

**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 March 31, 2023

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)

One Sansome Street 33rd Floor
San Francisco, CA

(Address of principal executive offices)

27-2930953

(I.R.S. Employer
Identification No.)

94104

(Zip Code)

Registrant's telephone number, including area code: (415) 432-7323

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	WISH	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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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 April 30, 2023, the number of shares of the registrant's Class A common stock outstanding was 23,564 thousand.

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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, and Section 21E of the Securities Exchange Act of 1934, as amended ("Exchange Act"), which statements involve substantial risks and uncertainties. Forward-looking statements include all statements that are not historical facts such as information concerning our possible or assumed future results of operations and expenses, new or planned features or services, management strategies and plans, competitive position, business environment and potential growth strategies and opportunities. In some cases, forward-looking statements can be identified by terms such as "anticipates," "believes," "could," "estimates," "expects," "foresees," "forecasts," "intends," "goals," "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, our Annual Report on Form 10-K for the year ended December 31, 2022 and our other filings with the Securities and Exchange Commission ("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 future financial performance; implementation and execution of business strategies, including turnaround and restructuring plans; implementation and execution of marketing and promotional strategies, including promotional events and rebrand efforts; the extent and impact of our announced share repurchase program; our future liquidity and operating expenditures; the impact of the 1-to-30 reverse stock split; compliance with Nasdaq continued listing requirements; CEO transition; financial condition and results of operations; our future market position, technological advances, and competitive changes in the marketplace; expected consumer behavior; 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. Financial Statements (Unaudited)

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

	As of March 31, 2023	As of December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 371	\$ 506
Marketable securities	256	213
Funds receivable	5	14
Prepaid expenses and other current assets	39	44
Total current assets	671	777
Property and equipment, net	10	9
Right-of-use assets	8	9
Other assets	4	4
Total assets	<u>\$ 693</u>	<u>\$ 799</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 41	\$ 53
Merchants payable	110	120
Refunds liability	5	6
Accrued liabilities	115	130
Total current liabilities	271	309
Lease liabilities, non-current	11	13
Total liabilities	282	322
Commitments and contingencies (Note 7)		
Stockholders' equity:		
Preferred stock, \$0.0001 par value: 100,000 shares authorized as of March 31, 2023 and December 31, 2022; No shares issued and outstanding as of March 31, 2023 and December 31, 2022	—	—
Common stock, \$0.0001 par value: 3,000,000 shares authorized as of March 31, 2023 and December 31, 2022; 23,341 and 23,164 shares issued and outstanding as of March 31, 2023 and December 31, 2022, respectively	—	—
Additional paid-in capital	3,434	3,411
Accumulated other comprehensive loss	(5)	(5)
Accumulated deficit	(3,018)	(2,929)
Total stockholders' equity	411	477
Total liabilities and stockholders' equity	<u>\$ 693</u>	<u>\$ 799</u>

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 March 31,	
	2023	2022
Revenue	\$ 96	\$ 189
Cost of revenue	76	125
Gross profit	20	64
Operating expenses:		
Sales and marketing	37	45
Product development	51	66
General and administrative	25	15
Total operating expenses	113	126
Loss from operations	(93)	(62)
Other income, net:		
Interest and other income, net	4	2
Loss before provision for income taxes	(89)	(60)
Provision for income taxes	—	—
Net loss	(89)	(60)
Net loss per share, basic and diluted	\$ (3.83)	\$ (2.72)
Weighted-average shares used in computing net loss per share, basic and diluted	23,246	22,049

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	
	March 31,	
	2023	2022
Net loss	\$ (89)	\$ (60)
Other comprehensive loss:		
Unrealized holding losses on derivatives and marketable securities, net of tax	—	(1)
Comprehensive loss	<u>\$ (89)</u>	<u>\$ (61)</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 March 31, 2023						
Common Stock						
	Shares	Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
Balances as of December 31, 2022	23,164	\$ —	\$ 3,411	\$ (5)	\$ (2,929)	\$ 477
Issuance of common stock upon settlement of restricted stock units	320	—	—	—	—	—
Shares withheld related to net share settlement	(143)	—	(3)	—	—	(3)
Stock-based compensation	—	—	26	—	—	26
Net loss	—	—	—	—	(89)	(89)
Balances as of March 31, 2023	23,341	\$ —	\$ 3,434	\$ (5)	\$ (3,018)	\$ 411

Three Months Ended March 31, 2022						
Common Stock						
	Shares	Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Stockholders' Equity
Balances as of December 31, 2021	21,949	\$ —	\$ 3,360	\$ 3	\$ (2,545)	\$ 818
Issuance of common stock upon exercise of options for cash	38	—	—	—	—	—
Issuance of common stock upon settlement of restricted stock units	140	—	—	—	—	—
Stock-based compensation	—	—	(2)	—	—	(2)
Other comprehensive loss, net	—	—	—	(1)	—	(1)
Net loss	—	—	—	—	(60)	(60)
Balances as of March 31, 2022	22,127	\$ —	\$ 3,358	\$ 2	\$ (2,605)	\$ 755

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

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

	Three Months Ended March 31,	
	2023	2022
Cash flows from operating activities:		
Net loss	\$ (89)	\$ (60)
Adjustments to reconcile net loss to net cash used in operating activities:		
Noncash inventory write-downs	—	3
Depreciation and amortization	1	2
Noncash lease expense	1	2
Impairment of lease assets and property and equipment	—	4
Stock-based compensation expense	26	(2)
Other	(4)	2
Changes in operating assets and liabilities:		
Funds receivable	9	3
Prepaid expenses, other current and noncurrent assets	5	(1)
Accounts payable	(13)	(27)
Merchants payable	(10)	(35)
Accrued and refund liabilities	(15)	(33)
Lease liabilities	(2)	(2)
Other current and noncurrent liabilities	(1)	(2)
Net cash used in operating activities	(92)	(146)
Cash flows from investing activities:		
Purchases of property and equipment and development of internal-use software	—	(2)
Purchases of marketable securities	(125)	(153)
Maturities of marketable securities	85	50
Net cash used in investing activities	(40)	(105)
Cash flows from financing activities:		
Payment of taxes related to RSU settlement	(3)	—
Net cash used in financing activities	(3)	—
Foreign currency effects on cash, cash equivalents, and restricted cash	1	—
Net decrease in cash, cash equivalents and restricted cash	(134)	(251)
Cash, cash equivalents and restricted cash at beginning of period	513	1,018
Cash, cash equivalents and restricted cash at end of period	\$ 379	\$ 767
Reconciliation of cash, cash equivalents, and restricted cash to the condensed consolidated balance sheets:		
Cash and cash equivalents	\$ 371	\$ 760
Restricted cash included within prepaid expenses and other current assets in the condensed consolidated balance sheets	8	7
Total cash, cash equivalents and restricted cash	\$ 379	\$ 767
Supplemental cash flow disclosures:		
Cash paid for income taxes, net of refunds	\$ —	\$ 3
Supplemental noncash investing activities:		
Purchase of property and equipment included in accounts payable	\$ 2	\$ —

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

ContextLogic Inc. (“Wish” or the “Company”) is a mobile ecommerce company that provides a shopping experience that is mobile-first and discovery-based, which connects merchants’ products to users based on user preferences. The Company generates revenue from marketplace and logistics services provided to merchants.

