

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)
 QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2024

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____ to ____

Commission File Number: 001-39775

ContextLogic Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or other jurisdiction of
incorporation or organization)
2648 International Blvd Ste 115
Oakland, CA
(Address of principal executive offices)

27-2930953
(I.R.S. Employer
Identification No.)

94601
(Zip Code)

Registrant's telephone number, including area code: (415) 965-8476

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, \$0.0001 par value	LOGC	Nasdaq Global Select Market
Preferred Stock Purchase Rights	N/A	Nasdaq Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of October 31, 2024, the number of shares of the registrant's Class A common stock outstanding was 26,285,055.

Table of Contents

	<u>Page</u>
Introductory Note	ii
<u>Special Note Regarding Forward-Looking Statements</u>	iii
PART I.	
FINANCIAL INFORMATION	
Item 1. <u>Condensed Consolidated Financial Statements (Unaudited)</u>	1
<u>Condensed Consolidated Balance Sheets</u>	1
<u>Condensed Consolidated Statements of Operations</u>	2
<u>Condensed Consolidated Statements of Comprehensive Loss</u>	3
<u>Condensed Consolidated Statements of Stockholders' Equity</u>	4
<u>Condensed Consolidated Statements of Cash Flows</u>	6
<u>Notes to Unaudited Condensed Consolidated Financial Statements</u>	7
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	27
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	33
Item 4. <u>Controls and Procedures</u>	34
PART II.	
OTHER INFORMATION	
Item 1. <u>Legal Proceedings</u>	36
Item 1A. <u>Risk Factors</u>	36
Item 6. <u>Exhibits</u>	44
<u>Signatures</u>	45

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, (the "Securities Exchange Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which statements involve substantial risks and uncertainties. Forward-looking statements generally relate to future events or future financial or operating performance and include all statements that are not historical facts such as information concerning the strategic alternatives considered by our Board of Directors, including the decisions taken thereto and alternatives for the use of the Post-Closing Cash, our possible or assumed future results of operations and expenses, management strategies and plans, competitive position, business environment, potential growth strategies and opportunities and our continued listing on Nasdaq. In some cases, forward-looking statements can be identified by use of terms such as "anticipates," "assumption," "believes," "continue," "could," "estimates," "expects," "foresees," "forecasts," "intends," "goals," "judgment," "may," "might," "outlook," "plans," "potential," "predicts," "projects," "seeks," "should," "targets," "will," "would" or similar expressions and the negatives of those terms.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Those risks include those described in Part II, Item 1A. "Risk Factors" in this Quarterly Report on Form 10-Q, as well as in our condensed consolidated financial statements, related notes, and the other information appearing elsewhere in this Quarterly Report on Form 10-Q, the Quarterly Report on Form 10-Q for the quarter ended March 31, 2024 filed on May 8, 2024, the Quarterly Report on Form 10-Q for the quarter ended June 30, 2024 filed on August 8, 2024, the Annual Report on Form 10-K for the year ended December 31, 2023 filed on March 5, 2024, and our other filings with the Securities and Exchange Commission (the "SEC"). The inclusion of forward-looking information should not be regarded as a representation by us, our management or any other person that the future plans, estimates, or expectations contemplated by us will be achieved. Given these uncertainties, you should not place undue reliance on any forward-looking statements in this Quarterly Report on Form 10-Q.

In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject, including, but not limited to, statements regarding the strategic alternatives considered by our Board of Directors, including the decisions taken thereto; future financial performance; our future liquidity and operating expenditures; financial condition and results of operations; competitive changes in the marketplace; the outcome of ongoing litigation; our expected tax rate; the effect of changes in or the application of new or revised tax laws; the effect of new accounting pronouncements; and other characterizations of future events or circumstances. These statements are based on information available to us as of the date of this Quarterly Report on Form 10-Q. While we believe such information provides a reasonable basis for these statements, such information may be limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely on these statements.

The forward-looking statements made in this Quarterly Report on Form 10-Q relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this Quarterly Report on Form 10-Q to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q or to reflect new information or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions, or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures, or investments.

You should read this Quarterly Report on Form 10-Q and the documents that we reference in this Quarterly Report on Form 10-Q and have filed with the SEC as exhibits to this Quarterly Report on Form 10-Q with the understanding that our actual future results, levels of activity, performance, and events and circumstances may be materially different from what we expect.

PART I—FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements (Unaudited)

CONTEXTLOGIC INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(\$ in millions, shares in thousands, except par value)
(Unaudited)

	As of September 30, 2024	As of December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 33	\$ 238
Marketable securities	117	144
Funds receivable	—	7
Prepaid expenses and other current assets	8	21
Total current assets	158	410
Property and equipment, net	—	4
Right-of-use assets	—	5
Other assets	—	2
Deferred tax assets, net	—	2
Total assets	\$ 158	\$ 423
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 1	\$ 30
Merchants payable	—	74
Refunds liability	—	2
Accrued liabilities	4	90
Total current liabilities	5	196
Lease liabilities, non-current	—	6
Other liabilities	—	4
Total liabilities	5	206
Commitments and contingencies (Note 8)		
Stockholders' equity:		
Preferred stock, \$0.0001 par value: 100,000 shares authorized as of September 30, 2024 and December 31, 2023; No shares issued and outstanding as of September 30, 2024 and December 31, 2023	—	—
Common stock, \$0.0001 par value: 3,000,000 shares authorized as of September 30, 2024 and December 31, 2023; 26,285 and 24,229 shares issued and outstanding as of September 30, 2024 and December 31, 2023, respectively	—	—
Additional paid-in capital	3,481	3,470
Accumulated other comprehensive loss	—	(7)
Accumulated deficit	(3,328)	(3,246)
Total stockholders' equity	153	217
Total liabilities and stockholders' equity	\$ 158	\$ 423

The accompanying notes are an integral part of these condensed consolidated financial statements.

CONTEXTLOGIC INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(\$ in millions, shares in thousands, except per share data)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenue	\$ —	\$ 60	\$ 43	\$ 234
Cost of revenue	—	46	36	184
Gross profit	—	14	7	50
Operating expenses:				
Sales and marketing	—	35	18	111
Product development	—	38	26	127
General and administrative	3	21	38	68
Total operating expenses	3	94	82	306
Loss from operations	(3)	(80)	(75)	(256)
Other income, net:				
Interest and other income, net	2	3	4	13
Gain on Asset Sale	—	—	4	—
Loss before provision for income taxes	(1)	(77)	(67)	(243)
Provision for income taxes	—	3	6	6
Net loss	\$ (1)	\$ (80)	\$ (73)	\$ (249)
Net loss per share, basic and diluted	\$ (0.04)	\$ (3.35)	\$ (2.86)	\$ (10.55)
Weighted-average shares used in computing net loss per share, basic and diluted	26,280	23,897	25,488	23,601

The accompanying notes are an integral part of these condensed consolidated financial statements.

CONTEXTLOGIC INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(in millions)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net loss	\$ (1)	\$ (80)	\$ (73)	\$ (249)
Other comprehensive loss:				
Unrealized holding gains (losses) on derivatives and marketable securities, net of tax	—	3	(1)	(1)
Foreign-exchange related adjustment included in Asset Sale	—	—	9	—
Foreign currency translation adjustment	—	—	(1)	(4)
Comprehensive loss	<u>\$ (1)</u>	<u>\$ (77)</u>	<u>\$ (66)</u>	<u>\$ (254)</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

CONTEXTLOGIC INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(\$ in millions, shares in thousands)
(Unaudited)

	Three Months Ended September 30, 2024						
	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss		Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount					
Balances as of June 30, 2024	26,211	\$ —	\$ 3,481	\$ —	\$ (3,327)	\$ 154	
Issuance of common stock upon settlement of restricted stock units	74	—	—	—	—	—	
Stock-based compensation	—	—	—	—	—	—	
Other comprehensive loss, net	—	—	—	—	—	—	
Net loss	—	—	—	—	(1)	(1)	
Balances as of September 30, 2024	<u>26,285</u>	<u>\$ —</u>	<u>\$ 3,481</u>	<u>\$ —</u>	<u>\$ (3,328)</u>	<u>\$ 153</u>	

	Nine Months Ended September 30, 2024						
	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss		Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount					
Balances as of December 31, 2023	24,229	\$ —	\$ 3,470	\$ (7)	\$ (3,246)	\$ 217	
Issuance of common stock upon settlement of restricted stock units	2,176	—	—	—	—	—	
Shares withheld related to net share settlement	(120)	—	(1)	—	—	(1)	
Stock-based compensation	—	—	12	—	—	12	
Other comprehensive loss, net	—	—	—	7	(9)	(2)	
Net loss	—	—	—	—	(73)	(73)	
Balances as of September 30, 2024	<u>26,285</u>	<u>\$ —</u>	<u>\$ 3,481</u>	<u>\$ —</u>	<u>\$ (3,328)</u>	<u>\$ 153</u>	

The accompanying notes are an integral part of these condensed consolidated financial statements.

CONTEXTLOGIC INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(\$ in millions, shares in thousands)
(Unaudited)

Three Months Ended September 30, 2023						
	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulate d Deficit	Total Stockholders' Equity
	Shares	Amount				
Balances as of June 30, 2023	23,781	\$ —	\$ 3,448	\$ (13)	\$ (3,098)	\$ 337
Issuance of common stock upon settlement of restricted stock units	362	—	—	—	—	—
Shares withheld related to net share settlement	(136)	—	(1)	—	—	(1)
Stock-based compensation	—	—	13	—	—	13
Other comprehensive loss, net	—	—	—	3	—	3
Net loss	—	—	—	—	(80)	(80)
Balances as of September 30, 2023	24,007	\$ —	\$ 3,460	\$ (10)	\$ (3,178)	\$ 272

Nine Months Ended September 30, 2023						
	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balances as of December 31, 2022	23,164	\$ —	\$ 3,411	\$ (5)	\$ (2,929)	\$ 477
Fractional shares issued due to reverse stock split	201	—	—	—	—	—
Issuance of common stock upon settlement of restricted stock units	993	—	—	—	—	—
Shares withheld related to net share settlement	(380)	—	(5)	—	—	(5)
Issuance of common stock through ESPP	29	—	—	—	—	—
Stock-based compensation	—	—	54	—	—	54
Other comprehensive loss, net	—	—	—	(5)	—	(5)
Net loss	—	—	—	—	(249)	(249)
Balances as of September 30, 2023	24,007	\$ —	\$ 3,460	\$ (10)	\$ (3,178)	\$ 272

The accompanying notes are an integral part of these condensed consolidated financial statements.

CONTEXTLOGIC INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)
(unaudited)

	Nine Months Ended September 30,	
	2024	2023
Cash flows from operating activities:		
Net loss	\$ (73)	\$ (249)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1	3
Noncash lease expense	1	3
Impairment of lease assets and property and equipment	—	1
Stock-based compensation	12	54
Net accretion of discounts and premiums on marketable securities	(3)	(6)
Gain on Asset Sale	(4)	—
Other	—	1
Changes in operating assets and liabilities:		
Funds receivable	—	8
Prepaid expenses, other current and noncurrent assets	—	16
Accounts payable	(15)	(17)
Merchants payable	(8)	(43)
Accrued and refund liabilities	(7)	(32)
Lease liabilities	(2)	(5)
Other current and noncurrent liabilities	6	—
Net cash used in operating activities	(92)	(266)
Cash flows from investing activities:		
Purchases of property and equipment and development of internal use software	—	(3)
Proceeds from Asset Sale, net of cash disposed	(133)	—
Purchases of marketable securities	(120)	(239)
Sales of marketable securities	5	—
Maturities of marketable securities	145	317
Net cash provided by (used in) investing activities	(103)	75
Cash flows from financing activities:		
Payment of taxes related to RSU settlement	(1)	(5)
Net cash used in financing activities	(1)	(5)
Foreign currency effects on cash, cash equivalents and restricted cash	(2)	(7)
Net decrease in cash, cash equivalents and restricted cash	(198)	(203)
Cash, cash equivalents and restricted cash at beginning of period	238	513
Cash, cash equivalents and restricted cash at end of period	\$ 40	\$ 310
Reconciliation of cash, cash equivalents, and restricted cash to the condensed consolidated balance sheets:		
Cash and cash equivalents	\$ 33	\$ 303
Restricted cash included in prepaid and other current assets in the condensed consolidated balance sheets	7	7
Total cash, cash equivalents and restricted cash	\$ 40	\$ 310
Supplemental cash flow disclosures:		
Cash paid for income taxes, net of refunds	\$ —	\$ 1

The accompanying notes are an integral part of these condensed consolidated financial statements.

CONTEXTLOGIC INC.
Notes to Unaudited Condensed Consolidated Financial Statements

NOTE 1. OVERVIEW, BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

As previously disclosed, on February 10, 2024, ContextLogic Inc. (the "Company", "ContextLogic", "we" or "us") entered into an asset purchase agreement (the "Asset Purchase Agreement") with Qoo10 Inc., a Delaware corporation ("Qoo10 Delaware"), and, for certain specified purposes, Qoo10 Pte. Ltd., a Singapore private limited company and Qoo10 Delaware's parent company ("Qoo10"), pursuant to which (i) the Company agreed to sell substantially all of its assets to Qoo10 Delaware or an affiliate designated by Qoo10 Delaware (such designated affiliate, the "Buyer"), other than (A) the Company's net operating losses ("NOLs") and certain other tax attributes, (B) the Company's marketable securities and (C) certain of the Company's cash and cash equivalents, and (ii) Qoo10 agreed to acquire those assets and assume substantially all of the Company's liabilities as specified in the Asset Purchase Agreement (the "Asset Sale").

On April 18, 2024, the holders of a majority of the outstanding shares of the Company's common stock voted to approve the Asset Sale. Pursuant to such vote and satisfaction of other customary closing conditions, the Asset Sale closed on April 19, 2024.

