Risk Factors Comparison 2024-02-08 to 2023-02-06 Form: 10-K

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Investing in our Class A common stock involves a high degree of risk. In addition to the other information set forth in this Annual Report, you should carefully consider the risks and uncertainties described below, together with all of the other information in this Annual Report on Form 10- K, including the section titled " Management' s Discussion and Analysis of Financial Condition and Results of Operations " and our consolidated financial statements and related notes, before deciding to invest in our Class A common stock. The occurrence of any of the following risks could harm our business, reputation, revenue, financial results and prospects. In addition, risks and uncertainties that are not presently known to us or that we currently believe are immaterial could also harm our business, reputation, revenue, financial results and prospects. If any of these risks occur, the value of our Class A common stock could decline and you may lose all or part of your investment. Risks related to our ~~business~~ **Business** ~~strategy~~ **Strategy** and ~~growth~~ **Growth** We generate substantially all of our revenue from advertising. The failure to attract new advertisers, the loss of advertisers or a reduction in how much they spend could harm our business, revenue and financial results. Substantially all of our revenue is generated from third- party advertising. However, we may not be able to continue to grow and scale this revenue model. Our growth strategy depends on, among other things, attracting more advertisers (including expanding our sales efforts to reach advertisers in international markets), scaling our business with existing advertisers and expanding our advertising product offerings. Most advertisers do not have long- term advertising commitments with us. Many of our advertisers only recently started working with us and spend a relatively small portion of their overall advertising budget with us. In order to increase the number of advertisers and increase the portion of the advertising budget that our existing advertisers spend with us, we must invest in new tools and **technology and / or** expand our sales force, and there can be no assurance that those efforts will be successful. The insights on user behavior we provide to advertisers may not yield effective results for the advertisers and may reduce or stop their spend on our platform. In addition, **some** advertisers may view some of our products or our platform as experimental and may devote only a small portion of their advertising spend to our platform unless we improve existing and develop new measurement tools that better demonstrate the effectiveness of our platform. In addition, many advertisers do not have advertising creative content in a format that would be successful on our platform and may be unable or unwilling to devote the technical or financial resources required to develop content for our platform. While we continue to develop and deploy tools to allow advertisers to create content for our platform, we may be unable to develop tools that effectively and efficiently meet the needs of advertisers. Advertisers will not do, or continue to do, business with us if they do not believe that ~~our~~ advertisements **on our platform** are effective in meeting their campaign goals, if we cannot measure the effectiveness of our advertising products or if they do not believe that their investment in advertising with us will generate a competitive return relative to other alternatives. A substantial portion of our revenue is derived from a small number of advertisers and is currently concentrated in certain verticals, particularly CPG and retail. We either contract directly with advertisers or with advertising agencies on behalf of advertisers. Many of these advertising agencies are owned by large media corporations that exercise varying degrees of control over the agencies. Our business, revenue and financial results could be harmed by the loss of, or a deterioration in our relationship with, any of our largest advertisers or with any advertising agencies or the large media corporations that control them **. In addition, a portion of our revenue is derived from partnerships with third- party advertising platforms. We may be unable to maintain these partnerships or identify and secure new partnerships on commercially reasonable terms. In addition, we may be exposed to reputational and other risks arising from our business association with these partners. Any of these events could harm our business, revenue and financial results**. Our advertising revenue could be harmed by many other factors, including: • changes in the price of advertisements; • our inability to create new products that sustain or increase the value of our advertisements; • our inability to meet advertiser demand on our platform if we cannot increase the size and engagement of our user base; • **if our partnerships for third party advertisement demand do not yield expected business impact; •** our inability to find the right balance between brand and performance advertising and provide the right products and platform to support the pricing and demand needed for each of the advertisers **and their advertising objectives**; **Part I** • changes in user demographics that make us less attractive to advertisers; ~~Part I~~ • our inability to make our ads more relevant and effective; • any decision to serve contextually relevant advertisements when the price of relevant advertisements may be lower than other advertisements that we could show users that are less relevant; • the availability, accuracy and utility of our analytics and measurement solutions that demonstrate the value of our advertisements, or our ability to further improve such tools; • changes to our data privacy practices (including as a result of changes to laws or regulations or third- party policies) that affect the type or manner of advertising that we are able to provide; • our inability to collect and share data which new or existing advertisers find useful; • competitive developments or advertiser perception of the value of our products; • product changes or advertising inventory management decisions we make that change the type, size or frequency of advertisements on our platform; • users that upload content or take other actions that are deemed to be hostile, inappropriate, illicit, objectionable, illegal or otherwise not consistent with our advertisers' brands; • the impact of invalid clicks or click fraud on our advertisements; • the failure of our advertising auction mechanism to target and price ads effectively; • difficulty and frustration from advertisers who may need to reformat or change their advertisements to comply with our guidelines or experience challenges uploading and conforming their advertisements with our system requirements; • the macroeconomic conditions and the status of the advertising industry, such as ~~the global outbreak of the COVID- 19 pandemic,~~ fear of recession, inflation, supply chain issues, and inventory and labor shortages, which could cause businesses to spend less on advertising and / or direct their advertising spend to larger companies that offer more traditional and widely accepted advertising products **; • adverse publicity, whether or not accurate, relating to us or to social media platforms in general, may tarnish our reputation and erode advertisers' confidence in our platform** ; and • the other risks and uncertainties described in this Annual Report on Form 10- K. These and other factors could reduce the amount that advertisers spend on our platform, or cause advertisers to stop advertising with us altogether. Any of these events could harm our business, revenue and financial results. Our ecosystem of users and advertisers depends on our ability to attract, retain and engage our user base. If we fail to add new users or retain or recover users, or if users engage less with us, our business, revenue and financial results could be harmed. We must attract, grow, retain and engage our users on our platform. Our active users may not grow, and may decline. If current and potential users do not perceive their experience with our platform to be useful, or the content that we serve to them to be relevant to their personal taste and interests, we may not be able to attract new users, retain existing users, recover past users or maintain or increase the frequency and duration of users' engagement. User engagement has and will continue to fluctuate depending on factors beyond our control. For example, although we saw a higher number of users and higher user engagement during the peak of the COVID- 19 pandemic in 2020, we experienced declines in the number of users and lower levels of user engagement as the COVID- 19 pandemic ~~began to subside~~ **subsided** . We anticipate that our active user growth rate will decline over time if the size of our active user base increases or we achieve higher market penetration rates. As a result, our financial performance will increasingly depend on our ability to increase user engagement and our monetization efforts. **. Our platform particularly resonates with women, who comprise roughly two- thirds of our total user base. In addition, our platform also resonates with the younger generation, as Gen Z users represent over 40 % of our user base.** We ~~also~~ may not be able to ~~penetrate certain demographics in a meaningful manner to grow the number of users. For example, in the United States, historically a substantial majority of our users have been women of ages 18- 64. We may not be able to~~ further increase the number of users in ~~this~~ **these** ~~demographic~~ **demographics** and may need to increase the number of users in other demographics, such as men and international users, in order to grow our users **. Further, we may make changes to our product that makes it less attractive for a particular demographic** . There are many other factors that could negatively affect user growth, retention and engagement, including if: • our competitors mimic our products or product features or create more engaging platforms or products, causing users to utilize their products instead of, or more frequently than, our products; • we do not provide a compelling user experience because of the decisions we make regarding our products or the type and frequency of advertisements that we display; • our content is not relevant to users' personal taste and interests; • search queries by users do not yield relevant results; • third parties do not permit or continue to permit their content to be displayed on our platform; • users have difficulty or are blocked from installing, updating or otherwise accessing our platform on mobile devices or web browsers; • there are changes in the amount of time users spend across all applications and platforms, including ours; • users use or spend more time on other platforms that they feel are more relevant or engaging; • we are unable to attract creators or publishers to create engaging and relevant content on our platform; • technical or other problems frustrate the user experience, particularly if those problems prevent us from delivering our service in a fast and reliable manner; • we are unable to successfully educate users how to utilize new products and product features that we introduce, such as live stream content, video and shopping features; • users are located in countries with low smartphone penetration or with lack of cellular based data network since our products typically require high bandwidth data capabilities; • changes in regulations or our contractual arrangements that adversely impact our access to, and use of, zero- rating offers or other discounts or data usage for our platform; • we are unable to address user and advertiser concerns regarding the content, privacy and security of our platform; • we are unable to combat spam, harassment, cyberbullying, discriminatory, political or other hostile, inappropriate, misleading, abusive or offensive content or usage on our products or services; • users adopt new technologies that block our products or services or where our products or services may be displaced in favor of other products or services, or may not be featured or otherwise available; • third- party initiatives that may enable greater use of our platform, including low- cost or discounted data plans, are discontinued; • merchants on Pinterest do not provide users with positive shopping experiences, for example, if products are not of the quality depicted on the platform or not readily available for purchase; • there are macro level conditions that are beyond our control, such as **those arising from the end of** the COVID- 19 pandemic and **public health emergency declarations** ~~Russia' s invasion of Ukraine~~ that ~~cause~~ **caused** users to spend less time on our platform; or **• the other risks and uncertainties described in this Annual Report on Form 10- K occur.** Our ability to serve advertisements on our platform, and therefore the value proposition for our advertisers, depends on the size and engagement of our user base. Our growth efforts are not currently focused on increasing the number of daily active users, and we do not anticipate that most of our users will become daily active users. Therefore, even if we are able to increase demand for our advertising products, we may not be able to deliver those advertisements if we cannot also increase the size and engagement of our user base, which could harm our business, revenue and financial results. Any decrease in user growth, retention or engagement could render our platform less attractive to users or advertisers, and could harm our business, revenue and financial results. If we are not able to continue to provide content that is useful and relevant to users' personal taste and interests or fail to remove objectionable content or block objectionable practices by advertisers or third parties, user growth, retention or engagement could decline, which could result in the loss of advertisers and revenue. Our success depends on our ability to provide users with content, including advertisements and shopping content, that is useful and relevant to their personal taste and interests, which in turn, depends on the content contributed by our users, creators, publishers, advertisers, merchants and other third **-** party partners and the manner in which we present that content to users. We may not be able to effectively compete for content on our platform **, may not be able to effectively partner with third- party content publishers** or may get content that is not relevant, useful or inspiring to our users. Users engage with content that is relevant to their country, language and gender preferences as well as their personal interests and intent. We may not **always** correctly or timely identify and serve content that is useful and relevant to users. In addition, new content and new or different forms of content we distribute may not have as much relevancy signal for optimal distribution of the pins as prior content and forms of content that have been saved repeatedly on our platform **,** which may result in lower users engagement with such content. For example, we have **invested** ~~been investing~~ in publishing native content and short form video content on our platform. User engagement has declined and may continue to decline as we continue to learn to distribute this native and short form video content efficiently and as users learn new ways to use and navigate our platform. As a result, we ~~may~~ **do** not **always** ~~be able to~~ provide adequate, useful or relevant content to our users. Content that is not visually pleasing, is not intuitive or easy to use or is not in the desired language may not be engaging for users, especially in non- U. S. markets. If users do not believe that we offer content that is useful and relevant to their personal taste and interests, user growth, retention or engagement may decline, which could result in the loss of advertisers and revenue. Some of the actions that we may take to make our **platform more positive and inspiring and make our** content more useful and relevant may reduce traffic that we drive from our platform to the websites of third parties, which may reduce their willingness to contribute or continue availability of their content on our platform. We endeavor to keep divisive, disturbing or unsafe content off our platform. We do this by ~~deleting~~ **deactivating** or ~~hiding~~ **limiting the distribution of** certain types of content, even if this content would be permitted on other platforms, which could result in a decrease in user growth, retention or engagement. We apply significant judgment in making these determinations and may be unsuccessful in our efforts to remove this content in a manner that is (or is perceived to be) consistently applied and on a timely basis or at all, which could also result in a decrease in user growth, retention or engagement. **We also use new technologies such as generative artificial intelligence (" AI ") which, despite our best efforts, may generate content that is not relevant or useful to our users and can subject us to risks related to harmful content, accuracy, bias, discrimination, toxicity, intellectual property infringement or misappropriation, defamation, data privacy, cybersecurity, and sanctions and export controls, among others.** Further, ~~if~~ **we may not be able to prevent users from misusing the content they discover on our platform, or misusing the platform itself, which may harm our brand and reputation and also deter users and advertisers from using our platform. If** we fail to identify and keep off our platform advertisers and merchants who offer poor quality goods or fail to deliver goods to their customers, we may lose user confidence. In addition, controversies regarding content on other social media platforms, such as the boycott of Facebook and **X (formerly** Twitter **)** by some advertisers and the allegations of the impact of social media on the mental health of users, may impact user engagement and advertising spending on our platform, which could adversely affect our business and revenue. Any of these factors could ~~result in~~ decrease ~~in~~ **our** user growth, retention or engagement. We regularly monitor how our advertising affects users' experiences in our effort to avoid delivering too many advertisements or irrelevant advertisements to users ~~. Therefore~~ , ~~we may decide~~ **and will, from time** to **time,** change the number of advertisements or eliminate certain types of advertisements to maintain users' satisfaction in the service. ~~We~~ **Further, advertisements** may **be placed near content that may not be relevant or inspiring which can deter advertisers from using our platform. From time to time, we** make changes to our platform based on feedback provided by users or advertisers. These decisions may not produce the short- term or long- term benefits that we expect, in which case user growth, retention and engagement, our relationships with advertisers, and our business, revenue and financial results could be harmed. If we are unable to collect and use data ~~either~~ because of data privacy laws and regulations, it could impact our ability to effectively deliver relevant content. These laws and regulations may also impact our ability to expand advertising on our platform, as they may impede our ability to deliver targeted advertising and accurately measure our ad performance. Additionally, even if not prohibited by data privacy laws and regulations, we may elect not to collect certain types of data if we believe doing so would be inconsistent with our users' expectations, if the source is unreliable or for any other reason. ~~Similarly~~ **These and other decisions we make related to data privacy, including with respect to the privacy- centric advertising performance measurement tools that we have developed and may develop in the future, may fall short of our users' expectations, and even if we satisfy their expectations** , the increase in media attention **generally** about online privacy and data protection may motivate users to take certain actions to protect their privacy. **For these and other reasons, our** ~~Users~~ **users** may elect not to allow data sharing ~~for a number of reasons, such as data privacy concerns~~ . This could impact our ability to deliver relevant content aligned with users' personal taste and interests. Additionally, the impact of these developments may disproportionately affect our business in comparison to certain peers in the technology sector that, by virtue of the scope and breadth of their operations or user base, have greater access to user data. Since substantially all our revenue is generated from advertising, our inability to serve the volume of advertisements desired by our advertisers, may deter new or existing advertisers from using our platform **,** which could harm our business, revenue and financial results. If we are unable to compete effectively for users, our business, revenue and financial results could be harmed. We face significant competition to attract, retain and engage users and for their time and attention. We compete with consumer internet companies that are either tools (search, e- commerce, creator tools) or media (newsfeeds, video, social networks). We compete with large, established companies and companies that offer widely used products, such as Amazon, Meta (including Instagram), Google (including YouTube), Snap, TikTok and **X (formerly** Twitter **)** , which provide their users with a variety of online products, services, content (including video), ~~creator incentives~~ and offerings, and advertising offerings, including web search engines, social networks and other means of discovering, using or acquiring goods and services. Many of these competitors have longer operating histories, significantly greater financial, technical, research, marketing and other resources and larger user bases than we do. Many of these competitors also have access to larger volumes of data and platforms that are used on a more frequent basis than ours, which may enable them to better understand their user base and develop and deliver more relevant content. Our competitors have previously and may continue to develop technology, products, services or interfaces that are similar to our existing and future products quickly and at scale, or that achieve greater market acceptance than our products, including by users, advertisers, creators, publishers and other third parties. **We may face additional competition with the introduction of new technologies and market entrants.** Some of our competitors also operate existing products that have significant market power in certain market sectors and could use that market power to advance their own products or services that compete with ours. For example, many of our competitors have introduced shopping platforms, expanded their video- based and live shopping experiences ~~and launched a series of features and integrations that add DIY or How To videos~~ .

