide adequate levels of customer service; • increases in the cost of fuel, transportation or distribution; • our inability to implement technology changes or integrate operations and technologies from acquisitions or other business combinations; • our efforts to offer new lines of products and services; • our inability to attract users to our website; • **macroeconomic and geopolitical factors**; and • losses associated with our equity method investments. Any of the foregoing could have a material adverse effect on our financial results and business and our ability to raise capital and could have a material adverse effect on the holders of our common stock. Future sales or other distributions of our stock may depress our stock price or subject us to limitations on our ability to use our net operating and tax credit carryforwards. Sales or other distributions of a substantial number of shares of our common stock, in the public market or otherwise, by us or by a significant stockholder, **has have** in the past and could in the future, depress the trading price of our common stock and impair our ability to raise capital through the sale of additional equity securities. The transfer of ownership of a significant portion of our outstanding shares of ~~common~~ stock in the public market or otherwise, by us or by a significant stockholder, within a **rolling** three- year period could adversely affect our ability to use our net operating losses and tax credit carryforwards to offset future taxable net income. In addition, we may issue additional shares of our common or preferred stock from time to time in the future in amounts that may be significant. We have sold common stock including under **our** " at the market" sales agreement and in follow- on underwritten offerings in the past and may do so in the future. We also previously issued a class of preferred stock that was publicly traded and may in the future issue preferred stock that is publicly traded. The sale of substantial amounts of our common or **any** preferred stock, by us or a significant stockholder, or the perception that these sales may occur, could adversely affect the trading prices of our securities ~~or subject us to limitations on our ability to use our net operating and tax credit carryforwards~~. Anti- takeover provisions contained in our amended and restated certificate of incorporation and amended and restated bylaws, and provisions of Delaware law, could impair a takeover attempt. Our amended and restated certificate of incorporation, amended and restated 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 amended and restated certificate of incorporation and amended and restated bylaws include provisions: • 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~~; • only permitting the Board of Directors to fix the number of directors and to fill vacancies; • prohibiting cumulative voting in the election of directors; • prohibit stockholder action by written consent, which requires 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 • designating a state court located in the State of Delaware as the sole and exclusive forum for specified matters. These provisions, alone or together, could delay or prevent hostile takeovers and changes in control or changes in our management. Any provision of our amended and restated certificate of incorporation, amended and restated 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 or other securities and could also affect the price that some investors are willing to pay for our common stock or other securities . **We are subject to rules and regulations established from time to time by the SEC and the NYSE regarding our internal control over financial reporting. If we fail to establish and maintain effective internal control over financial reporting and disclosure controls and procedures, we may not be able to accurately report our financial results, or report them in a timely manner. We are subject to the rules and regulations established from time to time by the SEC and the New York Stock Exchange (the " NYSE"). These rules and regulations require, among other things, that we establish and periodically evaluate procedures with respect to our internal control over financial reporting. For example, we are required to assess the effectiveness of our internal control over financial reporting pursuant to Section 404 of the Sarbanes- Oxley Act of 2002 (the " Sarbanes- Oxley Act"). Such reporting obligations place a considerable strain on our financial and management systems, processes and controls, as well as on our personnel. If we identify material weaknesses in our internal control over financial reporting or if we are unable to comply with the requirements applicable to us as a public company, in a timely manner, including the requirements of Section 404 of the Sarbanes- Oxley Act, we may be unable to accurately report our financial results, or report them within the timeframes required by the SEC. We could also become subject to sanctions or investigations by the SEC or other regulatory authorities. In addition, if we are unable to assert that our internal control over financial reporting is effective, or if our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal control over financial reporting, when required, investors may lose confidence in the accuracy and completeness of our financial reports, we may face restricted access to the capital markets, and our stock price may be adversely affected** . We are subject to the risk of possibly becoming an investment company under the Investment Company Act. The Investment Company Act regulates certain companies that invest in, hold or trade securities. Primarily as a result of a portion of our assets consisting of indirectly- held minority investment positions through the Medici Ventures, L. P. fund, we are subject to the risk of inadvertently becoming an investment company. Because registration under the Investment Company Act would make it impractical for us to operate our business, we need to avoid becoming subject to the registration requirements of the Investment Company Act. To do so, we may structure transactions in a less advantageous manner than if we did not have Investment Company Act concerns, or we may avoid otherwise economically desirable transactions and / or strategic initiatives due to those concerns. In addition, events beyond our control, including significant appreciation or depreciation in the value of certain of our holdings or adverse developments with respect to our ownership of certain of our subsidiaries, could result in us inadvertently becoming an investment company. If it were established that we were an investment company, there would be a risk, among other material adverse consequences, that we could become subject to monetary penalties or injunctive relief, or both, in an

action brought by the SEC, that we would be unable to enforce contracts with third parties or that third parties could seek to obtain rescission of transactions with us undertaken during the period it was established that we were an unregistered investment company. If it were established that we were an investment company, it would have a material adverse effect on our business and financial operations and our ability to continue our business. **If securities analysts do not continue to publish research or reports about our business or if they downgrade our stock or our sector, or if there is any fluctuation in our credit rating, our stock price and trading volume could decline. The trading market for common stock relies in part on the research and reports that industry or financial analysts publish about us or our business. We do not control these analysts. Securities and industry analysts may not publish research about us. If securities or industry analysts do not continue coverage of us, the trading price of our common stock would likely be negatively impacted. Furthermore, if one or more of the analysts who do cover us downgrade our stock or our industry, or the stock of any of our competitors, or publish inaccurate or unfavorable research about our business, the price of our stock could decline. If one or more of these analysts stops covering us or fails to publish reports on us regularly, we could lose visibility in the market, which in turn could cause our stock price or trading volume to decline. Additionally, any fluctuation in the credit rating of us or our subsidiaries may impact our ability to access debt markets in the future or increase our cost of future debt which could have a material adverse effect on our operations and financial condition, which in return may adversely affect the trading price of shares of our common stock. 27**