Prior to the Asset Sale, the Company owned and operated the Wish platform ("Wish"). The Wish platform generated revenue for the Company from the marketplace and logistics services provided to merchants. As a result of the Asset Sale, the Wish platform and all related operating assets were sold to the Buyer. The condensed consolidated financial statements presented in this Quarterly Report on Form 10-Q reflect the Asset Sale as it was completed on April 19, 2024. Accordingly, the condensed consolidated financial statements and the narrative description of the Company's business, assets, liabilities and risks contained in the related Notes to Unaudited Condensed Consolidated Financial Statements, as well as in the accompanying Management's Discussion and Analysis of Financial Condition and Results of Operations reflect the pre-Asset Sale operations up to April 19, 2024, the results of the Asset Sale, and the limited post-Asset Sale activities since April 19, 2024. Refer to Note 4 – Asset Sale for additional information on the Asset Sale.

The Company was incorporated in the state of Delaware in June 2010 and is headquartered in Oakland, California.

Reverse Stock Split

On April 10, 2023, the Company filed a certificate of amendment (the "Reverse Stock Split Amendment") to the Company's Restated Certificate of Incorporation with the Secretary of State of Delaware to effect a 1-for-30 reverse stock split of the Company's Class A common stock ("common stock"), which became effective on April 11, 2023. The Reverse Stock Split Amendment did not reduce the number of authorized shares of common stock, which remains at 3 billion, and did not change the par value of the common stock, which remains at \$0.0001 per share. As a result of the reverse stock split, every thirty shares of the common stock were combined into one issued and outstanding share of common stock and no fractional shares were issued. Instead, to any holder who would have otherwise been entitled to receive a fractional share of common stock, the Company issued such holder an additional fractional share, such that, when combined with the fractional share otherwise issuable as a result of the reverse stock split, equaled a whole share of common stock.

Basis of Presentation and Consolidation

The accompanying condensed consolidated financial statements have been prepared in accordance with United States generally accepted accounting principles ("U.S. GAAP"). The condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation. The interim condensed consolidated financial statements as of September 30, 2024 and for the three and nine months ended September 30, 2024 and 2023 are unaudited. In the opinion of management, the interim financial data includes all adjustments, consisting only of normal recurring adjustments, necessary to a fair statement of the results for the interim periods. The consolidated balance sheet as of December 31, 2023 is derived from audited consolidated financial statements, however, it does not include all of the information and footnotes required by U.S. GAAP for complete financial statements. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, which was filed with the SEC on March 5, 2024 (the "2023 Form 10-K"). The results of operations for the interim periods presented are not necessarily indicative of the results to be expected for the year ending December 31, 2024 or for any future interim periods.

Tax Benefits Preservation Plan and Series A Junior Participating Preferred Stock

On February 10, 2024, the Company's Board of Directors adopted a Tax Benefits Preservation Plan and declared a dividend of one right (a "Right") for each outstanding share of the Company's common stock to stockholders of record at the close of business on February 22, 2024 (the "Record Date"). Each Right entitles its holder, subject to the terms of the Tax Benefits Preservation Plan, to purchase from the Company one one-thousandth of a share of Series A Preferred Stock (as defined below) of the Company at an exercise price of \$20.00 per Right, subject to adjustment. The description and terms of the Rights are set forth in the Tax Benefits Preservation Plan.

In connection with the adoption of the Tax Benefits Preservation Plan, on February 12, 2024, the Company filed with the Delaware Secretary of State, a Certificate of Designation designating 3,000,000 shares of Series A Junior Participating Preferred Stock, \$0.0001 par value per share ("Series A Preferred Stock"). The Company designated the Series A Preferred Stock in connection with the Company's Board of Directors' approval of a Tax Benefits Preservation Plan, as discussed above.

The Company adopted the Tax Benefits Preservation Plan in order to protect against a possible limitation on the Company's ability to use the Company's net operating losses ("NOLs") and certain other tax attributes to reduce potential future U.S. federal income tax obligations. The NOLs and certain other tax attributes are valuable assets to the Company, which may inure to the benefit of the Company and its stockholders. However, if the Company experiences an "ownership change," as defined in Section 382 of the Internal Revenue Code of 1986, as amended (the "Code"), its ability to fully utilize the NOLs and certain other tax attributes will be substantially limited and the timing of the usage of the NOLs and other tax attributes could be substantially delayed, which could significantly impair the value of those assets. Generally, an "ownership change" occurs if the percentage of the Company's stock owned by one or more of its "5-percent shareholders" (as such term is defined in Section 382 of the Code) increases by more than 50 percentage points over the lowest percentage of stock owned by such stockholder or stockholders at any time over a three-year period. The Tax Benefits Preservation Plan is intended to prevent such an "ownership change" by deterring any person or group, together with its affiliates and associates, from acquiring beneficial ownership of 4.9% or more of the Company's outstanding common stock.

Subject to certain exceptions, the Rights become exercisable and trade separately from the Company's common stock only upon the "Distribution Time", which occurs upon the earlier of: (i) the close of business on the tenth day after the "Stock Acquisition Date" (which is (a) the first date of public announcement that any person or group has become an "Acquiring Person," which is defined as a person or group that, together with its affiliates and associates, beneficially owns 4.9% or more of the outstanding shares of the Company's common stock (with certain exceptions, including those described below) or (b) such other date, as determined by the Company's Board of Directors, on which a person or group has become an Acquiring Person), or (ii) the close of business on the tenth business day (or such later date as may be determined by the Company's Board of Directors prior to such time as any person or group becomes an Acquiring Person) after the commencement of a tender offer or exchange offer that, if consummated, would result in a person or group becoming an Acquiring Person.

The Rights will expire on the earliest to occur of: (a) the close of business on February 10, 2027; (b) the time at which the Rights are redeemed or exchanged by the Company; (c) upon the closing of any merger or other acquisition transaction involving the Company pursuant to a merger or other acquisition agreement that has been approved by the Company's Board of Directors before any person or group becomes an Acquiring Person; and (d) the time at which the Company's Board of Directors determines that the NOLs and certain other tax attributes are utilized in all material respects or that an ownership change under Section 382 of the Code would not adversely impact in any material respect the time period in which the Company could use the NOLs and other tax attributes or materially impair the amount of NOLs and other tax attributes that could be used by the Company in any particular time period, for applicable tax purposes.

Use of Estimates

The preparation of condensed consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the condensed consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. These estimates form the basis for judgments the Company makes about the carrying values of its assets and liabilities that are not readily available from other sources. These estimates include, but are not limited to, fair value of financial instruments, useful lives of long-lived assets, fair value of derivative instruments, incremental borrowing rate applied to lease accounting, contingent liabilities, redemption probabilities associated with Wish Cash, allowances for refunds and chargebacks and uncertain tax positions.

Assets and Liabilities Held for Sale

The Company classifies long-lived assets or disposal groups to be sold as held for sale in the period in which all of the following criteria are met: (1) management, having the authority to approve the action, commits to a plan to sell the asset

or disposal group; (2) the asset or disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets or disposal groups; (3) an active program to locate a buyer and other actions required to complete the plan to sell the asset or disposal group have been initiated; (4) the sale of the asset or disposal group is probable, and transfer of the asset or disposal group is expected to qualify for recognition as a completed sale within one year, except if events or circumstances beyond the Company's control extend the period of time required to sell the asset or disposal group beyond one year; (5) the asset or disposal group is being actively marketed for sale at a price that is reasonable in relation to its current fair value; and (6) actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

The Company initially measures a long-lived asset or disposal group that is classified as held for sale at the lower of its carrying value or fair value less any costs to sell. Any loss resulting from this measurement is recognized in the period in which the held-for-sale criteria are met. Conversely, gains are not recognized on the sale of a long-lived asset or disposal group until the date of sale. The Company assesses the fair value of a long-lived asset or disposal group less any costs to sell each reporting period it remains classified as held for sale and reports any subsequent changes as an adjustment to the carrying value of the asset or disposal group, as long as the new carrying value does not exceed the carrying value of the asset at the time it was initially classified as held for sale.

Upon determining that a long-lived asset or disposal group meets the criteria to be classified as held for sale, the Company ceases depreciation and reports long-lived assets and/or the assets and liabilities of the disposal group, if material, in the line items assets held for sale and liabilities held for sale, respectively, in the Company's condensed consolidated balance sheet. In February 2024, the Company announced the Asset Sale to Qoo10. The Asset Sale met the held for sale criteria on April 18, 2024, the date that the stockholders of the Company approved the Asset Sale. Refer to Note 4 – Asset Sale for additional information on the Asset Sale.

Discontinued Operations

A disposal group is classified as a discontinued operation when the following criteria are met: (1) the disposal group is a component of an entity; (2) the component of the entity meets the held-for-sale criteria in accordance with our policy described above; and (3) the component of the entity represents a strategic shift in the entity's operating and financial results. Alternatively, if a business meets the criteria for held for sale on the acquisition date, the business is accounted for as a discontinued operation. The Asset Sale did not result in the Company's operations meeting the criteria for discontinued operations as the operations being disposed, per the Asset Sale, were not clearly distinguishable from the rest of the Company.

Impairment of Long-Lived Assets

The Company reviews long-lived assets, including intangible and lease assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company performs impairment testing at the asset group level that represents the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. The recoverability of assets to be held and used is measured first by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, an impairment loss would be recognized based on the excess of the carrying amount of the asset above the fair value of the asset.

Segments

The Company manages its operations and allocates resources as a single operating segment. The Company's chief operating decision-maker is its Chief Executive Officer ("CEO") who makes operating decisions, assesses financial performance and allocates resources based on condensed consolidated financial information. As such, the Company has determined that it operates in one reportable segment.

Concentrations of Risk

Credit Risk — Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents, and marketable securities. The Company's cash and cash equivalents are held on deposit with creditworthy institutions. Although the Company's deposits exceed federally insured limits, the Company has not experienced any losses in such accounts. The Company invests its excess cash in money market accounts, U.S. Treasury notes, U.S. Treasury bills, commercial paper, corporate bonds, and non-U.S. government securities. The Company is exposed to credit risk in the event of a default by the financial institutions holding its cash, cash equivalents and marketable securities for the amounts reflected on the condensed consolidated balance sheets. The Company's investment policy limits investments to certain types of debt securities issued by the U.S. government, its agencies and institutions with investment-grade credit ratings and places restrictions on maturities and concentration by type and issuer.

Following the Asset Sale, the Company only maintains bank accounts in the United States. The total cash balance in former bank accounts maintained in China represented approximately 49% of the Company's total cash and cash equivalents as of December 31, 2023.

Prior to the Asset Sale, the Company's derivative financial instruments exposed it to credit risk to the extent that the counterparties were unable to meet the terms of the arrangement. Following the Asset Sale, the Company did not have any derivative instruments as of September 30, 2024. Refer to Note 4 – Asset Sale for additional information on Asset Sale.

Prior to the Asset Sale, the Company was exposed to credit risk in the event of a default by its Payment Service Providers ("PSPs"). Following the Asset Sale, the Company did not have any funds receivable as of September 30, 2024. The two PSPs that represented more than 10% of the Company's fund receivable balance as of December 31, 2023, amounted to 57% and 28%, in the order of magnitude. Refer to Note 4 – Asset Sale for additional information on Asset Sale.

Services Risk — Prior to the Asset Sale, the Company served all of its users using third-party data center and hosting providers. No significant interruptions of service were known to have occurred during the three and nine months ended September 30, 2024 and 2023. The Company does not have any service risk as of September 30, 2024 as the Company no longer has marketplace and logistics operations as of the Asset Sale on April 19, 2024. Refer to Note 4 – Asset Sale for additional information on Asset Sale.

Summary of Significant Accounting Policies

There have been no changes to the Company's significant accounting policies described in its 2023 Form 10-K, filed with the SEC on March 5, 2024, that have had a material impact on its condensed consolidated financial statements.

Accounting Pronouncements

The Company has reviewed recent accounting pronouncements and concluded as follows:

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which requires additional segment-related disclosures on an annual and interim basis, to enable investors in developing more informed and actionable analyses. This guidance will be effective for the annual periods beginning the year ended December 31, 2024, and for interim periods beginning January 1, 2025. Early adoption is permitted. Upon adoption, the guidance should be applied retrospectively to all prior periods presented in the financial statements. We do not expect the adoption of this guidance to have a material impact on our condensed consolidated financial statements.

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which improves the transparency of income tax disclosures by requiring (1) consistent categories and greater disaggregation of information in the effective tax rate reconciliation, and (2) income taxes paid disaggregated by jurisdiction. It also includes certain other amendments to improve the effectiveness of income tax disclosures. This guidance will be effective for annual periods beginning after December 15, 2024. Early adoption is permitted. Upon adoption, the guidance can be applied prospectively or retrospectively. We are evaluating the impact this amended guidance may have on the footnotes to our condensed consolidated financial statements.

In March 2024, the FASB issued ASU No. 2024-01, Compensation-Stock Compensation (Topic 718): Scope Application of Profits Interest and Similar Awards, which clarifies how an entity determines whether a profits interest or similar award is (1) within the scope of ASC 718 or (2) not a share-based payment arrangement and therefore within the scope of other guidance. This amendment will be effective for fiscal years beginning after December 15, 2024, including interim periods within those years. Early adoption is permitted. This amended guidance will not have an impact on the footnotes of our condensed consolidated financial statements.

In March 2024, the FASB issued ASU No. 2024-02, Codification Improvements—Amendments to Remove References to the Concept Statements, which contains amendments to the Codification that remove references to various FASB Concepts Statements. The amendments in this Update are effective for public business entities for fiscal years beginning after December 15, 2024. Early application is permitted. An entity should apply the amendments in this Update using one of the following transition methods: 1. Prospectively to all new transactions recognized on or after the date that the entity first applies the amendments 2. Retrospectively the beginning of the earliest comparative period presented in which the amendments were first applied. An entity shall adjust the opening balance of retained earnings (or other appropriate components of equity or net assets in the statement of financial position) as of the beginning of the earliest comparative period presented. We do not expect the adoption of this guidance to have a material impact on our condensed consolidated financial statements.