These competitors may engage in more extensive research and development efforts and undertake more extensive marketing campaigns, which may allow them to build larger, more engaged user bases than ours. Also, some of our existing or potential competitors operate products or services from which we currently derive substantial value, such as search engines and email, and those competitors could reduce or eliminate the value and information we receive. We also face competition from smaller companies in one or more high- value verticals that offer users engaging content and commerce opportunities through similar technology, products, features or services to ours. In addition, emerging startups may be able to innovate and provide technology, products, services or features similar to ours or before us. Our competitors may be able to respond more quickly than we can to new or emerging technologies and changes in user preferences. Barriers to entry in our industry are low, and our intellectual property rights may not be sufficient to prevent competitors from launching comparable products or services. In emerging international markets, where mobile devices often lack large storage capabilities, we may also compete with other applications for the limited space available on a user' s mobile device. In addition to the above, we believe that our ability to compete for users depends upon many factors both within and beyond our control, including: • the usefulness, novelty, performance and reliability of our platform compared to those of our competitors; • the timing and market acceptance of our products, including the developments and enhancements to those products, offered by us or our competitors; • our brand strength relative to our competitors; and If we are unable to compete effectively for advertisers, our business, revenue and financial results could be harmed. We face significant competition for advertising revenue across a variety of formats. To compete effectively, we must enable our advertisers to easily create content and buy, forecast, optimize and measure the performance of advertising on our platform. In order to grow our revenue and improve our operating results, we must increase our share of advertising spend relative to our competitors, many of which are larger companies that offer more traditional and widely accepted advertising products, as well as more robust tools to measure the effectiveness of advertising campaigns. Some of our larger competitors have substantially broader product or service offerings and leverage their relationships based on other products or services to gain additional share of advertising spend. They have large distributed sales forces and an increasing amount of control over mobile distribution channels. These competitors' economies of scale allow them to have access to larger volumes of data and platforms that are used on a more frequent basis than ours, which may enable them to better understand their user base and develop and deliver more targeted advertising. They may not need to rely on third- party data, including data provided by advertisers, in order to effectively target the campaigns of advertisers, which could make their advertising products more attractive to advertisers than ours as third- party data becomes less available to us, whether because of regulatory changes, privacy concerns or other reasons. If we are unable to provide our advertisers with the ability to effectively target their advertising campaigns, or if our advertisers do not believe that our value proposition is as compelling as those of our competitors, we may not be able to attract new advertisers or retain existing ones, and our business, revenue and financial results could be harmed. We believe that our ability to compete for advertisers depends upon many factors both within and beyond our control, including: • sales, marketing, customer service and support efforts; • first- and third- party data available to us relative to our competitors; • ease of use, performance, price and reliability of solutions developed either by us or our competitors; • the attractiveness and volume of our product and service offerings (including pricing and measurement tools) compared to those of our competitors; • the strength of our advertiser relationships and offerings compared to those of our competitors; • the ease with which our advertising products fit into existing advertiser budgets compared to those of our competitors; • positions or actions taken by us, users, advertisers or other third parties that may impact our brand and reputation or the desirability of advertising on online platforms in general; and We may not be able to develop effective products and tools for advertisers. Growth in our advertising revenue depends on our ability to continue to develop and offer effective products and tools for advertisers. New ad formats that take up more space on our platform may result in fewer impressions, which could adversely affect our revenue. ~~Alternatively, new ad formats, such as video ads, may be more engaging and users may spend less time browsing or searching on our platform, which could adversely affect our revenue.~~ As the advertising market generates and develops new concepts and ~~technology~~ **technologies** , we may incur additional costs to implement more effective products and tools. We may introduce changes to our existing ad products or develop and introduce new and unproven ad products with which we have little or no prior experience **. For example, as we execute on our business strategy of transitioning to provide full funnel advertising solutions there is no guarantee that the lower funnel performance advertising solutions that we have developed and that we may develop in the future will be attractive to or effective for advertisers or that we will otherwise be successful in executing on this strategy** . Each of these could result in unintended outcomes or results that are not well received by advertisers. In addition, if new or enhanced ad products fail to attract or retain advertisers, we may fail to generate sufficient revenue. Further, continuing to develop and improve these products and tools may require significant time and resources and additional investment. If we cannot continue to develop and improve our advertising products and tools in a timely fashion, or if our advertising products and tools are not well received by advertisers, our advertising revenue could be adversely affected. If we do not develop successful new products or improve existing ones, our business may suffer. We may also invest in new products that fail to attract or retain users or generate revenue. Our ability to grow, retain and engage our user base and therefore increase our revenue depends on our ability to successfully enhance our existing products and create new products, both independently and in conjunction with platform developers or other third parties, and to do so quickly. We may introduce significant changes to our existing products or develop and introduce new and unproven products with which we have little or no prior development or operating experience. Our focus on innovation and experimentation could result in unintended outcomes or decisions that are poorly received by users. If new or enhanced products fail to engage our users, we may fail to generate sufficient revenue, operating margin or other value to justify our investments, any of which could harm our business, revenue and financial results. We also may develop new products that may increase user engagement and costs that may not increase revenue or that may not be fully integrated into the user experience. Further, our products often require users to learn new behaviors that may not always be intuitive to them. To the extent that new users are less willing to invest the time to learn to use our products, or if we are unable to make our products easier to learn to use, our user growth, retention or engagement could be affected, and our business, revenue and financial results could be harmed. We continue to develop our international growth strategy and may not succeed in further expanding and monetizing our platform internationally and may be subject to increased international business and economic risks. We continue to develop and evolve our international growth strategy and may adjust the way we expand our business operations outside the United States. We may limit our expansion or decrease our operations in certain international markets, including discontinuing advertising in those markets or not monetizing those markets at all, which could harm our reputation and business, revenue and financial results. Alternatively, we may ~~plan to~~ enter new international markets and expand in existing markets where we have limited or no experience in deploying our service or selling advertisements. We may launch our advertising platform in countries where we do not have sales staffing in place, where market perception of our service and ad platform may be low or where our audience size in a given market may be low relative to advertiser expectations, all or any of which could limit our ability to monetize those countries **. In addition, as part of our growth and monetization strategy in markets outside the United States, we are working to partner with local third- party sales organizations, which we refer to as resellers. However, there is no guarantee that resellers will choose to work with us or be willing to invest the time and resources required to train their staff to effectively sell our platform or that this strategy will be successful to increase average revenue per user in these markets** . Further, in order to expand successfully, we need to offer content and products that are customized and relevant to local users and advertisers, which requires significant investment of time and resources. We are subject to a variety of risks inherent in doing business internationally, and our exposure to these risks will increase as we continue to expand our operations, user base and advertiser base globally. These risks include: • political, social and economic instability, including armed conflict or hostilities, such as Russia' s invasion of Ukraine **and the war in the Middle East** ; • selective or inconsistent government regulatory action or enforcement; • fluctuations in currency exchange rates and restrictions on currency conversions; • higher levels of credit risk and payment fraud; • enhanced difficulties of integrating any foreign acquisitions; • reduced protection for intellectual property rights in some countries; • difficulties in staffing and managing global operations and the increased travel, infrastructure and legal **and tax** compliance costs associated with multiple international locations and subsidiaries; • different regulations and practices with respect to employee / employer relationships, existence of workers' councils and labor unions, and other challenges caused by distance, language and cultural differences, making it harder to do business in certain international jurisdictions; • increasing labor costs due to high wage inflation in certain international jurisdictions; • compliance with statutory requirements relating to our equity; • regulations that might add difficulties in repatriating cash earned outside the United States and otherwise prevent us from freely moving cash; • import and export controls and restrictions and changes in trade regulations, including sanctions; • compliance with the U. S. Foreign Corrupt Practices Act, the U. K. Bribery Act and similar laws in other jurisdictions; • compliance with laws governing supply chains and related business operations; • compliance with **environmental, social and governance (ESG) laws and with** GDPR and similar data privacy and data protection laws; • compliance with laws that might restrict content or advertising, require us to provide user information, including confidential information, to local authorities or add significant requirements that make it difficult to operate in that jurisdiction; • macroeconomic conditions, such as inflation ~~,~~ **and** labor shortage ~~and the COVID- 19 pandemic~~ which had an impact on the pace of our global expansion; • compliance with multiple tax jurisdictions and management of tax impact of global operations; and If we are unable to execute our strategy on international growth and manage the complexity of global operations successfully, our business, revenue and financial results could be harmed. We may not be able to effectively manage the growth of our business. Although we have experienced rapid growth and demand for our product in our initial years, we have not seen the same level of rapid growth more recently and cannot assure you that our business will grow at these same rates or at all. The growth and expansion of our business and product offerings and the increase in full- time employees place significant challenges on our management, operational and financial resources, including managing multiple relationships with users, creators, publishers, advertisers, technology licensors and other third parties. If we continue to grow our operations or the number of our third- party relationships, our technology systems, procedures or internal controls may not be adequate. **Advancements in technology such as AI and machine learning are changing the way people work by automating tasks, enhancing communication, and improving decision- making processes, and our business may be harmed or we may face competitive disadvantage if we are slow to adopt these new technologies.** Further, we may not be able to continue to develop or maintain a long **-** term growth strategy or execute the strategy effectively, which may harm our business, revenue and financial results. Further, due to challenging macroeconomic conditions, we may make decisions to save costs in certain ways that adversely affect our business, operations, revenue and financial results. Over the years, our organization has grown in number of employees and offices. We **utilize** ~~also recently announced~~ a flexible work model and **, as a result,** a majority of our employees **work** ~~are working~~ remotely. **Accordingly** ~~As a result~~ , we are required to implement more complex organizational management structures. We **may** also find it increasingly difficult to preserve our workplace culture, ~~including~~ **which could impact** our ability to quickly develop and launch new and innovative products and adequately oversee employees and business functions. This is particularly true ~~in recent times~~ as we **continue** ~~transition to~~ our ~~recently announced~~ flexible work model ~~and a majority of our employees are working remotely~~ . Our inability to effectively manage the growth of our organization may harm our business, revenue and financial results. We make decisions consistent with our mission and values that may reduce our short- or medium- term operating results. Our mission — to bring everyone the inspiration to create a life they love — and company values are integral to everything we do. We frequently make decisions regarding our business and ~~service~~ **platform** in accordance with our mission and values that may reduce our short- or medium- term operating results if we believe those decisions will improve the experiences of users, advertisers, content creators, employees or our community, and therefore benefit our business. For example, we may choose to remove content that we have determined does not create an inspiring and positive experience for users or revise our policies in ways that decrease user engagement. These decisions may not be consistent with the expectations of investors and any longer- term benefits may not materialize within the time frame we expect or at all, any of which could harm our business, revenue and financial results. We may acquire other businesses, talent or technology, which could require significant management attention, disrupt our business, dilute stockholder value and harm our business, revenue and financial results. As part of our business strategy, we have made and intend to make acquisitions to add specialized employees and complementary companies, products or technologies. Our previous and future acquisitions may not achieve our goals, and we may not realize benefits from acquisitions we make in the future. Any acquisitions, including the integration process will require significant time and resources, and we may not be able to manage the process successfully. If we fail to successfully integrate acquisitions, or the personnel or technologies associated with those acquisitions, the business, revenue and financial results of the combined company could be harmed. Our acquisition strategy may change over time and future acquisitions we complete could be viewed negatively by users, advertisers, investors or other parties with whom we do business. We may not successfully evaluate or utilize the acquired technology and accurately forecast the financial impact of an acquisition, including accounting charges. We may also incur unanticipated liabilities that we assume as a result of acquiring companies. We may have to pay cash, incur debt or issue equity securities to pay for any such acquisition, each of which could affect our financial condition or the value of our securities. We would expect to finance any future acquisitions through