

## Risk Factors Comparison 2024-02-28 to 2023-03-09 Form: 10-K

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

A description of the risks and uncertainties associated with our business is set forth below. You should consider carefully the risks and uncertainties described below, together with the financial and other information contained 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. If any of the following risks or uncertainties actually occur, our business, financial condition and results of operations could be materially and adversely affected. In that case, the market price of our Class A common stock could decline and you may lose all or a part of your investment. The risks discussed below are not the only risks we face. Additional risks or uncertainties not currently known to us, or that we currently deem immaterial, may also have a material adverse effect on our business, financial condition and results of operations.

**Risk Factor Summary** We are providing the following summary of the risk factors contained in this Annual Report on Form 10-K to enhance the readability and accessibility of our risk factor disclosures. We encourage you to carefully review the full risk factors contained in this Annual Report on Form 10-K in their entirety for additional information regarding the material factors that make an investment in our securities speculative or risky. These risks and uncertainties include, but are not limited to, the following:

- Our business, financial condition and results of operations will be harmed if we are unable to attract and retain customers and expand their use of our platform.
- If we fail to improve and enhance the functionality, performance, reliability, design, security and scalability of our solutions in a manner that responds to our customers’ evolving needs, our business, financial condition and results of operations may be adversely affected.
- Our industry is highly competitive and we may not be able to compete successfully against current and future competitors.
- ~~The COVID-19 pandemic has affected how we, our providers, and consumers operate and has adversely affected the global economy, and the duration and extent to which this will affect our business, future results of operations, and financial condition remains uncertain.~~
- The Squarespace brand is integral to our success. If we fail to protect or promote our brand, our business, financial condition and results of operations may be harmed.
- Our business, financial condition and results of operations would be adversely affected if our marketing and selling activities fail to generate new customers at the levels that we anticipate or fail to generate new customers on a cost-effective basis.
- **We may be unable to integrate acquired businesses and technologies successfully or achieve the expected benefits of such acquisitions.**
- We depend on highly skilled personnel, and if we are unable to hire, integrate and retain our personnel, we may not be able to address competitive challenges.
- We rely heavily on the reliability, security and performance of our software. If our software contains serious errors or defects, or we have difficulty maintaining the software, we may lose revenue and market acceptance and may incur costs to defend or settle claims with our customers.
- Our business, financial condition and results of operations would be harmed if changes to technologies used in our platform or new versions or upgrades of operating systems and internet browsers adversely impact the process by which customers interface with our platform and users interface with our customers’ sites.
- We are subject to privacy and data protection laws and regulations as well as contractual privacy and data protection obligations. Our failure to comply with these or any future laws, regulations or obligations could subject us to sanctions and damages and could harm our reputation, business, financial condition and results of operations.
- Our business is susceptible to risks associated with international sales and the use of our platform in various countries as well as our ability to localize our platform in such countries.
- The trading price of our Class A common stock may be volatile and could decline significantly and rapidly regardless of our operating performance.
- The multi-class structure of our common stock has the effect of concentrating voting control with those stockholders who hold our Class B common stock, including our Founder and Chief Executive Officer limiting your ability to influence corporate matters.

**Risks Related to our Business and Industry** We have experienced growth in recent years, due in large part to sustained subscription growth and retention, including customers who expand their use of our platform over time. We offer two payment options for most of our subscription plans: **annual and** ~~monthly and annual~~. Customers’ subscriptions currently renew automatically at the end of each **annual or** ~~monthly or annual~~ period, as applicable, but the customer is free to disable automatic renewal or cancel the subscription at any time. As a result, even though the number of unique subscriptions to our platform has grown in recent years, there can be no assurance that we will be able to retain unique subscriptions beyond the existing **annual or** ~~monthly or annual~~ subscription periods. In addition, any limitation or restriction imposed on our ability to bill our customers on a recurring basis, whether due to new regulations or otherwise, may significantly lower our unique subscription retention rate. A number of factors could impact our ability to attract and retain customers and expand our customers’ use of our platform, including:

- the quality and design of our solutions compared to other similar solutions;
- our ability to develop new technologies or offer new or enhanced solutions;
- the pricing of our solutions compared to our competitors;
- the reliability and availability of our customer support;
- our ability to provide value-added third-party applications, solutions and services that integrate into our platform;
- any perceived or actual security, reliability, quality or compatibility problems with our solutions, including those related to system outages, unscheduled downtime and the impact of cyber-attacks on customers’ data;
- our ability to expand into new geographic regions; and
- the cost and effectiveness of our marketing campaigns.

We have historically experienced customer turnover as a result of general economic conditions and other risks affecting our customers’ businesses or needs. Many of these customers are in the entrepreneurial stage of their development and there is no guarantee that their businesses will succeed. Other customers may be looking for a shorter-term solution for a specific event. Our costs associated with renewals are substantially lower than costs associated with generating new unique subscriptions. Therefore, a reduction in retention of our unique subscriptions, even if offset by an increase in new unique subscriptions, could adversely impact our business, financial condition and results of

operations. Moreover, any volatile or uncertain economic conditions ~~due to the COVID-19 pandemic or otherwise~~ and any resulting decrease in business formation or failures of SMBs could affect our ability to generate new unique subscriptions or retain existing unique subscriptions. Additionally, our growth rate may decline over time even though the number of unique subscriptions on our platform increases. As our growth rate declines, investors' perception of our business, financial condition and results of operations may be adversely affected. To the extent our growth rate slows, our business performance will become increasingly dependent on our ability to retain revenue from existing unique subscriptions and increase sales to existing customers. The markets in which we compete are characterized by constant change and innovation, and we expect them to continue to evolve rapidly. The success of our business will depend, in part, on our ability to adapt and respond effectively to changing market dynamics on a timely basis while continuing to improve and enhance the functionality, performance, reliability, design, security and scalability of our solutions. If we are unable to develop new and upgraded solutions that satisfy our customers and that keep pace with rapid technological and industry change, our business, financial condition and results of operations could be adversely affected. The process of developing new technology is complex and uncertain. If we fail to accurately predict customers' changing needs or emerging technological trends, or we otherwise fail to achieve the benefits expected from our investments in technology, our business, financial condition and results of operations could be harmed. The development of new and upgraded solutions involves a significant amount of time and effort from our research and development team, as it can take months to update, code and test new and upgraded solutions and integrate them into our existing solutions. Further, our design team spends a significant amount of time and resources in order to incorporate various design elements and other features into any new and upgraded solutions. The introduction of these new and upgraded design and functional features often involves a significant amount of marketing spend. We must also manage our existing solutions as we continue to introduce new solutions. Given this complexity, we occasionally have experienced, and could experience in the future, delays in completing the development and introduction of new and upgraded solutions. Our industry is highly competitive, and we may not be able to compete successfully against current and future competitors. The market for providing SaaS- based website design and management software is evolving and we face competition in various aspects of our business, which we expect to intensify in the future as existing and new competitors introduce new solutions or enhance existing solutions. We also compete with specific providers offering services or products that overlap with parts of our solutions, including online presence solutions, e-commerce solutions, domain registration and website hosting services, email marketing solutions, scheduling solutions and reservation and restaurant management solutions. Some of our competitors have longer operating histories, larger customer bases, greater brand recognition, more extensive commercial relationships and greater financial and other resources than we do. New or existing competitors may be able to develop solutions better received by customers or may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, regulations or requirements of our customers and their users. In addition, some larger competitors may be able to leverage a larger installed customer base and distribution network to adopt more aggressive pricing policies and offer more attractive sales terms, which could **increase customer churn**, cause us to lose potential sales or reduce prices to remain competitive. Competition may also intensify as our competitors enter into business combinations or alliances or raise additional capital, or as established companies in other market segments or geographic regions expand into our market segments or geographic regions. For instance, certain competitors could use strong or dominant positions in one or more markets to gain a competitive advantage by integrating competing platforms or features into solutions they control such as search engines, web browsers, mobile device operating systems or social networks or by making access to our platform more difficult. We also expect new entrants to offer competitive solutions. If we cannot compete successfully against current and future competitors, our business, financial condition and results of operations could be negatively impacted. **In response to the COVID- 19..... other future adverse public health developments.** Our business, financial condition and results of operations could be harmed if we fail to manage our growth effectively. **The growth that we have experienced places significant demands on our operational infrastructure. The scalability and flexibility of our platform depends on the functionality of our technology and network infrastructure and our ability to handle increased traffic and demand for bandwidth. The growth in the number of unique subscriptions on our platform and the number of orders processed through our platform has increased the amount of data and requests processed. Any problems with the transmission of increased data and requests could result in harm to our brand or reputation. Moreover, as our business grows, we will need to devote additional resources to improving our operational infrastructure and continuing to enhance our scalability in order to maintain the performance of our platform.** The growth that we have experienced places significant demands on our operational infrastructure. The scalability and flexibility of our platform depends on the functionality of our technology and network infrastructure and our ability to handle increased traffic and demand for bandwidth. The growth in the number of unique subscriptions on our platform and the number of orders processed through our platform has increased the amount of data and requests processed. Any problems with the transmission of increased data and requests could result in harm to our brand or reputation. Moreover, as our business grows, we will need to devote additional resources to improving our operational infrastructure and continuing to enhance our scalability in order to maintain the performance of our platform. Our growth has also placed, and will likely continue to place, a significant strain on our managerial, administrative, operational, financial and other resources. We intend to further expand the business, including into new geographic regions, with no assurance that our revenue will continue to grow. We are likely to recognize the costs associated with these investments earlier than some of the anticipated benefits, and the return on these investments may be lower or may develop more slowly than we expect. Unless our growth results in an increase in our revenues that is proportionate to, or greater than, the increase in our costs associated with this growth, our profitability may be adversely affected. As we grow, we will be required to continue to improve our operational and financial controls, management information systems and reporting procedures and we may not be able to do so effectively. We believe that protecting, maintaining and enhancing the Squarespace brand is integral to our success, particularly as we seek to attract new customers. Protecting, maintaining and enhancing our brand will depend largely on our