NOTE 2. DISAGGREGATION OF REVENUE

Prior to the Asset Sale, the Company generated revenue from marketplace and logistics services provided to its customers.

Prior to the Asset Sale, revenue was recognized as the Company transferred control of promised goods or services to its customers in an amount that reflects the consideration the Company expected to be entitled to in exchange for those goods or services. The Company considered both the merchant and the user to be customers, depending on the revenue stream. The Company evaluated whether it is appropriate to recognize revenue on a gross or net basis based upon its evaluation of whether the Company obtained control of the specified goods or services by considering if it was primarily responsible for fulfillment of the promise, had inventory risk and had latitude in establishing pricing and selecting suppliers, among other factors. Based on these factors, marketplace revenue was generally recognized on a net basis and logistics revenue was generally recognized on a gross basis. Revenue excluded any amounts collected on behalf of third parties, including indirect taxes.

Marketplace Revenue

Prior to the Asset Sale, the Company provided a mix of marketplace services to its customers. The Company provided merchants access to its marketplace where merchants displayed and sold their products to users. The Company also provided ProductBoost services to help merchants promote their products within the Company's marketplace.

Prior to the Asset Sale, marketplace revenue included commission fees collected in connection with user purchases of the merchants' products. The commission fees varied depending on factors such as geography, product category, Wish Standards' tier, item value and dynamic pricing. The Company recognized revenue when a user's order was processed, and the related order information had been made available to the merchant. Commission fees were recognized net of estimated refunds and chargebacks. Marketplace revenue also included ProductBoost revenue generated by increasing exposure for a merchant's relevant products within the Company's marketplace. The Company recognized ProductBoost revenue based on the number of impressions delivered, or clicks by users.

Logistics Revenue

Prior to the Asset Sale, the Company's logistics offering for merchants was designed for direct end-to-end single order shipment from a merchant's location to the user. Logistics services included transportation and delivery of the merchant's products to the user. Merchants were required to prepay for logistics services on a per order basis.

Prior to the Asset Sale, the Company recognized revenue over time as the merchant simultaneously received and consumed the logistics services benefit as the logistics services were performed. The Company used an output method of progress based on days in transit as the Company believed that it best depicted the Company's progress toward complete satisfaction of the performance obligation.

The following table shows the disaggregated revenue for the applicable periods:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(in millions)			
Core marketplace revenue	\$ —	\$ 19	\$ 13	\$ 71
ProductBoost revenue	—	5	4	19
Marketplace revenue	—	24	17	90
Logistics revenue	—	36	26	144
Revenue	\$ —	\$ 60	\$ 43	\$ 234

Refer to Note 12 – Geographical Information for the disaggregated revenue by geographical location.

Following the Asset Sale, consummated on April 19, 2024, the Company no longer has revenues as it has no marketplace and logistics operations.

NOTE 3. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT

The Company's financial instruments consist of cash equivalents, marketable securities, funds receivable, derivative instruments, accounts payable, accrued liabilities and merchants payable. Cash equivalents' carrying value approximates fair value at the balance sheet dates, due to the short period of time to maturity. Marketable securities and derivative instruments are recognized at fair value. Funds receivable, accounts payable, accrued liabilities and merchants payable carrying values approximate fair value due to the short time to the expected receipt or payment date.

Assets and liabilities recognized at fair value on a recurring basis in the condensed consolidated balance sheets consisting of cash equivalents, marketable securities and derivative instruments are categorized based upon the level of judgment associated with the inputs used to measure their fair values. Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial assets and liabilities subject to fair value measurements on a recurring basis and the level of inputs used in such measurements are as follows:

	September 30, 2024			
	Total	Level 1	Level 2	Level 3
(in millions)				
Financial assets:				
Cash equivalents:				
Money market funds	\$ —	\$ —	\$ —	\$ —
U.S. Treasury bills	31	—	31	—
Total cash equivalents:	<u>\$ 31</u>	<u>\$ —</u>	<u>\$ 31</u>	<u>\$ —</u>
Marketable securities:				
U.S. treasury bills	\$ 117	\$ —	\$ 117	\$ —
Total marketable securities	<u>\$ 117</u>	<u>\$ —</u>	<u>\$ 117</u>	<u>\$ —</u>
Total financial assets	<u>\$ 148</u>	<u>\$ —</u>	<u>\$ 148</u>	<u>\$ —</u>

	December 31, 2023			
	Total	Level 1	Level 2	Level 3
(in millions)				
Financial assets:				
Cash equivalents:				
Money market funds	\$ —	\$ —	\$ —	\$ —
Corporate bonds	—	—	—	—
Total cash equivalents	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Marketable securities:				
U.S. treasury bills	\$ 127	\$ —	\$ 127	\$ —
Commercial paper	—	—	—	—
Corporate bonds	17	—	17	—
Non-U.S. government	—	—	—	—
Total marketable securities	<u>\$ 144</u>	<u>\$ —</u>	<u>\$ 144</u>	<u>\$ —</u>
Prepaid and other current assets:				
Derivative assets	\$ 1	\$ —	\$ 1	\$ —
Total financial assets	<u>\$ 145</u>	<u>\$ —</u>	<u>\$ 145</u>	<u>\$ —</u>
Financial liabilities:				
Accrued liabilities:				
Derivative liabilities	\$ 1	\$ —	\$ 1	\$ —
Total financial liabilities	<u>\$ 1</u>	<u>\$ —</u>	<u>\$ 1</u>	<u>\$ —</u>

The Company applies Accounting Standards Codification (“ASC”) 230, “Statement of Cash Flows” when determining whether or not to classify marketable securities as cash and cash equivalents. As of September 30, 2024, the Company’s “cash and cash equivalents” line item was comprised of money market funds and government securities, and “marketable securities” was comprised solely of government securities. The Company classifies cash equivalents and marketable securities within Level 1 or Level 2 because the Company uses quoted market prices or alternative pricing sources and models utilizing market observable inputs to determine their fair value. The derivative asset and liability related to the Company’s foreign currency derivative contracts were classified within Level 2 of the fair value hierarchy as the valuation inputs were based on quoted prices and market observable data of similar instruments in active markets, including currency spot and forward rates.

The following table summarizes the contractual maturities of the Company’s marketable securities:

	September 30, 2024		December 31, 2023	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
	(in millions)			
Due within one year	\$ 117	\$ 117	\$ 144	\$ 144
Total marketable securities	<u>\$ 117</u>	<u>\$ 117</u>	<u>\$ 144</u>	<u>\$ 144</u>

All of the Company’s available-for-sale marketable securities are subject to a periodic evaluation for a credit loss allowance and impairment review. The Company did not identify any of its available-for-sale marketable securities requiring an allowance for credit loss or as other-than-temporarily impaired in any of the periods presented. Additionally, the unrealized net loss and net gain on available-for-sale marketable securities as of September 30, 2024 and December 31, 2023, respectively, were insignificant. As of September 30, 2024 and December 31, 2023, those investments with an original maturity of three months or less were classified as cash equivalents and those investments with original maturities beyond three months were classified as marketable securities. The Company has classified all of the marketable securities as available-for-sale.

As of September 30, 2024, funds receivable, derivative instruments, accounts payable, and merchants payable were zero due to the Asset Sale. Refer to Note 4 – Asset Sale for additional information on Asset Sale.

NOTE 4. ASSET SALE

As set forth in Note 1 – Overview, Basis of Presentation and Significant New Accounting Policies, on February 10, 2024, the Company entered into the Asset Purchase Agreement and consummated the Asset Sale on April 19, 2024 following approval by the Company's stockholders on April 18, 2024. As consideration for the Asset Sale, Qoo10 paid the Company a purchase price equal to \$162 million in cash, after giving effect to the purchase price adjustments set forth in the Asset Purchase Agreement, and agreed to assume substantially all of the Company's liabilities.

The net assets associated with the Asset Purchase Agreement met the criteria to be classified as assets held for sale upon approval of the stockholders on April 18, 2024.

The assets and liabilities of the disposed of business at the date of disposition i.e. April 19, 2024, were as follows (in millions):

	(in millions)
Assets	
Cash and cash equivalents	\$ 177
Funds receivable	6
Prepaid expenses and other current assets	20
Property and equipment, net	3
Right-of-use assets	5
Other assets	3
Total assets held for sale	<u>214</u>
Liabilities	
Accounts payable	13
Merchants payable	67
Refunds liability	1
Accrued liabilities	79
Lease and other liabilities	13
Total liabilities held for sale	<u>173</u>
Net Assets	<u>\$ 41</u>

As a result of the Asset Sale, the Company recorded a gain on Asset Sale of \$4 million in the condensed consolidated statements of operations.

	(in millions)
Purchase price per Asset Sale	\$ 173
Add: Transaction costs paid by buyer on behalf of the Company at closing	6
Less: Excluded cash at closing	(123)
Less: Cash adjustment pursuant to the Asset Sale	(11)
Net proceeds	<u>45</u>
Less: Net assets sold pursuant to the Asset Sale	(41)
Gain on Asset Sale	<u>\$ 4</u>

Excluded cash consists of the Company's certain cash and cash equivalents and marketable securities.

On April 19, 2024, the Company terminated its Revolving Credit Agreement, dated as of November 20, 2020, by and among the Company, as the borrower, the lenders party thereto, the issuing banks party thereto, and JPMorgan Chase Bank, N.A., as the administrative agent ("Revolving Credit Facility"), as well as the related security agreements. Prior to the termination, the Revolving Credit Facility enabled the Company to borrow up to \$280 million and contained a minimum liquidity financial covenant of \$350 million, which included unrestricted cash and any available borrowing capacity under the Revolving Credit Facility.

On April 19, 2024, all outstanding unvested restricted awards for employees and directors were accelerated and fully vested. Refer to Note 9 – Equity Award Activity and Stock-Based Compensation for additional information.

NOTE 5. BALANCE SHEET COMPONENTS

Accrued Liabilities

Accrued liabilities consist of the following:

	September 30, 2024	December 31, 2023
	(in millions)	
Logistics costs ⁽¹⁾	\$ —	\$ 25
Deferred revenue and customer deposits ⁽¹⁾	—	12
Wish Cash liability ⁽¹⁾	—	11
Sales and indirect taxes ⁽¹⁾	—	12
Other ⁽²⁾	4	30
Total accrued liabilities	<u>\$ 4</u>	<u>\$ 90</u>

(1) The balances decreased by 100% due to Asset Sale on April 19, 2024. Refer to Note 4 - Asset Sale for additional information on the Asset Sale.

(2) Other accrued liabilities decreased by 87% to \$4 million primarily due to Asset Sale on April 19, 2024. Refer to Note 4 - Asset Sale for additional information on the Asset Sale. Following the Asset Sale, other accrued liabilities primarily consist of \$3 million of other payables to Qoo10 related to restricted cash held at JPMorgan for the One Sansome lease's letter of credit. When the letter of credit is closed and the restriction on cash is lifted, this payable will be repaid.

NOTE 6. DERIVATIVE FINANCIAL INSTRUMENTS

Prior to the Asset Sale, the Company conducted business in certain foreign currencies throughout its worldwide operations, and various entities held monetary assets or liabilities, earned revenues, or incurred costs in currencies other than the entity's functional currency. As a result, the Company was exposed to foreign exchange gains or losses which impacted the Company's operating results. The Company billed its users in their local currencies, primarily in U.S. dollars and Euros, and the Company made payments to merchants for products sold on the Company's platforms in various currencies through third party payment service providers, which created exposure to currency rate fluctuations. The Company hedged these exposures to reduce the risk that its earnings and cash flows would be adversely affected by changes in exchange rates. As part of the Company's foreign currency risk mitigation strategy prior to the Asset Sale, the Company entered into derivative contracts and foreign exchange forward contracts with up to twelve months in duration to hedge exposures for variability in U.S.-dollar equivalent of non-U.S.-dollar denominated cash flows associated with its forecasted revenue related transactions.

The Company's derivatives transactions were not collateralized and did not include collateralization agreements with counterparties. The Company did not and does not use derivative financial instruments for speculative or trading purposes.

Volume of Derivative Activity

Total gross notional amounts for outstanding derivatives (recognized at fair value) as of the end of period consist of the following:

	September 30, 2024	December 31, 2023
	(in millions)	
Cash flow hedges	\$ —	\$ 29
Non-designated hedges	—	44
Total	\$ —	\$ 73

Fair Value of Derivative Financial Instruments

	September 30, 2024		December 31, 2023	
	Assets ⁽¹⁾	Liabilities ⁽²⁾	Assets ⁽¹⁾	Liabilities ⁽²⁾
	(in millions)			
Derivative designated as hedging instruments				
Cash flow hedges	\$ —	\$ —	\$ —	\$ —
Derivative not designated as hedging instruments				
Foreign currency forward contracts	\$ —	\$ —	\$ 1	\$ 1
Total derivatives	\$ —	\$ —	\$ 1	\$ 1

(1) Derivative assets are included within prepaid and other current assets in the condensed consolidated balance sheets.

(2) Derivative liabilities are included within "other" in accrued liabilities in the condensed consolidated balance sheets.