a combination of additional issuances of equity, corporate indebtedness, asset- backed acquisition financing or cash from operations. The sale of equity to finance any such acquisitions could result in dilution to our stockholders. The incurrence of indebtedness would result in increased fixed obligations and could also include covenants or other restrictions that would impede our ability to manage our operations. In the future, we may not be able to find other suitable acquisition candidates, and we may not be able to complete acquisitions on favorable terms, if at all. Our acquisition strategy could require significant management attention, disrupt our business and harm our business, revenue and financial results. Our business depends on a strong brand and reputation, and if we are unable to maintain and enhance our brand and reputation, our ability to expand our user and advertiser base will be impaired and our business, revenue and financial results could be harmed. We believe that our brand, identity and reputation has significantly contributed to the success of our business. We also believe that maintaining and enhancing the " Pinterest " brand and reputation is critical to retaining and growing our user, creator, publisher and advertiser base. Maintaining and enhancing our brand and reputation depends largely on our continued ability to provide high- quality, relevant, reliable, trustworthy and innovative products, which may require substantial investment and may not be successful. **From time** ~~We may need~~ to **time, we** introduce new products or updates to existing products that require users to agree to new terms of service that users ~~do~~ **may** not like, which may negatively affect our brand and reputation. Additionally, advertisements or actions of our advertisers may affect our brand and reputation if users do not think the advertisements help them accomplish their objectives, or view the advertisements as intrusive, annoying or misleading or have poor experiences with our advertisers. In addition, our brand, identity and reputation may be adversely affected by perceptions of social media platforms in general, including perceptions resulting from factors unrelated to the company' s actions or the content or actions of users, such as the boycott of Facebook and **X (formerly** Twitter **)** by some advertisers or allegations of the impact of social media on the mental health of users. Our brand and reputation ~~may~~ **can** also be negatively affected by the content or actions of our users that are deemed to be hostile or inappropriate to other users, by the actions of our users acting under false or inauthentic identities, by the use of our products or services to disseminate information that is deemed to be misleading, or by the use of our platform for illicit, illegal or objectionable ends. We also may fail to respond expeditiously to the sharing of illegal, illicit or objectionable content on our platform or objectionable practices by advertisers, or to otherwise address user or advertiser concerns, which could erode confidence in our brand and damage our reputation. We expect that our ability to identify and respond to this content in a consistently applied manner and on a timely basis or at all may decrease as the number of users grows, as the amount of content on the platform increases or as we expand our product and service offerings, such as video and live streaming content. Any governmental or regulatory inquiry, investigation or action, including based on the appearance of illegal, illicit or objectionable content on our platform, our business practices, or failure to comply with laws and regulations, could damage our brand and reputation, regardless of the outcome. We have experienced, and expect to continue to experience, media, legislative, governmental, regulatory, investor and other third- party scrutiny of our decisions. Any scrutiny, inquiry, investigation or action, including regarding our data privacy, copyright, content, employment or other practices, workplace culture, charitable giving, product changes, product quality, litigation or regulatory action or regarding the actions of our employees, users or advertisers or other issues, may harm our brand and reputation. In addition, scrutiny of other companies in our industry, including their impact on user " screen time " or their content policies or data privacy practices, could also have a negative impact on our brand and reputation. These concerns, whether actual or unfounded, may also deter users, creators, publishers or advertisers from using our platform. Adverse publicity, whether or not accurate, relating to events or activities attributed to us, our employees, third- party vendors, users, creators, publishers or our advertisers, or to social media platforms in general, may tarnish our reputation and reduce the value of our brand. If we fail to promote and maintain the " Pinterest " brand or preserve our reputation, or if we incur excessive expenses in this effort, our business, revenue and financial results could be harmed. **Continued development and use of AI may result in reputational harm, liability, or other adverse consequences to our business operations. We use machine learning and AI technologies in our products and services, and we are making investments in expanding our AI capabilities, including ongoing deployment and improvement of existing machine learning and AI technologies, as well as developing new product features using AI technologies. There are significant risks involved in developing and deploying AI and there can be no assurance that the usage of AI will enhance our products or services or be beneficial to our business, including our profitability. AI technologies are complex and rapidly evolving, and we face significant potential disruption from other companies as well as an evolving regulatory landscape. The continued integration of any AI technologies into our products can result in new or enhanced governmental or regulatory scrutiny, intellectual property claims, litigation, confidentiality or security risks, ethical concerns, negative user perceptions as to automation and AI, or other complications that could adversely affect our business, reputation, or**

financial results. As a result of the complexity and rapid development of AI, it is also the subject of evolving review by various U. S. governmental and regulatory agencies, and other foreign jurisdictions are applying, or are considering applying, their platform moderation, intellectual property, cybersecurity, and data protection laws to AI and / or are considering general legal frameworks on AI. We may not always be able to anticipate how to respond to these frameworks given they are still rapidly evolving. We may also have to expend resources to adjust our product or service offerings in certain jurisdictions if the legal frameworks governing the use of AI are not consistent across jurisdictions. Uncertainty around new and emerging AI technologies, such as generative AI, may require additional investment in the development of appropriate protections and safeguards for handling the use of data with AI technologies, which may be costly and could impact our expenses as we expand the use of AI into our product or service offerings. AI technologies, including generative AI, may create content that is factually inaccurate or flawed. Such content may expose us to brand or reputational harm and / or legal liability. It is also uncertain how various laws related to online services, intermediary liability, and other issues will apply to content generated by AI. The use of certain AI technologies presents emerging ethical and social issues, and if we offer solutions that draw scrutiny or controversy due to their perceived or actual impact on users or on society as a whole, we may experience brand or reputational harm, competitive harm, and / or legal liability. As such, it is not possible to predict all of the risks related to the use of AI, and developments in regulatory frameworks governing the use of AI and in related stakeholder expectations may adversely affect our ability to develop and use AI or subject us to liability. Risks related to Data, Security and Privacy If our security is compromised, or users or advertisers believe our security has been compromised, we could lose the trust of users, creators, publishers and advertisers who may use our platform less or may stop using our platform altogether, which could harm our business, revenue and financial results. Our efforts to protect our internal data or the information that users, creators, publishers and advertisers and other partners have shared with us may be unsuccessful due to the actions of third parties, software bugs or other technical malfunctions, cyberattacks, employee error or malfeasance, hacking, ransomware, viruses or other factors. In addition, third parties **have in the past and may in the future** may attempt to induce our employees, users, creators, publishers, advertisers or vendors to disclose information to gain access to our data, advertisers' data or users' data. Further, because the login credentials or passwords employed by users to access our platform may be similar to or the same as the ones that they use in connection with other platforms or websites, a breach in the security of those platforms or websites can allow third parties to gain unauthorized access to users' accounts on our platform. If any of the events described above occur, our information or users', creators', publishers' or advertisers' information could be accessed or disclosed improperly. If a third- party gains unauthorized access to our platform, they may, among other things, post malicious spam and other content on our platform using a user' s, creator' s, publishers' or advertiser' s account, that could negatively affect our products and our business. Some third parties, including advertisers and vendors, ~~may~~ store information that we share with them on their networks. If these third parties fail to implement adequate data- security practices or fail to comply with our terms and policies, users' data may be improperly accessed, used or disclosed. Even if these third parties take all the necessary precautions, their networks may still suffer a breach, which could compromise the data we share with them. Any incidents where users', creators', publishers', advertisers' or our information is accessed without authorization or is improperly used, or incidents that violate our privacy policy, terms of service or other policies, or the perception that an incident has occurred, could damage our brand and reputation, adversely impact our competitive position and result in significant costs. We may need to notify government authorities or affected users regarding security incidents, and government authorities or affected users, creators, publishers or advertisers could initiate legal or regulatory action against us over those incidents, which could cause us to incur significant expense and liability or result in orders or consent decrees forcing us to modify our business practices. Maintaining the trust of users, creators, publishers and advertisers is important to sustain user growth, retention and engagement, and we may incur significant costs in an effort to detect and prevent ~~any~~ security incidents. Concerns over our information security or data privacy practices, whether actual or unfounded, ~~could~~ **can** subject us to negative publicity and damage our brand and reputation and deter users, creators, publishers and advertisers from using our platform. Any of these occurrences could harm our business, revenue and financial results. Our ability to attract and retain advertisers depends on our ability to collect and use data and develop tools to enable us to effectively deliver and accurately measure advertisements on our platform. Most advertisers rely on tools that measure the effectiveness of their ad campaigns in order to allocate their advertising spend among various formats and platforms. If we are unable to measure the effectiveness of advertising on our platform or we are unable to convince advertisers that our platform should be part of a larger advertising budget, our ability to increase the demand and pricing of our advertising products and maintain or scale our revenue may be limited. Our tools may be less developed than those of other platforms with which we compete for advertising spend. Therefore, our ability to develop and offer tools that accurately measure the effectiveness of a campaign on our platform is critical to our ability to attract new advertisers and retain, and increase spend from, our existing advertisers. We are ~~continually~~ **continuing to** ~~developing~~ --- **develop** and ~~improving~~ **improve** these tools and such efforts have and are likely to continue to require significant time and resources and additional investment, and in some cases we have relied on and may in the future rely on third parties to provide data and technology needed to provide certain measurement data to our advertisers. If we cannot continue to develop and improve our advertising tools in a timely fashion, those tools are not reliable, or the measurement results are inconsistent with advertiser goals, our advertising revenue could be adversely affected. Many existing advertiser tools that measure the effectiveness of advertising do not account for the role of advertising early in a user' s decision-making process, which is when many users come to our platform. Instead, these tools measure the last ad or content that was exposed to the user that gets credit for influencing any user' s purchase or action. As a result, we may not be able to demonstrate and measure for our advertisers the value of engaging with a user during the early intent phase. In addition, web and mobile browser developers, such as Apple, Microsoft or Google, have implemented and may continue to implement changes, including requiring additional user permissions, in their browser or device operating system that impair our ability to measure and improve the effectiveness of advertising on our platform. Such changes include ~~,~~ limiting the use of first- party and third- party cookies and related tracking technologies, such as mobile advertising identifiers, and other changes that limit our ability to collect information that allows us to attribute user actions on advertisers' websites to the effectiveness of advertising campaigns run on our platform. For example, Apple launched its Intelligent Tracking Prevention (" ITP ") feature in its Safari browser. ITP blocks some or all third- party cookies by default on mobile and desktop and ITP has become increasingly restrictive over time. Apple' s related Privacy- Preserving Ad Click attribution (" PPAC"), intended to preserve some of the functionality lost with ITP, would limit cross- site and cross- device attribution, prevent measurement outside a narrowly- defined attribution window, and prevent ad re- targeting and optimization. Similarly, Google announced that it plans to stop supporting third- party cookies in its Google Chrome browser. Further, Apple implemented certain changes, including introducing an AppTrackingTransparency framework that limits the ability of mobile applications to request an iOS device' s advertising identifier and affects our ability to track user actions off our platform and connect their interactions with on- platform advertising. In addition, third- parties, such as Apple, Microsoft or Google, have implemented and may continue to implement changes and restrictions in browser or device functionality including by limiting the use of cookies, or that limit our ability to communicate with or understand the identity of our users. All these restrictions described above make it more difficult for us to provide the most relevant ads to our users, measure the effectiveness of, and to re- target and optimize, advertising on our platform. **We have developed Pinterest API for Conversions and other measurement tools to address these restrictions, which are all designed to mitigate loss of conversion signal. However, there is no guarantee that advertisers will use** ~~This~~ **this technology or future technologies that we develop, or that these technologies will otherwise be effective to improve conversion visibility and enable the use of conversion data for retargeting in future advertising campaigns. Advertisers may also prioritize integrations with larger platforms due to larger spend concentration. All of this** may result in advertisers spending less or not at all, on our platform ~~and prefer larger platforms like Facebook and Google that have more capabilities to help advertisers measure their conversions~~ . Developers may release additional technology that further inhibits our ability to collect data that allows us to measure the effectiveness of advertising on our platform. Any other restriction, whether by law, regulation, policy (including third- party policies) or otherwise, on our ability to collect and share data ~~which~~ **that** our advertisers find useful, our ability to use or benefit from tracking and measurement technologies, including cookies, or that further ~~reduce~~ **reduces** our ability to measure the effectiveness of advertising on our platform would impede our ability to attract, grow and retain advertisers. Advertisers and other