ability to continue to provide design- focused and differentiated solutions, which we may not do successfully. The value of our brand may decline if we are unable to maintain the image of the Squarespace brand as design- focused. Successfully maintaining our brand will depend largely on the effectiveness of our marketing efforts, our ability to provide a reliable and useful platform to meet the needs of our customers, our ability to maintain our customers' trust and our ability to continue to develop and successfully differentiate our solutions. Errors, defects, disruptions or other performance problems with our solutions, including with third- party services accessed through our platform, may harm our reputation and brand. Unfavorable media coverage, negative publicity or negative public perception about us or our marketing efforts, our industry, the quality and reliability of our platform or our privacy and security practices may also harm our reputation and our brand. If events occur that damage our reputation and brand, our ability to expand our subscription base may be impaired, and our business, financial condition and results of operations may be harmed. We also believe that the importance of brand recognition will increase as competition in our market increases and the promotion of our brand may require substantial expenditures. We have invested, and **may expect to** continue to invest, substantial resources to increase our brand awareness, both generally and in specific geographies and to specific customer groups. There can be no assurance that our brand development strategies and investment of resources will enhance recognition of the Squarespace brand or lead to an increased customer base. Furthermore, our international branding efforts may prove unsuccessful due to language barriers and cultural differences. If our efforts to protect and promote our brand are not successful, our business, financial condition and results of operations may be adversely affected. In addition, even if brand recognition and loyalty increases, revenue may not increase at a level commensurate with our marketing spend. We use a variety of marketing channels to promote our brand, including online keyword search, sponsorships and celebrity endorsements, television, podcasts, print and online advertising, email and social media marketing. If we lose access to one or more of these channels because the costs of advertising become prohibitively expensive or for other reasons, we may not be able to promote our brand effectively, which could limit our ability to grow our business. In addition, in order to maintain our current revenues and grow our business, we need to continuously optimize our marketing campaigns aimed at acquiring new customers. However, we may fail to accurately predict customer interest and, as a result, fail to generate the expected return on marketing spend. An unexpected increase in the marginal acquisition cost of new customers may have an adverse effect on our ability to grow our subscription base. We have and may in the future invest a significant portion of our marketing expenses in more traditional advertising and promotion of our brand, including through out- of- home campaigns and television commercials, the effectiveness of which is more difficult to track than online marketing. If these marketing activities fail to generate traffic to our website, attract potential customers and lead to new and renewed subscriptions at the levels we anticipate, our business, financial condition and results of operations would be adversely affected. If demand for our solutions does not meet expectations, our ability to generate revenue could be adversely affected. Although we expect continued demand from individuals and businesses for our solutions, it is possible the rate of growth may not meet our expectations, or the market may not grow. Our expectations for future revenue growth are based in part on assumptions reflecting our industry knowledge and experience serving individuals and businesses, as well as our assumptions regarding demographic shifts, growth in the availability and capacity of internet infrastructure internationally and the general economic climate. If any of these assumptions proves to be inaccurate, including as a result of the extent of current global economic uncertainty, our growth could be significantly lower than expected. Our ability to compete successfully depends on our ability to offer an integrated and comprehensive platform enabling a diverse base of customers to start, grow and run their businesses or promote their brand. The success of our solutions is predicated on the assumption that an online presence is, and will continue to be, an important factor in our customers' abilities to establish, expand and manage their brand and business quickly, easily and affordably. If we are incorrect in this assumption, for example due to the introduction of a new technology or industry standard superseding the importance of an online presence or rendering our existing or future solutions obsolete, then our ability to retain existing customers and attract new customers could be adversely affected, which could harm our business, financial condition and results of operations. If we fail to maintain a consistently high level of customer support, our brand, business, financial condition and results of operations may be harmed. We believe our focus on customer support is critical to acquiring new customers, retaining existing customers and growing our business. As a result, we have invested heavily in the quality and training of our Customer Operations team along with the tools they use to provide this service. If we are unable to maintain a consistently high level of customer support, we may lose existing customers. In addition, our ability to attract new customers and increase unique subscriptions depends, in part, on the support we provide to customers as well as positive recommendations from our existing customers. Any failure to maintain a consistently high level of customer support, or a market perception that we do not maintain high- quality customer support, could adversely affect our brand, business, financial condition and results of operations. Our pricing decisions may adversely affect our ability to attract and retain customers. We have from time to time changed our overall pricing model or the various price points of our subscription plans and add- on services and expect to do so in the future. However, no assurance can be given that any new pricing model or price points will be optimal and not result in loss of customers or profits. In addition, as competitors introduce new solutions, we may be unable to attract new customers at the price or based on the pricing models we currently use and we may be required to reduce prices. Individuals and small businesses, which comprise the majority of customers on our platform, could be sensitive to price increases or swayed by more attractive prices offered by competitors. We also must determine the appropriate price to enable us to compete effectively internationally. Any of these developments could negatively impact our business, financial condition and results of operations. We may acquire or invest in companies, which may divert our management' s attention and result in additional dilution to our stockholders. We may be unable to integrate acquired businesses and technologies successfully or achieve the expected benefits of such acquisitions. From time to time, we evaluate potential strategic acquisition or investment opportunities and we have completed various strategic acquisitions in recent periods **, including the acquisition of Google Domains**. Any future transactions that we enter into could be material to our business, financial condition and results of operations. The process of acquiring and

integrating another company or technology could create unforeseen operating difficulties and expenditures. Acquisitions and investments involve a number of risks, such as: • diversion of management time and focus from operating our business; • use of resources that are needed in other areas of our business; • retention and integration of employees from an acquired company, including potential risks or challenges to our corporate culture; • **failed or inadequate migration, integration and retention of acquired customers or subscriptions**; • implementation or remediation of controls, procedures and policies of an acquired company; • difficulty integrating the accounting systems and operations of an acquired company; • coordination of product, engineering and selling and marketing functions, including difficulties and additional expenses associated with incorporating the acquired company's solutions and infrastructure with our existing solutions and infrastructure ~~and difficulties converting the customers of the acquired company onto our platform~~; • unforeseen costs or liabilities; • adverse effects to our existing business relationships as a result of the acquisition or investment; • the possibility of adverse tax consequences; • litigation or other claims arising in connection with the acquired company or investment; and • in the case of foreign acquisitions, the need to integrate operations and workforces across different cultures and languages and to address the particular economic, currency, political and regulatory risks associated with specific countries. In addition, a significant portion of the purchase price of companies we acquire may be allocated to acquired goodwill and other intangible assets, which must be assessed for impairment at least annually. If our acquisitions do not yield expected returns, we may be **and in the past have been**, required to take charges on our operating results based on this impairment assessment process, which could adversely affect our business, financial condition and results of operations. Future acquisitions and investments may also result in dilutive issuances of equity securities, which could adversely affect the trading price of our Class A common stock, result in issuances of securities with superior rights and preferences to our Class A common stock or result in the incurrence of debt with restrictive covenants that limit our operating flexibility. We may not be able to identify future acquisition or investment opportunities that meet our strategic objectives, or to the extent such opportunities are identified, we may not be able to negotiate terms with respect to the acquisition or investment that are acceptable to us. Acquisitions we complete may not ultimately strengthen our competitive position or achieve our strategic objectives, and any acquisitions we complete could be viewed negatively by investors. To pay for any such acquisition, we may have to use cash or incur debt, both of which may affect our financial condition or the trading price of our Class A common stock. ~~At this time we have made no commitments or agreements with respect to any such material transactions.~~ Our future success will depend upon our continued ability to attract, hire, integrate and retain highly skilled personnel, including senior management, engineers, designers, product managers, finance, and legal personnel and customer support. Competition for highly skilled personnel is intense. We compete with many other companies for engineers, designers and product managers with meaningful experience in designing, developing and managing software, as well as for skilled marketing, operations and customer support professionals, and we may not be successful in attracting and retaining the professionals we need. We may need to invest significant amounts of cash and equity to attract and retain new and highly skilled employees, and may never realize returns on these investments. In addition, we are limited in our ability to recruit global talent for our U. S. offices by U. S. immigration laws, including those related to H1- B visas. If we are not able to effectively hire, train and retain employees, our ability to achieve our strategic objectives will be adversely impacted and our business, financial condition and results of operations will be harmed ~~disrupt~~. **At present we support remote, hybrid and fully office based arrangements for our business employee base**. While we have a distributed workforce and our employees are accustomed to working remotely or working with remote employees, our workforce has not historically been fully remote. Doing less business in- person may impact our ability to preserve our corporate culture. Any failure to preserve our culture could negatively affect our future success, including our ability to retain and recruit personnel and to effectively focus on and pursue our corporate objectives. ~~The COVID-19 pandemic, and the related supply chain impacts, could also cause delays or disruptions in services provided by key service providers.~~ Our management team has spent, and may continue to spend, significant time, attention and resources monitoring **workplace-related changes and seeking to manage the COVID-effects on our business and workforce**. In addition to hiring and integrating new employees, we must continue to focus on retaining our key employees who foster and promote our innovative corporate culture. Our future performance depends on the continued services and contributions of our Founder and Chief Executive Officer, Mr. Casalena, who is critical to the development of our business and growth strategy, in addition to other key employees to execute on our business plan and to identify and pursue new opportunities and solutions. The failure to properly develop or manage succession plans or develop leadership talent or the loss of services of key employees could significantly delay or prevent the achievement of our strategic objectives. From time to time, there may be changes in our senior management team resulting from the hiring or departure of executives, which could disrupt our business. We do not have fixed term agreements with our executive officers or other key personnel that require them to work beyond a standard notice period; therefore, they could terminate their employment with us at any time. The loss of one or more of our key employees (including any limitation on the performance of their duties or short term or long term absences as a result of illness) could adversely affect our business, financial condition and results of operations. We primarily rely on a single supplier to process payments from our customers and we integrate with a limited number of suppliers to process transactions from users. The success of our platform depends, in part, on our ability to integrate and offer third- party services to our customers. In particular, we use Stripe, Inc. ("Stripe") to process our transactions with our customers and we offer payment processing integrations ~~for our customers to charge their users~~ through Stripe, PayPal Holdings, Inc. ("PayPal") and Block, Inc. ("Block"). **We also use Stripe to process transactions for our native payment solution. and our native payment solution** through which to charge their users, disruptions or problems with the relevant services provided by ~~any of these companies~~ **Stripe, PayPal or Block** could have an adverse effect on our reputation, business, financial condition and results of operations. ~~If Further, if Stripe, PayPal or Block~~ **any of the other payment service providers we use** were to terminate, or materially alter, its relationship with us or become unable to continue processing payments on our behalf, we could experience an impact to our financial results or incur substantial delays and expense in finding

and integrating an alternative payment service provider to process payments from our customers and their users, and the quality and reliability of any such alternative payment service provider may not be comparable. If we cannot maintain the compatibility of our platform and solutions with third- party applications or content or if the third- party applications that we offer fail to keep pace with competitors' offerings, demand for our platform and solutions could decline. In addition to offering our customers access to Stripe and other payment solutions, we offer our customers access to third- party applications for order fulfillment, accounting and other business services as well as third- party content. Third- party application providers may change the features of their applications and third- party content providers and application providers may change how others can access the application or content or alter the terms governing use of their applications or content in an adverse manner. Such changes could limit, restrict or terminate our access to their applications and content, which could negatively impact our solutions and harm our business, financial condition and results of operations. In addition, competitors may offer better functionality than the third- party applications integrated into our platform. If we fail to integrate new third- party applications and content that our customers need for their online presence or to develop them directly, we may not be able to offer the functionality that our customers expect, which would negatively impact our solutions and, as a result, harm our business, financial condition and results of operations. The reliability and continuous availability of our platform is critical to our success. However, software such as ours often contains errors, defects, security vulnerabilities or software bugs that are difficult to detect and correct, particularly when first introduced or when new versions or enhancements are released. Any third- party software we incorporate into our platform may have similar deficiencies. Despite internal testing, our platform may contain serious errors or defects, security vulnerabilities or software bugs that we may be unable to successfully correct in a timely manner or at all, and any ensuing disruptions could result in lost revenue, significant expenditures of capital, a delay or loss in market acceptance and damage to our reputation and brand, any of which could have an adverse effect on our business, financial condition and results of operations. Furthermore, our platform is cloud- based, which allows us to deploy new versions and enhancements to all of our customers simultaneously. To the extent we deploy new versions or enhancements that contain errors, defects, security vulnerabilities or software bugs to all of our customers simultaneously, the consequences would be more severe than if such versions or enhancements were only deployed to a smaller number of customers. In addition, to the extent that we do not effectively address capacity constraints, upgrade our systems as needed and continually develop our technology and network architecture to accommodate actual and anticipated changes in technology, our business, financial condition and results of operations, as well as our reputation, may be adversely affected. Since customers may use our solutions for processes that are critical to their businesses, errors, defects, security vulnerabilities, service interruptions or software bugs in our platform could result in losses to our customers. Customers may seek significant compensation from us for any losses they suffer or they may cease conducting business with us altogether. Further, a customer could share information about bad experiences on social media, which could result in damage to our reputation. There can be no assurance that provisions typically included in agreements with our customers that attempt to limit exposure to claims would be enforceable or adequate or would otherwise protect us from liabilities or damages with respect to any particular claim. Even if not successful, a claim brought against us by any of our customers would likely be time- consuming, divert management' s attention and be costly to defend and could seriously damage our reputation and brand, making it harder to sell our solutions. We rely on search engines, social networking sites and online streaming services to attract a meaningful portion of our customers, and if those search engines, social networking sites and online streaming services change their listings or policies regarding advertising, or increase their pricing or suffer problems, it may limit our ability to attract new customers. Many customers locate our platform through internet search engines, such as Google, and advertisements on social networking sites and online streaming services, such as Facebook, Instagram and YouTube as an alternative to typing our website address directly into a web browser navigation bar. **If Changes in these customer behaviors or practices may potentially result in reduced traffic to our website. Moreover, if** we are listed less prominently or fail to appear in search results for any reason, visits to our website could decline significantly, and we may not be able to replace this traffic. Search engines revise their algorithms from time to time in an attempt to optimize their search results. If the search engines on which we rely for algorithmic listings modify their algorithms, we may appear less prominently or not at all in search results, which could result in reduced traffic to our website that we may not be able to replace. Additionally, if the costs of search engine marketing services, such as Google AdWords, increase, we may incur additional marketing expenses, we may be required to allocate a larger portion of our marketing spend to this channel or we may be forced to attempt to replace it with another channel (which may not be available at reasonable prices, if at all), and our business, financial condition and results of operations could be adversely affected. Furthermore, competitors may bid on our brand names and other search terms that we use to drive traffic to our website. Such actions could increase our marketing costs and result in decreased traffic to our website. In addition, search engines, social networking sites and video streaming services may change their advertising policies from time to time. If any change to these policies delays or prevents us from advertising through these channels, it could result in reduced traffic to our website and sales of our solutions. Additionally, new search engines, social networking sites, video streaming services and other popular digital engagement platforms may develop in specific jurisdictions or more broadly that reduce traffic on existing search engines, social networking sites and video streaming services. **Moreover, changes in customer behavior and practices, like the use of voice recognition technology as an alternative to using traditional search engines, may potentially result in reduced traffic to our website.** If we are not able to achieve awareness through advertising or otherwise, we may not achieve significant traffic to our website. We believe that our integrated web and mobile platform has helped us to grow our customer base. In addition to offering customers mobile- optimized websites created on our platform, we offer mobile apps that enable customers to monitor analytics, fulfill orders and create, edit and manage content from their mobile devices, among other things. ~~In the future, mobile~~ **Mobile** and desktop operating system providers, such as Microsoft, Google, Apple or any other provider of internet browsers, could introduce new features that would make it difficult for customers to use our platform, change existing browser specifications such that they would be incompatible with our