Derivatives in Cash Flow Hedging Relationships

The changes in accumulated other comprehensive income (loss) resulting from cash flow hedging were as follows:

	September 30, 2024	December 31, 2023
	(in millions)	
Balance at the beginning of the period	\$ 1	\$ 2
Other comprehensive loss before reclassifications	—	(4)
Amounts recognized in core marketplace revenue and reclassified out of accumulated other comprehensive income	(1)	3
Balance at the end of the period	\$ —	\$ 1

The Company recognized changes in fair value of the cash flow hedges of foreign currency denominated merchants payable in accumulated other comprehensive loss in its condensed consolidated balance sheets until the forecasted transaction occurs. When the forecasted transaction affected earnings, the Company reclassified the related gain or loss on the cash flow hedge to core marketplace revenue. All amounts in other comprehensive income at period end were expected to be reclassified to earnings within 12 months. In the event the underlying forecasted transaction did not occur, or it became probable that it will not occur, the Company reclassified the gain or loss on the related cash flow hedge from accumulated other comprehensive loss to core marketplace revenue. For the three and nine months ended September 30, 2024 and 2023, there were no net gains or losses recognized in core marketplace revenue relating to hedges of forecasted transactions that did not occur or were not probable to occur.

Prior to the Asset Sale, the Company classified cash flows related to its cash flow hedges as operating activities in its condensed consolidated statements of cash flows.

Derivatives Not Designated as Hedging Instruments

The net gains and losses on the change in fair value of the Company's foreign exchange forward contracts not designated as hedging instruments recognized in other income, net in the condensed consolidated statements of operations were insignificant for both the three and nine months ended September 30, 2024, and were approximately a net gain of \$1 million and a net loss of \$3 million for the three and nine months ended September 30, 2023, respectively.

Prior to the Asset Sale, the Company classified cash flows related to its non-designated hedging instruments as operating activities in its condensed consolidated statements of cash flows.

The Company did not have any derivative instruments as of September 30, 2024, as they were part of the Asset Sale on April 19, 2024. Refer to Note 4 – Asset Sale for additional information on the Asset Sale.

NOTE 7. OPERATING LEASES

Prior to the Asset Sale, the Company leased its facilities and data center co-locations under operating leases with various expiration dates through 2027.

Total operating lease cost was zero and \$1 million for the three and nine months ended September 30, 2024, respectively, and \$1 million and \$3 million for the three and nine months ended September 30, 2023, respectively. Short-term lease costs, variable lease costs and sublease income were not material.

Following the Asset Sale, the Company no longer has any operating leases or related right-of-use assets, current lease liabilities, or non-current lease liabilities.

As of December 31, 2023, the Company's condensed consolidated balance sheet included right-of-use assets of \$5 million, current lease liabilities in the amount of \$7 million in accrued liabilities, and \$6 million in lease liabilities, non-current. The weighted-average remaining lease term was 2 years and the weighted-average discount rate used to determine the net present value of the lease liabilities was 6%.

Supplemental cash flow information for the Company's operating leases was as follows:

	Nine Months Ended,	
	September 30, 2024	September 30, 2023
	(in millions)	
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 3	\$ 6

As of September 30, 2024, operating lease liabilities were zero due to the Asset Sale as all of the Company's operating leases were transferred to Qoo10. Refer to Note 4 – Asset Sale for additional information on the Asset Sale.

NOTE 8. COMMITMENTS AND CONTINGENCIES

Revolving Credit Facility

In November 2020, the Company entered into a five-year \$280 million senior secured revolving credit facility (the "Revolving Credit Facility"). The Company also entered into letters of credit from time to time, which reduced its borrowing capacity under the Revolving Credit Facility. Interest on any borrowings under the Revolving Credit Facility accrued at either adjusted reference rate plus 1.50% or at an alternative base rate plus 0.50%, at the Company's election, and the Company was required to pay a commitment fee that accrued at 0.25% per annum on the unused portion of the aggregate commitments under the Revolving Credit Facility. The Company was required to pay a fee that accrued at 1.50% per annum on the average daily amount available to be drawn under any letters of credit outstanding under the Revolving Credit Facility. In March 2024, the Company executed a letter to reduce the Revolving Credit Facility from an aggregate principal amount of \$280 million to \$7 million.

The Revolving Credit Facility contained customary conditions to borrowing, events of default and covenants, including covenants that restricted the Company's ability (and the ability of certain of the Company's subsidiaries) to incur indebtedness, grant liens, make certain fundamental changes and asset sales, make distributions to stockholders, make investments or engage in transactions with affiliates. It also contained a minimum liquidity financial covenant of \$350 million, which included unrestricted cash and any available borrowing capacity under the Revolving Credit Facility. The obligations under the Revolving Credit Facility were secured by liens on substantially all of the Company's domestic assets and were guaranteed by any material domestic subsidiaries, subject to customary exceptions. A standby letter of credit (the "Letter of Credit") in the amount of approximately \$7 million was issued under the Revolving Credit Facility in conjunction with the lease of the Company's previous headquarters in San Francisco, California. Fees incurred under the Revolving Credit Facility were insignificant for the nine months ended September 30, 2024 and 2023.

At the closing of the Asset Sale on April 19, 2024, the Company terminated the Revolving Credit Facility. At that closing, the Letter of Credit ceased to be issued under the Revolving Credit Facility and was cash collateralized in equal amounts by the Company and the Buyer. Furthermore, the Company's previous headquarters was transferred to the Buyer, which has assumed the Company's obligations under the lease for those headquarters upon closing of the Asset Sale. Refer to Note 4 – Asset Sale for additional information on Asset Sale.

Purchase Obligations

Prior to the Asset Sale, the Company entered into an amendment to a co-location and cloud services arrangement committing the Company to make payments of \$85 million for services over 3 years effective September 1, 2022. Following the Asset Sale, the Company no longer had this commitment as of September 30, 2024. Refer to Note 4 – Asset Sale for additional information on Asset Sale. The purchase obligations were assumed and thus were zero as of the Asset Sale.

Legal Contingencies and Proceedings

Beginning in May 2021, four putative class action lawsuits were filed in the U.S. District Court for the Northern District of California against the Company, its directors, certain of its officers and the underwriters named in its initial public offering ("IPO") registration statement alleging violations of securities laws based on statements made in its registration statement on Form S-1 filed with the SEC in connection with its IPO and seeking monetary damages. One of these cases has since been dismissed by the plaintiff and the remaining three have been coordinated and consolidated. In May 2022, the Court appointed lead plaintiffs, who subsequently filed an amended consolidated class action complaint pursuant to Sections 11 and 15 of the Securities Act and Sections 10(b) and 20(a) of the Exchange Act. On April 10, 2023, the plaintiffs filed an amended complaint and asserted only claims made under Sections 11 and 15 of the Securities Act. In December 2023, the Court granted the defendants' motion to dismiss the first amended consolidated complaint. In February 2024, plaintiffs filed a second amended consolidated complaint, which the defendants have moved to dismiss. In August 2024, the Court granted the motion to dismiss without leave to amend and with prejudice. In September 2024, plaintiffs filed a motion to alter judgment noticed for hearing in January 2025. The Company believes these lawsuits are without merit and intends to vigorously defend them. Based on the preliminary nature of the proceedings in these cases, the Company cannot estimate a range of potential losses at this point in time.

In August 2021, a shareholder derivative action purportedly brought on behalf of the Company, Patel v. Szulczewski, was filed in the U.S. District Court for the Northern District of California alleging that the Company's directors and officers made or caused the Company to make false and/or misleading statements about the Company's business operations and financial prospects in various public filings. Plaintiff asserts claims for breach of fiduciary duties, unjust enrichment, abuse of control, gross mismanagement, waste of corporate assets, violations of Section 14(a) of the Exchange Act, and for contribution under Sections 10(b) and 21D of the Exchange Act and is seeking monetary damages. This matter is currently stayed. The Company believes this lawsuit is without merit and it intends to vigorously defend it. Based on the preliminary nature of the proceedings in these cases, the Company cannot estimate a range of potential losses at this point in time.

As of September 30, 2024, in the opinion of management, there were no other legal contingency matters that arose in the ordinary course of business, either individually or in aggregate, that would have a material adverse effect on the financial position, results of operations, or cash flows of the Company. Given the unpredictable nature of legal proceedings, the Company bases its estimate on the information available at the time of the assessment. As additional information becomes available, the Company will reassess the potential liability and may revise the estimate.

NOTE 9. EQUITY AWARD ACTIVITY AND STOCK-BASED COMPENSATION

Equity Award Activity

A summary of activity under the equity plans and related information was as follows:

	Options Outstanding			RSUs Outstanding
	Number of Options (in thousands)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (In Years)	Number of RSUs (in thousands)
Balances as of December 31, 2023	366	\$ 18.00	9.0	2,176
Granted	—			277
Exercised or vested	—			(2,175)
Forfeited or cancelled	—			(88)
Balances as of September 30, 2024	366	\$ 18.00	1.6	190

The weighted-average grant date fair value of restricted stock was zero and \$5.46 per share for the three and nine months ended September 30, 2024, respectively, and \$8.10 and \$13.92 per share for the three and nine months ended September 30, 2023, respectively. As of September 30, 2024, 3,202 shares remained available for grant under the Company's equity incentive plans. In connection with the closing of the Asset Sale, all outstanding equity awards became fully vested at the closing.

CEO Transition

In February 2023, the Board of Directors appointed Jun Yan as the Company's CEO, who was then serving as the Company's interim CEO. According to the terms of his new employment agreement, Mr. Yan was granted (i) 0.17 million restricted stock units ("RSUs") with an aggregate grant date fair value of \$3 million and (ii) options to purchase 0.3 million shares of the Company's common stock at an exercise price \$15.03 per share with an aggregate grant date fair value of \$3 million. These RSUs and options became vested and exercisable, respectively, in periodic installments over a 2-year term, subject to the CEO's continued service with the Company. The option award originally had a term of 10 years. In February 2024, the option award was amended so the option shares vested as of Mr. Yan's termination date on April 19, 2024 and will expire on the two-year anniversary of the termination date on April 19, 2026. In connection with the closing of the Asset Sale, all of Mr. Yan's outstanding equity awards were accelerated and became fully vested at the closing.

Stock Option Valuation

The fair value of options was estimated using the Black-Scholes option pricing model which takes into account inputs such as the exercise price, the value of the underlying shares as of the grant date, expected term, expected volatility, risk free interest rate, and dividend yield. The fair value of the options was determined using the methods and assumptions discussed below:

- The expected term of the options was determined using the "simplified" method as prescribed in the SEC's Staff Accounting Bulletin No. 107, whereby the expected life equals the arithmetic average of the vesting term and the original contractual term of the option due to the Company's lack of sufficient historical data.
- The risk-free interest rate was based on the interest rate payable on the U.S. Treasury securities in effect at the time of grant for a period that is commensurate with the assumed expected term.
- The expected volatility was based on the historical volatility of the publicly traded common stock of peer group companies blended with the limited historical volatility of the Company's own common stock weighted to reflect the short trading period of the Company's stock since its IPO in December 2020.
- The expected dividend yield was zero because the Company has not historically paid and does not expect to pay a dividend on its ordinary shares in the foreseeable future.

A summary of the assumptions used in the Black-Scholes option pricing model to determine the fair value of the options is as follows:

	Nine months ended September 30,	
	2024	2023
Expected term (in years)	—	5.55
Risk free interest rate	—	4.15 %
Volatility	—	91.51 %
Dividend yield	—	—
Estimated fair value per share	\$ —	\$ 11.27

Modification of Equity Awards

In February 2024, the Company modified its outstanding stock options to extend the expiration date of any option vested as of the date of employment termination from a 90-day period to a two-year period. The Company concluded that the extension of the expiration date of the stock options constituted a Type I modification. The stock-based compensation impact of the modification was insignificant. Further, in February 2024, the Board of Directors, as permitted by the terms of the Company's equity incentive plans, modified all outstanding restricted stock awards and options, to add a change-in-control provision whereby all unvested awards would become fully vested upon the occurrence of a change in control and extended the expiration date for a period of two years following termination. The impact of these modifications to stock-based compensation expense for the period ended September 30, 2024, was insignificant. Upon consummation of the Asset Sale, all options and RSUs then outstanding were accelerated, thus no unrecognized expense remained for those equity awards as of September 30, 2024.

Stock-Based Compensation Expense

Total stock-based compensation expense included in the condensed consolidated statements of operations was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(in millions)			
Cost of revenue	\$ —	\$ 1	\$ —	\$ 3
Sales and marketing	—	1	1	3
Product development	—	6	6	31
General and administrative	—	5	5	17
Total stock-based compensation	<u>\$ —</u>	<u>\$ 13</u>	<u>\$ 12</u>	<u>\$ 54</u>

The Company will recognize the remaining \$1 million of unrecognized stock-based compensation expense related to RSUs granted following the Asset Sale over a weighted-average period of approximately 1 year.

Employee Stock Purchase Plan

Following the Asset Sale, the Company terminated the Employee Stock Purchase Plan.

NOTE 10. INCOME TAXES

The Company's tax provision for the interim periods is determined using an estimate of the annual effective tax rate, adjusted for discrete items, if any, that arise during the period. Each quarter, the Company assesses its estimate of the annual effective tax rate, and if the estimated annual effective tax rate changes, the Company makes a cumulative adjustment in the period of change.

The Company's quarterly tax provision and the estimate of the annual effective tax rate is subject to fluctuation due to several factors, including variability in pre-tax earnings, the geographic distribution of the pre-tax earnings, tax law changes, non-deductible expenses, such as stock-based compensation, and changes in the estimate of the valuation allowance.

The provision for income taxes was \$0 million and \$6 million for the three and nine months ended September 30, 2024, respectively, and was \$3 million and \$6 million for the three and nine months ended September 30, 2023, respectively. The year-over-year increase in provision for income taxes was primarily due to withholding taxes accrued on certain intercompany dividends. The Company continues to maintain a valuation allowance on its domestic net deferred tax assets which is excluded from the annual effective tax rate estimate.

The Company had no unrecognized tax benefits as of September 30, 2024. The Company had \$4 million of unrecognized benefits as of December 31, 2023. The interest and penalties associated with the unrecognized tax benefits were immaterial for the three and nine months ended September 30, 2024 and 2023.

The Company files income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. The Company is not currently under examination by income tax authorities in federal, state or other jurisdictions. All tax returns will remain open for examination by the federal and state authorities for three and four years, respectively, from the date of utilization of any net operating loss or credits. Certain tax years are subject to foreign income tax examinations by tax authorities until the statute of limitations expire.