third parties who provide data that helps us deliver personalized, relevant advertising may restrict or stop sharing this data. If they stop sharing this data with us, it may not be possible for us to collect this data within the product or from another source. We rely heavily on our ability to collect and share data and metrics for our advertisers to help new and existing advertisers understand the performance of advertising campaigns. If advertisers do not perceive our metrics to be accurate representations of our user base and user engagement, or if we discover inaccuracies in our metrics, they may be less willing to allocate their budgets or resources to our platform, which could harm our business, revenue and financial results. We receive, process, store, use and share data, some of which contains personal information, which subjects us to complex and evolving governmental regulation and other legal obligations related to data privacy, data protection and other matters, which are subject to change and uncertain interpretation. We receive, process, store, use and share data, some of which contains personal information. There are numerous federal, state, local and foreign laws and regulations regarding matters central to our business, data privacy and the collection, storing, sharing, use, processing, disclosure and protection of personal information and other data from users, employees and business partners, the scope of which are regularly changing, subject to uncertain and differing interpretations and may be inconsistent among countries or conflict with other rules. The application and interpretation of these laws and regulations are often uncertain, particularly in the new and rapidly evolving industry in which we operate, and as the focus on data privacy and data protection increases globally, we are, and will continue to be, subject to varied and evolving data privacy and data protection laws. We are subject to GDPR which expands the rights of individuals to control how their personal data is processed, includes restrictions on the use of personal data of children, creates new regulatory and operational requirements for processing personal data (in particular in case of a data breach), increases requirements for security and confidentiality, restricts transfers of data outside of the European Economic Area and provides for significant penalties for non- compliance, including fines of up to 4 % of global annual turnover for the preceding financial year or € 20 million (whichever is higher) for the most serious infringements. Additionally, we have historically relied upon multiple legally valid transfer mechanisms to transfer certain personal data outside of the European Economic Area, including the EU- U. S. Privacy Shield Framework and Standard Contractual Clauses (SCCs). The Court of Justice of the European Union ruled that the EU- U. S. Privacy Shield is an invalid transfer mechanism, but upheld the validity of the SCCs subject to future elaboration of additional safeguards by regulators such as specific " supplemental measures " that should be undertaken to protect EU data subjects. ~~The~~ **While the EU Commission has approved a new EU- U. S Data Privacy Framework, which Pinterest has applied to join, the** validity of data transfer mechanisms and ~~these~~ additional safeguards remains subject to legal, regulatory, and political **review and** developments in both Europe and the U. S. The invalidation of ~~the EU- U. S. Privacy Shield, the potential invalidation of other~~ data transfer mechanisms, or the potential invalidation of additional safeguards could have a significant adverse impact on our ability to process and transfer the personal data of EEA users outside of the European Economic Area. The State of California enacted the CCPA which requires companies that process information of California residents to make new disclosures to consumers about their data collection, use and sharing practices, allows consumers to opt out of certain data sharing with third parties and provides a new cause of action for data breaches. Additionally, the CPRA which went into effect in 2023 and significantly modifies the CCPA, has led to further uncertainty and requires us to incur additional costs and expenses. ~~A few other~~ **Other** states have also enacted privacy laws similar to the CPRA, which **became operative in 2023 or will** become operative in ~~2023~~ **2024 , with these providing consumers with similar abilities to opt- out of certain data sharing and to limit the use of certain data for personalized advertising** . Additionally, the Federal Trade

Commission and many state attorneys general are interpreting federal and state consumer protection laws to impose standards for the online collection, use, dissemination and security of data. The burdens imposed by these and other laws and regulations that may be enacted, or new interpretations of existing laws and regulations, may require us to modify our data processing practices and policies and to incur substantial costs in order to comply and may disproportionately affect our business in comparison to our peers that have greater resources. These laws and regulations may also impact our ability to expand advertising on our platform internationally, as they may impede our ability to deliver targeted advertising and accurately measure our ad performance. Any failure or perceived failure by us to comply with our privacy policies, data privacy- related obligations to users or other third parties, or our data privacy- related legal obligations, or any compromise of security that results in the unauthorized release or transfer of personally identifiable information or other user data, or other failure to comply with these laws and regulations, or regulatory scrutiny, ~~may~~ **can** result in governmental enforcement actions or litigation that could expose our business to substantial financial penalties, or other monetary or non- monetary relief, negative publicity, loss of confidence in our products, decline in user or advertiser growth or damage to our brand and reputation. Companies in the technology industry have recently experienced increased regulatory scrutiny relating to data privacy and data protection, and we ~~may~~ **have** become subject to enhanced scrutiny and enforcement actions from regulators to ensure compliance with data privacy and data protection laws and regulations. The GDPR, CCPA, CPRA and other such laws and regulations impose new and burdensome obligations, and include substantial uncertainty as to their interpretation, and we ~~may face~~ **are subject to** challenges in addressing their requirements, which could result in fines or penalties, lead us to change our data privacy policies and practices **, how our product currently operates,** and limit our ability to deliver **personalized advertising. by, for example, requiring users to opt- in to** personalized advertising. Public statements against us by consumer advocacy groups or others could also cause users to lose trust in us, which could result in declines in user growth, retention or engagement and have an adverse effect on our brand, reputation and business. Additionally, if third parties that we work with, such as advertisers, service providers or developers, violate applicable laws or our policies, these violations may also put users' information at risk and could in turn have an adverse effect on our business, revenue and financial results. Any significant change to applicable laws, regulations or industry practices, or to interpretations of existing laws and regulations, regarding the use or disclosure of users' data, or regarding requirements around obtaining consent from users for the use and disclosure of such data, could require us to modify our products to allow for limited data use, possibly in a material manner, and may limit our ability to develop new products that make use of the data that users voluntarily share. There currently are a number of proposals pending before federal, state and foreign legislative and regulatory bodies. In addition, some countries are considering or have passed legislation implementing data protection requirements or requiring local storage and processing of data or similar requirements that could increase the cost and complexity of delivering our service, particularly as we expand our operations internationally. Risks related to our Business Operations Our business depends on our ability to maintain and scale our technology infrastructure, including speed and availability of our service. Our reputation and ability to attract, retain and serve users, content creators and advertisers ~~is~~ **are** dependent upon the reliable performance of our service and our underlying technology infrastructure and content delivery processes. From time to time, we **experience** ~~are subject to~~ interruptions in or disruptions of our systems. If our platform is unavailable when users, content creators or advertisers attempt to access it, if it does not load as quickly as they expect or if their content is not saved, users may not return to our platform as often in the future, or at all. Our advertisers must be able to easily buy, forecast, optimize and measure the performance of ads on a responsive and stable platform. Advertisers will not continue to do business with us if our technology infrastructure is not reliable. Our systems may not be adequately designed with the necessary reliability and redundancy to avoid performance delays or outages that could harm our business. Our systems may not be adequately designed to avoid performance delays or outages. For example, our engineering teams' broad access to our systems is designed for speed and release velocity, which increases the risk of disruptive intentional and unintentional (and potentially premature) updates and changes being made directly to our live platforms and services. As our user, content creator and advertiser base and the volume and types of information shared on our service continue to grow, we will need an increasing amount of technology infrastructure, including network capacity and computing power, to continue to satisfy the needs of users, content creators and advertisers, which could increase our costs. **Failure** ~~It is possible that we may fail~~ to effectively scale and grow our technology infrastructure to accommodate these increased demands ~~, which~~ could harm our business, revenue and financial results. Further, in the event of a systems failure, employee error, failure or interruption of services by AWS, malicious intent by employees or third parties, we may lose all or substantial amounts of data and we may not be able to recover such data quickly or at all. Such loss of data could adversely affect our business and financial results. In addition, our systems and operations are vulnerable to damage, delays or interruptions from fire, flood, power loss, telecommunications failure, spikes in usage volume, **epidemics,** pandemics **and** ~~such as the~~ **other public health emergencies** ~~COVID- 19 pandemic~~ , terrorist attacks, acts of war, earthquakes, the effects of climate change and other events beyond our control. We are particularly vulnerable to these types of events because our cloud computing infrastructure is currently located in one geographic region. In addition, the substantial majority of our employees are located in California, which has historically experienced, and may continue to experience, climate- related events including drought and water scarcity, warmer temperatures, wildfires and air quality impacts and power shut- offs. If there is a catastrophic failure involving our systems or major disruptive event affecting our headquarters or the San Francisco area in general, we may be unable to operate our service. Although we maintain crisis management and disaster response plans, such events could make it difficult or impossible for us to deliver our services and could cause us to incur substantial expense. Climate- related events, including the increasing frequency of extreme weather events and their impact, have the potential to disrupt our business and / or the business of our third- party suppliers and partners. A substantial portion of our technology infrastructure is provided by third parties. Any disruption or failure in the services we receive from these providers could harm our ability to handle existing or increased traffic or cause our platform to become unavailable, which could harm our business. We exercise little control over these providers and have limited line of sight into their governance, and any financial or other difficulties these providers face may harm our business. The occurrence of any of the foregoing risks could result in damage to our systems and hardware or could cause them to fail completely, and our insurance may not cover such risks or may be insufficient to compensate us for losses that may occur. These events may result in distraction of management, loss of revenue and costs from litigation and enforcement. In addition, they could also result in significant expense to repair or replace damaged facilities and remedy resultant data loss or corruption. A prolonged interruption in the availability or reduction in the speed or other functionality of our products could materially harm our reputation and business. The failure to attract and retain highly qualified personnel, or loss of one or more of our key personnel, could harm our business, revenue and financial results. We currently depend on the continued services and performance of our key personnel, including **William** ~~Benjamin Silbermann, Bill~~ Ready and others. ~~Mr. Silbermann' s and~~ Mr. Ready' s employment, and the employment of our other key personnel, is at will, which means they may resign or be terminated for any reason at any time. **Similarly, Mr. Silbermann is currently non- executive Chair of the Board and may resign at any time.** In addition, much of our key technology and systems are custom- made for our business by our personnel. The loss of key personnel, including key members of management as well as our key engineering, design, marketing, sales and product development personnel, could disrupt our operations and harm our business. This risk is particularly heightened in an environment where companies, including us, slow down hiring or reduce their workforce and will continue to find ways to further reduce costs due to macroeconomic conditions. In addition, it is important to our business to attract and retain highly talented personnel, particularly engineers with expertise in computer vision, **AI** ~~artificial intelligence~~ and machine learning. We have found and may continue to find our recruiting and retention efforts more challenging because the marketplace for talent is highly competitive. The incentives provided by our stock option grants, restricted stock grants and restricted stock unit grants, or by other compensation and benefits arrangements, may not be effective to attract and retain employees, especially as a result of continued fluctuations in our stock price. We may also be required to enhance wages, benefits and non- equity incentives. If we are unable to meet employees and potential employees' expectations, we may experience difficulties attracting and retaining personnel. Further, our ongoing efforts to address workplace culture concerns (including to meet the goals we set in our Inclusion and Diversity Reports), implement the recommendations of the Special Committee of our Board and the terms of the settlement agreement with respect to certain derivative lawsuits and resolve certain related allegations or claims have resulted in, and will continue to result in, increased costs, as well as consuming management' s time and attention. Further, if our efforts are unsuccessful, we may not be able to attract and retain talent, we may be subject to investigations, litigation and other proceedings and our brand and reputation and stock price may be harmed. ~~Additionally, we began re- opening our offices.