The Company was incorporated in the state of Delaware in June 2010 and is headquartered in San Francisco, California, with operations domestically and internationally.

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 will not reduce the number of authorized shares of common stock, which will remain at 3 billion, and will not change the par value of the common stock, which will remain at \$0.0001 per share.

All share and per share information has been retroactively adjusted to reflect the reverse stock split for all periods presented.

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 financial data as of March 31, 2023 and for the three months ended March 31, 2023 and 2022 is 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, 2022 is derived from audited 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, 2022, which was filed with the SEC on February 27, 2023 (the “2022 Form 10-K”).

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.

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, funds receivable 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.

The Company maintains certain bank accounts in China. The Company manages the counterparty risk associated with these funds through diversification with major financial institutions and monitors the concentration of this credit risk on a monthly basis. The total cash balance in these accounts represented approximately 33% and 24% of the Company's total cash and cash equivalents as of March 31, 2023 and December 31, 2022, respectively.

The Company's derivative financial instruments expose it to credit risk to the extent that the counterparties may be unable to meet the terms of the arrangement. The Company seeks to mitigate such risk by limiting its counterparties to, and by spreading the risk across, major financial institutions. In addition, the potential risk of loss with any one counterparty resulting from this type of credit risk is monitored on a monthly basis. The Company is not required to pledge, nor is it entitled to receive, collateral related to its foreign exchange derivative transactions.

The Company is exposed to credit risk in the event of a default by its Payment Service Providers ("PSPs"). The Company does not generate revenue from PSPs. Significant changes in the Company's relationship with its PSPs could adversely affect users' ability to process transactions on the Company's marketplaces, thereby impacting the Company's operating results.

The following PSPs each represented 10% or more of the Company's funds receivable balance:

	March 31, 2023	December 31, 2022
PSP 1	63%	32%
PSP 2	28%	56%

Services Risk — The Company serves all of its users using third-party data center and hosting providers. The Company has disaster recovery protocols at the third-party service providers. Even with these procedures for disaster recovery in place, access to the Company's service could be significantly interrupted, resulting in an adverse effect on its operating results and financial position. No significant interruptions of service were known to have occurred during the three months ended March 31, 2023 and 2022.

Summary of Significant Accounting Policies

There have been no changes to the Company's significant accounting policies described in its 2022 Form 10-K, filed with the SEC on February 27, 2023, that have had a material impact on its condensed consolidated financial statements.

Accounting Pronouncements

The Company has reviewed recent accounting pronouncements and concluded they are either not applicable to the business or no material impact is expected on the condensed consolidated financial statements as a result of future adoption.

NOTE 2. DISAGGREGATION OF REVENUE

The Company generates revenue from marketplace and logistics services provided to its customers. Revenue is recognized as the Company transfers control of promised goods or services to its customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. The Company considers both the merchant and the user to be customers. The Company evaluates whether it is appropriate to recognize revenue on a gross or net basis based upon its evaluation of whether the Company obtains control of the specified goods or services by considering if it is primarily responsible for fulfillment of the promise, has inventory risk and has latitude in establishing pricing and selecting suppliers, among other factors. Based on these factors, marketplace revenue is generally recognized on a net basis and logistics revenue is generally recognized on a gross basis. Revenue excludes any amounts collected on behalf of third parties, including indirect taxes.

Marketplace Revenue

The Company provides a mix of marketplace services to its customers. The Company provides merchants access to its marketplace where merchants display and sell their products to users. The Company also provides ProductBoost services to help merchants promote their products within the Company's marketplace.

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

Logistics Revenue

The Company's logistics offering for merchants is designed for direct end-to-end single order shipment from a merchant's location to the user. Logistics services include transportation and delivery of the merchant's products to the user. Merchants are required to prepay for logistics services on a per order basis.

The Company recognizes revenue over time as the merchant simultaneously receives and consumes the logistics services benefit as the logistics services are performed. The Company uses an output method of progress based on days in transit as it best depicts 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	
	March 31,	
	2023	2022
	(in millions)	
Core marketplace revenue	\$ 28	\$ 90
ProductBoost revenue	8	14
Marketplace revenue	36	104
Logistics revenue	60	85
Revenue	\$ 96	\$ 189

Refer to Note 11 – Geographical Information for the disaggregated revenue by geographical location.

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:

	March 31, 2023			
	Total	Level 1	Level 2	Level 3
	(in millions)			
Financial assets:				
Cash equivalents:				
Money market funds	\$ 47	\$ 47	\$ —	\$ —
Marketable securities:				
U.S. Treasury bills	\$ 194	\$ —	\$ 194	\$ —
Commercial paper	26	—	26	—
Corporate bonds	33	—	33	—
U.S. government agency	3	—	3	—
Total marketable securities	<u>\$ 256</u>	<u>\$ —</u>	<u>\$ 256</u>	<u>\$ —</u>
Prepaid and other current assets:				
Derivative assets	\$ 1	\$ —	\$ 1	\$ —
Total financial assets	<u>\$ 304</u>	<u>\$ 47</u>	<u>\$ 257</u>	<u>\$ —</u>
Financial liabilities:				
Accrued liabilities:				
Derivative liabilities	\$ 2	\$ —	\$ 2	\$ —
Total financial liabilities	<u>\$ 2</u>	<u>\$ —</u>	<u>\$ 2</u>	<u>\$ —</u>

	December 31, 2022			
	Total	Level 1	Level 2	Level 3
	(in millions)			
Financial assets:				
Cash equivalents:				
Money market funds	\$ 50	\$ 50	\$ —	\$ —
Corporate bonds	2	—	2	—
Total cash equivalents	\$ 52	\$ 50	\$ 2	\$ —
Marketable securities:				
U.S. Treasury bills	\$ 173	\$ —	\$ 173	\$ —
Commercial paper	7	—	7	—
Corporate bonds	29	—	29	—
Non-U.S. government	4	—	4	—
Total marketable securities	\$ 213	\$ —	\$ 213	\$ —
Prepaid and other current assets:				
Derivative assets	\$ 6	\$ —	\$ 6	\$ —
Total financial assets	\$ 271	\$ 50	\$ 221	\$ —
Financial liabilities:				
Accrued liabilities:				
Derivative liabilities	\$ 2	\$ —	\$ 2	\$ —
Total financial liabilities	\$ 2	\$ —	\$ 2	\$ —

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 are classified within Level 2 of the fair value hierarchy as the valuation inputs are 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:

	March 31, 2023		December 31, 2022	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
	(in millions)			
Due within one year	\$ 256	\$ 256	\$ 214	\$ 213
Total marketable securities	\$ 256	\$ 256	\$ 214	\$ 213

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 gain and net loss on available-for-sale marketable securities as of March 31, 2023 and December 31, 2022 were immaterial.