platform, prevent users from accessing customers' sites or limit or preclude our marketing efforts. In addition, we are subject to the standard policies and terms of service of these providers, which may change in the future. We may incur additional costs in order to adapt our platform to other operating systems and may face technical challenges adapting our solutions to different versions of already- supported operating systems, such as Android variants offered by different mobile phone manufacturers, and we may face technical challenges adapting to new hardware and software on the Android and iOS platforms. Any changes to technologies used in our platform, to existing features that we rely on or to operating systems or internet browsers that make it difficult for customers to access our platform or visitors to access our customers' sites, may make it more difficult for us to maintain or increase our revenue and could adversely impact our business, financial condition and results of operations. Moreover, ~~as customers increasingly expect to be able to purchase and use our solutions on their~~ **the mobile device or via our mobile apps, our technology industry is characterized by changes in customer preferences and the emergence of new industry standards and practices. Our** ~~future prospects could be harmed or if we could face increased~~ **fail to address such changes on a timely basis and in a cost- cost- effective manner to build out and maintain this functionality**. The use of our apps is also subject to applicable terms of use of third- party app stores. If we are unable to maintain availability on these third- party app stores or update our applications on these stores, our business, financial condition and results of operations may be harmed. We use a limited number of cloud service providers, infrastructure providers and data centers to deliver our solutions. Any disruption of service by these providers or at these facilities could harm our business, financial condition and results of operations. We currently rely on a limited number of cloud service providers and third- party data center facilities. While we engineer and architect the systems upon which our platform runs, and own the hardware installed at the data centers on which we rely, we do not control the operation of these facilities. We also obtain cloud storage and computing from Amazon and Google. We have experienced, and may in the future experience, failures at the third- party data centers where our hardware is deployed. Data centers are vulnerable to damage or interruption from human error, cyber- crimes, computer viruses and other intentional bad acts, earthquakes, hurricanes, floods, fires, war, terrorist attacks, power losses, hardware failures, systems failures, telecommunications failures and similar events. Changes in law or regulations applicable to data centers in various jurisdictions could also cause a disruption in service. Similarly, if we are unable to utilize cloud services from Amazon or Google, we could experience delays or disruptions. The occurrence of any of these events or other unanticipated problems with these providers or at these facilities could result in loss of data (including personal information), lengthy interruptions in the availability of our solutions and harm to our reputation and brand. While our third- party data center and cloud provider agreements may include automatic renewal provisions, these service providers have no obligation to renew the agreements on commercially reasonable terms or at all. In addition, a timely notice of intent not to renew under one or more of these agreements may not provide us with adequate time to transfer operations and may cause disruptions to our platform. Similarly, service providers of other aspects of our critical infrastructure, such as private network connectivity, content delivery, DDoS mitigation, domain registration and domain name servers, among others, are under no obligation to continue to provide these services after the expiration of the respective service agreements, nor are they obligated to renew the terms of those agreements. If we were required to move our equipment to a new facility, move cloud platforms or migrate to a new critical infrastructure vendor without adequate time to plan and prepare for such a migration, we would face significant challenges due to the technical complexity, risk and high costs of the relocation or migration. If we are unable to renew these agreements on commercially reasonable terms, or if the service providers close such facilities or cease providing such services, we may be required to transfer to new service providers and may incur costs and possible service interruption in connection with doing so. Our business depends on our customers' continued and unimpeded access to the internet and the development and maintenance of the internet infrastructure. Internet service providers may be able to block, degrade or charge for access to certain of our solutions, which could lead to additional expenses and the loss of customers. Our success depends upon the general public' s ability to access the internet and continued willingness to use the internet as a means to pay for purchases, communicate, access social media and research and conduct commercial transactions, including through mobile devices. If consumers or sellers become unable, unwilling or less willing to use the internet for commerce for any reason, including lack of access to high- speed communications equipment, internet outages or delays, disruptions or other damage to sellers' and consumers' computers, increases in the cost of accessing the internet and security and privacy risks or the perception of such risks, our business, financial condition and results of operations could be adversely affected. Currently, internet access is provided by companies that have significant market power in the broadband and internet access marketplace, including incumbent telephone companies, cable companies, mobile communications companies and government- owned service providers. Laws or regulations that adversely affect the growth, popularity or use of the internet, including changes to laws or regulations impacting internet neutrality, could decrease the demand for our solutions, increase our operating costs, require us to alter the manner in which we conduct our business or otherwise adversely affect our business, financial condition and results of operations. We could experience discriminatory or anti- competitive practices that could impede our growth, cause us to incur additional expense or otherwise negatively affect our business, financial condition and results of operations. For example, paid prioritization could enable internet service providers to impose higher fees. Public opinion towards internet infrastructure, mobile connected devices and other similar technological advancements is rapidly evolving and such industries have faced criticism in the past. We cannot be certain that the public will continue to support existing or new technologies on which we, our service providers, our customers and their users rely or may come to rely. If our industry loses public interest and support, it could have a material adverse effect on our business, financial condition and results of operations. We may be unable to obtain, maintain and protect our intellectual property rights and proprietary information or prevent third- parties from making unauthorized use of our technology. Intellectual property rights are important to our business. We rely on a combination of trade secret, copyright, patent and trademark laws as well as contractual provisions, such as confidentiality clauses, to protect our proprietary technology, know- how, brand and other intellectual property, all of which offer only limited protection. While it is our policy to protect and

defend our intellectual property, the steps we take may be inadequate to prevent infringement, misappropriation, dilution or other potential violations of our intellectual property rights or to provide us with any competitive advantage. Further, the laws of foreign countries may not provide as much protection to intellectual property as exists in the United States. For example, some license provisions protecting against unauthorized use, copying, transfer and disclosure of our solutions may be unenforceable or otherwise limited under the laws of certain jurisdictions and foreign countries. Moreover, policing unauthorized use of our intellectual property is difficult, expensive and time-consuming, particularly in foreign countries where the laws may not be as protective of intellectual property rights as those in the United States and where mechanisms for enforcement of intellectual property rights may be weak. To the extent we expand our international activities, our exposure to unauthorized copying and use of our intellectual property and proprietary information may increase. We will not be able to protect our intellectual property if we are unable to enforce our rights or if we do not detect unauthorized use of our intellectual property. Despite the precautions taken by us, it may be possible for unauthorized third- parties to copy or reverse engineer our solutions and use information that we regard as proprietary to create solutions that compete with those offered by us. We enter into confidentiality and invention assignment agreements with our employees and consultants and enter into confidentiality agreements with the parties with whom we have strategic relationships and business alliances. No assurance can be given that these agreements will be effective in controlling access to, or ownership of, our proprietary information and technology or providing adequate remedies for unauthorized use or disclosure of such information or technology. Further, these agreements do not prevent competitors from independently developing technologies that are substantially equivalent or superior to our solutions. Additionally, from time to time we may be subject to opposition or similar proceedings with respect to applications for registrations of our intellectual property, including but not limited to trademark applications. While we aim to acquire adequate protection of our brand through trademark registrations in key markets, occasionally third- parties may have already registered or otherwise acquired rights to identical or similar marks for solutions that also address the software market. Any of the pending or future trademark applications and any future patent applications, whether or not challenged, may not be issued with the scope of the claims we seek, if at all. There can be no guarantee that additional trademarks will issue from pending or future applications, that patents will issue from future applications, if any, or that any issued patents or trademarks will not be challenged, invalidated, circumvented or declared invalid or unenforceable, or that the rights granted under the patents will provide us with meaningful protection or any commercial advantage. We rely on our brand and trademarks to identify our solutions to our customers and to differentiate our solutions from those of our competitors. If we are unable to adequately protect our trademarks, third- parties may use brand names or trademarks similar to ours in a manner that may cause confusion or dilute our brand names or trademarks, which could decrease the value of our brand. From time to time, we may discover that third- parties are infringing, misappropriating or otherwise violating our intellectual property rights. However, policing unauthorized use of our intellectual property and misappropriation of our technology is difficult and we may therefore not always be aware of such unauthorized use or misappropriation. In addition, litigation brought to protect and enforce our intellectual property rights can be costly, time-consuming or distracting to management and could result in the impairment or loss of rights or privileges associated with our intellectual property. As a result, we may be aware of infringement by competitors but may choose not to bring litigation to enforce our intellectual property rights due to the cost, time or distraction of bringing such litigation. Furthermore, even if we decide to bring litigation, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and countersuits challenging or opposing our right to use and otherwise exploit particular intellectual property, services and technology or the enforceability of our intellectual property rights. As a result, despite efforts by us to protect our intellectual property rights, unauthorized third- parties may attempt to use, copy or otherwise obtain and market or distribute our intellectual property or technology or otherwise develop solutions with the same or similar functionality as our solutions. If competitors infringe, misappropriate or otherwise violate our intellectual property rights and we are not adequately protected or elect not to litigate, or if competitors are able to develop solutions with the same or similar functionality without infringing our intellectual property, our competitive position, business, financial condition and results of operations could be harmed. Claims by third- parties of intellectual property infringement, regardless of merit, could result in litigation and materially adversely affect our business, financial condition and results of operations. The software industry is characterized by the existence of a large number of patents and frequent claims and related litigation regarding patents and other intellectual property rights. Third- parties have asserted, and may in the future assert, that our platform, solutions, technology, methods or practices infringe, misappropriate or otherwise violate their intellectual property or other proprietary rights. Such claims may be made by competitors seeking to obtain a competitive advantage or by other parties. Our competitors and others may now and in the future have significantly larger and more mature patent portfolios than we have. Additionally, non- practicing entities may make claims of infringement and attempt to extract settlements from companies like us, and such entities are unlikely to be deterred by a patent portfolio of any size because their sole or primary business is the assertion of patent claims. The risk of claims may increase as the number of solutions we offer and the number of competitors increases and overlaps occur. In addition, to the extent we gain greater visibility and market exposure, we face a higher risk of being the subject of intellectual property infringement claims. If it appears necessary or desirable, we may seek to license intellectual property that our solutions are alleged to infringe. If required licenses cannot be obtained, litigation could result. Regardless of merit, litigation is inherently uncertain and defending intellectual property claims is costly, can impose a significant burden on management and employees, **can** disrupt the conduct of our business and **can** have an adverse effect on our brand, business, financial condition and results of operations. The terms of any settlement or any adverse judgment may require us to pay substantial damages, develop non- infringing technology, enter into royalty- bearing licensing agreements, stop selling or marketing some or all of our solutions, indemnify our customers or partners, refund fees or re- brand our solutions, any of which could be costly and could materially and adversely affect our business, financial condition and results of operations. Our platform contains open- source software, which could negatively affect our ability to sell our solutions, pose particular risks to our proprietary software and subject us to possible litigation. We