~~ We **currently have a** ~~also announced our long- term~~ flexible work model which provides for a more distributed workforce. Our ~~new future~~ work strategy, including our efforts related to employee onboarding, training and development and retention may not be successful. Further, our ~~future~~ work strategy may continue to evolve and may not meet the needs of our existing and potential future employees and they may prefer work models offered by other companies. If we do not succeed in attracting and retaining highly qualified personnel or the financial resources required to do so increase, we may not be able to meet our business objectives, and our business, revenue and financial results could be harmed. Risks ~~arising~~ **Arising** from our ~~reliance~~ **Reliance** on ~~third~~ **Third** ~~parties~~ **Parties** We depend in part on online application stores and internet search engines to direct traffic and refer new users to our platform. When these online application stores or search engines' methodologies and policies are modified or enforced in ways we do not anticipate, or when our search results page rankings decline for other reasons, traffic to our platform or user growth, retention and engagement has declined and could decline in the future, any of which could harm our business, revenue and financial results. We depend in part on internet search engines, such as Bing, Google and Yahoo!, to direct a significant amount of traffic to our platform. For example, when a user types a query into a search engine, we may receive traffic and acquire new users when those search results include Pins, boards, users and other features of our platform that cause the user to click on the Pinterest result or create a Pinterest account. These actions grow our users due to signups of new users and increase retention and engagement of existing users. Our ability to maintain and increase the number of users directed to our platform from search engines is not within our control. Search engines, such as Google, have and may continue to modify their search algorithms (including what content they index and the format in which content is indexed) and policies or enforce those policies in ways that are detrimental to us, that we are not able to predict or without prior notice. When that occurs, we have in the past and expect to experience in the future, declines or de- indexing in the organic search ranking of certain Pinterest search results or negatively impacted by the format in which our search results appear, leading to a decrease in traffic to our platform, new user signups and existing user retention and engagement. We have experienced declines in traffic and user growth as a result of these changes in the past, and anticipate fluctuations as a result of such actions in the future. For example, throughout 2021, Google made certain changes to their search algorithms which also negatively impacted traffic and user sign- ups. Our ability to appeal these actions is limited, and we may not be able to revise our search engine optimization (" SEO ") strategies to recover the loss in traffic or users resulting from such actions. In addition, changes in policies or their enforcement may not apply in the same manner to our competitors, or our competitors' SEO strategies to retain and attract users may be more successful than ours. In addition, certain third parties offer browser extensions that give users the option to remove Pinterest from their search engine recommendations. Further, some of these search engines are owned by companies that compete with various aspects of our business. When email platforms, such as Google, change their policies related to the placement of our emails in users' inboxes, it can affect the open and click rate of our emails. Such changes have led to and may lead to a decrease in traffic to our platform, new user signups and existing user retention and engagement. To offset some of the impact on our user growth, we **have and** may **continue to** increase our investment in other growth strategies, such as paid marketing or other initiatives that drive user acquisition, which may cost more and be less effective. Any significant reduction in the number of users directed to our website or mobile application from search engines or email could harm our business, revenue and financial results. In addition, we also rely on certain major online stores for distribution of our application. If these application store providers modify or implement new terms, we may be required to modify our product to maintain our ability to remain in that application store. Such requirements or our inability to meet such requirements could harm our business, revenue and financial results. We allow users to authenticate with our service through third- party login providers. If these third parties discontinue these tools or experience a breach or outage in their platform or web browser developers make changes that restrict the use of these tools, user retention, growth or engagement could decline, and our business, revenue and financial results could be harmed. A significant number of users access their accounts on our platform using a third- party login provider such as Facebook, Apple or Google. If security on those platforms is compromised, if users are locked out from their accounts on those platforms or if those platforms experience an outage or otherwise institute policies that prevent users from accessing their accounts on our platform through those logins, users may be unable to access our platform. In addition, third- party log- in providers may institute policies that restrict us from both communicating with users or identifying ~~with~~ users. As a result of these actions, user growth, retention and engagement on our platform has been and could be adversely affected in the future, even if for a temporary period. Additionally, if Facebook or Google discontinue their identity services or experience an outage, then we may lose and be unable to recover users previously using this function, and our user growth or engagement could decline. Any of these events could harm our business, revenue and financial results. We depend on Amazon Web Services for the vast majority of our compute, storage, data transfer and other services. Any disruption of, degradation in or interference with our use of Amazon Web Services could negatively affect our operations and harm our business, revenue and financial results. Amazon Web Services (" AWS ") provides the cloud computing infrastructure we use to host our website, mobile application and many of the internal tools we use to operate our business. We have a long- term commitment with AWS. Under the agreement with AWS, in return for negotiated concessions, we currently are required to maintain a substantial majority of our monthly usage of certain compute, storage, data transfer and other services on AWS. This agreement is terminable only under certain conditions, including by either party following the other party' s material breach, which may be the result of circumstances that are beyond our control. A material breach of this agreement by us, or early termination of the agreement, could carry substantial penalties, including liquidated damages. If AWS increases pricing terms, terminates or seeks to terminate our contractual relationship, establishes more favorable relationships with our competitors, or changes or interprets its terms of service or policies in a manner that is unfavorable, those actions could harm our business, revenue and financial results. Any significant disruption of, limitation of our access to or other interference with our use of AWS would negatively impact our operations and our business could be harmed. In addition, any transition of the cloud services currently provided by AWS to another cloud services provider would be difficult to implement and would cause us to incur significant time and expense and could disrupt or degrade our ability to deliver our products and services. The level of service provided by AWS could affect the availability or speed of our services. If users, creators, publishers or advertisers are not able to access our service or platform or encounter difficulties in doing so, we may lose users, creators, publishers or advertisers and could harm our business and reputation. We utilize data center hosting facilities operated by AWS, located in various facilities. However, we have implemented a limited disaster recovery program which does not allow us to serve network traffic from back- up data center services. An unexpected disruption of services provided by these data centers could hamper our ability to handle existing or increased traffic, result in the loss of data or cause our platform to become unavailable, which may harm our reputation and business. We must effectively operate with mobile operating systems, web browsers, online application stores, networks, regulations and standards, which we do not control. Changes in our products or to those mobile operating systems, web browsers, networks, regulations or standards may harm user retention, growth and engagement. Because our platform is used on mobile devices and through web browsers, our application must remain interoperable with popular mobile operating systems and browsers, including Android, Chrome, iOS and Safari. We have no control over these operating systems and browsers. Any changes to these operating systems, browsers or the online stores distributing our application that impact the accessibility, speed or functionality of our service or give preferential treatment to competitive products, could harm usage of our platform. Some of our competitors that control the operating systems, browsers and online stores that our application runs on, or is distributed through, could make interoperability of our service with those systems, browsers and stores more difficult. In addition, new products we introduce may take longer to function with these systems and browsers. If we are unable to deliver consistent, high-quality user experiences across different devices with different operating systems, user growth, retention or engagement may decline, which could harm our business, revenue and financial results. The adoption of any laws or regulations that adversely affect the growth, popularity or use of the internet, including laws governing internet neutrality, could decrease the demand for our products and services and increase our cost of doing business. Regulatory changes could limit users' ability to access our service or make our platform a less attractive alternative to our competitors' platforms and cause our user growth, retention or engagement to decline, which could harm our business, revenue and financial results. If it becomes more difficult for users to access and use our service on their browsers or mobile devices, if users choose not to access or use our platform on their mobile devices, or if users choose to use mobile products that limit access to our platform, user growth, retention and engagement may decline, which could harm our business, revenue and financial results. We rely on software, technologies and related services from ~~other~~ **third** parties, and problems in their use, access or performance could increase our costs and harm our business, revenue and financial results. We rely on software, technologies and related services from third parties to operate critical functions of our business. Third- party technologies or services that we utilize may become unavailable due to a variety of reasons, including outages, interruptions or failure to perform under our agreement. Unexpected delays in their availability or function can, in turn, affect the use or availability of our platform. Further, third- party software and service providers may no longer provide such software and services on commercially reasonable terms or may fail to properly maintain or update their software. In such instances, we may be required to seek licenses to software or services from other parties or to redesign our products to function with new software or services. This could result in delays in the release of new products until equivalent technology can be identified, licensed or developed, and integrated into our platform and services. Furthermore, we might be forced to limit the features available in our current or future products. These occurrences, delays and limitations, if they occur, could harm our business, revenue and financial results. Technologies have been developed that can block the display of our ads, which could harm our business, revenue and financial results. Technologies have been developed, and will likely continue to be developed, that ~~can~~ block the display of our ads. We generate substantially all of our revenue from advertising, and ad blocking technologies ~~may~~ **can** prevent the display of certain of our ads, which could harm our business, revenue and financial results. Existing ad blocking technologies that have not been effective on our platform ~~may~~ **can later** become effective as we make certain product changes, and new ad blocking technologies ~~may be~~ **are often in** ~~developed~~ **development** . More users may choose to use products that block or obscure the display of our ads if we are unable to successfully balance the amount of organic content and paid advertisements, or if users' attitudes toward advertisements become more negative. Further, regardless of their effectiveness, ad blockers may generate concern regarding the health of the digital advertising industry, which could reduce the value of digital advertising and harm our business, revenue and financial results. Risks relating to ~~legal~~ **Legal** and ~~regulatory~~ **Regulatory** ~~matters~~ **Matters** We may be liable as a result of content or information that is published or made available on our platform. We are subject to many U. S. federal and state and ~~foreign~~ **international** laws and regulations that involve matters central to our business, including laws and regulations that involve data privacy and protection, intellectual property (including copyright and patent laws), content regulation, rights of publicity, advertising, marketing, health and safety, competition, protection of minors, consumer protection, taxation, anti- bribery, anti- money laundering and corruption, economic or other trade prohibitions or sanctions or securities law compliance. We may be sued or face regulatory action for claims relating to content or information that is published or made available on our platform. Our systems, tools and personnel that help us to proactively detect potentially **illegal,** policy- violating or otherwise inappropriate content cannot identify all such content on our service, and in many cases this content will appear on our platform. This risk may increase as we develop and increase the use of certain products or product features, such as video and live streaming content, for which identifying such content is challenging. Additionally, some controversial content may not be banned on our platform and, even if it is not featured in advertisements or recommendations to users, may still appear in search results or be saved on boards. This risk is enhanced in certain jurisdictions outside of the United States where our protection from liability for content published on our platform by third parties may be unclear and where we may be less protected under local laws than we are in the United States. Further, if policy- violating content is found on our platform, we may be in violation of the terms of certain of our key agreements, which may result in termination of the agreement and, in some cases, payment of damages. We could incur significant costs in investigating and defending such claims and, if we are found liable, damages. If any of these events occur, our business, revenue and financial results could be harmed. We rely on a variety of statutory and common- law frameworks and defenses relevant to the content available on our platform, including but not limited to, the Digital Millennium Copyright Act (" DMCA"), the Communications Decency Act (" CDA") and the fair- use doctrine in the United States, and the ~~Electronic~~ **EU E-** Commerce Directive ~~in~~ **and** the ~~European Union~~ **EU Digital Services Act (" DSA "), which became applicable to Pinterest in August 2023** . These frameworks and defenses may limit but do not necessarily eliminate, our potential liability for caching, hosting, listing or linking to third- party content that may include materials that infringe copyrights. Each of these statutes and doctrines is subject to uncertain or evolving judicial interpretation and regulatory and legislative amendments, and we cannot guarantee that such frameworks and defenses will be available for our protection. Regulators in the United States and in other countries may introduce new regulatory regimes that increase potential liability for content available on our platform. For example, the EU Directive on Copyright in the Digital Single Market (EU Copyright Directive) has been implemented in several EU member states and expands the liability scheme for online **content** sharing **service providers** ~~- content platforms~~ and imposes additional requirements for the content uploaded by their users to protect copyright owners against unlicensed use of their work. There are also a number of new laws and legislative proposals in the United States, at both the federal and state level, and in the European Union, U. K. and other countries, aimed at limiting the scope of protections available to online services and / or that further impose new obligations in ~~areas~~ -- **are as** affecting our business, such as liability for copyright infringement, content moderation, distributing targeted and other advertisements to minors, and other forms of unlawful content and / or online harm ~~. For example, the EU Digital Services Act (" DSA "), imposes new content moderation obligations, notice obligations, advertising restrictions and other requirements on digital platforms which will create additional burden on operations, product, engineering and business teams as well as compliance costs~~ . These legislative and / or regulatory requirements may increase our costs of operations, our liability for content posted by users on our platform, and / or our litigation costs. If these or other additional statutory or regulatory changes reduce liability protections for content published on our platform, we may be required to make significant changes to our business model, including increasing our content moderation operations and building in additional product features or tools that may not be favorable to our business, add