NOTE 4. BALANCE SHEET COMPONENTS

Accrued Liabilities

Accrued liabilities consist of the following:

	March 31, 2023	December 31, 2022
	(in millions)	
Logistics costs ⁽¹⁾	\$ 36	\$ 44
Deferred revenue and customer deposits ⁽²⁾	16	18
Wish Cash liability ⁽³⁾	12	14
Sales and indirect taxes	15	15
Others	36	39
Total accrued liabilities	<u>\$ 115</u>	<u>\$ 130</u>

- (1) Logistics costs decreased by \$8 million or 18% primarily due to lower shipping volumes during the first quarter of 2023 compared to the fourth quarter of 2022.
- (2) Deferred revenue and customer deposits decreased by \$2 million or 11% primarily due to lower logistics volumes during the first quarter of 2023 compared to the fourth quarter of 2022.
- (3) While the Company will continue to honor all Wish Cash presented for payment, it may determine the likelihood of redemption to be remote for certain Wish Cash liability balances due to, among other things, long periods of inactivity. In these circumstances, to the extent the Company determines there is no requirement for remitting Wish Cash balances to government agencies under unclaimed property laws, the portion of Wish Cash liability balances not expected to be redeemed are recognized in core marketplace revenue. The Company recognized approximately \$1 and \$2 million of Wish Cash liability breakage in core marketplace revenue during the first quarter of 2023 and the fourth quarter of 2022, respectively.

NOTE 5. DERIVATIVE FINANCIAL INSTRUMENTS

The Company conducts business in certain foreign currencies throughout its worldwide operations, and various entities hold monetary assets or liabilities, earn revenues, or incur costs in currencies other than the entity's functional currency. As a result, the Company is exposed to foreign exchange gains or losses which impact the Company's operating results. The Company bills its users in their local currencies, primarily in U.S. dollars and Euros, and the Company makes payments to merchants for products sold on the Company's platforms in various currencies through third party payment service providers, which creates exposure to currency rate fluctuations. The Company hedges these exposures to reduce the risk that its earnings and cash flows will be adversely affected by changes in exchange rates. As part of the Company's foreign currency risk mitigation strategy, the Company enters 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 are not collateralized and do not include collateralization agreements with counterparties. The Company 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:

	March 31, 2023	December 31, 2022
	(in millions)	
Cash flow hedges	\$ 166	\$ 168
Non-designated hedges	10	11
Total	<u>\$ 176</u>	<u>\$ 179</u>

	March 31, 2023		December 31, 2022	
	Assets ⁽¹⁾	Liabilities ⁽²⁾	Assets ⁽¹⁾	Liabilities ⁽²⁾
(in millions)				
Derivative designated as hedging instruments				
Cash flow hedges	\$ —	\$ —	\$ 2	\$ —
Derivative not designated as hedging instruments				
Foreign currency forward contracts	\$ 1	\$ 2	\$ 4	\$ 2
Total derivatives	\$ 1	\$ 2	\$ 6	\$ 2

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

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

Derivatives in Cash Flow Hedging Relationships

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

	March 31, 2023	December 31, 2022
	(in millions)	
Balance at the beginning of the period	\$ 2	\$ 2
Other comprehensive income before reclassifications	—	(6)
Amounts recognized in core marketplace revenue and reclassified out of accumulated other comprehensive loss	(2)	6
Balance at the end of the period	\$ —	\$ 2

The Company recognizes 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 affects earnings, the Company reclassifies the related gain or loss on the cash flow hedge to core marketplace revenue. All amounts in other comprehensive loss at period end are expected to be reclassified to earnings within 12 months. In the event the underlying forecasted transaction does not occur, or it becomes probable that it will not occur, the Company reclassifies the gain or loss on the related cash flow hedge from accumulated other comprehensive loss to core marketplace revenue. For the three months ended March 31, 2023 and 2022, there were no net gains or losses recognized in core marketplace revenue relating to hedges of forecasted transactions that did not occur.

The Company classifies 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 on the change in fair value of the Company's foreign exchange forward contracts not designated as hedging instruments were insignificant for the three months ended March 31, 2023 and \$1 million for the three months ended March 31, 2022, and were recognized in other income, net in the condensed consolidated statements of operations.

The Company classifies cash flows related to its non-designated hedging instruments as operating activities in its condensed consolidated statements of cash flows.

NOTE 6. OPERATING LEASES

The Company leases its facilities and data center colocations under operating leases with various expiration dates through 2027.

Total operating lease cost was \$1 million and \$2 million for the three months ended March 31, 2023 and 2022, respectively. Short-term lease costs and variable lease costs and sublease income were not material.

As of March 31, 2023 and December 31, 2022, the Company's condensed consolidated balance sheets included right-of-use assets in the amount of \$8 million and \$9 million, respectively, and current lease liabilities in the amount of \$7 million and \$7 million in accrued liabilities, respectively, and \$11 million and \$13 million in lease liabilities, non-current, respectively.

As of March 31, 2023 and December 31, 2022, the weighted-average remaining lease term was 3 years, and the weighted-average discount rate used to determine the net present value of the lease liabilities was 6% for both periods.

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

	Three months ended	
	March 31,	
	2023	2022
	(in millions)	
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 2	\$ 3

The maturities of the Company's operating lease liabilities are as follows:

Year ending December 31,	March 31,	
	2023	
	(in millions)	
2023 (remaining nine months)	\$	6
2024		8
2025		4
2026		1
2027		1
Total lease payments		20
Less: imputed interest		(2)
Present value of lease liabilities	\$	18

NOTE 7. 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"). If the Company is able to secure additional lender commitments and satisfy certain other conditions, the aggregate facility commitments can be increased by up to \$100 million through an accordion option. The Company also enters into letters of credit from time to time, which reduces its borrowing capacity under the Revolving Credit Facility. Interest on any borrowings under the Revolving Credit Facility accrues at either adjusted LIBOR plus 1.50% or at an alternative base rate plus 0.50%, at the Company's election, and the Company is required to pay a commitment fee that accrues at 0.25% per annum on the unused portion of the aggregate commitments under the Revolving Credit Facility. The Company is required to pay a fee that accrues 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.