use open- source software that is subject to one or more open- source licenses in connection with our software development and we may incorporate additional open- source software into our software, or otherwise link our software to open- source software. Open- source software is typically freely accessible, usable and modifiable, subject to compliance with the applicable licenses. Certain open- source software licenses require an entity who distributes or otherwise makes available the open- source software in connection with the entity' s software to publicly disclose part or all of the source code to the entity' s software or to make any derivative works of the open- source code or even the entity' s software available to others on potentially unfavorable terms or at no cost. However, the terms of many open- source licenses have not been interpreted by United States or foreign courts and there is little or no legal precedent governing the interpretation of many of the terms of certain of these licenses. As a result, the potential impact of these terms on our business is uncertain and may result in unanticipated obligations or restrictions relating to the use of our platform. In that event, we could be required to seek licenses from third- parties in order to continue offering our solutions, to re- develop our solutions, to discontinue sales of our solutions or to release our proprietary source code under the terms of an open- source license, any of which could harm our business, financial condition and results of operations. From time to time, companies that use open- source software have faced claims challenging the use of open- source software and / or compliance with open- source license terms, and we may be subject to such claims in the future. While we monitor our use of open- source software and try to ensure that none is used in a manner that would require disclosure of proprietary source code that would preclude us from charging fees for the use of our software or that would otherwise breach the terms of an open- source agreement, we cannot guarantee that our monitoring efforts will be fully successful. While it is our view that the majority of our solutions are not considered distributed software since no installation of the applicable software is necessary, this position could be challenged. In addition, parts of our platform, such as our mobile applications, for example, may be considered to be distributed. Finally, certain open- source licenses require disclosure of proprietary code under certain circumstances, even in the absence of distribution. In those instances, if a specific open- source license requires it, we might be obligated to disclose part of our proprietary code or otherwise be subject to undesirable open- source license terms. Any termination of an open- source license, requirement to disclose proprietary source code or distribute proprietary software on open- source license terms or pay damages for breach of contract could be harmful to our business, financial condition and results of operations, and could help our competitors develop solutions that are similar to or better than ours. In addition to risks related to license requirements, usage of open- source software can lead to greater risks than the use of third- party commercial software, as open- source licensors generally do not provide warranties, controls on the origin or development of the software or remedies against the licensors. Further, given the nature of open- source software, it may be more likely that third- parties might assert copyright and other intellectual property infringement claims against us based on our use of open- source software. Finally, use of open- source software may introduce vulnerabilities into our solutions. Disclosing the source code of our ~~propriety~~ **proprietary** software could also make it easier for cyber attackers and other third- parties to discover or exploit vulnerabilities in or to defeat the protections of our solutions, which could result in our solutions failing to provide our customers with the security they expect. Likewise, some open source projects have known security or other vulnerabilities or architecture instabilities, or are otherwise subject to security attacks due to their wide availability, or are provided on an " as- is " basis. Many of the risks associated with usage of open- source software cannot be eliminated and could adversely affect our business, financial condition and results of operations. We are exposed to risks, including security and regulatory risks, associated with credit card and debit card payment processing. We accept payments through credit and debit cards and are therefore subject to a number of risks related to credit and debit card payments, including: • payment of fees, which may increase over time and may require us to either increase the prices we charge for our solutions or experience an increase in operating expenses; • if our billing systems fail to work properly and, as a result, we do not automatically charge customers' credit cards on a timely basis or at all, we could lose revenue; • if we are unable to maintain our chargeback rate at acceptable levels, our credit card fees for chargeback transactions, or for other credit and debit card transactions, may increase or issuers may terminate their relationship with us; • if we are unable to maintain **Payment Card Industry Data Security Standard (" PCI- DSS ")** compliance **or other payment card network operating rules**, we may breach our contractual obligations, be subject to fines, penalties, damages, higher transaction fees and civil liability, be prevented from processing or accepting payment cards or lose payment processing partners; • we **securely store and** rely on third- party payment service providers to securely store customer payment card information and maintain PCI- DSS compliance; and • we rely on third- party payment service providers to process payments from our customers and their users and the providers may face downtime and thus affect our cash flow and our customers' cash flow. There can also be no assurance that the billing system data security standards of our third- party payment service providers will adequately comply with the billing standards of any future jurisdiction in which we seek to market our solutions. ~~In~~ **As part of the contracts we enter into with Stripe and other payment service providers for Squarespace Payments, our native payment solution, we are obligated to comply with additional- additional rules and regulations that relate to the processing of payments, including those implemented by the payment card networks. If we fail to comply with these rules and regulations as part of our contractual obligations, we may be subject to monetary fines or other penalties, which could have an adverse effect on our business, financial condition and results of operations. Further**, certain of our subsidiaries perform services that relate to the processing of payments or similar activities. The U. S. Department of Treasury' s Financial Crimes Enforcement Network and various state banking departments regulate entities engaged in money transmission and require registration, at the federal level, and licensure, at the state level, of entities engaged in regulated activity. We have relied on various exemptions from such registration and licensing requirements to date and believe, based on our business model, that such exemptions are valid. Any determination that we are not exempt may require expenditures of time and money to remediate and could adversely affect our business, financial condition and results of operations. **Adverse developments affecting the financial services industry, such as actual events or concerns involving liquidity, defaults or non- performance by financial institutions could adversely affect our liquidity, financial condition and results of operations. We deposit substantial funds in financial institutions**



and may maintain cash balances at such financial institutions in excess of the Federal Deposit Insurance Corporation limit. Events involving limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks, have in the past and may in the future lead to market-wide liquidity problems. These events could have an adverse effect on our liquidity, financial condition and results of operations. For example, in March 2023, Silicon Valley Bank was closed by the California Department of Financial Protection and Innovation, which appointed the Federal Deposit Insurance Corporation (“FDIC”) as receiver. Although the Federal Reserve Board, the Department of the Treasury and the FDIC have taken steps to ensure that depositors at Silicon Valley Bank can access all of their funds, including funds held in uninsured deposit accounts, there is no guarantee that, in the event of the closure of other financial institutions in the future, depositors would be able to access uninsured funds or that they would be able to do so in a timely fashion. To date, we have not experienced any adverse impact to our liquidity, financial condition or results of operations as a result of the events described above. However, uncertainty remains over liquidity concerns in the broader financial services industry and we could be adversely impacted by these developments in ways that we cannot predict at this time. Further, we cannot guarantee that we will be able to avoid negative consequences directly or indirectly from any failure of one or more financial institutions. Our business is subject to online security risks, including security breaches and cyberattacks. If the security of personal information, payment card information or other confidential information of customers and their users stored in our systems is breached or otherwise subjected to unauthorized access, our reputation may be harmed and we may be exposed to liability. Our business involves the storage and / or transmission of personal information, payment card information and other confidential information. In addition, the amount of potentially sensitive or confidential data we store for customers on our servers has been increasing, including since the introduction of Squarespace Payments, our native payment solution. There has also been an increase in the number of malicious software attacks in the technology industry generally. In our industry, it is typical to experience a high rate of such attacks. For example, we have experienced, and may experience in the future, DDoS attacks aimed at disrupting service to our customers and other attacks on our systems by sophisticated threat actors. Social engineering efforts may compromise our personnel or those of our third party vendors, leading to unauthorized access to facilities, systems or information we have a responsibility to protect. If third-parties succeed in penetrating our security measures or those of our service providers, or in otherwise accessing or obtaining without authorization the sensitive or confidential information we or our service providers maintain on behalf of our customers and their users, we could be subject to liability, loss of business, litigation, government investigations or other losses. Hackers or individuals who attempt to breach the security measures put in place by us or our service providers could, if successful, cause the unauthorized disclosure, misuse or loss of personal information, payment card information or other confidential information, suspend web-hosting operations or cause malfunctions or interruptions in our platform. If we experience any material breaches of security measures or sabotage or otherwise suffer unauthorized use or disclosure of, or access to, personal information, payment card information or other confidential information, we might be required to expend significant capital and resources to address these problems. We may not be able to remedy any problems caused by hackers or other similar actors in a timely manner, or at all. Because techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not recognized until after they are launched against a target, we and our service providers may be unable to anticipate these techniques or to implement adequate preventative measures. Advances in computer capabilities, discoveries of new weaknesses and other developments with software generally used by the internet community also increase the risk we, or customers using our servers, will suffer a material security breach. We cannot guarantee that our systems, security protocols, network protection mechanisms, cybersecurity awareness training, insider threat protection program, access controls, and other procedures and measures currently in place, or that may be in place in the future, will be adequate to prevent or remediate service interruptions, system failure, third party operating systems and software vulnerabilities, damage to one or more of our systems, data loss, security breaches or other data security incidents. We, our service providers or our customers may also suffer material security breaches or unauthorized access to personal information, payment card information and other confidential information due to employee error, rogue employee activity, unauthorized access by third-parties acting with malicious intent or who commit an inadvertent mistake or social engineering. If a material breach of security or other data security incident occurs or is perceived to have occurred, the perception of the effectiveness of our security measures and reputation could be harmed and we could lose current and potential customers, even if the security breach were to also affect one or more of our competitors. Further, concerns about practices with regard to the collection, use, disclosure or security of personal information, payment card information or other confidential information, even if unfounded, could damage our reputation and adversely affect our business, financial condition and results of operations. Any actual or alleged security breaches or other unauthorized access to personal information, payment card information and other confidential information or alleged violation of federal, state or foreign laws or regulations relating to privacy and data security could result in: • mandated customer notifications, litigation, government investigations, significant fines and expenditures; • claims against us for misuse of personal information, payment card information and other confidential information; • diversion of management’s attention; • damage to our brand and reputation; • our operations being suspended for some length of time; and • an adverse effect on our business, financial condition and results of operations. In addition, we could be required to devote significant resources to investigate and address a security breach. Defending against claims or litigation based on any security breach or incident, regardless of its merit, will be costly and may cause reputation harm. Further, under certain regulatory schemes, such as the California Consumer Privacy Act (the “CCPA”), we may be liable for statutory damages on a per breached record basis, irrespective of any actual damages or harm to the individual. The successful assertion of one or more large claims against us that exceed available insurance coverage, denial of coverage as to any specific claim or any change or cessation in our insurance