NOTE 11. NET LOSS PER SHARE

The following table sets forth the computation of basic and diluted net loss per share:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(\$ in millions, shares in thousands, except per share data)			
Numerator:				
Net loss	\$ (1)	\$ (80)	\$ (73)	\$ (249)
Denominator:				
Weighted-average shares used in computing net loss per share, basic and diluted	26,280	23,897	25,488	23,601
Net loss per share, basic and diluted	\$ (0.04)	\$ (3.35)	\$ (2.86)	\$ (10.55)

The following outstanding shares of potentially dilutive securities were excluded from the computation of diluted net loss per share because including them would have had an anti-dilutive effect:

	As of September 30,	
	2024	2023
	(in thousands)	
Common stock options outstanding	366	366
Unvested restricted stock units outstanding	190	2,642
Employee stock purchase plan	—	117
Total	556	3,125

NOTE 12. GEOGRAPHICAL INFORMATION

China accounted for substantially all of marketplace and logistics revenue during the nine months ended September 30, 2024 and the three and nine months ended September 30, 2023 based on the location of the merchants' operations. Marketplace and logistics revenue from merchants based in the United States was immaterial in both periods presented.

Prior to the Asset Sale, the Company believed it was relevant to disclose geographical revenue information determined by the location of the users. Following the closing of the Asset Sale, the Company no longer considers geographic revenue information by users to be relevant.

As of December 31, 2023, the Company's long-lived tangible assets, which consisted of property and equipment, net and operating lease right-of-use assets were located in United States (56%) and China (44%). Following the closing of the Asset Sale, the Company no longer owns long-lived tangible assets.

NOTE 13. REDUCTION IN WORKFORCE

In January 2023 and August 2023, the Company announced plans to reduce its workforce ("RIF") by up to 150 and 255 employees, respectively, representing approximately 17% and 34%, respectively, of the Company's then global workforce ("2023 RIFs"). In connection with the 2023 RIFs, the Company incurred charges of approximately \$13 million in severance and other personnel reductions costs for terminated employees. The 2023 RIFs were intended to refocus the Company's operations to support its ongoing business prioritization efforts, better align resources, and improve operational efficiencies. Substantially all related severance payments were paid as of December 31, 2023.

Following the Asset Sale, substantially all of the Company's employees became employees of the Buyer.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition, results of operations and cash flows should be read in conjunction with (1) the unaudited condensed consolidated financial statements and the related notes thereto included elsewhere in this Quarterly Report on Form 10-Q, and (2) the audited consolidated financial statements and notes thereto and management's discussion and analysis of financial condition and results of operations for the year ended December 31, 2023 included in our Annual Report on Form 10-K for the year ended December 31, 2023 (the "2023 Form 10-K"). Unless otherwise indicated, all results presented are prepared in a manner that complies, in all material respects, with U.S. GAAP. Additionally, unless otherwise indicated, all changes identified for the current-period results represent comparisons to results for the prior corresponding fiscal period. Our discussion and analysis may contain forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth under "Risk Factors" in Part II, Item 1A of this Quarterly Report on Form 10-Q, the Special Note Regarding Forward-Looking Statements in this Quarterly Report on Form 10-Q, and elsewhere in this Quarterly Report on Form 10-Q. All references to "we", "us", "our", or "ContextLogic" or the "Company" refer to ContextLogic Inc.

Asset Sale

On February 10, 2024, we entered into an asset purchase agreement (the "Asset Purchase Agreement") with Qoo10 Inc., a Delaware corporation ("Qoo10 Delaware"), and, for certain specified purposes, Qoo10 Pte. Ltd., a Singapore private limited company and Qoo10 Delaware's parent company ("Qoo10"), pursuant to which (i) we agreed to sell substantially all of our assets to Qoo10 Delaware or an affiliate designated by Qoo10 Delaware (such designated affiliate, the "Buyer"), other than (A) our net operating losses ("NOLs") and certain other tax attributes, (B) our marketable securities and (C) certain of our cash and cash equivalents, and (ii) Qoo10 agreed to acquire those assets and assume substantially all of our liabilities as specified in the Asset Purchase Agreement (the "Asset Sale"). On April 18, 2024, the holders of a majority of the outstanding shares of our common stock voted to approve the Asset Sale. Pursuant to such vote and satisfaction of other customary closing conditions, the Asset Sale closed on April 19, 2024, and immediately following the closing of the Asset Sale, we received/retained approximately \$162 million in cash, cash equivalents and marketable securities (consisting of government securities)(the "Post-Closing Cash"), as well as the NOLs and other tax attributes described herein.

Following the completion of the Asset Sale, we have exited the operation of our marketplace and logistics business and other historical operations. However, we do not currently intend to liquidate. We are actively developing processes and procedures for evaluating strategic alternatives for the use of our Post-Closing Cash and reviewing, identifying and executing those strategic opportunities for the benefit of ContextLogic and its stockholders. Those alternatives are currently expected to include using the Post-Closing Cash to fund, at least in part, the acquisition of assets or a business that will potentially allow us to utilize and derive benefits from our NOLs and certain other tax attributes.

Overview

Prior to the completion of the Asset Sale, we were an marketplace and logistics business that connected merchants and consumers from around the world. Since the Asset Sale was consummated, as we pursue strategic opportunities, our primary source of income is interest earned on our marketable securities and cash and cash equivalents. We also have retained a payment license in Europe that we still hold from two subsidiaries in the Netherlands pending approval of transfer to Qoo10 by the Dutch National Bank of certain licenses. Although our Board of Directors is evaluating various strategic alternatives regarding the use of the proceeds from the Asset Sale with a goal to maximize stockholder value, we have not yet identified any particular acquisitions or investments or committed to making any such decision by a particular date. We can provide no assurance that our Board of Directors and management will be able to attract the businesses we identify as viable for our objectives, due to competitive forces in the marketplace beyond our control, or consummate strategic transactions, including the acquisition of assets or a business, on terms and conditions that we believe will be in the best interests of ContextLogic and its stockholders. The Company is not registered under the Investment Company Act of 1940, as amended ("ICA"), and is not required to register as an investment company under the ICA.

Results of Operations

The following table shows our results of operations for the periods presented and expresses the relationship of certain line items as a percentage of revenue for those periods. The period-to-period comparison of financial results reflects business that we no longer operate and is not indicative of future results.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(in millions)			
Revenue	\$ —	\$ 60	\$ 43	\$ 234
Cost of revenue	—	46	36	184
Gross profit	—	14	7	50
Operating expenses:				
Sales and marketing	—	35	18	111
Product development	—	38	26	127
General and administrative	3	21	38	68
Total operating expenses	3	94	82	306
Loss from operations	(3)	(80)	(75)	(256)
Other income, net				
Interest and other income, net	2	3	4	13
Gain on Asset Sale	—	—	4	—
Loss before provision for income taxes	(1)	(77)	(67)	(243)
Provision for income taxes	—	3	6	6
Net loss	\$ (1)	\$ (80)	\$ (73)	\$ (249)

The following table presents the components of our condensed consolidated statements of operations as a percentage of revenue:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenue	—	100 %	100 %	100 %
Cost of revenue	—	77 %	84 %	79 %
Gross profit	—	23 %	16 %	21 %
Operating expenses:				
Sales and marketing	—	58 %	42 %	47 %
Product development	—	63 %	60 %	54 %
General and administrative	—	35 %	88 %	29 %
Total operating expenses	—	156 %	190 %	130 %
Loss from operations	—	(133)%	(174)%	(109)%
Other income, net:				
Interest and other income, net	—	5 %	9 %	6 %
Gain on Asset Sale	—	—	9 %	—
Loss before provision for income taxes	—	(128)%	(156)%	(103)%
Provision for income taxes	—	5 %	14 %	3 %
Net loss	—	(133)%	(170)%	(106)%

Comparison of Three and Nine Months Ended September 30, 2024 and 2023

Since the consummation of the Asset Sale on April 19, 2024, we no longer earn operating revenue or incur related cost associated with the prior marketplace and logistics operations. We expect to incur minimal administrative costs in the course of overseeing and curating the remaining assets.

Revenue

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2024	2023	\$	%	2024	2023	\$	%
	(\$ in millions, except percentages)							
Core marketplace revenue ⁽¹⁾	\$ —	\$ 19	\$ (19)	(100)%	\$ 13	\$ 71	\$ (58)	(82)%
ProductBoost revenue	—	5	(5)	(100)%	4	19	(15)	(79)%
Marketplace revenue	—	24	(24)	(100)%	17	90	(73)	(81)%
Logistics revenue	—	36	(36)	(100)%	26	144	(118)	(82)%
Revenue	\$ —	\$ 60	\$ (60)	(100)%	\$ 43	\$ 234	\$ (191)	(82)%

(1) Core marketplace revenue included a zero net loss for both the three months and nine months ended September 30, 2024 and a \$3 million and \$4 million net loss for the three months and nine months ended September 30, 2023, respectively, from our cash flow hedging program.

Revenue decreased \$60 million, or 100%, to zero for the three months ended September 30, 2024 as compared to \$60 million for the three months ended September 30, 2023. Revenue decreased \$191 million, or 82%, to \$43 million for the nine months ended September 30, 2024 as compared to \$234 million for the nine months ended September 30, 2023. The decreases were attributable to the consummation of the Asset Sale in the prior quarter. As such, the comparable period of three months ended September 30, 2024 has none of the previous marketplace and logistics operations.

Cost of Revenue and Gross Margin

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2024	2023	\$	%	2024	2023	\$	%
	(\$ in millions, except percentages)							
Cost of revenue	\$ —	\$ 46	\$ (46)	(100)%	\$ 36	\$ 184	\$ (148)	(80)%
Percentage of revenue	—	77%			84%	79%		
Gross Margin	—	23%			16%	21%		

Cost of revenue for the three and nine months ended September 30, 2024 decreased \$46 million, or 100%, and \$148 million, or 80%, respectively, compared to the same periods in 2023. These decreases were primarily due to the consummation of the Asset Sale in the prior quarter. As such, the comparable period of three months ended September 30, 2024 has none of the previous marketplace and logistics operations.

Sales and Marketing

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2024	2023	\$	%	2024	2023	\$	%
	(\$ in millions, except percentages)							
Sales and marketing	\$ —	\$ 35	\$ (35)	(100)%	\$ 18	\$ 111	\$ (93)	(84)%
Percentage of revenue	—	58%			42%	47%		

Sales and marketing expense decreased \$35 million, or 100%, to zero for the three months ended September 30, 2024, compared to \$35 million for the three months ended September 30, 2023 and decreased \$93 million, or 84%, to \$18 million for the nine months ended September 30, 2024, compared to \$111 million for the nine months ended September 30, 2023. The decrease was primarily due to the consummation of the Asset Sale in the prior quarter. As such, the comparable period of three months ended September 30, 2024 has none of the previous marketplace and logistics operations.

Product Development

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2024	2023	\$	%	2024	2023	\$	%
	(\$ in millions, except percentages)							
Product development	\$ —	\$ 38	\$ (38)	(100)%	\$ 26	\$ 127	\$ (101)	(80)%
Percentage of revenue	—	63%			60%	54%		

Product development expense decreased \$38 million, or 100%, to zero for the three months ended September 30, 2024, compared to \$38 million for the three months ended September 30, 2023 and decreased \$101 million, or 80%, to \$26 million for the nine months ended September 30, 2024, compared to \$127 million for the nine months ended September 30, 2023. The decrease was primarily due to the consummation of the Asset Sale in the prior quarter. As such, the comparable period of three months ended September 30, 2024 has none of the previous marketplace and logistics operations.

General and Administrative

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2024	2023	\$	%	2024	2023	\$	%
	(\$ in millions, except percentages)							
General and administrative	\$ 3	\$ 21	\$ (18)	(86)%	\$ 38	\$ 68	\$ (30)	(44)%
Percentage of revenue	—	35%			88%	29%		

General and administrative expense decreased \$18 million, or 86%, to \$3 million for the three months ended September 30, 2024, compared to \$21 million for the three months ended September 30, 2023 and decreased \$30 million, or 44%, to \$38 million for the nine months ended September 30, 2024, compared to \$68 million for the nine months ended September 30, 2023. The decrease was primarily due to the consummation of the Asset Sale in the prior quarter. As such, the comparable period of three months ended September 30, 2024 has none of the previous marketplace and logistics operations. The decrease was offset by \$3 million of expenses for legal, employee and other professional services.

Interest and Other Income, net

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2024	2023	\$	%	2024	2023	\$	%
	(\$ in millions, except percentages)							
Interest and other income, net	\$ 2	\$ 3	\$ (1)	(33)%	\$ 4	\$ 13	\$ (9)	(69)%
Percentage of revenue	—	5%			9%	6%		

Interest and other income, net decreased \$1 million, or 33%, to \$2 million for the three months ended September 30, 2024 as compared to \$3 million for the three months ended September 30, 2023. The decrease was driven by lower interest rates and lower cash and marketable securities balances earning interest.

Interest and other income, net decreased \$9 million, or 69%, to \$4 million for the nine months ended September 30, 2024 as compared to \$13 million for the nine months ended September 30, 2023. The decrease was attributable to \$8 million less interest income driven by lower cash and marketable securities balances.

Since the consummation of the Asset Sale, we expect to earn interest income on marketable securities and cash and cash equivalents that remain following the Asset Sale.

Gain on Asset Sale

	Three Months Ended		Change		Nine Months Ended		Change	
	September 30,				September 30,			
	2024	2023	\$	%	2024	2023	\$	%
	(\$ in millions, except percentages)							
Gain on Asset Sale	\$ —	\$ —	\$ —	—	\$ 4	\$ —	N/M	N/M
Percentage of revenue	—	—			9%	—		

*N/M means not meaningful

Gain on Asset Sale increased \$4 million, or 100%, to \$4 million for the nine months ended September 30, 2024. The increase was due to a gain associated with Asset Sale completed on April 19, 2024.