The Revolving Credit Facility contains customary conditions to borrowing, events of default and covenants, including covenants that restrict 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 contains a minimum liquidity financial covenant of \$350 million, which includes unrestricted cash and any available borrowing capacity under the Revolving Credit Facility. The obligations under the Revolving Credit Facility are secured by liens on substantially all of the Company's domestic assets and are guaranteed by any material domestic subsidiaries, subject to customary exceptions. A standby letter of credit in the amount of approximately \$7 million has been issued under the Revolving Credit Facility in conjunction with the lease of the Company's headquarters in San Francisco, California. As of March 31, 2023, the Company had not made any borrowings under the Revolving Credit Facility and it was in compliance with the related financial covenants. Fees incurred under the Revolving Credit Facility were insignificant for the three months ended March 31, 2023 and 2022.

Purchase Obligations

Effective September 1, 2022, the Company entered into an amendment to a colocation and cloud services arrangement committing the Company to make payments of \$85 million for services over 3 years. As of March 31, 2023, the remaining commitment under this amended agreement was approximately \$64 million and is payable within the next three years.

Legal Contingencies

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 assert only claims made under Sections 11 and 15 of the Securities Act. 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 time.

In November 2021, France's Directorate General for Competition, Consumer Affairs and Repression of Fraud ("DGCCRF") issued an injunction delisting the Wish "App" from Google Play and the Apple App Store, and blocking Wish from appearing in Google, Bing and Qwant search results on the premise that unsafe products or products of poor quality are available for purchase on Wish. On March 10, 2023, the DGCCRF determined that the Company is in compliance with the injunction and applicable regulatory requirements, and lifted the injunction. As a result, the Company has been relisted and has returned to the application stores, such as Google Play and the Apple App Store, and search engines, such as Google, Bing and Qwant, in France. Although the underlying case reviewing the legal question of whether the agency has the power to delist any company remains pending, the Company no longer believes there is a reasonable possibility of a material loss.

In December 2021, the Company became aware that authorities in France charged Wish with legal violations relating to the Company's former practice and use of strikethrough pricing in France, the Company's previous failure to translate into French listings and product details on the Company's app and website, and the Company's anti-counterfeiting policies and practices. The Company reached a monetary settlement with DGCCRF on this matter and on March 10, 2023, the Court approved an immaterial settlement assessed to the Company and the Company's former Chief Executive Officer, Piotr Szulczewski and dismissed the case against both the Company and Mr. Szulczewski.

As of March 31, 2023, 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 8. EQUITY AWARD ACTIVITY AND STOCK-BASED COMPENSATION

Equity Award Activity

A summary of activity under the equity plans and related information is 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 at December 31, 2022	67	\$ 31.17	9.5	2,399
Granted	299	\$ 15.03		914
Vested				(320)
Forfeited or cancelled	—			(257)
Balances at March 31, 2023	366	\$ 18.00	9.8	2,736

The weighted-average grant date fair value of RSUs granted during the three months ended March 31, 2023 and 2022 was \$25.92 and \$55.80 per share, respectively. As of March 31, 2023, 2,149 thousand shares remained available for grant under the Company's equity incentive plans.

CEO Transition

In February 2023, the Board 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) 167 thousand RSUs with an aggregate grant date fair value of \$3 million and (ii) options to purchase 299 thousand 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 will become 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 has a term of 10 years. Mr. Yan's equity awards granted under his previous employment agreement as interim CEO will continue to vest according to the terms of that agreement.

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 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:

	Three months ended March 31,	
	2023	2022
Expected term (in years)	5.55	6.10
Risk free interest rate	4.15%	1.70%
Volatility	91.51%	73.20%
Dividend yield	—	—
Estimated fair value per share	\$ 11.27	\$ 56.10

Stock-Based Compensation Expense

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

	Three Months Ended March 31,	
	2023	2022
	(in millions)	
Cost of revenue	\$ 1	\$ (1)
Sales and marketing	1	1
Product development	16	14
General and administrative	8	(16)
Total stock-based compensation ⁽¹⁾	\$ 26	\$ (2)

- (1) Total stock-based compensation for the three months ended March 31, 2023 increased by \$28 million compared to the three months ended March 31, 2022 primarily due to (i) accelerated vesting of the Company's former Chief Product Officer and Chief Administrative Officer's RSUs upon their departures in accordance to their separation agreements during the first quarter of 2023, and (ii) forfeitures originating from the resignation of the Company's former CEO, and modifications to the Company's former Executive Chair's equity awards during the first quarter of 2022.

The Company will recognize the remaining \$4 million and \$140 million of unrecognized stock-based compensation expense over a weighted-average period of approximately 1.7 years and 2.5 years related to options and RSUs, respectively.

NOTE 9. 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 insignificant for the three months ended March 31, 2023 and 2022, respectively. The year-over-year decrease in provision for income taxes was primarily related to a decrease in pre-tax earnings of the Company's international operations. 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 \$11 million and \$9 million of unrecognized tax benefits as of March 31, 2023 and December 31, 2022, respectively. These unrecognized tax benefits, if recognized, would affect the effective tax rate. The interest and penalties associated with the unrecognized tax benefits for the three months ended March 31, 2023 and 2022 were immaterial.

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 10. NET LOSS PER SHARE

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

	Three Months Ended March 31,	
	2023	2022
	(\$ in millions, shares in thousands, except per share data)	
Numerator:		
Net loss	\$ (89)	\$ (60)
Denominator:		
Weighted-average shares used in computing net loss per share, basic and diluted	23,246	22,049
Net loss per share, basic and diluted	\$ (3.83)	\$ (2.72)

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 March 31,	
	2023	2022
	(in thousands)	
Common stock options outstanding	367	1,677
Unvested restricted stock units outstanding	2,735	2,660
Employee Stock Purchase Plan	109	109
Total	3,211	4,446

NOTE 11. GEOGRAPHICAL INFORMATION

The Company believes it is relevant to disclose geographical revenue information on both a demand basis, determined by the ship-to address of the user, and on a supply basis, determined by the location of the merchants' operations.

Core marketplace revenue by geographic area based on the ship-to address of the user is as follows:

	Three Months Ended March 31,			
	2023		2022	
	(\$ in millions, except percentages)			
Europe	\$ 14	50 %	\$ 34	38 %
North America ⁽¹⁾	10	36 %	43	48 %
South America	1	4 %	3	3 %
Other	3	10 %	10	11 %
Core marketplace revenue ⁽²⁾	\$ 28	100 %	\$ 90	100 %

(1) The United States accounted for \$8 million and \$35 million of core marketplace revenue for the three months ended March 31, 2023 and 2022, respectively.