policies and coverages, including premium increases or the imposition of large deductible requirements, could adversely affect our business, financial condition and results of operations. We expect to continue to expend significant resources to protect against security breaches and other data security incidents. The risk that these types of events could seriously harm our business is likely to increase as we expand our solutions and operate in more geographic regions. We are subject to a variety of laws and regulations, including regulation by various federal government agencies, including the FTC, the Federal Communications Commission and state and local agencies, as well as data privacy and security laws in jurisdictions outside of the United States. We collect personal information and other potentially protected information from our employees, our current and prospective customers and their users. The U. S. federal and various state and foreign governments have adopted or proposed limitations on, or requirements regarding, the collection, distribution, use, security and storage of personal information, payment card information or other confidential information of individuals and the FTC and many state attorneys general are applying federal and state consumer protection laws to impose standards on the online collection, use and dissemination of data. Self- regulatory obligations, other industry standards, policies and other legal obligations may apply to our collection, distribution, use, security or storage of personal information, payment card information, **payment solution know- your- customer and risk information** or other confidential information relating to individuals. These obligations may be interpreted and applied inconsistently from one jurisdiction to another and may conflict with one another, other regulatory requirements or our internal practices. Any failure or perceived failure by us to comply with United States, European Union or other foreign privacy or security laws, policies, industry standards or legal obligations or any security incident resulting in the unauthorized access to, or acquisition, release or transfer of, personal information, payment card **information, payment solution know- your- customer and risk** information or other confidential information relating to our customers, employees or others may result in governmental enforcement actions, litigation, fines and penalties or adverse publicity and could cause our customers to lose trust in us, which could have an adverse effect on our reputation, business, financial condition and results of operations. We expect there will continue to be newly enacted and proposed laws and regulations as well as emerging industry standards concerning privacy, data protection and information security in the United States, the European Union and other jurisdictions, and we cannot yet determine the impact such future laws, regulations and standards may have on our business. Such laws, regulations, standards and other obligations could impair our ability to, or the manner in which we collect or use information to target advertising to our customers, thereby having a negative impact on our ability to maintain and grow our customer base and increase revenue. For example, the CCPA requires, among other things, that covered companies such as ours provide new disclosures to California consumers and affords such consumers new rights, including the right to access and delete their information and to opt- out of certain sharing and sales of personal information or opt into certain financial incentive programs. The law also prohibits covered businesses from discriminating against consumers (e. g., charging more for services) for exercising any of their CCPA rights. The CCPA took effect on January 1, 2020 and enforcement of the CCPA ~~by the California Attorney General~~ began on July 1, 2020. The CCPA imposes a severe statutory damages framework as well as a private right of action for certain data breaches that result in the loss of personal information. This private right of action is expected to increase the likelihood of, and risks associated with, data breach litigation. It remains unclear how various provisions of the CCPA will be interpreted and enforced. The CCPA has been amended on multiple occasions and is the subject of regulations of the California **Privacy Protection Agency** ~~Attorney General finalized on August 14, 2020~~. Additionally, the California Secretary of State ~~recently certified a new privacy law,~~ the California Privacy Rights Act (the “CPRA”), which California voters approved on November 4, 2020. This initiative significantly ~~modifies~~ **modified** the CCPA, ~~potentially~~ resulting in further uncertainty and requiring us to incur additional costs and expenses in an effort to comply. ~~Virginia, Colorado, Utah and Connecticut also passed comprehensive privacy laws that will take effect in 2023.~~ Other states **have passed and others** may pass comparable legislation, with potentially greater penalties and more rigorous compliance requirements relevant to our business. The effects of the CCPA, and other similar state or federal laws, are potentially significant and may require us to modify our data processing practices and policies and to incur substantial costs and potential liability in an effort to comply with such legislation. Future restrictions on the collection, use, sharing or disclosure of our customers’ data or additional requirements for express or implied consent of customers for the collection, use, disclosure, sharing or other processing of such information could increase our operating expenses, require us to modify our solutions, possibly in a material manner, or stop offering certain solutions, and could limit our ability to develop and implement new solutions. In addition, several foreign countries and governmental bodies, including the European Union and Canada, have laws and regulations concerning the collection and use of their residents’ personal information and payment card information, which are often more restrictive than those in the United States. Laws and regulations in these jurisdictions apply broadly to the collection, use, storage, disclosure and security of personal information and payment card information identifying, or which may be used to identify, an individual, such as names, email addresses and, in some jurisdictions, Internet Protocol (IP) addresses, device identifiers and other data. Although we are working to comply with those laws and regulations applicable to us, these and other obligations may be modified and interpreted in different ways by courts, and new laws and regulations may be enacted in the future. We are subject to the E. U. General Data Protection Regulation 2016 / 679 (the “GDPR”), and following the United Kingdom’s exit from the European Union, from January 1, 2021, we are also subject to the United Kingdom GDPR (the “U. K. GDPR”), which, together with the amended U. K. Data Protection Act of 2018 (the “U. K. Data Protection Act”), retains the GDPR in U. K. national law. The U. K. GDPR mirrors the fines under the GDPR. It remains unclear how the U. K. GDPR, the U. K. Data Protection Act and other U. K. data protection laws or regulations will develop in the medium to longer term. In addition, some countries are considering or have enacted legislation requiring local storage and processing of data that could increase the cost and complexity of delivering our solutions. Any new laws, regulations, other legal obligations or industry standards or any changed interpretation of existing laws, regulations or other standards may require us to incur additional costs and restrict our business operations. The regulatory environment applicable to the handling of European Economic Area (“EEA”), **Swiss** and

United Kingdom individuals' personal data **(as such item is used in the GDPR)**, and our actions taken in response, may cause us to face a risk of enforcement actions by data protection authorities in the EEA, **Switzerland** and the United Kingdom, assume additional liabilities or incur additional costs and could result in our business, financial condition and results of operations being harmed. In particular, with regard to transfers to the United States of personal data **(as such term is used in the GDPR)** of our European **and United Kingdom** employees and our European, **Swiss** and United Kingdom customers and their users, the **European Commission, the United Kingdom Government, and the Swiss Federal Administration (working with the U. S. Department of Commerce)** adopted an adequacy decision pursuant to the EU - **E-U. S. Data Privacy Shield was Framework, the Swiss- U. S. Data Privacy Framework and the UK Extension to the EU- U. S. Data Privacy Frameworks (each individually and jointly, the "Data Privacy Frameworks")**. We comply with the **Data Privacy Frameworks to provide an additional legal basis for transfers of personal data to the United States from the EEA, Switzerland and the United Kingdom. It is expected that the Data Privacy Frameworks will be subject to legal challenge to be** invalidated by **through** the Court of Justice of the European Union **in July 2020**, and the E. U. Model Clauses have been subject to legal challenge and may be modified or invalidated. The European Commission has adopted **the new modular E. U. Model Clauses ; providing for an 18-month implementation period** and the non- legally binding guidance on Supplementary Measures that has been issued by the European Data Protection Board casts doubt on the ability to transfer unencrypted data to the United States. We are monitoring **these -- the developments related to the Data Privacy Frameworks and E. U. Model Clauses**, but depending on the outcome, we may be unsuccessful in maintaining a legitimate means for our transfer and receipt of personal data from the EEA, **Switzerland** and United Kingdom in the United States and any other countries that are not considered adequate by the European Union, **Switzerland** or the United Kingdom. We may, in addition to other impacts, experience additional costs associated with increased compliance burdens and be required to engage in new contract negotiations with third- parties that aid in processing data on our behalf or localize certain data. We may experience reluctance or refusal by current or prospective European, **Swiss or United Kingdom** customers to use our solutions, and we may find it necessary or desirable to make further changes to our handling of personal data of EEA, **Switzerland** and United Kingdom residents. We are also subject to evolving privacy laws on tracking technologies, including cookies and e- marketing. For example, in the European Union and the United Kingdom, regulators are increasingly focusing on compliance with requirements in the online behavioral advertising ecosystem, and current national laws that implement the ePrivacy Directive are highly likely to be replaced by an E. U. regulation known as the ePrivacy Regulation which will significantly increase fines for non- compliance. **Recent guidance Guidance** and case law in the European Union and the United Kingdom require opt- in consent for the placement of a cookie or similar tracking technologies on a customer' s device and for direct electronic marketing. Evolving privacy laws on cookies and e- marketing could lead to substantial costs, require significant systems changes, limit the effectiveness of our marketing activities, divert the attention of our technology personnel, adversely affect our margins, increase costs and subject us to additional liabilities. Regulation of cookies and similar technologies, and any decline of cookies or similar online tracking technologies as a means to identify and potentially target users, may lead to broader restrictions and impairments on our marketing and personalization activities and may negatively impact our efforts to understand our customers. Consumers can, with increasing ease, implement technologies that limit our ability to collect and use data to deliver or advertise our services, or otherwise limit the effectiveness of our platform. Cookies may be deleted or blocked by consumers. The most commonly used Internet browsers allow consumers to modify their browser settings to block first- party cookies (placed from the domain of the website owner that the consumer is browsing) or third- party cookies (placed from a different domain), and some browsers block third- party cookies by default. Some prominent technology companies, including Google, the owner of the Chrome browser, have announced intentions to discontinue support of third- party cookies, and to develop alternative methods and mechanisms for tracking consumers. Many applications and other devices allow consumers to avoid receiving advertisements by paying for subscriptions or other downloads. Mobile devices using Android and iOS operating systems limit the ability of cookies, or similar technology, to track consumers while they are using applications other than their web browser on the device. If our privacy or data security measures fail to comply with current or future laws, regulations, policies, legal obligations or industry standards, or are perceived to have failed to so comply, we may be subject to litigation, regulatory investigations and related actions, significant fines (which, for certain breaches of the GDPR or U. K. GDPR, may be up to the greater of € 20 million or 4 % of total global annual turnover), civil claims including representative actions and other class action type litigation (potentially amounting to significant compensation or damages liabilities) or other liabilities, negative publicity and a potential loss of business. Moreover, if future laws, regulations, other legal obligations or industry standards, or any changed interpretations of the foregoing, limit our customers' ability to use and share personal information, including payment card information, or our ability to store, process and share such personal information or other data, demand for our solutions could decrease, our costs could increase and our business, financial condition and results of operations could be harmed. Activities of our customers or the content of their websites could damage our brand, subject us to liability and harm our business, financial condition and results of operations. Our terms of service and acceptable use policy prohibit our customers from using our platform to engage in illegal or otherwise prohibited activities and our terms of service and acceptable use policy permit us to terminate a customer' s account if we become aware of such use. Customers may nonetheless use our platform to engage in prohibited or illegal activities, such as uploading content in violation of applicable laws, which could subject us to liability. Furthermore, our brand may be negatively impacted by the actions of customers that may be deemed to be hostile, offensive, inappropriate or illegal, whether such actions occur on our platform or otherwise. We do not proactively monitor or review the appropriateness of our customers' content and we do not have control over customer activities or the activities in which their users engage. The safeguards we have in place may not be sufficient for us to avoid liability or avoid harm to our brand, especially if such hostile, offensive, inappropriate or illegal use is or becomes high profile, which could adversely affect our business, financial condition and results of operations. Customers using the platform may also operate businesses in regulated