Provision for Income Taxes

	Three Months Ended		Change		Nine Months Ended		Change	
	September 30,				September 30,			
	2024	2023	\$	%	2024	2023	\$	%
	(\$ in millions, except percentages)							
Provision for income taxes	\$ —	\$ 3	\$ (3)	(100)%	\$ 6	\$ 6	\$ 0	0%
Percentage of revenue	—	5%			14%	3%		

Provision for income taxes for the three months ended September 30, 2024 decreased \$3 million, or 100% compared to the same period in 2023. The decrease in the provision for income taxes was primarily related to \$3 million of unrecognized tax benefits during the three months ended September 30, 2023.

Provision for income taxes for the nine months ended September 30, 2024 remained steady at \$6 million compared to the same periods in 2023. The 2024 provision was primarily related to withholding taxes accrued on certain intercompany dividends in the first quarter of fiscal 2024 while the 2023 provision was related to unrecognized tax benefits and our international operations during the nine months ended September 30, 2023.

Liquidity and Capital Resources

As of September 30, 2024, we had cash and cash equivalents of \$33 million, a majority of which were held in cash deposits and U.S. Treasury bills, and marketable securities of \$117 million, which funds were held for working capital purposes. We believe that our existing cash, cash equivalents and marketable securities will be sufficient to meet our anticipated cash needs for at least the next 12 months.

Our material cash requirements outside our normal operating costs include \$5 million in total liabilities.

While we maintain our cash and short-term investments with a diverse group of large national financial institutions, there can be no assurance that any of our other deposits in excess of the Federal Deposit Insurance Corporation or other comparable insurance limits will be backstopped by the U.S. or that any bank or financial institution with which we do business will be able to obtain needed liquidity from other banks, government institutions or by acquisition in the event of a failure or liquidity crisis.

Sources of Liquidity

As a result of the Asset Sale, we received/retained approximately \$162 million in cash. As of September 30, 2024, we had cash and cash equivalents of \$33 million and marketable securities of \$117 million (consisting of government securities). As required by the Asset Purchase Agreement, the Buyer assumed substantially all the liabilities of the Company.

Since the consummation of the Asset Sale, we: (i) earn interest income on cash and marketable securities that we continue to hold following the Asset Sale; (ii) have no other sources of revenue and related costs; and (iii) incur minimal administrative costs.

Cash Flows

	Nine Months Ended September 30,	
	2024	2023
	(in millions)	
Net cash provided by (used in):		
Operating activities	\$ (92)	\$ (266)
Investing activities	\$ (103)	\$ 75
Financing activities	\$ (1)	\$ (5)

Net Cash Used in Operating Activities

Net cash used in our operating activities for the nine months ended September 30, 2024 was \$92 million. This was driven by our net loss of \$73 million and \$26 million unfavorable changes in our operating assets and liabilities, which was partially offset by non-cash expenses of \$7 million. Unfavorable working capital movement was mainly driven by reductions in accounts payable, merchants payable and accrued and refund liabilities. Accounts payable, merchants payable, and accrued and refund liabilities decreased significantly due to the Asset Sale.

Net cash used in our operating activities for the nine months ended September 30, 2023 was \$266 million. This was driven by our net loss of \$249 million and \$73 million unfavorable changes in our operating assets and liabilities, which was partially offset by non-cash expenses of \$56 million. Unfavorable working capital movement was mainly driven by reductions in accounts payable, merchants payable and accrued and refund liabilities. Accounts payable, merchants payable, and accrued and refund liabilities decreased by \$92 million primarily due to lower order volumes and reduced digital advertising expenditures.

Net Cash Provided by (Used in) Investing Activities

Net cash used in investing activities was \$103 million for the nine months ended September 30, 2024. This was primarily due to \$133 million net cash proceeds from the Asset Sale and \$120 million in purchases of marketable securities, partially offset by \$150 million in maturities and sales of marketable securities.

Net cash provided by investing activities was \$75 million for the nine months ended September 30, 2023. This was primarily due to \$317 million in maturities of marketable securities, partially offset by \$239 million in purchases of marketable securities and \$3 million in capital expenditures.

Net Cash Used in Financing Activities

Net cash used in our financing activities was \$1 million for the nine months ended September 30, 2024 and \$5 million for the nine months ended September 30, 2023, in each case, due to tax payments related to employee RSU settlement.

Off Balance Sheet Arrangements

For the three and nine months ended September 30, 2024, we had two unconsolidated entities in the Netherlands remaining from the Asset Sale. These two entities hold and manage a payment license in Europe and are pending approval of transfer to Qoo10 by the Dutch National Bank. We do not retain any economic benefits from these entities and thus do not consolidate them into our condensed consolidated financial statements.

For the three and nine months ended September 30, 2023, we did not have any relationships with unconsolidated organizations or financial partnerships, such as structured finance or special purpose entities that would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Critical Accounting Policies

There have been no material changes to our critical accounting policies and estimates as compared to those described in our 2023 Form 10-K, filed with the SEC on March 5, 2024.

Recent Accounting Pronouncements

See Note 1 of Part I, Item 1 of this Quarterly Report on Form 10-Q for a full description of recent accounting pronouncements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As a “smaller reporting company,” as defined by Item 10 of Regulation S-K, we are not required to provide this information.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission ("SEC") and to ensure that information required to be disclosed is accumulated and communicated to management, including our principal executive and financial officers, to allow timely decisions regarding required disclosure.

Our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), with assistance from other members of management, have evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2024, and based on their evaluation, have concluded that our disclosure controls and procedures were not effective as of such date due to material weaknesses in internal control over financial reporting, described below.

Previously Reported Material Weaknesses in Internal Control over Financial Reporting

As disclosed in Item 9A, "Controls and Procedures" within our 2023 Form 10-K, which was filed with the SEC on March 5, 2024, the following material weaknesses were identified and remain outstanding as of September 30, 2024:

- The Company did not design and maintain an effective control environment commensurate with its financial reporting requirements. Specifically, the Company did not (i) provide sufficient management oversight and ownership over the internal control evaluation process or (ii) hire and train sufficient competent personnel to support the Company's internal control objectives. This material weakness contributed to the following additional material weakness:

- The Company did not design and maintain effective controls over information technology general controls ("ITGCs") for information systems and applications that are relevant to the preparation of the consolidated financial statements. Specifically, the Company did not design and maintain: (i) sufficient user access controls to ensure appropriate segregation of duties and adequately restrict user and privileged access to financial applications, programs and data to appropriate Company personnel; (ii) program change management controls to ensure that information technology program and data changes affecting financial information technology applications and underlying accounting records are identified, tested, authorized and implemented appropriately; and (iii) computer operations controls to ensure that critical batch and interface jobs are monitored, privileges are appropriately granted, and data backups are authorized and monitored.

None of the material weaknesses described above resulted in a material misstatement to our annual or interim consolidated financial statements. However, the material weaknesses described above could result in a misstatement of one or more account balances or disclosures that would result in a material misstatement to the annual or interim consolidated financial statements that would not be prevented or detected.

After giving full consideration to these material weaknesses, and the additional analyses and other procedures we performed to ensure that our condensed consolidated financial statements included in this Quarterly Report on Form 10-Q were prepared in accordance with U.S. GAAP, our management has concluded that our condensed consolidated financial statements present fairly, in all material respects, our financial position, results of operations and cash flows for the periods disclosed in conformity with U.S. GAAP.

Management's Plan to Remediate the Material Weaknesses

On April 19, 2024, the Company completed the sale of substantially all of its assets to Qoo10, whereby Qoo10 paid the Company \$162 million in cash, after giving effect to certain purchase price adjustments, and agreed to assume substantially all of the Company's liabilities ("Asset Sale"). Subsequent to the Asset Sale, the Company's assets consist primarily of cash, cash equivalents, and marketable securities, as well as federal income tax net operating loss ("NOLs") carryforwards and certain other tax attributes (for which the Company has provided a full valuation allowance).

The Company has been reassessing its remediation efforts since the closing of the Asset Sale, given that (i) most of the information technology ("IT") systems were sold to Qoo10 and (ii) the process controls associated with the material weakness in the control environment are no longer applicable to the relatively limited size, scope, and complexity of the Company's current control environment. As a result, our management is currently redesigning a completely new control environment with new IT systems, processes and controls commensurate with our currently limited ongoing business operations.

Changes in Internal Control Over Financial Reporting

Other than the remediation actions to address the existing material weaknesses as described above, there were no changes in our internal controls over financial reporting during the third quarter of 2024, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on the Effectiveness of Disclosure Controls and Procedures

Our management, including our principal executive officer and principal financial officer, does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Due to inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

The information set forth under Note 8, Commitments and Contingencies, in Notes to Unaudited Condensed Consolidated Financial Statements included in Part I, Item 1, of this Quarterly Report on Form 10-Q, is incorporated herein by reference.

Item 1A. Risk Factors.

Investing in our common stock involves a high degree of risk. You should carefully consider the risks and uncertainties set forth below, together with all of the other information contained in this Quarterly Report on Form 10-Q, including our condensed consolidated financial statements and related notes, and in our Annual Report on Form 10-K for the year ended December 31, 2023, before making a decision to invest in our common stock. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that affect our business. These risk factors could materially and adversely affect our business, financial condition and results of operations, and the market price of our common stock could decline. These risk factors do not identify all risks that we face – our financial condition and/or operations could also be affected by factors that are not presently known to us or that we currently consider to be immaterial to our financial conditions and/or operations. Due to risks and uncertainties, known and unknown, as well as the completion of the Asset Sale on April 19, 2024, our past financial results will not be a reliable indicator of future performance and historical trends should not be unduly used to anticipate results or trends in future periods.

Risks Related to Our Business

Since the Asset Sale, we have had no material operations and no material sources of operating revenue, which may negatively impact the value and liquidity of our common stock.

Since the closing of the Asset Sale, we have not had an operating business generating revenues. Until we deploy the Post-Closing Cash and otherwise utilize our NOLs, we will have no material sources of operating revenue other than interest income on our marketable securities and cash and cash equivalents. Although the strategic alternatives under evaluation by our Board of Directors for the use of the Post-Closing Cash include funding, at least in part, the acquisition of businesses or assets that will potentially allow us to utilize our NOLs and certain other tax attributes, there can be no guarantee that suitable assets will be available for us to purchase or that any assets acquired will generate the revenues anticipated or any revenue at all. If we are not able to acquire suitable assets, the value of our remaining tax attributes will be limited and may be worthless. A failure by us to secure additional sources of revenue could negatively impact the value and liquidity of our common stock.

If we are deemed to be an investment company under the Investment Company Act of 1940, our results of operations could be harmed.

Under Sections 3(a)(1)(A) and (C) of the Investment Company Act of 1940, as amended (the “Investment Company Act”), a company generally will be deemed to be an “investment company” for purposes of the Investment Company Act if (i) it is, or holds itself out as being, engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting, or trading in securities or (ii) it engages, or proposes to engage, in the business of investing, reinvesting, owning, holding, or trading in securities and it owns or proposes to acquire investment securities having a value exceeding 40% of the value of its total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis. If we were obligated to register as an “investment company,” we would have to comply with a variety of substantive requirements under the Investment Company Act that impose, among other things, limitations on capital structure, restrictions on specified investments, prohibitions on transactions with affiliates, and compliance with reporting, record keeping, voting, proxy disclosure and other rules and regulations that would increase our operating and compliance costs, could make it impractical for us to continue our business as contemplated, and would have an adverse effect on our results of operations.

We continue to incur the expense of complying with public company reporting requirements following the closing of the Asset Sale.

Since the Asset Sale was consummated, we have continued, and will continue, to be required to comply with the applicable reporting requirements of the Exchange Act, and such compliance with such reporting requirements is economically burdensome and requires our management’s time and attention.

As a public company, we incur substantial legal, accounting, and other expenses. For example, we are subject to the reporting requirements of the Exchange Act, the applicable requirements of the Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”), the Dodd-Frank Wall Street Reform and Consumer Protection Act and the rules and regulations of the SEC.

In addition, as a public company, our management and other key personnel must divert attention from other business matters to devote substantial time to the reporting and other requirements of being a public company. In particular, we incur significant expense and devote substantial management effort to complying with the requirements of Section 404 of the Sarbanes-Oxley Act.

As a result of our obligations as a public company, we may be subject to threatened or actual litigation, including by stockholders and competitors. If such claims are successful, our business and operating results could be adversely affected,

and even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and adversely affect our business and operating results.

Risks Related to our NOLs and Other Tax Attributes

We may not be able to utilize a significant portion of our net operating loss carryforwards, and other tax attributes, which could adversely affect the value of our common stock.

As of December 31, 2023, we had federal NOLs available to reduce future taxable income, if any, of \$886 million that begin to expire in 2030 and continue to expire through 2037 and \$1.9 billion that have an unlimited carryover period. As of December 31, 2023, we had state NOLs available to reduce future taxable income, if any, of \$7.0 billion that begin to expire in 2026 and continue to expire through 2043 and \$2.0 billion that have an unlimited carryover period. Under legislation enacted in 2017, informally titled the Tax Cuts and Jobs Act (the "Tax Act"), as modified by the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), unused U.S. federal NOLs generated in tax years beginning after December 31, 2017, will not expire and may be carried forward indefinitely, but the deductibility of such federal NOLs in tax years beginning after December 31, 2020, is limited to 80% of taxable income. It is uncertain if and to what extent various states will conform to the Tax Act or the CARES Act. Additionally, portions of these NOLs could expire unused and be unavailable to offset future income tax liabilities. In addition, at the state level, there may be periods during which the use of NOLs is suspended or otherwise limited. For example, California recently imposed limits on the usability of California state NOLs to offset taxable income in tax years beginning after 2019 and before 2022. As a result, even if we acquire income producing assets and attain profitability in the future, we may be unable to use a material portion of our NOLs and other tax attributes, which could adversely affect our future cash flows and the value of our common stock.