(2) Core marketplace revenue included net gains of \$2 million for both periods presented, from the Company's cash flow hedging program.

China accounted for substantially all of marketplace and logistics revenue during the three months ended March 31, 2023 and 2022 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.

The Company's long-lived tangible assets, which consist of property and equipment, net and operating lease right-of-use assets, net, is as follows:

	March 31, 2023		December 31, 2022	
	(\$ in millions, except percentages)			
United States	\$ 13	72%	\$ 13	72%
China	4	22%	4	22%
Other ⁽¹⁾	1	6%	1	6%
Total property and equipment, net and right-of-use assets	<u>\$ 18</u>	<u>100%</u>	<u>\$ 18</u>	<u>100%</u>

(1) Long-lived tangible assets outside the United States and China were located in Canada and the Netherlands.

NOTE 12. REDUCTION IN WORKFORCE

In January 2023, the Company announced a plan to reduce its workforce by up to 150 employees, representing approximately 17% of the Company's current global workforce. The reduction in workforce ("RIF") is intended to refocus the Company's operations to support its ongoing business prioritization efforts, better align resources, and improve operational efficiencies. In connection with the RIF, the Company incurred a one-time charge of approximately \$3 million in severance and other personnel reduction costs. The Company expects that the implementation of the RIF to be substantially complete by the end of the second quarter of 2023.

The following table is a summary of the changes in severance and other personnel reduction liabilities, included within accrued liabilities on the condensed consolidated balance sheets, in connection with the RIF:

	March 31, 2023	
	(in millions)	
Balance at the beginning of the period	\$	—
Severance and other personnel reduction costs		3
Cash payments during the period		(2)
Balance at the end of the period	<u>\$</u>	<u>1</u>

NOTE 13. SUBSEQUENT EVENTS

On April 20, 2023, the Company announced that its Board of Directors authorized the Company to repurchase up to \$50 million of the Company's common stock, effective through December 31, 2023.

Under the share repurchase program, the Company may repurchase its common stock through open market transactions, in privately negotiated transactions, or by other means, including through the use of trading plans, each in accordance with applicable securities laws and other restrictions.

The manner, timing, and amount of any purchase will be based on an assessment of business, economic and market conditions, corporate and regulatory requirements, prevailing stock prices, and other considerations. The repurchase program may be suspended, terminated, or modified at any time for any reason.

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, 2022 included in our Annual Report on Form 10-K for the year ended December 31, 2022 (the "2022 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 Item 1A of our 2022 Form 10-K, as updated and supplemented by our Quarterly Reports on Form 10-Q, including in Part 2, Item 1A, 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.

Financial Results for the Three Months Ended March 31, 2023

- Total revenue was \$96 million.
- Total cost of revenue and expenses were \$189 million, including stock-based compensation expense of \$26 million.
- Loss from operations was \$93 million.
- Net loss was \$89 million.
- Cash and cash equivalents and marketable securities were \$627 million.

As of March 31, 2023, we had an accumulated deficit of \$3.0 billion. We expect losses from operations to continue for the foreseeable future as we incur costs and expenses related to brand development, expansion of market share, and continued development of our mobile shopping marketplace infrastructure.

Global Considerations

We are monitoring the recent volatility in the global financial markets, including inflation, instability in the banking sector, and rising interest rates. These developments could continue to negatively impact global economic activity and consumer behavior, which may adversely affect our business and our results of operations. As our customers react to these global economic conditions, we may take additional precautionary measures to limit or delay expenditures and preserve capital and liquidity.

January 2023 Reduction in Workforce

In January 2023, we announced a plan to further reduce our workforce by up to an additional 150 employees, representing approximately 17% of our then global workforce. The reduction in workforce ("RIF") is intended to refocus our operations to support our ongoing business prioritization efforts, better align resources, and improve operational efficiencies. In connection with the RIF, we incurred a one-time charge of approximately \$3 million consisting of severance and other personnel reduction costs. We expect that the implementation of the RIF will be substantially complete by the end of the second quarter of 2023.

Our Financial Model

Our business benefits from powerful network effects, fueled by our data advantage and scale. As more users join Wish, attracted by our affordable value proposition and personalized shopping experiences, we can increase revenue potential for our merchants. The successes of our merchants can then attract more merchants and broaden the product selection on Wish's platform, which further improves user experiences. As users and merchants grow, we can generate more data, which, in turn, refines our algorithm and strengthens our data advantage. By focusing on users and merchants, we align their success with our own.

The economics of the Wish platform rely on cost-effectively adding new users, converting those users into buyers, and improving engagement and monetization of those buyers over time as well as acquiring new merchants and monetizing the end-to-end services that we provide to them.

Key Financial and Performance Metrics

In addition to the measures presented in our condensed consolidated financial statements, we monitor the following key metrics and other financial information to measure our performance, identify trends affecting our business, and make strategic decisions.

	Three Months Ended March 31,	
	2023	2022
	(in millions, except percentages)	
MAU	14	27
LTM Active Buyers	12	28
Adjusted EBITDA	\$ (62)	\$ (40)
Adjusted EBITDA Margin	(65)%	(21)%
Free Cash Flow	\$ (92)	\$ (148)

Monthly Active Users

We define MAUs as the number of unique users that visited the Wish platform, either on our mobile app, mobile web, or on a desktop, during the month. MAUs for a given reporting period equal the average of the MAUs for that period. An active user is identified by a unique email address; a single person can have multiple user accounts via multiple email addresses. The change in MAUs in a reported period captures both the inflow of new users as well as the outflow of existing users who did not visit the platform in a given month. We view the number of MAUs as a key driver of revenue growth as well as a key indicator of user engagement and brand awareness.

MAUs decreased approximately 48% from the three months ended March 31, 2023 compared to the three months ended March 31, 2022. We believe this decline was primarily driven by our decision to significantly reduce our digital advertising expenditures.

LTM Active Buyers

As of the last date of each reported period, we determine our number of unique last-twelve-months active buyers ("LTM active buyers") by counting the total number of individual users who have placed at least one order on the Wish platform, either on our mobile app, mobile web, or on a desktop, during the preceding 12 months. We, however, exclude from the computation those buyers whose order is canceled before the item is shipped and the purchase price is refunded. The number of LTM active buyers is an indicator of our ability to attract and monetize a large user base to our platform and of our ability to convert visits into purchases. We believe that increasing our LTM active buyers will be a significant driver to our future revenue growth.

LTM Active Buyers decreased approximately 57% from the three months ended March 31, 2023 compared to the three months ended March 31, 2022. We believe this decline was primarily driven by lower MAUs which was driven by reduced digital advertising expenditures.