industries, which are subject to additional scrutiny, increasing the potential liability we could incur. We are subject to export controls and economic sanctions laws that could impair our ability to compete in international markets and subject us to liability if we are not in full compliance with applicable laws. Our business activities are subject to various restrictions under U. S. export controls and trade and economic sanctions laws, including the U. S. Commerce Department's Export Administration Regulations and economic and trade sanctions regulations maintained by the U. S. Treasury Department's Office of Foreign Assets Control. If we fail to comply with these laws and regulations, we could be subject to civil or criminal penalties and reputational harm. U. S. export control laws and economic sanctions laws also prohibit certain transactions with U. S. embargoed or sanctioned countries, governments, persons and entities. Even though we take precautions to prevent transactions with U. S. sanctions targets, there is risk that in the future we could provide our solutions to such targets despite such precautions. This could result in negative consequences to us, including government investigations, penalties and reputational harm. Changes in the list of embargoed countries and regions or prohibited persons may require us to modify these procedures in order to comply with governmental regulations. Changes in our solutions, changes in export and import regulations or changes in the global environment may create delays in the introduction and sale of our solutions in international markets or, in some cases, prevent the sale of our solutions to certain countries, governments or persons altogether. Any change in export or import regulations, shift in the enforcement or scope of existing regulations or change in the countries, governments, persons or technologies targeted by such regulations, could result in decreased use of our platform or decreased ability to sell our solutions to existing or potential customers. Any decreased use of our solutions or limitation on our ability to sell our solutions internationally could adversely affect our growth prospects. If we are found to be in violation of the export controls laws and regulations or economic sanctions laws and regulations, penalties may be imposed against us and our employees, including loss of export privileges and monetary penalties, which could have an adverse effect on our business, financial condition and results of operations. Due to the global nature of our business, we could be adversely affected by violations of anti- bribery and anti- corruption laws. The global nature of our business creates various domestic and local regulatory challenges. The FCPA, U. K. Bribery Act, the U. S. Travel Act of 1961 and similar anti- bribery and anti- corruption laws in other jurisdictions generally prohibit companies and their intermediaries from making improper payments to foreign government officials and other persons for the corrupt purpose of obtaining or retaining business, directing business to any person or securing any advantage. In addition, companies are required to maintain records accurately and fairly representing their transactions and having an adequate system of internal accounting controls. We face significant risks if we fail to comply with the FCPA and other anti- corruption and anti- bribery laws prohibiting companies and their employees and third- party intermediaries from authorizing, offering or providing, directly or indirectly, improper payments or benefits to foreign government officials, political parties and private-sector recipients for an illegal purpose. We sell our solutions to customers around the world, including some in areas of the world that experience corruption by government officials to some degree and, in certain circumstances, compliance with anti- bribery laws may conflict with local customs and practices. In addition, changes in laws could result in increased regulatory requirements and compliance costs which could adversely affect our business, financial condition and results of operations. While we are committed to complying, and training our employees to comply, with all applicable anti- bribery and anti- corruption laws, we cannot assure our employees or other agents will not engage in prohibited conduct and render us responsible under the FCPA, the U. K. Bribery Act or other anti- bribery and anti- corruption laws. If we are found to be in violation of the FCPA, the U. K. Bribery Act or other anti- bribery and anti- corruption laws (either due to acts or inadvertence of our employees, or due to the acts or inadvertence of others), we could suffer criminal or civil penalties or other sanctions, which could have an adverse effect on our business, financial condition and results of operations. Any violation of the FCPA or other applicable anti- corruption or anti- bribery laws could result in whistleblower complaints, adverse media coverage, investigations, loss of export privileges, severe criminal or civil sanctions and, in the case of the FCPA, suspension or debarment from U. S. government contracts, which could have an adverse effect on our reputation, business, financial condition and results of operations. In addition, responding to any enforcement action may result in a significant diversion of management's attention and resources and significant defense costs and other professional fees. Our business could be affected by new and evolving governmental regulations regarding the internet. To date, laws, regulations and enforcement actions by governments have not materially restricted use of the internet in most parts of the world. However, the legal and regulatory environment relating to the internet is uncertain, and governments may impose regulation in the future. New laws may be passed, courts may issue decisions affecting the internet, existing but previously inapplicable or unenforced laws may be deemed to apply to the internet or regulatory agencies may begin to more rigorously enforce such formerly unenforced laws, or existing legal safe harbors may be narrowed, both by U. S. federal or state governments and by governments of foreign jurisdictions. The adoption of any new laws or regulations, or the narrowing of any safe harbors, could hinder growth in the use of the internet and online services generally, and decrease acceptance of the internet and online services as a means of communications, e- commerce and advertising. In addition, such changes in laws could increase our costs of doing business or prevent us from delivering our solutions over the internet or in specific jurisdictions, which could harm our business, financial condition and results of operations. For example, we rely on a variety of statutory and common- law frameworks and defenses relevant to the content available on our platform, including the Digital Millennium Copyright Act (the " DMCA "), the Communications Decency Act (the " CDA "), and fair- use doctrine in the United States and the Electronic Commerce Directive in the European Union. The DMCA limits, but does not necessarily eliminate, our potential liability for caching, hosting, listing or linking to third- party content that may include materials that infringe copyrights or other rights. The CDA further limits our potential liability for content uploaded onto our platform by third- parties. Defenses such as the fair- use doctrine (and related doctrines in other countries) may be available to limit our potential liability for featuring third- party intellectual property content for purposes such as reporting, commentary and parody. In the European Union, the Electronic Commerce Directive offers certain limitations on our potential liability for featuring third- party content. However, each of these statutes and doctrines are subject to uncertain

or evolving judicial interpretation and regulatory and legislative amendments, and we cannot guarantee that such frameworks and defenses will be available. Regulators in the United States and in other countries may introduce new regulatory regimes that increase potential liability for content available on our platform, including liability for misleading, false or manipulative information, hate speech, privacy violations, copyrighted content and other types of online harm ; **or alternatively increase potential liability for removing content on our platform** . For example, there have been various legislative and executive efforts to restrict the scope of the protections available to online platforms under Section 230 of the CDA, and current protections from liability for third- party content in the United States could decrease or change . **Additionally, the European Union and the United Kingdom have enacted laws such as the Digital Services Act with respect to the moderation of illegal and harmful content on digital platforms** . There are also a number of legislative proposals in the United States, at both the federal and state level, and in the European Union and the United Kingdom, that could impose new obligations in areas affecting our business, such as liability for copyright infringement and other online harm. Any new legislation may be difficult to comply with in a timely and comprehensive manner and may expose our business or customers to increased costs. If the rules, doctrines or currently available defenses change, if international jurisdictions refuse to apply protections similar to those 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 solutions, our potential liability for information or content created by third- parties and posted to our platform could require us to expend significant resources to try to comply with the new rules and implement additional measures to reduce our exposure to such liability or we could incur liability and our business, financial condition and results of operations could be harmed. Governmental and regulatory policies or claims concerning the domain registration system and the internet in general, and industry reactions to those policies or claims, may cause instability in the industry and disrupt our business. The Internet Corporation for Assigned Names and Numbers (“ ICANN ”) is a multi- stakeholder, private sector, not- for- profit corporation formed in 1998 for the express purposes of overseeing a number of internet related tasks, including managing the Domain Name System’ s allocation of IP addresses, accreditation of domain name registrars and registries and the definition and coordination of policy development for all of these functions. ICANN has been subject to strict scrutiny by the public and governments around the world, as well as multi- governmental organizations such as the United Nations, with many of those bodies becoming increasingly interested in internet governance. Any instability in the domain name registration system may make it difficult for us to maintain our relationships with accredited domain name registrars or registries, continue to offer our existing solutions, or introduce new offerings. Natural catastrophic events, including global pandemics, as well as man- made problems such as power disruptions, computer viruses, data security breaches and terrorism may disrupt our business. We rely heavily on our network infrastructure and IT systems for our business operations. Unanticipated events such as **an online a cyber** attack (including illegal hacking, ransomware, phishing or criminal fraud or impersonation), earthquake, fire, flood, terrorist attack, power loss, global pandemic or other future adverse public health developments, telecommunications failure or other similar catastrophic events could cause interruptions in the availability of our platform, delays in accessing our solutions, reputational harm and loss of critical data. Such events could prevent us from providing our solutions to our customers and their users. A catastrophic event that results in the destruction or disruption of our data centers, network infrastructure or IT systems, including any errors, defects or failures in third- party services, could result in costly litigation or other claims and adversely affect our business, financial condition and results of operations . **We may also need to expend significant additional resources to protect against cyber attacks or other catastrophic events or to redress problems caused by such events. Additionally, our insurance policies may not be adequate to reimburse us for losses caused by these events and we may not be able to fully collect, if at all, under these insurance policies** . Our level of indebtedness could have a material adverse effect on our ability to generate sufficient cash to fulfill our obligations under such indebtedness, to react to changes in our business and to incur additional indebtedness to fund future needs. As of December 31, **2022-2023** , we have outstanding \$ **516-571** . **3-4** million aggregate principal amount of borrowings under the Term Loan and \$ 7. 3 million aggregate principal amount of borrowings under the Revolving Credit Facility (as defined above). If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay investments and capital expenditures or to sell assets, seek additional capital or restructure or refinance our indebtedness. Our ability to restructure or refinance our current or future debt will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. The terms of existing or future debt instruments may restrict us from adopting some of these alternatives. We cannot assure you that our business will be able to generate sufficient levels of cash or that future borrowings or other financings will be available to us in an amount sufficient to enable us to service our indebtedness and fund our other liquidity needs. In addition, our indebtedness under the Credit Agreement (as defined **below-above** ) bears interest at variable rates. Because we have variable rate debt, fluctuations in interest rates may affect our business, financial condition and results of operations. Our Credit Agreement contains financial covenants and other restrictions on our actions that may limit our operational flexibility or otherwise adversely affect our business, financial condition and results of operations. The terms of our Credit Agreement include a number of covenants that limit our ability to (subject to negotiated exceptions), among other things, incur additional indebtedness or issue preferred stock, incur liens on assets, enter into agreements related to mergers and acquisitions, dispose of assets or pay dividends and make distributions. The terms of our Credit Agreement may restrict our current and future operations and could adversely affect our ability to finance our future operations or capital needs. In addition, complying with these covenants may make it more difficult for us to successfully execute our business strategy and compete against companies which are not subject to such restrictions. A failure by us to comply with the covenants specified in the Credit Agreement could result in an event of default under the agreement, which would give the lenders the right to terminate their commitments to provide additional loans under our Revolving Credit Facility and to declare all borrowings outstanding, together with accrued and unpaid interest and fees, to be immediately due and payable. If the debt under the Credit Agreement were to be accelerated, 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 adversely affect our business, financial condition and results of operations. Because we generally recognize revenue from **annual and** monthly ~~and annual~~ subscriptions over the term of an agreement, downturns or upturns in sales are not immediately reflected in our full results of operations. We offer annual and monthly subscriptions and generally recognize revenue over the term of our customers' contracts in accordance with GAAP. Accordingly, increases in annual subscriptions during a particular period do not translate into immediate, proportional increases in revenue during such period, and a substantial portion of the revenue we recognize during a quarter is derived from deferred revenue from annual subscriptions purchased during previous quarters. Conversely, a decline in new or renewed annual subscriptions in any one quarter may not significantly reduce revenue for that quarter but could negatively affect revenue in future quarters. Accordingly, the effect of significant downturns in new or renewed sales of our solutions may not be fully reflected in our results of operations until future periods. As of December 31, **2022-2023**, we had customers in over 200 countries and territories and expect to continue to expand our international operations in the future. However, international sales and the use of our platform in various countries subject us to risks that we do not generally face with respect to domestic sales. These risks include, but are not limited to: • greater difficulty in enforcing contracts, including our terms of service and other agreements; • lack of familiarity and burdens and complexity involved with complying with multiple, conflicting and changing foreign laws, standards, regulatory requirements, tariffs, export controls and other barriers; • data privacy laws, which may require that customer and user data be stored and processed in a designated territory; • differing technology standards and different strategic priorities for customers in various jurisdictions; • weaker protection for intellectual property in certain jurisdictions; • potentially adverse tax consequences, including the complexities of foreign value-added tax (or other tax) systems and restrictions on the repatriation of earnings; • uncertain political and economic climates and increased exposure to global political, economic and social risks that may impact our operations or our customers' operations and / or decrease consumer spending, including the impact of global health emergencies; • difficulties in ensuring compliance with government regulations of e-commerce and other services, which could lead to lower adoption rates; • potentially restrictive actions by foreign governments or regulators, including actions that prevent or limit access to our platform, solutions, apps or website; • uncertainties and instability in European and global markets and increased regulatory costs and challenges and other adverse effects caused by the United Kingdom's withdrawal from the European Union; • lower levels of credit card usage and increased payment risks; • currency exchange rates; • reduced or uncertain protection for intellectual property rights and free speech in some countries; • new and different sources of competition; and • restricted access to and / or lower levels of use of the internet. These factors may cause international costs of doing business to exceed comparable domestic costs and may also require significant management attention and financial resources. Any negative impact from our international business efforts could adversely affect our business, financial condition and results of operations. Exchange rate fluctuations may negatively affect our business, financial condition and results of operations. Our business, financial condition and results of operations are affected by fluctuations due to changes in foreign currency exchange rates. While we generate the majority of our revenue in U. S. dollars, a portion of our revenue is denominated in Euros. For the year ended December 31, **2022-2023**, 71. ~~8-7~~ % of our revenue was denominated in U. S. dollars and 28. ~~2-3~~ % of our revenue was denominated in Euros. As we expand globally, we will be further exposed to fluctuations in currency exchange rates to the extent that the revenue that we generate in currencies other than the U. S. dollar increases. Furthermore, currency exchange rates have been especially volatile in the recent past, and these currency fluctuations have made and may continue to make it difficult for us to accurately predict our results of operations. Unanticipated changes in effective tax rates or adverse outcomes resulting from examination of our income or other tax returns could adversely affect our business, financial condition and results of operations. With sales in various countries, we are subject to taxation in several jurisdictions around the world with increasingly complex tax laws, the application of which can be uncertain. The amount of taxes paid in these jurisdictions could increase substantially as a result of changes in the applicable tax principles, including increased tax rates, new tax laws or revised interpretations of existing tax laws and precedents, which could have an adverse impact on our liquidity and results of operations. Our future effective tax rates could be subject to volatility or adversely affected by a number of factors, including: • changes in the valuation of deferred tax assets and liabilities; • expected timing and amount of the release of any tax valuation allowances; • tax effects of stock-based compensation; • expiration of, or unfavorable changes to, research and development tax credit laws; • costs related to intercompany restructurings; • changes in tax laws, regulations or interpretations thereof; or • future earnings being lower than anticipated in countries that have lower statutory tax rates and higher than anticipated earnings in countries that have higher statutory tax rates. The determination of our worldwide provision for income taxes and other tax liabilities requires significant judgment by management, and there are transactions where the ultimate tax determination is uncertain. Although we believe that our estimates are reasonable, the ultimate tax outcome may differ from the amount recorded in our consolidated financial statements and may materially affect our financial results in the period or periods for which such determination is made. Our corporate structure and associated transfer pricing policies consider the functions, risks and assets of the various entities involved in the intercompany transactions. If two or more affiliated companies are located in different countries, the tax laws or regulations of each country generally will require that transfer prices be the same as those between unrelated companies dealing at arm's length. If tax authorities in any of these countries were to successfully challenge our transfer prices as not reflecting arm's length transactions, they could require us to adjust our transfer prices and thereby reallocate income to reflect these revised transfer prices, which could result in a higher tax liability. Our financial statements could fail to reflect adequate reserves to cover such a contingency. In addition, the authorities in several jurisdictions could review our tax returns and impose additional tax, interest and penalties, which could have an impact on us and our business, financial condition and results of operations. We may be subject to additional obligations to collect and remit sales tax and other taxes. We may be subject to tax liability for past sales, which could harm our business, financial condition and results of operations. State, local and foreign jurisdictions have differing tax rules and regulations governing sales, use, value-added,