payment obligations or compliance costs. We ~~could~~ **are** also ~~face~~ **subject to** fines or orders restricting or blocking our service in particular countries as a result of content on our platform. For example, certain countries have implemented regulations that authorize fines or provide for throttling or blocking services for failures to comply with certain content removal and disclosure obligations, and other countries may enact similar legislation, which would impose penalties for failure to remove certain content. There can be no assurance that the tools we use for certain removal obligations or any new custom tools we develop will be sufficient to maintain compliance with the new regulations. Any new legislation or changes to existing legislation may be difficult to comply with in a timely and comprehensive fashion and may expose our business, users, or employees to increased fees and costs. These costs could be prohibitively expensive for a company of our size, which could prevent us from launching a product or require us to restrict access to a product in a particular market. This could disadvantage us relative to our competitors with more resources. If the rules, doctrines or currently available defenses change, if international jurisdictions refuse to apply similar protections that are currently available in the United States or the European Union or if a court were to disagree with our application of those rules to our platform, we could be required to expend significant resources to try to comply with the new rules or incur liability and our business, revenue and financial results could be harmed Action by governments to restrict access to our product or certain of our products in their countries could harm our business, revenue and financial results. Governmental authorities outside the United States have restricted, and may in the future seek to restrict access to our platform if they consider us to be in violation of their laws or for other reasons. For example, access to our service has been or is currently restricted in whole or in part in **certain** countries ~~such as China, India and Kazakhstan~~ . Other governments may seek to restrict access to or block our platform, prohibit or block the hosting of certain content available through our platform, or impose other restrictions that may affect the accessibility or usability of our platform in that country for a period of time or even indefinitely. We may also decide to stop offering our platform in a country as a result of these types of restrictions. For example, some countries have enacted laws that allow websites to be blocked for hosting certain types of content or may require websites to remove certain restricted content, to appoint local representatives in the country, or to store user data within that country. It can be challenging or impractical to manage the requirements of multiple jurisdictions governing the type and nature of the content available on our platform. If **additional** prohibitions or restrictions are imposed on our platform, or if our competitors are able to successfully penetrate new geographic markets or capture a greater share of existing geographic markets that we cannot access or where we face other restrictions, our user growth, retention and engagement may be adversely affected, and our business, revenue and financial results could be harmed. We could become involved in legal disputes that are expensive to support, and if resolved adversely, could harm our business, revenue and financial results. We are currently involved in, and may in the future be involved in, actual and threatened legal proceedings, including class action lawsuits, claims, investigations and government inquiries arising in the ordinary course of our business, including intellectual property, data privacy and data protection, privacy and other torts, illegal or objectionable content, consumer protection, securities, stockholder derivative claims, employment, governance, workplace culture, contractual rights, civil rights infringement, false or misleading advertising, or other legal claims relating to content or information that is provided to us or published or made available on our platform. Any proceedings, claims or inquiries involving us, whether successful or not, ~~may~~ **can** be time consuming, result in costly litigation, unfavorable outcomes, high indemnification expenses, increased costs of business, may require us to change our business practices or products, require significant amount of management' s time, may harm our reputation or otherwise harm our business and future financial results. We are currently involved in and have been subject to actual and threatened litigation with respect to third- party patents, trademarks, copyrights and other intellectual property, and may continue to be subject to intellectual property litigation and threats thereof. Companies in the internet, technology and media industries own large numbers of patents, copyrights, trademarks and trade secrets and frequently enter into litigation based on allegations of infringement or other violations of intellectual property rights. As we face increasing competition, grow our business and products, and become increasingly high profile, the possibility of receiving a larger number of intellectual property claims against us grows. In addition, various " non- practicing entities " that own patents and other intellectual property rights have asserted, and may in the future attempt to assert, intellectual property claims against us to extract value through licensing or other settlements. From time to time, we receive letters from patent holders alleging that some of our products infringe their patent rights and from trademark holders alleging infringement of their trademark rights. We also receive letters from holders of copyrighted content alleging infringement of their intellectual property rights, including DMCA take- down requests. Our technologies and content, including the content that users pin to our service, may not be able to withstand such third- party claims. With respect to any intellectual property claims, we may have to seek a license to continue using technologies or engaging in practices found to be in violation of a third- party' s rights, which may not be available on reasonable terms and may significantly increase our operating expenses. A license to continue such technologies or practices may not be available to us at all and we may be required to discontinue use of such technologies or practices or to develop alternative non- infringing technologies or practices. The development of alternative non- infringing technologies or practices could require significant effort and expense or may not be achievable at all. Our business, revenue and financial results could be harmed as a result. If we are unable to protect our intellectual property, the value of our brand and other intangible assets may be diminished, and our business, revenue and financial results could be harmed. We rely, and expect to continue to rely, on a combination of confidentiality, invention assignment and license agreements with our employees, consultants and other third parties with whom we have relationships, as well as trademark, copyright, patent and trade secret protection laws, to protect our proprietary rights. We have filed various applications for certain aspects of our intellectual property in the United States and other countries, and we currently hold issued patents in multiple jurisdictions. Further, there can be no assurance that each of our patent applications will result in the issuance of a patent. In addition, any resulting issued patents may have claims narrower than those in our patent applications. There can be no assurance that each of our trademark applications will result in the issuance of a trademark or that each resulting trademark registration will be able to be maintained. In the future we may acquire additional patents or patent portfolios, license patents from third parties or agree to license the use of our patents to third parties, which could require significant cash expenditures. Additionally, our current and future patents, trademarks and other intellectual property or other proprietary rights may be contested, circumvented or found unenforceable or invalid. Third parties may knowingly or unknowingly infringe or challenge our proprietary rights. Effective intellectual property protection may not be available in every country in which we operate or intend to operate our business. We may not be able to prevent infringement without incurring substantial time and expense, if at all. There can be no assurance that others will not offer technologies, products, services, features or concepts that are substantially similar to ours and compete with our business. Similarly, particularly as we expand the scope of our business and the countries in which we operate, we may not be able to prevent third parties from infringing, or challenging our use of, our intellectual property rights, including those used to build and distinguish the " Pinterest " brand. If the protection of our proprietary rights is inadequate to prevent unauthorized use or appropriation by third parties, the value of our brand and other intangible assets may be diminished and competitors may be able to more effectively mimic our technologies, products, services or features or methods of operations. Any of these events could harm our business, revenue and financial results. Our use of " open source " software could subject us to possible litigation or could prevent us from offering products that include open source software or require us to obtain licenses on unfavorable terms. A portion of the technologies we use incorporates " open source " software, and we may incorporate open source software in the future. Open source licenses may subject us to certain unfavorable conditions, including requirements that we offer our products that incorporate the open source software for no cost, that we make publicly available the source code for any modifications or derivative works we create based upon, incorporating or using the open source software, or that we license such modifications or derivative works under the terms of the particular open source license **. Some open source software may include generative AI software or other software that incorporates or relies on generative AI. The use of such software may expose us to risks as the intellectual property ownership and license rights, including copyright, of generative AI software and tools have not been fully interpreted by U. S. courts or been fully addressed by federal or state regulations** . We also license to others some of our software through open source projects which requires us to make the source code publicly available, and therefore can affect our ability to protect our intellectual property rights with respect to that software. If an author or other third- party that distributes open source software that we use or license were to allege that we had not complied with the conditions of the applicable license, we could be required to incur significant legal expenses defending against such allegations and could be subject to significant damages, enjoined from offering our products that contained the open source software, required to release proprietary source code, required to obtain licenses from third parties or otherwise required to comply with the unfavorable conditions unless and until we can re- engineer the product so that it complies with the open source license or does not incorporate the open source software. Any of the foregoing could disrupt our ability to offer our products and harm our business, revenue and financial results. The interpretation and application of U. S. tax legislations or other changes in U. S. or non- U. S. taxation of our operations could harm our business, revenue and financial results. Tax reform has been a priority for governments worldwide and numerous proposals have been proposed or enacted. For example, the 2017 Tax Cuts and Jobs Act (the " Tax Act ") changed how the United States imposes income tax on multinational corporations in a number of ways. The issuance of additional regulatory or accounting guidance may affect our analysis of the impact of the law on us and may harm our operating results and financial condition. Furthermore, the Tax Act eliminated the option to deduct research and development expenditures in the current period and requires taxpayers to capitalize and amortize these expenses. Although Congress may consider legislation that would defer the capitalization and amortization requirement, there is no assurance that the provision will be repealed or otherwise modified. If the requirement is not repealed or modified, our net operating loss utilization will be accelerated. Additionally, further regulatory or legislative developments may also arise from the ~~recently enacted~~ Inflation Reduction Act **of 2022** , which introduced new provisions, including a 15 % corporate alternative minimum tax for certain large corporations and an excise tax on stock repurchases. These provisions ~~will be effective for the tax year after December 31, 2022 and~~ may materially affect our financial position and results of operations. Additionally, in October 2020, the Organisation for Economic Co- operation and Development ~~Inclusive Framework~~ , as part of its Base Erosion and Profit Shifting Action Plan, released proposals that provide a long- term, multilateral framework on taxation of the digital economy. ~~Recently~~ **In July 2023** , the Inclusive Framework jurisdictions announced they reached agreement on the proposals endorsed by the Group of Twenty ~~inter- governmental~~ **intergovernmental** political forum, including a global minimum tax ~~to be implemented~~ **, and began implementation** in ~~2023~~ **2024** . **Several countries are either proposing or have already enacted legislation to introduce key aspects of the plan. Additionally,** ~~Some~~ **some** jurisdictions have already enacted a tax on technology companies that generate revenues from the provision of digital services, including the United Kingdom, France, Spain and Italy, to capture tax revenue more immediately. Although we do not know the exact impact, this legislation has and may continue to result in additional tax exposure. Further changes to the U. S. or non- U. S. taxation of our operations may increase our worldwide effective tax rate, result in additional taxes or other costs or have other material consequences, which could harm our business, revenue and financial results. Risks ~~relating~~ **Relating** to ~~our~~ **Our** ~~financial~~ **Financial** ~~statements~~ **Statements** and ~~performance~~ **Performance** We have a limited operating history with the current scale of our business, and, as a result, our past results may not be indicative of future operating performance. We have a limited operating history with the current scale of our business, which makes it difficult to forecast our future results. You should not rely on our past results of operations as indicators of future performance. You should consider and evaluate our prospects in light of the risks and uncertainties frequently encountered by companies like ours. We have incurred operating losses in the past, ~~may~~ **anticipate** ~~increase~~ **increasing** our costs and operating expenses, may incur operating losses in the future and may not maintain profitability. We have incurred significant net losses in the past and generated net income only recently. We generated net losses of $ **35. 6 million and $** 96. 0 ~~million and $ 128. 3~~ million for the years ended December 31, **2023 and** 2022 ~~and 2020~~ , respectively and net income of $ 316. 4 million for the year ended December 31, 2021. As of December 31, ~~2022~~ **2023** , we had an accumulated deficit of $ 2, ~~114~~ **150** . ~~7~~ **3** million. We have achieved profitability only recently and may not realize sufficient revenue to maintain profitability in future periods. We incur high operating expenses and may increase our operating expenses in the future as we continue to evolve or expand our business and operations. These efforts may prove more expensive than we currently anticipate, and we may not succeed in increasing our revenue sufficiently to offset these higher expenses. We may encounter unforeseen expenses, operating delays or other unknown factors that may result in losses in future periods. We have significant unrecognized share- based compensation expense, which we expect to recognize over the next several years. In addition, we have entered into certain non- cancelable commitments that limit our ability to reduce our cost and expenses in the future. For more information, see" Management' s Discussion and Analysis of Financial Condition and Results of Operations" and" Notes to Financial Statements." Any failure to increase our revenue as we implement initiatives to grow our business could prevent us from achieving or maintaining profitability on either a quarterly or annual basis. Our operating results are likely to fluctuate from quarter to quarter, which makes them difficult to predict. Our quarterly operating results are tied to certain key business metrics that have fluctuated in the past and are likely to fluctuate in the future, which makes them difficult to predict.