A Note About Metrics

The numbers for some of our metrics, including MAUs, are calculated and tracked with internal tools, which are not independently verified by any third party. We use these metrics to assess the growth and health of our overall business. While these numbers are based on what we believe to be reasonable estimates of our user or merchant base for the applicable period of measurement, there are inherent challenges in measurement as the methodologies used require significant judgment and may be susceptible to algorithm or other technical errors. In addition, we regularly review and adjust our processes for calculating metrics to improve their accuracy, and our estimates may change due to improvements or changes in technology or our methodology.

Non-U.S. GAAP Financial Measures

Adjusted EBITDA and Adjusted EBITDA Margin

We provide Adjusted EBITDA, a non-GAAP financial measure that represents our loss before interest and other income, net (which includes foreign exchange gain or loss and other non-operating income and expenses), income tax expense, and depreciation and amortization, adjusted to eliminate stock-based compensation expense, lease termination and impairment related expenses, restructuring and other discrete charges, and to add back certain recurring other items. Additionally, we provide Adjusted EBITDA Margin, a non-GAAP financial measure that represents Adjusted EBITDA divided by revenue. Below is a reconciliation of Adjusted EBITDA to net loss, the most directly comparable GAAP financial measure.

We have included Adjusted EBITDA and Adjusted EBITDA Margin in this report because they are key measures used by our management and the Board to understand and evaluate our operating performance and trends and how we are allocating internal resources, to prepare and approve our annual budget and to develop short- and long-term operating plans. We also believe that the exclusion of certain items in calculating Adjusted EBITDA can provide a useful measure for period-to-period comparisons of our business as it removes the impact of non-cash items and certain variable charges.

Adjusted EBITDA has limitations as an analytical measure, and you should not consider it in isolation or as a substitute for analysis of our results as reported under U.S. GAAP. Some of these limitations are:

- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and Adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements;
- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDA does not consider the impact of stock-based compensation and related payroll taxes;
- Adjusted EBITDA does not reflect tax payments that may represent a reduction in cash available to us; and
- other companies, including companies in our industry, may calculate Adjusted EBITDA differently, which reduces its usefulness as a comparative measure.

Because of these limitations, you should consider Adjusted EBITDA and Adjusted EBITDA Margin alongside other financial performance measures, including various cash flow metrics, net loss and our other U.S. GAAP results.

The following table reflects the reconciliation of net loss to Adjusted EBITDA and net loss as a percentage of revenue to Adjusted EBITDA margin for each of the periods indicated:

	Three Months Ended	
	March 31,	
	2023	2022
	(\$ in millions, except percentages)	
Revenue	\$ 96	\$ 189
Net loss	(89)	(60)
Net loss as a percentage of revenue	(93)%	(32)%
Excluding:		
Interest and other income, net	(4)	(2)
Depreciation and amortization	1	2
Stock-based compensation expense and related employer payroll taxes ⁽¹⁾⁽²⁾	27	(2)
Restructuring and other discrete items ⁽³⁾	3	22
Adjusted EBITDA	<u>\$ (62)</u>	<u>\$ (40)</u>
Adjusted EBITDA margin	<u>(65)%</u>	<u>(21)%</u>

- (1) Total amount for the three months ended March 31, 2023 consisted of \$26 million of stock-based compensation expense and \$1 million of related employer payroll taxes. Total amount for the three months ended March 31, 2022 consisted of negative \$2 million of stock-based compensation expense and an immaterial amount of related employer payroll taxes.
- (2) Total stock-based compensation for the three months ended March 31, 2023 increased by \$28 million compared to the three months ended March 31, 2022 primarily due to: (i) accelerated vesting of the Company's former Chief Product Officer and Chief Administrative Officer's RSUs upon their departures in accordance to their separation agreements during the first quarter of 2023, and (ii) forfeitures originating from the resignation of the Company's former CEO (Piotr Szulcowski), and modifications to the Company's former Executive Chair's equity awards during the first quarter of 2022.
- (3) Total amount for the three months ended March 31, 2023 consisted of \$3 million of employee severance and other personnel reduction costs. Total amount for three months ended March 31, 2022 included a \$15 million one-time discretionary cash bonus paid to select employees to cover their respective tax obligations triggered by the settlement of their RSUs that vested upon the Company's initial public offering ("IPO") as well as restructuring charges consisting of \$3 million of severance and other personnel reduction costs and \$4 million in impairment of lease assets and property and equipment.

Free Cash Flow

We also provide Free Cash Flow, a non-GAAP financial measure that represents net cash used in operating activities less purchases of property and equipment and development of internal-use software. We believe that Free Cash Flow is an important measure since we use third parties to host our services and therefore, we do not incur significant capital expenditures to support revenue generating activities.

Free Cash Flow has limitations as an analytical measure, and you should not consider it in isolation or as a substitute for analysis of our results as reported under U.S. GAAP. Some of these limitations are:

- it is not a substitute for net cash provided by (used in) operating activities;
- other companies may calculate Free Cash Flow or similarly titled non-U.S. GAAP measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of free cash flow as a tool for comparison; and
- the utility of Free Cash Flow is further limited as it does not reflect our future contractual commitments and does not represent the total increase or decrease in our cash balance for any given period.

Because of these limitations, you should consider Free Cash Flow alongside other financial performance measures, such as net cash used in operating activities, net loss and our other GAAP results.

The following table reflects the reconciliation of net cash used in operating activities to Free Cash Flow for each of the periods indicated:

	Three Months Ended	
	March 31,	
	2023	2022
	(in millions)	
Cash used in operating activities	\$ (92)	\$ (146)
Less:		
Purchases of property and equipment and development of internal-use software	—	2
Free Cash Flow	<u>\$ (92)</u>	<u>\$ (148)</u>

Results of Operations

The following tables show our results of operations for the periods presented and express the relationship of certain line items as a percentage of revenue for those periods. The period-to-period comparison of financial results is not necessarily indicative of future results.