digital services, and other taxes, and these rules and regulations are subject to varying interpretations that may change over time. In particular, the applicability of such taxes to our platform in various jurisdictions is unclear. These jurisdictions' rules regarding tax nexus are complex and vary significantly. Significant judgment is required on an ongoing basis to evaluate applicable tax obligations, and as a result, amounts recorded are estimates and are subject to adjustments. In many cases, the ultimate tax determination is uncertain because it is not clear how new and existing statutes might apply to our business. One or more states, localities, the federal government or other countries may seek to impose additional reporting, record-keeping or indirect tax collection and remittance obligations on businesses like ours. An increasing number of jurisdictions have enacted laws or are considering enacting laws requiring e-commerce platforms to report user activity or collect and remit taxes on certain sales through a marketplace. Imposition of an information reporting, record-keeping or tax collection requirement could require us to incur substantial costs in order to comply, including costs associated with tax calculation, collection and remittance, which could adversely affect our business and results of operations. In some cases we also may not have sufficient notice to enable us to build systems and adopt processes to properly comply with new reporting, record-keeping or collection obligations by the effective date. As a result, we could face tax assessments and audits. Our liability for these taxes and associated penalties could exceed our historical tax accruals. Jurisdictions in which we have not historically collected or accrued sales, use, value-added or other taxes could assert our liability for such taxes. A successful assertion that we should be collecting additional taxes in jurisdictions where we have not historically done so could result in substantial tax liabilities for past sales. Furthermore, certain jurisdictions have introduced a digital services tax, which is generally a tax on gross revenue generated from users or customers located in those jurisdictions, and other jurisdictions have enacted or are considering enacting similar laws. Further, even where we are collecting and remitting taxes to the appropriate authorities, we may fail to accurately calculate, collect, report and remit such taxes. Any of these events could result in substantial tax liabilities and related penalties for past sales. It could also discourage customers from using our platform or otherwise harm our business, financial condition and results of operations. We have recorded in the past a full valuation allowance on our net deferred tax assets since it is more likely than not that these benefits will not be realized. Future adjustments to the realizability of our deferred tax assets may have a material impact on our financial condition and results of operations. Determining whether a valuation allowance for deferred tax assets is appropriate requires significant judgment and an evaluation of all positive and negative evidence. We assess the need for, or the sufficiency of, a valuation allowance against deferred tax assets at each reporting period. In making such an assessment, significant weight is given to evidence that can be objectively verified. New facts and circumstances, future financial results, and new tax legislation, among other factors, may require us to reevaluate our valuation allowance positions which could potentially affect our effective tax rate. We continue to monitor the likelihood that we will be able to recover our deferred tax assets, including those for which a valuation allowance is recorded. There can be no assurance that our deferred tax assets will be fully realized. The determination to record or reverse a valuation allowance is subject to objective factors that cannot be readily predicted in advance and may have a material impact on our financial condition and results of operations. If there are fluctuations in our effective tax rate due to changes in tax laws or regulations, we could suffer adverse tax and other financial consequences. New tax laws or regulations could be enacted at any time, and existing tax laws or regulations could be interpreted, modified or applied in a manner that adversely affects our tax rates and therefore our results of operations and financial condition. Legislation commonly referred to as the Tax Cuts and Jobs Act, which was enacted in December 2017, significantly reformed the U. S. Internal Revenue Code of 1986, as amended. The Tax Cuts and Jobs Act lowered U. S. federal corporate income tax rates, changed the utilization of future net operating loss carryforwards, allowed for the expensing of certain capital expenditures, eliminated the option to currently deduct research and development expenditures and requires taxpayers to capitalize and amortize U. S.-based and non-U. S.-based research and development expenditures over five and fifteen years, respectively, and put into effect significant changes to United States taxation of international business activities. It is possible that changes under the Tax Cuts and Jobs Act could increase our future tax liability. ~~In~~ **On August 16, 2022**, the United States enacted the Inflation Reduction Act (the "IRA"), which among other provisions, introduced a 15% minimum tax on the adjusted financial statement income of certain large corporations and a **nondeductible** 1% excise tax on **the net value of** certain share repurchases **made after December 31, 2022** by covered corporations. ~~We currently do not expect~~ **As of January 1, 2023**, the ~~IRA Company began recording excise taxes related to have a material impact on our share repurchases in additional paid in capital in the consolidated balance sheet financial statements and are continuing to evaluate the potential impact of the IRA on future periods.~~ **IRA Company began recording excise taxes related to have a material impact on our share repurchases in additional paid in capital in the consolidated balance sheet financial statements and are continuing to evaluate the potential impact of the IRA on future periods.** The Organization for Economic Co-operation and Development (the "OECD") has issued recommendations that, in some cases, make substantial changes to numerous long-standing tax positions and principles. These changes, many of which have been adopted or are under active consideration by OECD members and / or other countries, could increase tax uncertainty and may adversely affect our provision for income taxes, cash tax liability, and effective tax rate in countries where **we operate. In December 2021, the OECD proposed the Pillar Two framework as part of the OECD / G20 Base Erosion and Profit Shifting (BEPS) Project which makes changes to existing tax laws, including a 15% global minimum tax ("BEPS Pillar Two"). Several countries have enacted tax legislation with proposals from the BEPS Pillar Two framework, with an effective date starting in 2024. We are continuing to evaluate the impacts of enacted legislation and pending legislation to enact BEPS Pillar Two in the non-US tax jurisdictions in which** we operate. If we fail to maintain an effective system of internal controls, our ability to produce timely and accurate financial statements or comply with applicable regulations could be impaired. ~~The~~ **We are required to comply with the SEC rules that implement Section 404 of the Sarbanes-Oxley Act and are required** ~~requires~~ **requires** to provide an annual management report on, **among other things, that we assess** the effectiveness of our ~~disclosure controls and internal control over financial reporting~~ **disclosure controls and internal control over financial reporting** ~~annually~~ **annually**. ~~However, pursuant to an exemption available to emerging growth companies the effectiveness of our disclosure controls and procedures quarterly. In particular, Section 404 of the Sarbanes-Oxley Act ("Section 404"), requires us to perform system and process evaluation and testing of our internal control over financial reporting to allow management to report on, and~~ **However, pursuant to an exemption available to emerging growth companies the effectiveness of our disclosure controls and procedures quarterly. In particular, Section 404 of the Sarbanes-Oxley Act ("Section 404"), requires us to perform system and process evaluation and testing of our internal control over financial reporting to allow management to report on, and** our

independent registered public accounting firm will not be required to attest to, the effectiveness of our internal control over financial reporting until. **Our compliance with applicable provisions of Section 404 requires that we are no longer deemed incur substantial accounting expenses and emerging growth expend significant management time on compliance-related issues as we implement additional corporate governance practices and company comply with reporting requirements.** As we mature, we will need to further develop our internal control systems and procedures to keep pace with our rapid growth and we are currently working to improve our controls. Our current controls and any new controls that we develop may become inadequate because, among other reasons, they may not keep pace with our growth or the conditions in our business may change. We have made, and will continue to make, changes to our financial management control systems and other areas to manage our obligations as a public company, including corporate governance, corporate controls, disclosure controls and procedures and financial reporting and accounting systems. If we fail to maintain effective systems, controls and procedures, including disclosure controls and internal controls over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable regulations and prevent fraud could be adversely impacted. Moreover, we may have to disclose in periodic reports we file with the SEC material weaknesses in our system of internal controls. The existence of a material weakness would preclude management from concluding that our internal controls over financial reporting are effective, and would preclude our independent auditors from issuing an unqualified opinion that our internal controls over financial reporting are effective. We may also experience higher than anticipated operating expenses during and after the implementation of these changes. If we are unable to implement any of the changes to our internal control over financial reporting effectively or efficiently or are required to do so earlier than anticipated, it could adversely affect our business, financial condition and results of operations. Additionally, we do not expect that our internal control systems, even if timely and well established, will prevent all errors and all fraud. Internal control systems, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. ~~We are an "emerging growth company" and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our Class A common stock less attractive to investors. We are an "emerging growth company" as defined in the JOBS Act. Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards until such time as those standards would otherwise apply to private companies. We have elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date we (i) are no longer an emerging growth company or (ii) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, our financial statements may not be comparable to the financial statements of companies that comply with public company effective dates. For as long as we continue to be an emerging growth company, we may also take advantage of other exemptions from certain reporting requirements that are applicable to other public companies, including not being required to comply with the auditor attestation requirements of Section 404, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, exemptions from the requirements of holding a non-binding advisory vote on executive compensation and any golden parachute arrangements, such as "say-on-pay," "say-on-frequency" and "say-on-golden-parachutes," and reduced financial reporting requirements. Although we cannot predict with any certainty, investors may find our Class A common stock less attractive because we will rely on these exemptions, which could result in a less active trading market for our Class A common stock, increased price fluctuation and a decrease in the trading price of our Class A common stock. Moreover, the information that we provide to our stockholders may be different than the information you might receive from other public reporting companies in which you hold equity interests. We will remain an emerging growth company until the earliest of: (i) the last day of the first fiscal year in which our annual gross revenue is \$1.235 billion or more; (ii) the last day of the fiscal year during which the fifth anniversary of our listing as a public company; (iii) the date on which we have issued more than \$1.0 billion in nonconvertible debt during the previous three years; or (iv) the date on which we are deemed to be a large accelerated filer under the rules of the SEC. Our management team has limited experience managing a public company. Most members of our management team have limited experience managing a publicly traded company, interacting with public company investors and complying with the increasingly complex laws pertaining to public companies. Our management team may not successfully or efficiently manage our transition to being a public company that is subject to significant regulatory oversight and reporting obligations under the federal securities laws and the continuous scrutiny of securities analysts and investors. These new obligations and constituents will require significant attention from our senior management and could divert their attention away from the day-to-day management of our business, which could harm our business, financial condition and results of operations. The requirements of being a public company may strain our resources, divert management's attention and affect our ability to attract and retain qualified board members. 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 New York Stock Exchange ("NYSE") on which our Class A common stock is traded and other applicable securities rules and regulations. The SEC and other regulators have continued to adopt new rules and regulations and make additional changes to existing regulations that require our compliance. Stockholder activism, the current political environment and the current high level of government intervention and regulatory reform may lead to substantial new regulations and disclosure obligations, which may lead to additional compliance costs and impact, in ways we cannot currently anticipate, the manner in which we operate our business. We expect that compliance with these rules and regulations will continue to cause us to incur additional accounting, legal and other expenses that we did not incur as a private company. Any failure by us to file our periodic reports with the SEC in a timely manner could harm our reputation and reduce the trading price of our Class A common stock. We also anticipate that we will **continue to** incur costs associated with corporate governance requirements, including requirements under securities laws, as well as rules and regulations implemented by the SEC and the NYSE, ~~particularly after we are no longer an "emerging growth company."~~ We expect these rules and regulations to increase our legal and financial compliance costs and to~~



make some activities more time-consuming and costly, while also diverting some of management's time and attention from revenue-generating activities. Furthermore, these rules and regulations could make it more difficult or more costly for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. The impact of these requirements could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, our board committees or as executive officers. These rules and regulations are often subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. In addition, if we fail to comply with these rules and regulations, we could be subject to a number of penalties, including the delisting of our Class A common stock, fines, sanctions or other regulatory action or civil litigation. Risks Related to Ownership of our Class A Common Stock The trading price of our Class A common stock may be volatile and subject to wide fluctuations in response to many risk factors listed in this section, and others beyond our control, including:

- the number of shares of our Class A common stock made available for trading;
- sales or expectations with respect to sales of shares of our Class A common stock by holders of our Class A common stock;
- actual or anticipated fluctuations in our business, financial condition and results of operations;
- variance in our financial performance from expectations of securities analysts;
- changes in our revenue;
- announcements by us or our competitors of significant business developments, acquisitions or new offerings;
- our involvement in any litigation;
- our sale of our Class A common stock or other securities in the future;
- changes in senior management or key personnel;
- the trading volume of our Class A common stock;
- changes in the anticipated future size and growth rate of our market; and
- general economic, regulatory and market conditions.