An "ownership change" could limit the use of our NOLs and our potential to derive a benefit from our NOLs.

The utilization of NOLs and other tax attributes to offset future taxable income or taxes may be subject to limitations under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended (the "Code"), and similar state statutes as a result of ownership changes that could occur in the future. While we believe that our NOLs are currently not subject to limitation under these rules and have entered into a Tax Benefits Preservation Plan designed to preserve and protect our NOLs, there is no guarantee that we have not undergone an ownership change in the past or that such plan will prevent us from experiencing an ownership change in the future which would limit our ability to use our NOLs.

In general, an "ownership change" would occur if there is a cumulative change in the ownership of our common stock of more than 50% by one or more "5% stockholders" during a three-year test period.

Our Tax Benefits Preservation Plan does not prohibit a stockholder from acquiring a significant percentage of our outstanding common stock and adversely impacting our ability to preserve our NOLs.

Our Tax Benefits Preservation Plan is designed to preserve the value of certain tax assets associated with NOL carryforwards under Section 382 of the Code by deterring new 5% stockholders and is triggered by an unauthorized person acquiring or holding more than 4.9% of our outstanding voting securities. The Tax Benefits Preservation Plan is designed to deter new 5% stockholders through economic dilution, but does not prohibit a stockholder from acquiring more than 4.9% of our outstanding voting securities which could cause an "ownership change" if there is a cumulative change in the ownership of our common stock of more than 50% by one or more "5% stockholders" during a three-year test period which could materially and adversely reduce and restrict our ability to utilize and benefit from our NOLs.

Risks Related to our Business Plan and Future Operations

We may face difficulties or delays or be unsuccessful in a search to acquire an operating business or assets, and we may expend significant time and capital on a prospective business or asset acquisition that is not ultimately consummated.

Our Board of Directors is evaluating strategic alternatives, including the potential to use the Post-Closing Cash and to utilize our NOLs by acquiring assets or a business. The investigation of any specific target assets or a business and any subsequent negotiation and drafting of related agreements, SEC disclosure and other documents would require substantial amounts of management's time and attention and material additional costs in connection with outsourced services from accountants, attorneys and other professionals. We would likely expend significant time and resources searching for, conducting due diligence on, and negotiating transaction terms in connection with a proposed asset or a business acquisition that may not ultimately come to fruition. Unanticipated issues which may be beyond our control or that of the seller of the applicable assets or business may arise that force us to terminate discussions with a target company, such as the target's failure or inability to provide adequate documentation to assist in our investigation, a party's failure to obtain required waivers or consents to consummate the transaction as required by the inability to obtain the required audits, applicable laws, charter documents and agreements, the appearance of a competitive bid from another prospective purchaser, or the seller's inability to maintain its operations for a sufficient time to allow the transaction to close. Such risks are inherent in any search for new assets or a business and investors should be aware of them before investing in an enterprise such as ours and we can provide no assurance that we will be successful in our efforts to acquire assets or a revenue producing business.

We expect to face intense competition in our search for assets or a revenue-producing business to combine with or acquire. Other parties, such as private equity and venture capital firms, larger companies, and other strategic investors, may have greater capital or human resources than we do and/or more experience in a particular industry within which we

choose to search. These competitors may have a certain amount of liquid cash available to take advantage of favorable market conditions for a prospective asset or business purchase. Any delay or inability to locate, negotiate and enter into an asset or business acquisition as a result of any disadvantages we have relative to those other potential purchasers could cause us to lose valuable business opportunities to those other potential purchasers, which would have a material adverse effect on our business plan and results of operations. Moreover, economic factors that are beyond our control, including inflation and higher interest rates and economic uncertainty, as well as geopolitical instability may hinder our ability to locate and obtain assets or a business on terms that are favorable to us.

In addition, we have limited capital, and we may not be able to take advantage of any available business opportunities on favorable terms or at all. There can be no assurance that we will have sufficient capital or be able to raise additional capital to provide us with the necessary funds to successfully acquire assets or a business we deem to be appropriate or necessary to accomplish our objectives, in which case we may be forced to terminate our efforts to acquire assets or a revenue producing business and your investment in our common stock could be materially and adversely impacted. In addition, any debt financing that we may secure in connection with an acquisition, could result in additional operating and financial covenants that would limit or restrict our ability to take certain actions. There is no guarantee that financing would be available to us in amounts or on terms acceptable to us, if at all.

If we are not successful in acquiring assets or a new business and generating material revenues, investors may lose their entire investment.

If we are not successful in acquiring assets or a new business through which to implement it, our investors' entire investment in our common stock could be materially and adversely affected. Even if we are successful in acquiring the assets of an operating entity, we can provide no assurances that we will be able to generate material revenue therefrom in the short-term or at all or that investors will derive a profit from their investment. If we are not successful, our investors may lose their entire investment.

We may attempt to complete an acquisition with a private target company about which little information is available, and such target entity may not generate revenue as expected or otherwise be compatible with us as expected.

In pursuing our search for assets or a business to acquire, we may seek to complete a business acquisition with a privately-held company or acquire assets from a privately-held company. Very little public information generally exists about private companies, and the only information available to us prior to making a decision may be from documents and information provided directly to us by the target company in connection with the transaction. Such documents or information or the conclusions we draw therefrom could prove to be inaccurate or misleading. As such, we may be required to make our decision on whether to pursue a potential asset or business acquisition based on limited, incomplete or faulty information, which may result in our subsequent operations generating less revenue than expected, which could materially harm our financial condition and results of operations.

When evaluating the desirability of a potential business acquisition, our ability to assess the target business's management may be limited due to a lack of time, resources or information. Our management's assessment of the capabilities of the target's management, therefore, may prove to be incorrect and such management may lack the skills, qualifications or abilities expected. Should the target's management not possess the skills, qualifications or abilities necessary to manage a public company or assist with their former entity's merger or combination into ours, the operations and profitability of the post-acquisition business may be negatively impacted, and our stockholders could suffer a reduction in the value of their shares.

Our business could suffer if we are unsuccessful in making, integrating, and maintaining any future acquisitions and investments.

We may acquire assets, businesses or technologies in the future. Integrating an acquired asset, business or technology is difficult and can be risky. These potential and completed transactions create risks such as:

- the risks associated with assuming liabilities related to the activities of the acquired business before and after the acquisition, including liabilities for violations of laws and regulations, commercial disputes, cyberattacks, taxes, and other matters; and
- the difficulty of integrating new assets, businesses and technologies into our infrastructure.

Acquisitions also may require us to spend a substantial portion of our available cash, issue stock, incur debt or other liabilities, amortize expenses related to intangible assets, or incur write-offs of goodwill or other assets. Finally, acquisitions could be viewed negatively by analysts, investors or our users.

The success of our business will depend, in part, on the continued services of certain key personnel and our ability to attract and retain qualified personnel.

The success of our business will depend, in part, on the continued services of certain members of our management. Our inability to attract and retain qualified personnel could significantly disrupt our business. Although we take prudent steps to retain key personnel, we face competition for qualified individuals from numerous professional services and other companies. For example, our competitors may be able to attract and retain more qualified professional and technical personnel by offering more competitive compensation packages. If we are unable to attract new personnel and retain our current personnel, we may not be able execute our business plan.

Risks Related to the Asset Purchase Agreement

The Purchaser did not assume the excluded liabilities under the Asset Purchase Agreement.

Under the Asset Purchase Agreement, the Buyer did not assume all of the liabilities associated with our prior business. Certain liabilities remained with us post-closing. For example, the Buyer did not assume any liabilities arising out of or related to the employment or termination of service of any employee of ours who did not transfer to the Buyer or arising from severance payments to, or unpaid wages owed to, any employee who declined the Buyer's offer of employment or service or certain third party claims related to the Company's initial public offering, including an existing class action lawsuit and a stockholder derivative action. Such liabilities, together with other excluded liabilities under the Asset Purchase Agreement, could be significant. We can provide no assurance that we will not incur material post-closing liabilities.

We have counterparty risk with the Buyer and its affiliates for certain ongoing obligations under the Asset Purchase Agreement and the failure of the Buyer and its affiliates to perform their obligations could cause us to suffer losses.

In connection with the Asset Sale, under the Asset Purchase Agreement we agreed with Buyer to transfer and assign the lease for the facility located at One Sansome Street (the "Lease") to Buyer and for Buyer to assume all obligations under the Lease. The Company relinquished control of the leased facility after the Asset Sale. In order to obtain the landlord's consent to the transfer of the Lease and effect its assignment, we agreed to maintain a letter of credit for an additional 90 days following the April 19, 2024 closing date during which time (i) Buyer was obligated to secure a replacement security acceptable to the landlord and (ii) we and Buyer agreed to provide the landlord with cash collateral in the amount of \$7 million funded equally by the parties. As of October 31, 2024, the landlord had consented to the assignment of the Lease to the Buyer. However, we maintain the letter of credit for the facility. Until the landlord accepts a replacement security proposed by the Buyer, any event by the landlord to draw on the security will come from the maintained letter of credit. Under the Asset Purchase Agreement, the Buyer agreed to assume all obligations under the Lease since the Asset Sale.

As of August 1, 2024, it has been reported that two of Parent Qoo10's e-commerce platforms had filed for receivership in South Korea shortly after it was announced that Qoo10 was being investigated in South Korea for failures to make payments to vendors in South Korea. If the Buyer fails to pay the rent under the Lease or comply with other obligations under the Lease, we would be responsible for the remaining obligations under the Lease. While the cash collateral held as restricted cash on our balance sheet could be utilized to satisfy Lease obligations should Buyer fail to meet them, half of the cash collateral has been funded by the Company, and if more than half of the cash collateral is used to satisfy obligations under the Lease, such funds will not be returned to the Company. While the Buyer would be responsible for such obligations under the terms of the Asset Purchase Agreement, we can provide no assurance that we would be successful in obtaining payment or reimbursement from Buyer or Qoo10 for such losses.

Risks Related to Our Internal Controls

We have identified material weaknesses in our internal control over financial reporting and may identify additional material weaknesses in the future or otherwise fail to maintain an effective system of internal controls, which may result in material misstatements of our consolidated financial statements or cause us to fail to meet our periodic reporting obligations.

During the preparation and the audit of our consolidated financial statements for the year ended December 31, 2021, we and our independent registered public accounting firm identified material weaknesses in our internal control over financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. In addition, given our reliance on information technology ("IT") systems to synthesize both financial and nonfinancial information, any material weaknesses in our IT controls may result in errors in not only our consolidated financial statements but our nonfinancial metrics as well.

The material weaknesses we identified in 2021 occurred because (i) the processes and controls over our IT systems relevant to the preparation of our consolidated financial statements were inadequate and (ii) the current processes in place were insufficient to allow us to complete the testing and assessment of the design and operating effectiveness of internal controls over financial reporting in a timely manner.

As described in Item 4, "Controls and Procedures", we will continue our initiatives to implement measures designed to ensure that remaining control deficiencies contributing to the material weaknesses are remediated, such that these controls are designed, implemented, and operating effectively.

We cannot guarantee that our efforts will remediate these deficiencies in internal control over financial reporting or that additional material weaknesses in our internal control over financial reporting will not be identified in the future. Our failure to implement and maintain effective internal control over financial reporting could result in errors in our consolidated financial statements that could result in a restatement of our financial statements and could cause us to fail to meet our reporting obligations, any of which could diminish investor confidence and cause a decline in the price of our common stock. See Item 4, "Controls and Procedures" for further discussions of the identified material weaknesses.

Our management is required to evaluate the effectiveness of our disclosure controls and internal control over financial reporting. If we are unable to maintain effective disclosure controls and internal control over financial reporting, investors may lose confidence in the accuracy of our financial reports.

As a public company, we are required to maintain internal control over financial reporting and to report any material weaknesses in such internal control. Section 404 of the Sarbanes-Oxley Act requires that we evaluate and determine the effectiveness of our internal control over financial reporting. Additionally, our independent registered public accounting firm is required to deliver an attestation report on the effectiveness of our internal control over financial reporting. We expect that the requirements of these rules and regulations will continue to increase our legal, accounting, and financial compliance costs, make some activities more difficult, time-consuming, costly, and place significant strain on our personnel, systems, and resources.

We are continuing to develop and refine our disclosure controls and other procedures that are designed to ensure that information required to be disclosed in the reports that we will file with the SEC is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms and that information required to be disclosed in reports under the Exchange Act is accumulated and communicated to our principal executive and financial officers. While we have developed a new control environment with new systems, processes and controls commensurate with our ongoing business going forward, and new business processes and controls were designed and documented in order to improve our internal control over financial reporting through remediation measures described in Item 4, "Controls and Procedures—Management's Plan to Remediate the Material Weaknesses", we cannot guarantee that these changes will remediate future deficiencies or that additional material weaknesses in our internal control over financial reporting will not be identified in the future.

In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, we have expended, and anticipate that we will continue to expend, significant resources, including accounting-related costs and significant management oversight. If any of these new or improved controls and systems do not perform as expected, we may experience further deficiencies in our controls.

Our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business, some of which may arise from our restructuring and turnaround initiatives. We and our independent registered public accounting firm identified weaknesses in our internal control over financial reporting and additional weaknesses may be discovered in the future. Any failure to develop or maintain effective controls or any difficulties encountered in their implementation or improvement could harm our results of operations, cause us to fail to meet our reporting obligations, and adversely affect the results of periodic management evaluations and our independent registered public accounting firm's attestation reports required by the SEC. Ineffective disclosure controls and procedures and internal control over financial reporting could diminish investor confidence, negatively affect the price of our common stock, and could result in our delisting on Nasdaq. As noted previously, see Item 4, "Controls and Procedures" for further discussions of the identified material weaknesses.