	Three Months Ended	
	March 31,	
	2023	2022
	(in millions)	
Revenue	\$ 96	\$ 189
Cost of revenue ⁽¹⁾	76	125
Gross profit	20	64
Operating expenses:		
Sales and marketing ⁽¹⁾	37	45
Product development ⁽¹⁾	51	66
General and administrative ⁽¹⁾	25	15
Total operating expenses	113	126
Loss from operations	(93)	(62)
Other income, net		
Interest and other income, net	4	2
Loss before provision for income taxes	(89)	(60)
Provision for income taxes	—	—
Net loss	<u>\$ (89)</u>	<u>\$ (60)</u>

(1) Includes stock-based compensation expense as follows:

	Three Months Ended	
	March 31,	
	2023	2022
	(in millions)	
Cost of revenue	\$ 1	\$ (1)
Sales and marketing	1	1
Product development	16	14
General and administrative	8	(16)
Total stock-based compensation	<u>\$ 26</u>	<u>\$ (2)</u>

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

	Three Months Ended March 31,	
	2023	2022
Revenue	100 %	100 %
Cost of revenue	79 %	66 %
Gross profit	21 %	34 %
Operating expenses:		
Sales and marketing	39 %	24 %
Product development	53 %	35 %
General and administrative	26 %	8 %
Total operating expenses	118 %	67 %
Loss from operations	(97)%	(33)%
Other income, net:		
Interest and other income, net	4 %	1 %
Loss before provision for income taxes	(93)%	(32)%
Provision for income taxes	—	—
Net loss	(93)%	(32)%

Comparison of Three Months Ended March 31, 2023 and 2022

Revenue

	Three Months Ended March 31,		Change	
	2023	2022	\$	%
	(\$ in millions, except percentages)			
Core marketplace revenue ⁽¹⁾	\$ 28	\$ 90	\$ (62)	(69)%
ProductBoost revenue	8	14	(6)	(43)%
Marketplace revenue	36	104	(68)	(65)%
Logistics revenue	60	85	(25)	(29)%
Revenue	\$ 96	\$ 189	\$ (93)	(49)%

(1) Core marketplace revenue for the three months ended March 31, 2023 and 2022 included approximately \$2 million net gains for both periods, from our cash flow hedging program.

Revenue decreased \$93 million, or 49%, to \$96 million for the three months ended March 31, 2023 as compared to \$189 million for the three months ended March 31, 2022. This decrease was attributable to decreased marketplace and logistics revenue, as noted below.

Marketplace revenue decreased \$68 million, or 65% to \$36 million for the three months ended March 31, 2023, as compared to \$104 million for the three months ended March 31, 2022. This decrease was primarily driven by lower order volumes associated with reduced MAUs and LTM Active Buyers and to a lesser extent, revisions to our pricing strategy, which resulted in lower marketplace revenue per order during the first quarter of 2023.

Logistics revenue decreased \$25 million, or 29% to \$60 million for the three months ended March 31, 2023, as compared to \$85 million for the three months ended March 31, 2022. Like marketplace revenue, the decrease was primarily driven by lower order volumes.

Cost of Revenue and Gross Margin

	Three Months Ended March 31,		Change	
	2023	2022	\$	%
	(\$ in millions, except percentages)			
Cost of revenue	\$ 76	\$ 125	\$ (49)	(39)%
Percentage of revenue	79%	66%		
Gross Margin	21%	34%		

Cost of revenue decreased \$49 million, or 39%, to \$76 million for the three months ended March 31, 2023, as compared to \$125 million for the three months ended March 31, 2022, primarily due to lower marketplace and logistics related costs as a result of lower order volumes.

The gross margin decreased to 21% for the three months ended March 31, 2023 from 34% for the three months ended March 31, 2022, primarily driven by a greater percentage of lower margin logistics services making up overall revenue during the three months ended March 31, 2023 as compared to the three months ended March 31, 2022, and revisions to our pricing strategy.

Sales and Marketing

	Three Months Ended March 31,		Change	
	2023	2022	\$	%
	(\$ in millions, except percentages)			
Sales and marketing	\$ 37	\$ 45	\$ (8)	(18)%
Percentage of revenue	39%	24%		

Sales and marketing expense decreased \$8 million, or 18%, to \$37 million for the three months ended March 31, 2023, compared to \$45 million for the three months ended March 31, 2022, primarily due to a \$3 million reduction in advertising expenditures, \$2 million reduction in customer support costs services as a result of lower order volumes, and a \$4 million reduction of employee-related costs due to lower headcount. These decreases were offset by an increase of \$1 million in other sales and marketing costs.

Product Development

	Three Months Ended March 31,		Change	
	2023	2022	\$	%
	(\$ in millions, except percentages)			
Product development	\$ 51	\$ 66	\$ (15)	(23)%
Percentage of revenue	53%	35%		

Product development expense decreased \$15 million, or 23%, to \$51 million for the three months ended March 31, 2023, as compared to \$66 million for the three months ended March 31, 2022, primarily due to a \$9 million decrease in employee-related costs driven by lower headcount during the first quarter of 2023 compared to the same period in 2022, a \$9 million one-time discretionary bonus paid to select product development employees during the first quarter of 2022 to help cover their tax obligations triggered by the settlement of their RSUs that vested upon the Company's IPO, and a \$4 million reduction in expenses associated with data analytics during the first quarter of 2023 compared to the same period in 2022. These decreases were partially offset by \$6 million of share-based compensation expense recognized in connection with accelerated vesting of the Company's former Chief Product Officer's RSUs upon his departure from the Company in accordance with his separation agreement during the first quarter of 2023 and a \$1 million increase in other product development costs.

General and Administrative

	Three Months Ended March 31,		Change	
	2023	2022	\$	%
	(\$ in millions, except percentages)			
General and administrative	\$ 25	\$ 15	\$ 10	67%
Percentage of revenue	26%	8%		

General and administrative expense increased \$10 million, or 67%, to \$25 million for the three months ended March 31, 2023, as compared to \$15 million for the three months ended March 31, 2022. The increase was primarily due to a one-time reversal of \$21 million of stock-based compensation during the first quarter of 2022 in connection with the resignation of Mr. Szulczewski from his former position as CEO, and \$2 million share-based compensation expense recognized in connection with accelerated vesting of the Company's former Chief Administrative Officer's RSUs upon his departure from the Company in accordance with his separation agreement during the first quarter of 2023. These increases were partially offset by \$4 million of reduced employee-related costs during the first quarter of 2023 due to lower headcount, a \$4 million decrease in impairment charges of the Company's lease assets and related property and equipment, and a \$5 million decrease consisting primarily of insurance and legal-related expenses.

Interest and Other Income, net

	Three Months Ended March 31,		Change	
	2023	2022	\$	%
	(\$ in millions, except percentages)			
Interest and other income, net	\$ 4	\$ 2	\$ 2	100%
Percentage of revenue	4%	1%		

Interest and other income, net increased \$2 million, or 100%, to \$4 million for the three months ended March 31, 2023, as compared to \$2 million for the three months ended March 31, 2022. The increase was attributable to an increase in interest income due to higher interest rates.

Liquidity and Capital Resources

As of March 31, 2023, we had cash, cash equivalents and marketable securities of \$627 million, a majority of which were held in cash deposits and money market funds and 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, though we may require additional financing or capital resources in the future.

Our material cash requirements include \$151 million in accounts and merchants payable, \$64 million remaining on a colocation and cloud services purchase commitment, and \$20 million of facility lease obligations, of which \$8 million is due within the next 12 months.