Recently, the stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. In the past, companies that have experienced volatility in the market price of their securities have been subject to securities class action litigation. We may be the target of this type of litigation in the future, which could result in substantial costs and divert our management's attention. None of our stockholders are party to any contractual restrictions on transfer. Sales of substantial amounts of our Class A common stock in the public markets, or the perception that sales might occur, could cause the trading price of our Class A common stock to decline. In addition to the supply and demand and volatility factors discussed above, sales of a substantial number of shares of our Class A common stock into the public market, particularly sales by our Founder, directors, executive officers and principal stockholders, or the perception that these sales might occur in large quantities, could cause the trading price of our Class A common stock to decline. None of our security holders are subject to any contractual restriction on the transfer or sale of their shares. In addition, certain of our stockholders have rights, subject to some conditions, to require us to file registration statements for the public resale of their Class A common stock or to include such shares in registration statements that we may file for us or other stockholders. Any registration statement we file to register additional shares, whether as a result of registration rights or otherwise, could cause the trading price of our Class A common stock to decline or be volatile. The multi-class structure of our common stock has the effect of concentrating voting control with those stockholders who hold our Class B common stock, including our Founder and Chief Executive Officer. This will limit or preclude your ability to influence corporate matters, including the election of directors, amendments to our organizational documents and any merger, consolidation, sale of all or substantially all of our assets or other major corporate transactions requiring stockholder approval. Our Class A common stock has one vote per share and our Class B common stock has ten votes per share. The multi-class structure of our common stock has the effect of concentrating voting control with our Class B common stockholders. As of December 31, 2022-2023, Mr. Casalena holds a majority of the voting power of our outstanding capital stock. As a result, Mr. Casalena will have control over most matters that require approval by our stockholders, including the election of directors and approval of significant corporate transactions. He may also have interests that differ from yours and may vote in a way with which you disagree and which may be adverse to your interests. Corporate actions might be taken even if other stockholders oppose them. This concentration of ownership may have the effect of delaying, preventing or deterring a change of control or other liquidity event of our company, could deprive our stockholders of an opportunity to receive a premium for their shares of Class A common stock as part of a sale or other liquidity event and might ultimately affect the trading price of our Class A common stock. Future transfers by holders of Class B common stock will generally result in those shares converting to Class A common stock, which will 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. Pursuant to our amended and restated certificate of incorporation, we are authorized to issue 1,000,000,000 shares of Class C common stock and as of December 31, 2022-2023, there is no Class C common stock outstanding. Although we have no current plans to issue any shares of Class C common stock in the future, we may issue shares of Class C common stock for a variety of corporate purposes, including financings, acquisitions, investments, dividends and equity incentives to our employees, consultants and directors. Under our amended and restated certificate of incorporation, our board of directors has the authority, without stockholder approval except as required by the listing standards of the NYSE, to issue additional shares of our capital stock. Because the Class C common stock carries no voting rights, is not convertible into any other capital stock and is not listed for trading on an exchange or registered for sale with the SEC, shares of Class C common stock may be less liquid and less attractive to any future recipients of these shares than shares of Class A common stock, although we may seek to list the Class C common stock for trading and register shares of Class C common stock for sale in the future. In addition, because our Class C common stock carries no voting rights and is not counted when determining whether the seven percent ownership threshold related to automatic conversion of the Class B common stock is met, if we issue shares of Class C common stock in the future, the holders of our Class B common stock, including our Founder and Chief Executive Officer, may be able to elect all of our directors and to determine the outcome of most matters submitted to a vote of our stockholders for a longer period of time than would be the case if we issued Class A

common stock rather than Class C common stock in such transactions. In addition, if we issue shares of Class C common stock in the future, such issuances would have a dilutive effect on the economic interests of our Class A common stock and Class B common stock. We cannot predict the impact our capital structure may have on our stock price. We cannot predict whether our multi-class structure will result in a lower or more volatile market price of our Class A common stock, in adverse publicity or other adverse consequences. For example, certain index providers have announced restrictions on including companies with multiple-class share structures in certain of their indexes. S & P, Dow Jones and FTSE Russell have each announced changes to their eligibility criteria for inclusion of shares of public companies on certain indices, including the S & P 500. These changes exclude companies with multiple classes of shares of common stock from being added to these indices. In addition, several stockholder advisory firms have announced their opposition to the use of multiple class structures. As a result, the multi-class structure of our capital stock may prevent the inclusion of our Class A common stock in these indices and may cause stockholder advisory firms to publish negative commentary about our corporate governance practices or otherwise seek to cause us to change our capital structure. Any such exclusion from indices could result in a less active trading market for our Class A common stock. Any actions or publications by stockholder advisory firms critical of our corporate governance practices or capital structure could also adversely affect the trading price of our Class A common stock. The multi-class structure of our common stock additionally has the effect of concentrating voting control with our Class B common stockholders, including our Founder and Chief Executive Officer. This concentrated control could delay, defer, or prevent a change of control, merger, consolidation, takeover, or other business combination involving us that you, as a stockholder, may otherwise support, and could allow us to take actions that some of our stockholders do not view as beneficial, which could reduce the trading price of our Class A common stock. Furthermore, this concentrated control could also discourage a potential investor from acquiring our Class A common stock due to the limited voting power of such stock relative to the Class B common stock and might harm the trading price of our Class A common stock. Any issuance of Class C common stock could also cause the trading price of our Class A common stock to decline. We do not intend to pay dividends on our capital stock for the foreseeable future. We do not currently anticipate paying dividends on our capital stock. Any declaration and payment of future dividends to holders of our capital stock will be at the discretion of our board of directors and will depend on many factors, including our financial condition, earnings, capital requirements, level of indebtedness, statutory and contractual restrictions applying to the payment of dividends, the provisions of Delaware law affecting the payment of dividends and distributions to stockholders and other considerations that our board of directors deems relevant. In addition, the terms of the Credit Agreement currently limit our ability to pay dividends and future agreements governing our indebtedness may similarly limit our ability to pay dividends. Consequently, your only opportunity to achieve a return on your investment in our company will be if the trading price of our Class A common stock appreciates and you sell your shares at a profit. There is no guarantee that the price of our Class A common stock in the market will ever exceed the price that you paid for your shares. Anti-takeover provisions contained in our charter documents and Delaware law could prevent a takeover that stockholders consider favorable and could also reduce the trading price of our Class A common stock. Our amended and restated certificate of incorporation and our amended and restated bylaws contain provisions that could delay or prevent a change in control of our company. These provisions could also make it more difficult for stockholders to elect directors and take other corporate actions. These provisions include: • our multi-class common stock structure, which provides holders of our 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 stockholders are only able to take action at a meeting of stockholders and not by written consent; • special meetings of our stockholders may be called only by a majority of our board of directors, the chairperson of our board of directors or our chief executive officer; • advance notice procedures apply for stockholders to nominate candidates for election as directors or to bring matters before an annual meeting of stockholders; • certain amendments to our amended and restated certificate of incorporation or our amended and restated bylaws require the approval of at least 66 2/3 % of the then-outstanding voting power of our capital stock; • our amended and restated bylaws provide that certain litigation against us can only be brought in Delaware; and • authorizing blank check preferred stock, which could be issued with voting, liquidation, dividend and other rights superior to our common stock. These and other provisions in our amended and restated certificate of incorporation and our amended and restated bylaws and under Delaware law could discourage potential takeover attempts, reduce the price investors might be willing to pay in the future for shares of our Class A common stock and result in the trading price of our Class A common stock being lower than it would be without these provisions. Our amended and restated certificate of incorporation contains exclusive forum provisions for certain claims, which could limit our stockholders' ability to obtain a favorable 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 Court of Chancery of the State of Delaware will be 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 duty (including any fiduciary duty) owed by any of our current or former directors, officers, stockholders, employees or agents to us or our stockholders; (iii) any action asserting a claim against us or any of our current or former directors, officers, stockholders, employees or agents arising out of or relating to any provision of the General Corporation Law of the State of Delaware or our amended and restated certificate of incorporation or our amended and restated bylaws; or (iv) any action asserting a claim against us or any of our current or former directors, officers, stockholders, employees or agents governed by the internal affairs doctrine of the State of Delaware. This provision, however, does not apply to suits brought to enforce any duty or liability created by the Securities Act of 1933, as amended (the "Securities Act") or the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or rules and regulations thereunder. The federal district courts of the United States of America will, to the fullest extent permitted by law, be the sole and exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act or the Exchange Act. Accordingly, while there can be no assurance that federal or state courts will determine that our exclusive forum provision should be enforced in a particular

case, suits brought by our stockholders to enforce any duty or liability created by the Securities Act must be brought in federal court and cannot be brought in state court. Our investors are deemed to have notice of and consented to these forum provisions, provided, however, that stockholders will not be deemed to have waived our compliance with the federal securities laws and the rules and regulations thereunder. These provisions may limit our stockholders' ability to bring a claim in a judicial forum they find favorable for disputes with us or our directors, officers or other employees, which may discourage lawsuits against us and our directors, officers and other employees and agents. Alternatively, if a court were to find the choice of forum provision contained in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, operating results and financial condition.

**General Risk Factors** Our business, financial condition and results of operations may differ from any projections that we disclose or any information that may be attributed to us by third- parties. From time to time, we may provide guidance via public disclosures regarding our projected business, financial condition or results of operations. However, any such projections involve risks, assumptions and uncertainties, and our actual results could differ materially from such projections. Factors that could cause or contribute to such differences include, but are not limited to, those identified in these Risk Factors, some or all of which are not predictable or in our control. Other unknown or unpredictable factors also could adversely impact our performance, and we undertake no obligation to update or revise any projections, whether as a result of new information, future events or otherwise. In addition, various news sources, bloggers and other publishers often make statements regarding our historical or projected business or financial performance, and you should not rely on any such information even if it is attributed directly or indirectly to us. If securities or industry analysts do not publish or cease publishing research or reports about us, our business or our market, or if they change their recommendations regarding our Class A common stock adversely, the trading price of our Class A common stock and trading volume could decline. The trading market for our Class A common stock will be influenced by the research and reports that industry or securities analysts publish about us or our business. We do not control these analysts. If any of the analysts who cover us downgrade our Class A common stock or our industry, or the stock of any of our competitors, or publish inaccurate or unfavorable research about our business, the price of our Class A common stock may decline. If analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the price or trading volume of our Class A common stock to decline and our Class A common stock to be less liquid. Additional issuances of our stock could result in significant dilution to our stockholders. Additional issuances of our stock, exercise of options or vesting of RSUs will result in dilution to existing holders of our capital stock. The amount of dilution could be substantial depending upon the size of the issuance, exercise or vesting. As part of our business strategy, we may acquire or make investments in companies, products or technologies and issue equity securities to pay for any such acquisition or investment. Any such issuances of additional capital stock may cause stockholders to experience significant dilution of their ownership interests and the trading price of our Class A common stock to decline.