Our operating results depend on numerous factors, many of which are outside of our control, including: • our ability to generate revenue from our platform; • our ability to improve or maintain gross margins; • the number and relevancy of advertisements shown to users; • the relevancy of content shown to users; • the manner in which users engage with different products, where certain products may cause us to generate less revenue **;** • downward pressure on the pricing of our advertisements; • the timing, cost ~~of~~ and mix of new and existing marketing and promotional efforts as we grow and expand our operations to remain competitive; • fluctuations (seasonal or otherwise) in spending by our advertisers and platform usage and engagement by users, each of which may change as our product offerings and business evolves; • seasonal fluctuations in engagement on our platform, **including our** ~~specifically we have historically~~ -- **historical** ~~experienced~~ - **experience of** lower engagement in our second quarter; • fluctuations in spending by our advertisers and platform usage and engagement by users due to macroeconomic conditions, such as the ~~COVID- 19 pandemic,~~ **stress in the banking industry and** current inflationary environment ~~and Russia's invasion of Ukraine~~ ; • seasonal fluctuations in internet usage generally; • the success of technologies designed to block the display of ads; • development and introduction of new product offerings by us or our competitors; • existing, new and evolving regulations, both in the U. S. and internationally; • the ability of our third- party providers to scale effectively and provide the necessary technical infrastructure for our service on a timely basis; • system failures, disruptions, breaches of security or data privacy or internet downtime, whether on our service or on those of third parties; • the inaccessibility of our service due to third-party actions; • changes in measurement of our metrics; • costs associated with the technical infrastructure used to operate our business, including hosting services; • fluctuations in the amount of share- based compensation expense; • fluctuations, caused by stock price volatility, in the amount we spend to fund tax withholding and remittance obligations related to the vesting and settlement of **restricted stock units ("** RSUs **")** as we ~~transitioned~~ **continue** to net settle such RSUs; and • our ability to anticipate and adapt to the changing internet business or macroeconomic conditions; and the other risks and uncertainties described in this Annual Report on Form 10- K. User metrics and other estimates are subject to inherent challenges in measurement, and real or perceived inaccuracies in those metrics could harm our business, revenue and financial results. We regularly review metrics, including the number of our active users and other measures to evaluate growth trends, measure our performance and make strategic decisions. These metrics are calculated using internal company data and have not been validated by an independent third ~~-~~party. While these numbers are based on what we currently believe to be reasonable estimates for the applicable period of measurement, there are inherent challenges in measuring how our products are used across large populations globally. Our metrics calculations may be inaccurate, and we may not be able to identify those inaccuracies. In the past, we have relied on other metrics that measure different activities, such as saving a Pin, clicking, searching and other activities, as indicators of user growth and engagement. We have in the past implemented, and may from time to time in the future implement, new methodologies for calculating these metrics **,** which may result in the metrics **changing or decreasing** from prior periods ~~changing, decreasing~~ or not being comparable to prior periods. For example, in the first quarter of 2022, we updated the presentation of our key metrics by presenting U. S. and Canada, Europe and Rest of World separately. For comparability, we are providing revenue, MAUs and ARPU data from the first quarter of 2020 to the fourth quarter of 2021 on the same basis. Our metrics may also differ from estimates published by third parties or from similarly titled metrics of our competitors due to differences in methodology or data used. Our MAU metrics may also be impacted by our information quality efforts, which are our overall efforts to reduce malicious activity on our platform, including false, spam and malicious automation accounts in existence on our platform. We make efforts to regularly deactivate false, spam and malicious automation accounts that violate our terms of service, and exclude these users from the calculation of our MAU metrics; however, we will not succeed in identifying and removing all false, spam and malicious accounts from our platform. We are continually seeking to improve our ability to estimate the total number of false, spam or malicious accounts and we intend to continue to make such improvements, but there is no guarantee as to the accuracy of these estimates. In addition, users are not prohibited from having more than one account on our platform, and we treat multiple accounts held by a single person as multiple users for purposes of calculating our active users. In addition, some of our user demographic data may be incomplete or inaccurate. For example, because users self- report their date of birth, our age- demographic data may differ from users' actual ages, or be unavailable. We receive age- demographic data for a portion of those users from other third- party accounts that users chose to authenticate with on our platform, such as Facebook and Google, but there can be no assurance that those platforms will continue to give us permission to access that data or that the data we receive from those third parties is accurate. In addition, our data regarding the geographic location of users and revenue by user geography is estimated based on a number of factors, which may not always accurately reflect the actual location and may be different depending on the metric we are calculating. If our metrics provide us with incorrect or incomplete information about users and their behavior, we may make inaccurate conclusions about our business. If we are unable to obtain additional financing, if needed, or if we default on our credit obligations, our operations may be interrupted and our business, revenue and financial results could be harmed. We may require additional financing to maintain and grow our business. Our ability to obtain financing will depend on, among other things, our development efforts, business plans, operating performance, investor demand and the condition of the capital markets at the time we seek financing. We cannot assure you that additional financing will be available to us on favorable terms when required, or at all. If we raise additional funds through the issuance of equity, equity- linked or debt securities, those securities may have rights, preferences or privileges senior to the rights of our common stock, and our existing stockholders may experience dilution. If our access to capital is restricted or our borrowing costs increase as a result of developments in financial markets, our operations and financial condition could be adversely impacted. Our revolving credit facility provides our lenders with a first- priority lien against substantially all of our domestic assets, as well as certain domestic intellectual property, and contains financial covenants and other restrictions on our actions that may limit our operational flexibility or otherwise adversely affect our results of operations. It contains a number of covenants that limit our ability and our subsidiaries' ability to, among other things, incur additional indebtedness, pay dividends, make redemptions and repurchases of stock, make investments, loans and acquisitions, incur liens, engage in transactions with affiliates, merge or consolidate with other companies, sell material businesses or assets, or license or transfer certain of our intellectual property. In addition, we are also required to maintain a minimum consolidated leverage. Complying with these covenants may make it more difficult for us to successfully execute our business strategy and compete against companies who are not subject to such restrictions. If we fail to comply with the covenants under the revolving credit facility, lenders would have a right to, among other things, terminate the commitments to provide additional loans under the facility, enforce any liens on collateral securing the obligations under the facility, declare all outstanding loans and accrued interest and fees to be due and payable and require us to post cash collateral to be held as security for any reimbursement obligations in respect of any outstanding letters of credit issued under the facility. If any remedies under the facility were exercised, we may not have sufficient cash or be able to borrow sufficient funds to refinance the debt or sell sufficient assets to repay the debt, which could immediately materially and adversely affect our business, cash flows, operations and financial condition. Even if we were able to obtain new financing, it may not be on commercially reasonable terms or on terms that are acceptable to us. Additionally, our revolving credit facility utilizes SOFR or various alternative methods set forth in our revolving credit facility to calculate the amount of accrued interest on any borrowings. If a published U. S. dollar SOFR is unavailable, the interest rates on our debt indexed to SOFR will be determined using one of the alternative methods, any of which could, if the revolver is drawn, result in interest obligations that are more than the current form, which could have a material adverse effect on our financing costs. We may have greater than anticipated tax liabilities, which could harm our business, revenue and financial results. We operate in a number of tax jurisdictions globally, including in the United States at the federal, state and local levels, and in many other countries, and plan to continue to expand the scale of our operations in the future. Thus, we are subject to review and potential audit by a number of U. S. federal, state, local and non- U. S. tax authorities. Significant judgment is required in determining our worldwide provision for income taxes and other tax liabilities. Further, tax authorities may disagree with tax positions we take and challenge our tax positions. Successful unilateral or multi- jurisdictional actions by various tax authorities, including in the context of our current or future corporate operating structure and third- party and intercompany arrangements (including transfer pricing and the manner in which we develop, value and use our intellectual property), may increase our worldwide effective tax rate, result in additional taxes or other costs or have other material consequences, which could harm our business and financial results. In December 2019, we completed an intra- entity asset transfer of certain of our intellectual property rights to our Irish subsidiary, which resulted in an increase in foreign deferred tax assets. We cannot be certain that this transfer will not lead to any unanticipated tax consequences which could harm our financial results. Although we do not currently incur significant tax costs due to our history of operating losses, our tax liabilities may increase if our profitability increases in the future. In addition, our effective tax rate may change from year to year based on changes in the mix of activities and income allocated or earned among various jurisdictions, tax laws and the applicable tax rates in these jurisdictions (including future tax laws that may become material), tax treaties between countries, our eligibility for benefits under those tax treaties and the valuation of deferred tax assets and liabilities. Such changes could result in an increase in the effective tax rate applicable to all or a portion of our income, which would negatively affect our financial results. Our ability to use or benefit from our net operating loss carryforwards and certain other tax attributes may be limited. As of December 31, ~~2022~~ **2023** , we had federal, California and other state net operating loss carryforwards of $ ~~3~~ **2** , ~~636~~ **914** . ~~5~~ **6** million, $ ~~551~~ **555** . ~~8~~ **0** million and $ 1, ~~501~~ **387** . 5 million, respectively. Our federal carryforwards do not expire. If not utilized, our California and other state carryforwards will begin to expire in 2028 and 2026, respectively. Utilization of our net operating loss carryforwards and other tax attributes, such as research and development tax credits, may be subject to annual limitations, or could be subject to other limitations on utilization or benefit due to the ownership change limitations provided by Sections 382 and 383 of the Internal Revenue Code of 1986, as amended (the " Code "), and other similar provisions. Further, the Tax Act changed the federal rules governing net operating loss carryforwards. For net operating loss carryforwards arising in tax years beginning after December 31, 2017, the Tax Act limits a taxpayer' s ability to utilize such carryforwards to 80 % of taxable income. In addition, net operating loss carryforwards arising in tax years ending after December 31, 2017 can be carried forward indefinitely, but carryback is generally prohibited. Net operating loss carryforwards generated before January 1, 2018 will not be subject to the Tax Act' s taxable income limitation and will continue to have a twenty- year carryforward period. Nevertheless, our net operating loss carryforwards and other tax assets could expire before utilization and could be subject to limitations, which could harm our business and financial results. Adverse global economic and financial conditions could harm our business and financial condition. Adverse global economic and financial events, such as the **epidemics,** ~~COVID- 19 pandemic~~ **pandemics and other public health emergencies** , Russia' s invasion of Ukraine **, the war in the Middle East, recession or fears of recession** , inflation, fluctuation in foreign exchange rate, supply chain issues, and inventory and labor shortages, have caused, and could in the future, continue to cause disruptions and volatility in global financial markets. Such conditions have resulted in or may result in, among other things, an adverse impact on the ability and willingness of companies to spend on advertising, volatility in our stock price, and an adverse impact on the financial condition of the institutions with whom we hold deposits or the credit quality of the issuers of our cash equivalents and marketable securities. In addition, since the majority of our revenue is derived from advertisers within the U. S., economic conditions in the U. S. have a greater impact on us. We may not perform well in adverse macroeconomic conditions and they could negatively impact our business and financial condition. Our financial results may be adversely affected by changes in accounting principles generally accepted in the United States. Generally accepted accounting principles in the United States are subject to interpretation by the Financial Accounting Standards Board, the American Institute of Certified Public Accountants, the SEC and various bodies formed to promulgate and interpret appropriate accounting principles. A change in these principles or interpretations could ~~harm~~ **impact** our revenue and financial results and could affect the reporting of transactions completed before the announcement of a change. We cannot guarantee that our stock repurchase program will be fully consummated or that it will enhance long- term stockholder value. Although our board of directors has authorized a stock repurchase program, the program does not require us to repurchase any specific dollar amount or to acquire any specific number of shares of our Class A common stock. We cannot guarantee that the program will be fully consummated or that it will enhance long- term stockholder value. The program could also affect the trading price of our stock and increase volatility, and any announcement of a termination or change of this program may result in a decrease in the trading price of our stock. In addition, any purchases made under this program would diminish our cash reserves. Risks related to ownership of our Class A common stock The dual class structure of our common stock has the effect of concentrating voting control with those stockholders who held our capital stock prior to the completion of our initial public offering (" IPO"), including our co- founders, executive officers, employees and directors, their affiliates, and all of our other pre- IPO stockholders (including those unaffiliated with any of our co- founders, executive officers, employees or directors). This will limit or preclude your ability to influence corporate matters. Our Class B common stock has twenty votes per share, and our Class A common stock has one vote per share. Because of the 20- to- 1 voting ratio between our Class B and Class A common stock, the holders of our outstanding Class B hold approximately ~~75~~ **74** . ~~0~~ **5** % of the voting power of our outstanding capital stock as of December 31, ~~2022~~ **2023** . Because the holders of our Class B common stock hold in the aggregate significantly more than a majority of the combined voting power of our capital stock, such holders (which include our pre- IPO stockholders who have not converted their Class B common stock to Class A common stock, including those holders unaffiliated with any of our executive officers, employees or directors) control all matters submitted to our stockholders for approval. The holders of Class B common stock will no longer hold in the aggregate over 50 % of the voting power of our outstanding capital stock once the Class B common stock represents in the aggregate less than approximately 4. 