Risks Related to Our Class A Common Stock

The uncertainty regarding the use of proceeds from the Asset Sale and our future operations may negatively impact the value and liquidity of our common stock.

We have broad discretion regarding the use of proceeds from the Asset Sale. Although our Board of Directors will continue to evaluate various strategic alternatives regarding the use of the proceeds from the Asset Sale with a goal to maximize stockholder value, including through potentially using our cash and/or our NOLs, it has not yet identified any particular acquisitions or investments or committed to making any such decision by a particular date. This uncertainty may negatively impact the value and liquidity of our common stock.

There is no assurance that we will remain compliant with Nasdaq's listing requirements.

Our common stock is listed on the Nasdaq Global Select Market and, in order to maintain that listing, we must satisfy minimum financial and other continued listing requirements and standards including, without limitation, that our closing bid price be at least \$1.00 per share (the "Minimum Bid Price Requirement").

On April 10, 2023, following stockholder approval, our Board of Directors approved a 1-for-30 reverse stock split of our issued and outstanding shares of common stock. On April 12, 2023, our common stock began trading on a split-adjusted basis on the Nasdaq Global Select Market. As of April 26, 2023, we regained compliance with the Minimum Bid Price Requirement.

Since the completion of the Asset Sale, our common stock has continued to be listed on the Nasdaq Global Select Market. However, there can be no assurance that we will remain in compliance with the Minimum Bid Price Requirement or will otherwise be in compliance with other Nasdaq listing rules. If we were to fall out of compliance with Nasdaq's listing requirements, there can be no assurance that our common stock would be eligible to be listed on any other national securities exchange.

Future sales and issuances of our common stock or rights to purchase common stock could result in additional dilution to our stockholders and could cause the price of our common stock to decline.

We may issue additional common stock, subscription rights, convertible securities or other equity securities. We may also expect to issue common stock to our employees, directors and other service providers pursuant to our equity incentive plans or otherwise. Such issuances could be dilutive to investors and could cause the price of our common stock to decline. New investors in such issuances could also receive rights senior to those of holders of our common stock.

If we choose to pursue an asset or business acquisition, we may require additional capital to fund such acquisition. Depending on the acquisition we pursue, future business development activities, as well as administrative expenses such as salaries, insurance, general overhead, legal and compliance expenses and accounting expenses may require a substantial amount of additional capital. We may not be able to obtain additional capital when required.

The market price of the shares of our common stock could decline as a result of the sale of a substantial number of our shares of common stock in the public market.

Our stockholders may not be afforded any opportunity to evaluate or approve an asset or business acquisition as we pursue strategic alternatives.

Our stockholders may not be afforded the opportunity to evaluate and approve a proposed business acquisition. In most cases, asset or business acquisitions do not require stockholder approval under applicable law, and our certificate of incorporation and bylaws do not afford our stockholders with the right to approve such a transaction. In order to develop and implement our business plan, we may in the future hire lawyers, accountants, technical experts, appraisers, or other consultants to assist with determining our direction and consummating any transactions contemplated thereby. We may rely on such persons in making difficult decisions in connection with the Company's future business and prospects. The selection of any such persons will be made by our Board of Directors, and any expenses incurred, or decisions made based on any of the foregoing could prove to be adverse to the Company in hindsight, the result of which could be diminished value to our stockholders.

We are a smaller reporting company, and any decision on our part to comply only with reduced reporting and disclosure requirements applicable to such companies could make our ordinary shares less attractive to investors.

As of September 30, 2024, we qualified as a "smaller reporting company," as defined in the Exchange Act, meaning that we are not an investment company, an asset-backed issuer, or a majority-owned subsidiary of a parent company that is not a "smaller reporting company," and the market value of our shares of common stock held by non-affiliates, or our public float, is less than \$250 million. As a "smaller reporting company," we may choose to take advantage of certain exemptions from various reporting requirements applicable to other public companies that are not smaller reporting companies. This includes reduced disclosure obligations in our SEC filings such as simplified executive compensation disclosures, exemption from the provisions of Section 404(b) of the Sarbanes-Oxley Act requiring that independent registered public accounting firms provide an attestation report on the effectiveness of internal control over financial reporting and only being required to provide two years of audited consolidated financial statements in annual reports. Decreased disclosures in our SEC filings due to our status as a "smaller reporting company" may make it harder for investors to analyze our operating results and financial prospects and investors may find our shares of common stock less attractive, which may result in a less active trading market for our common stock and greater stock price volatility.

We do not expect to pay any cash dividends to the holders of our common stock in the foreseeable future and the availability and timing of future cash dividends, if any, is uncertain.

We do not expect to declare or pay any cash dividends on our common stock in the foreseeable future. Our Board of Directors will determine the amount and timing of stockholder dividends, if any, that we may pay in future periods. In making this determination, our directors will consider all relevant factors, including the amount of cash available for dividends, capital expenditures, covenants, prohibitions or limitations with respect to dividends, applicable law, general operational requirements and other variables. We cannot predict the amount or timing of any future dividends you may receive, and if we do commence the payment of dividends, we may be unable to pay, maintain or increase dividends over time. Therefore, you may not be able to realize any return on your investment in our common stock for an extended period of time, if at all, other than by selling your shares.

The price of our common stock has been and continues to be volatile. Declines in the price of our common stock has resulted in and could subject us to future litigation.

The market price of our common stock has fluctuated and declined and may continue to fluctuate or decline substantially. Accordingly, the price of our common stock has been subject to wide fluctuations and could continue to be subject to wide fluctuations for many reasons, many of which are beyond our control, including those described in this "Risk Factors" section and others such as:

- failure of analysts to initiate or maintain coverage of our company, changes in their estimates of our operating results or changes in recommendations by analysts that follow our common stock;
- uncertainty among investors relating to the strategic alternative that we will choose, including any prospective asset or business acquisition and the terms and conditions thereof;
- the operating performance of any business we may acquire, if any, including any failure to achieve material revenues therefrom;
- the performance of our competitors in the marketplace;
- the public's reaction to our press releases, SEC filings, website content and other public announcements and information;

- changes in earnings estimates of any business that we acquire, if any, or recommendations by any research analysts who may follow us or other companies in the industry of a business that we acquire, if any;
- variations in general economic conditions, including as may be caused by uncontrollable events such as future pandemics, global conflicts and interest rates;
- the public disclosure of the terms of any financing we disclose in the future;
- the number of shares of our common stock that are eligible to be publicly traded in the future;
- litigation or claims against us; and
- any other factors discussed in this report.

Many of these factors are beyond our control and may decrease the market price of our common stock, regardless of whether we choose to pursue and consummate an asset or business acquisition and of our current or subsequent operating performance and financial condition. In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been instituted. A securities class action suit against us could result in substantial costs and divert our management's time and attention, which would otherwise be used to benefit our business.

Anti-takeover provisions in our charter documents, in our Tax Benefits Preservation Plan, and under Delaware law could make an acquisition of our company more difficult, could limit attempts to make changes in our management and could depress the price of our common stock.

Provisions in our certificate of incorporation and bylaws may have the effect of delaying or preventing a change in control of our company or limiting changes in our management. Among other things, the provisions in our certificate of incorporation and bylaws provide:

- our Board of Directors became classified into three classes of directors with staggered three-year terms;
- directors can be removed only for cause and only by the affirmative vote of the holders of at least two-thirds of the voting power of our common stock. Vacancies on our Board of Directors will be able to be filled only by our Board of Directors and not by stockholders;
- certain amendments to our certificate of incorporation or bylaws will require the approval of two-thirds of our common stock;
- authorization of the issuance of "blank check" preferred stock that our Board of Directors could use to implement a stockholder rights plan;
- our stockholders are only able to take action at a meeting of stockholders and not by written consent;
- stockholders may not call special meetings of the stockholders;
- our Board of Directors is expressly authorized to amend or repeal any provision of our bylaws;
- that the forum for certain litigation against us must be Delaware or the U.S. federal district courts; and
- advance notice requirements for nominations for election to our Board of Directors or for proposing matters that can be acted upon by stockholders at annual stockholder meetings.

In addition, in connection with the approval of the Asset Purchase Agreement, our Board of Directors adopted the Tax Benefits Preservation Plan in order to protect against a possible limitation on the Company's ability to use the Company's NOLs and certain other tax attributes to reduce potential future U.S. federal income tax obligations. The Tax Benefits Preservation Plan could result in the significant dilution of the holdings of a stockholder that acquires more than 4.9% of our common stock. Please refer to the section titled "Tax Benefits Preservation Plan and Series A Junior Participating Preferred Stock" in Note 1 of the Notes to Unaudited Condensed Consolidated Financial Statements included in Part I, Item 1, of this Quarterly Report on Form 10-Q.

The provisions described above may delay or prevent attempts by our stockholders to replace members of our management by making it more difficult for stockholders to replace members of our Board of Directors, which is responsible for appointing the members of our management. In addition, Section 203 of the Delaware General Corporation Law (the "DGCL") may delay or prevent a change in control of our company. Section 203 imposes certain restrictions on mergers, business combinations and other transactions between us and holders of 15% or more of our common stock. Anti-takeover provisions could depress the price of our common stock by acting to delay or prevent a change in control of our company.

Our certificate of incorporation provides that the Court of Chancery of the State of Delaware and the federal district courts of the United States of America are the exclusive forums for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our certificate of incorporation provides that the Court of Chancery of the State of Delaware and the federal district courts of the United States of America are the exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees. Our certificate of incorporation provides that the Court of Chancery of the State of Delaware is the exclusive forum for: (i) any derivative action or proceeding brought on behalf of us; (ii) any action asserting a claim of breach of a fiduciary duty; (iii) any action arising pursuant to any provision of the DGCL, our certificate of incorporation or bylaws (as either may be amended from time to time); (iv) any action to interpret, apply, enforce or determine the validity of our certificate of incorporation or our bylaws; or (v) any action asserting a claim against us that is governed by the internal affairs doctrine.

This provision does not apply to suits brought to enforce a duty or liability created by the Exchange Act. Furthermore, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all such Securities Act actions. Accordingly, both state and federal courts have jurisdiction to entertain such claims. To prevent having to litigate claims in multiple jurisdictions and the threat of inconsistent or contrary rulings by different courts, among other considerations, our certificate of incorporation further provides that the U.S. federal district courts are the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. While the Delaware courts have determined that such choice of forum provisions are facially valid, a stockholder may nevertheless seek to bring a claim in a venue other than those designated in the exclusive forum provisions. In such instance, we would expect to vigorously assert the validity and enforceability of the exclusive forum provisions of our certificate of incorporation. This may require significant additional costs associated with resolving such action in other jurisdictions and there can be no assurance that the provisions will be enforced by a court in those other jurisdictions.

These exclusive-forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other employees. If a court were to find either exclusive forum provision of our certificate of incorporation to be inapplicable to or unenforceable in an action, we may incur further significant additional costs associated with resolving the dispute in other jurisdictions, all of which could seriously harm our business.

We have been, and may in the future be, involved in litigation matters or other legal proceedings that are expensive and time consuming.

We have been, and may in the future be, involved in litigation matters, including class action lawsuits. Any lawsuit to which we are a party, with or without merit, may result in an unfavorable judgment. We also may decide to settle lawsuits on unfavorable terms. Any such negative outcome could result in payments of substantial damages or fines, damage to our reputation, loss of rights, or adverse changes to our offerings or business practices. Any of these results could adversely affect our business. In addition, defending claims is costly and can impose a significant burden on our management.

Additionally, the market price of our common stock has been and may continue to be volatile. As a result, we have been named in lawsuits, and may be subject to both ongoing litigation and other requests related to our stock price/performance and/or performance and independence of our Board of Directors.

We are currently party to three putative class action lawsuits that were filed in the U.S. District Court for the Northern District of California against the Company, its directors, certain of its officers and the underwriters named in its initial public offering ("IPO") registration statement alleging violations of securities laws based on statements made in its registration statement on Form S-1 filed with the SEC in connection with its IPO and seeking monetary damages and that have been coordinated and consolidated (the "IPO Case"). In May 2022, the Court appointed lead plaintiffs, who subsequently filed an amended consolidated class action complaint pursuant to Sections 11 and 15 of the Securities Act and Sections 10(b) and 20(a) of the Exchange Act and in April 2023, the plaintiffs filed a first amended consolidated class action complaint and asserted only claims made under Sections 11 and 15 of the Securities Act. The Court dismissed this complaint in December 2023 with leave to amend. In February 2024, the plaintiffs filed a second amended consolidated class action complaint, which Defendants have moved to dismiss. In August 2024, the Court granted the motion to dismiss without leave to amend and with prejudice. In September 2024, plaintiffs filed a motion to alter judgment noticed for hearing in January 2025.

In addition, in August 2021, a shareholder derivative action purportedly brought on behalf of the Company, Patel v. Szulczewski, was filed in the U.S. federal court alleging that the Company's directors and officers made or caused the Company to make false and/or misleading statements about the Company's business operations and financial prospects in various public filings. This matter is stayed pending certain motion practice in the IPO Case.

We cannot predict the outcome of these cases at this time and we may continue to be the target of securities litigations, and/or may receive other civil and regulator inquiries and requests, in the future. Securities litigation or inquiries or investigations against us could result in substantial costs and divert our management's attention from other business concerns, which could adversely affect our business, results of operation, and/or reputation.

Item 6. Exhibits.

Exhibit Number	Description
31.1*	<u>Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2*	<u>Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32.1**	<u>Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
32.2**	<u>Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
101.INS*	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.

** Furnished herewith.

Indicates management contract or compensatory plan.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: November 7, 2024

ContextLogic Inc.

By: _____
Rishi Bajaj
Chief Executive Officer
(Principal Executive Officer)

By: _____
Brett Just
Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Rishi Bajaj, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of ContextLogic Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2024

By: _____
/s/ Rishi Bajaj
Rishi Bajaj
Chief Executive Officer
(Principal Executive Officer)