76 % of our outstanding capital stock. As a result, for the foreseeable future, holders of our Class B common stock could have significant influence over the management and affairs of our company and over the outcome of all matters submitted to our stockholders for approval, including the election of directors and significant corporate transactions, such as a merger, consolidation or sale of substantially all of our assets, even though their stock holdings were to represent in the aggregate less than 50 % of the outstanding shares of our capital stock. In addition, this may prevent or discourage unsolicited acquisition proposals or offers for our capital stock that you may feel are in your best interest as one of our stockholders. These holders of our Class B common stock may have interests that differ from yours and may vote in a way with which you disagree and which may be adverse to your interests. This control may adversely affect the trading price of our Class A common stock. Despite no longer being employed by us, Paul Sciarra **and Benjamin Silbermann** , ~~one~~ **two** of our co- founders, ~~remains~~ - **remain** able to exercise significant voting power ~~. If we terminate our other co- founders' relationship, they would also continue to have the ability to exercise significant voting power to the extent they were to retain their Class B common stock while our other existing holders disposed of their Class B common stock~~ . Transfers by holders of Class B common stock will generally result in those shares converting to Class A common stock, except certain transfers to entities, including certain charities and foundations, to the extent the transferor retains sole dispositive power and exclusive voting control with respect to the shares of Class B common stock, and certain other transfers described in our amended and restated certificate of incorporation. In addition, all shares of Class B common stock will automatically convert into shares of Class A common stock on (i) the seven- year anniversary of the closing date of our IPO, except with respect to shares of Class B common stock held by any holder that continues to beneficially own at least 50 % of the number of shares of Class B common stock that such holder beneficially owned immediately prior to completion of our IPO, and (ii) a date that is between 90 to 540 days, as determined by the board of directors, after the death or permanent incapacity of Mr. Silbermann. Conversions of Class B common stock to Class A common stock have already had and will continue to have the effect, over time, of increasing the relative voting power of those holders of Class B common stock who retain their shares in the long term. Our dual class structure may depress the trading price of our Class A common stock. We cannot predict whether our dual class structure will result in a lower or more volatile market price of our Class A common stock or in adverse publicity or other adverse consequences. For example, certain index providers have restrictions on including companies with multiple- class share structures in certain of their indexes. In addition, several stockholder advisory firms have announced their opposition to the use of multiple class structures. As a result, the dual class structure of our common stock may cause stockholder advisory firms to publish negative commentary about our corporate governance practices, recommend that stockholders vote against certain company annual stockholder meeting proposals or otherwise seek to cause us to change our capital structure. Any such exclusion from indices or any actions or publications by stockholder advisory firms critical of our corporate governance practices or capital structure could adversely affect the value and trading market of our Class A common stock. An active trading market for our Class A common stock may not be sustained. Our Class A common is listed on the NYSE under the symbol " PINS. " However, we cannot assure you that an active trading market for our Class A common stock will be sustained. Accordingly, we cannot assure you of the likelihood that an active trading market for our Class A common stock will be maintained, the liquidity of any trading market, your ability to sell your shares of our Class A common stock when desired or the prices that you may obtain for your shares. The trading price of our Class A common stock has been and may continue to be volatile, and you could lose all or part of your investment. The trading price of our Class A common stock has been, and is likely to continue to be volatile and could be subject to fluctuations in response to various factors, some of which are beyond our control. These fluctuations could cause you to lose all or part of your investment in our Class A common stock since you might be unable to sell your shares at or above the price you paid. Factors that could cause fluctuations in the trading price of our Class A common stock include the following: • price and volume fluctuations in the overall stock market from time to time; • volatility in the trading prices and trading volumes of technology stocks; • changes in operating performance and stock market valuations of other technology companies generally, or those in our industry in particular; • sales, or anticipated sales, of shares of our Class A common stock by us or our stockholders, including when stockholders sell shares of our Class A common stock into the market to cover taxes due upon the settlement of ~~restricted stock units ("~~ RSUs ~~")~~ or the exercise of stock options, or conversions, or anticipated conversions, of a substantial number of shares of our Class B common stock by our stockholders; • actions and investment positions taken by institutional and other stockholders, including activist investors; • failure by industry or securities analysts to maintain coverage of us, downgrade of our Class A common stock by analysts or provision of a more favorable recommendation of our competitors; • failure by analysts to regularly publish research reports or the publication of an unfavorable or inaccurate report about our business; • changes by external analysts to their financial and operating estimates for our company or our performance relative to third parties' estimates or the expectations; • forward- looking financial or operating information or financial projections we may provide to the public, any changes in that information or projections or our failure to meet projections; • any indebtedness we may incur in the future; • whether investors or securities analysts view our stock structure unfavorably, particularly our dual class structure and the significant voting control of holders of our Class B common stock; • announcements by us or our competitors of new products, features, services, technical innovations, acquisitions, strategic partnerships, joint ventures or capital commitments; • announcements by us or estimates by third parties of actual or anticipated changes in the size of our user base or level of engagement, or those of our competitors; • the public' s perception of the quality and accuracy of our key metrics on our user base and engagement; • the public' s reaction to our press releases, other public announcements and filings with the SEC; • rumors and market speculation involving us or other companies in our industry; • actual or anticipated fluctuations in our user growth, retention, engagement, revenue or other operating results; • actual or anticipated developments in our business, our competitors' businesses or the competitive landscape generally; • litigation involving us, our industry, or both, or investigations by regulators and other third parties into our operations or those of our competitors; • developments or disputes concerning our intellectual property or other proprietary rights; • developments or disputes concerning our culture or other diversity, equity and inclusion practices and initiatives; • announced or completed acquisitions of businesses, products, services or technologies by us or our competitors; • changes in accounting standards, policies, guidelines, interpretations or principles; • any significant changes in our management; • stakeholder dissatisfaction if we are unable to meet stakeholders' expectations and requirements or our publicly announced goals around environmentally friendly, ethical, socially conscious, and sustainable business practices or disclosures; • adoption and trading under a stock repurchase program; • if we are unable to address any workplace culture related issues (including to meet the goals we set in our Inclusion and Diversity Report that we publish periodically); • macroeconomic events that are beyond our control ~~, such as the global outbreak of the COVID- 19 pandemic~~ ; and • general economic conditions and slow or negative growth of our markets. In addition, the stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many technology companies. Stock prices of many technology companies, including ours, have fluctuated in a manner that may be unrelated or disproportionate to the financial performance of such companies. Following periods of volatility in the overall market and the market price of a particular company' s securities, securities class action and derivative litigation has often been instituted against these companies, including against us. Such litigation could result in substantial costs and a diversion of our management' s attention and resources. Further, when our revenue, users or **other** operating results fall below the expectations of investors or securities analysts or below any guidance we may provide to the market, the price of our Class A common stock has declined and could likely decline in the future. Future offerings of debt or equity securities by us or existing stockholders may adversely affect the market price of our Class A common stock. In the future, we may attempt to obtain financing or to further increase our capital resources by issuing additional capital stock or offering debt or other securities, including commercial paper, medium- term notes, senior or subordinated notes, debt securities convertible into equity or shares of preferred stock. Future acquisitions could also require substantial additional capital in excess of cash from operations. Issuing additional shares of capital stock or other securities, including securities convertible into equity, may dilute the economic and voting rights of our existing stockholders, reduce the market price of our Class A common stock or both. Upon liquidation, holders of debt securities and preferred shares, if issued, and lenders with respect to other borrowings would receive a distribution of our available assets prior to the holders of our common stock. Debt securities convertible into equity could be subject to adjustments in the conversion ratio pursuant to which certain events may increase the number of equity securities issuable upon conversion. Preferred shares, if issued, could have a preference with respect to liquidating distributions or a preference with respect to dividend payments that could limit our ability to pay dividends to the holders of our common stock. Our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, which may adversely affect the amount, timing or nature of our future offerings. In addition, the large number of shares of our common stock eligible for public sale or subject to rights requiring us to register them for public sale could depress the market price of our Class A common stock. The market price of our Class A common stock could decline as a result of sales of a large number of shares of our Class A common stock in the market, and the perception that these sales could occur may also depress the market price of our Class A common stock. As a result, holders of our Class A common stock bear the risk that our future offerings or future sales of shares may reduce the market price of our Class A common stock and dilute their stockholdings in our company. Additional stock issuances, including in connection with settlement of equity awards, could result in significant dilution to our stockholders. Future issuances of shares of our Class A common stock or the conversion of a substantial number of shares of our Class B common stock to Class A common stock, or the perception that these sales or conversions may occur, could depress the market price of our Class A common stock and result in significant dilution for holders of our Class A common stock. We currently have Class B common stock that may be issued upon exercise of outstanding stock options or upon settlement of outstanding **RSUs** ~~restricted stock units~~ , shares of Class A common stock that may be issued upon settlement of outstanding RSUs or outstanding restricted stock awards (" RSAs"). For more information, see " Notes to Financial Statements ". ~~We have~~ **As of December 31, 2023, we had** 5, ~~882~~ **870** , ~~494~~ **385** , ~~249~~ **588** shares of authorized but unissued Class A common stock that are currently not reserved for issuance under our equity incentive plans or charitable giving program. We may issue all of these shares of Class A common stock without any action or approval by our stockholders, subject to certain exceptions. We also intend to continue to evaluate acquisition opportunities and may issue Class A common stock or other securities in connection with these acquisitions. Any common stock issued in connection with our equity incentive plans, acquisitions, the exercise of outstanding stock options, settlement of RSUs and RSAs or otherwise would dilute the percentage ownership held by our Class A common stockholders. Delaware law and provisions in our amended and restated certificate of incorporation and amended and restated bylaws could make a merger, tender offer or proxy contest difficult, thereby depressing the market price of our Class A common stock. Our status as a Delaware corporation and the anti-takeover provisions of the Delaware General Corporation Law (the " DGCL ") may discourage, delay or prevent a change in control by prohibiting us from engaging in a business combination with an interested stockholder for a period of three years after the person becomes an interested stockholder, even if a change of control would be beneficial to our existing stockholders. In addition, our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that may make the acquisition of our company more difficult, including the following: • our dual class common stock structure, which provides our holders of Class B common stock with the ability to significantly influence the outcome of matters requiring stockholder approval, even if they own significantly less than a majority of the shares of our outstanding common stock; • our board of directors is classified into three classes of directors with staggered three- year terms and directors are only able to be removed from office for cause; • certain amendments to our amended and restated certificate of incorporation will require the approval of 66⅔ % of the then- outstanding voting power of our capital stock; • approval of 66⅔ % of the then- outstanding voting power of our capital stock, voting as a single class, is required for stockholders to amend or adopt any provision of our bylaws; • our stockholders can take action only at a meeting of stockholders and not by written consent; • vacancies on our board of directors can be filled only by our board of directors and not by stockholders; • no provision in our amended and restated certificate of incorporation or amended and restated bylaws provides for cumulative voting, which limits the ability of minority stockholders to elect director candidates; • only our chairman of the board of directors, our chief executive officer, our president or another officer selected by a majority of the board of directors are authorized to call a special meeting of stockholders; • certain litigation against us can only be brought in Delaware; • nothing in our amended and restated certificate of incorporation precludes future issuances without stockholder approval of the authorized but unissued shares of our Class A common stock; • our amended and restated certificate of incorporation authorizes undesignated preferred stock, the terms of which may be established and shares of which may be issued, without the approval of the holders of our capital stock; and • advance notice procedures apply for stockholders to nominate candidates for election as directors or to bring matters before an annual meeting of stockholders. These anti- takeover defenses could discourage, delay or prevent a transaction involving a change in control of our company. These provisions could also discourage proxy contests and make it more difficult for stockholders to elect directors of their choosing and to cause us to take other corporate actions they desire, any of which, under certain circumstances, could limit the opportunity for our stockholders to receive a premium for their shares of our common stock, and could also affect the price that some investors are willing to pay for our Class A common stock. Our amended and restated certificate of incorporation designates a state or federal court located within the State of Delaware as the exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to choose the judicial forum for disputes with us or our directors, officers or employees. Our amended and restated certificate of incorporation provides that, unless we consent in writing to the selection of an alternative forum, the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our current or former directors, officers or other employees to us or our stockholders, (iii) any action arising pursuant to any provision of the DGCL, or as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware or (iv) any other action asserting a claim that is governed by the internal affairs doctrine shall be the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, any state or federal district court in the state of Delaware), in all cases subject to the court' s having jurisdiction over indispensable parties named as defendants. Nothing in our amended and restated certificate of incorporation precludes stockholders that assert claims under the Securities Act or Exchange Act from bringing such claims in federal court, subject to applicable law. Any person or entity purchasing or otherwise acquiring any interest in our securities shall be deemed to have notice of and consented to this provision. This exclusive forum provision may limit a stockholder' s ability to bring a claim in a judicial forum of its choosing. If a court were to find the exclusive forum provision in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving the dispute in other jurisdictions, which could harm our results of operations. ~~The requirements of being a public company have and may continue to strain our resources, divert management' s attention and may result in more litigation. As a public company, we are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act, the Dodd- Frank Wall Street Reform and Consumer Protection Act, the listing requirements of the NYSE and other applicable securities rules and regulations. Complying with these rules and regulations has increased and will continue to increase our legal and financial compliance costs, make some activities more difficult, time- consuming or costly, and increase demand on our systems and resources. As a public company we are required to publicly disclose additional details about our business and financial condition information, which may result in threatened or actual litigation, including by competitors, regulators and other third parties. If those claims are successful, our business, revenue and financial results could be harmed. Even if the claims do not result in litigation or are resolved in our favor, the time and resources needed to resolve them could divert our management' s resources and harm our business, revenue and financial results.~~ We do not intend to pay dividends for the foreseeable future. We have never declared or paid dividends on our capital stock. We currently intend to retain any future earnings, and we do not expect to declare or pay any dividends in the foreseeable future. As a result, stockholders must rely on sales of their Class A common stock after price appreciation as the only way to realize any future gains on their investment. In addition, our revolving credit facility contains restrictions on our ability to pay dividends.