While we maintain our cash and short-term investments with a diverse group of large national financial institutions and our limited deposits at Silicon Valley Bank were backstopped by the U.S. government, 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

In December 2020, we completed our IPO of common stock and received net proceeds of approximately \$1.1 billion after deducting underwriting discounts and commissions of approximately \$52 million, but before deducting offering costs, net of reimbursements, of approximately \$6 million.

Share Repurchase Program

On April 20, 2023, we announced that our board of directors authorized us to repurchase up to \$50 million of the Company's common stock, effective through December 31, 2023. Under this Program, we may repurchase our common stock through open market transactions, in privately negotiated transactions, or by other means, including through the use of trading plans, each in accordance with applicable securities laws and other restrictions. The manner, timing, and amount of any purchase will be based on an assessment of business, economic and market conditions, corporate and regulatory requirements, prevailing stock prices, and other considerations. The repurchase program may be suspended, terminated, or modified at any time for any reason.

November 2020 Credit Facility

In November 2020, we entered into the Revolving Credit Facility which enables us to borrow up to \$280 million. The Revolving Credit Facility contains an accordion option which, if exercised and provided we are able to secure additional lender commitments and satisfy certain other conditions, would allow us to increase the aggregate commitments by up to \$100 million. As of March 31, 2023, we had not made any borrowings under the Revolving Credit Facility. Refer to Note 7 to our condensed consolidated financial statements in Item 1 of Part I, "Financial Information" for additional details related to the Revolving Credit Facility.

Cash Flows

	Three Months Ended	
	March 31,	
	2023	2022
	(in millions)	
Cash used in:		
Operating activities	\$ (92)	\$ (146)
Investing activities	(40)	(105)
Financing activities	(3)	—

Net Cash Used in Operating Activities

Our cash flows from operations are largely dependent on the amount of revenue we generate. Net cash used in operating activities in each period presented has been influenced by changes in funds receivable, prepaid expenses, and other current and noncurrent assets, accounts payable, merchants payable, accrued and refund liabilities, lease liabilities, and other current and noncurrent liabilities.

Net cash used in our operating activities for the three months ended March 31, 2023 was \$92 million. This was primarily driven by our net loss of \$89 million and \$27 million unfavorable changes in our operating assets and liabilities, which was partially offset by non-cash expenses of \$24 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 \$38 million primarily due to lower order volumes and reduced digital advertising expenditures.

Net cash used in our operating activities for the three months ended March 31, 2022 was \$146 million. This was driven by our net loss of \$60 million and \$97 million unfavorable changes in our operating assets and liabilities, which was partially offset by non-cash expenses of \$11 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 \$95 million primarily due to lower order volumes and reduced digital advertising expenditures.

Net Cash Used in Investing Activities

Our primary investing activities have consisted of investing excess cash balances in marketable securities.

Net cash used in investing activities was \$40 million for the three months ended March 31, 2023. This was primarily due to \$125 million in purchases of marketable securities, partially offset by \$85 million of maturities in marketable securities.

Net cash used in investing activities was \$105 million for the three months ended March 31, 2022. This was primarily due to \$153 million in purchases of marketable securities and \$2 million in capital expenditures, partially offset by \$50 million of maturities in marketable securities.

Net Cash Used in Financing Activities

Net cash used in our financing activities was \$3 million for the three months ended March 31, 2023 primarily due to tax payments related to RSU settlement.

Cash flow from our financing activities was insignificant for the three months ended March 31, 2022.

Off Balance Sheet Arrangements

For the three months ended March 31, 2023 and 2022, 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 and Estimates

There have been no material changes to our critical accounting policies and estimates as compared to those described in our 2022 Form 10-K, filed with the SEC on February 27, 2023.

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.

We have operations both within the United States and internationally, and we are exposed to market risks in the ordinary course of our business, including the effects of interest rate changes and foreign currency fluctuations. Information relating to quantitative and qualitative disclosures about these market risks is described below.

Interest Rate Sensitivity

Cash, cash equivalents and marketable securities as of March 31, 2023 were held primarily in cash deposits, treasuries, and, to a lesser extent, corporate bonds and commercial paper. The fair value of our cash, cash equivalents, and investments would not be materially affected by either an increase or decrease in interest rates of 100 basis points due mainly to the short-term nature of these instruments and that the Company's policy is to hold investments to maturity except in cases of non-compliance with our investment policy.

Foreign Currency Risk

We transact business in various foreign countries and are, therefore, subject to risk of foreign currency exchange rate fluctuations. We have established a foreign currency risk management policy to provide processes and procedures for managing this risk. We use natural hedging techniques first to net off existing foreign currency exposures. For the remaining exposure, we may enter into short term foreign currency derivative contracts, including forward contracts to hedge exposures associated with monetary assets and liabilities, mainly merchants payable, and cash flows denominated in non-functional currencies.

The credit risk of our foreign exchange derivative contracts is minimized since contracts are not concentrated with any one financial institution and all contracts are only placed with large financial institutions. The gains and losses on foreign currency derivative contracts generally offset the losses and gains on the assets, liabilities and transactions hedged. The fair value of foreign exchange derivative contracts is reported in the consolidated balance sheets. The majority of these foreign exchange contracts expire in less than three months and all expire within one year. Refer to Note 5 to our condensed consolidated financial statements in Item 1 of Part I, "Financial Statements" for more information related to our derivative financial instruments.

Based on our overall currency rate exposures as of March 31, 2023, including the derivative financial instruments intended to hedge the nonfunctional currency-denominated monetary assets, liabilities and cash flows, and other factors, a 10% appreciation or depreciation of the U.S. dollar from its cross-functional rates would not be expected, in the aggregate, to have a material effect on our financial position, results of operations and cash flows in the near-term.

Inflation Risk

As of the date of filing of this Quarterly Report, we do not believe that inflation has had a material effect on our business, financial condition, or results of operations. If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through increases in revenue as increases in core inflation rates may also affect consumers' willingness to make discretionary purchases on our platforms. Our inability or failure to do so could harm the Company's business, financial condition, and results of operations.

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 March 31, 2023, 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 2022 Form 10-K, which was filed with the SEC on February 27, 2023, the following material weaknesses were identified and remain outstanding as of March 31, 2023:

- 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

Our remediation efforts are ongoing and we will continue our initiatives to implement measures designed to ensure that control deficiencies contributing to the material weaknesses are remediated, such that these controls are designed, implemented, and operating effectively.

The remediation measures we have taken to date include:

- i. hiring and continuing to hire additional qualified accounting, financial reporting, tax and information technology personnel as well as increasing third-party consultants with public company and internal control over financial reporting experience including a new Chief Executive Officer with a deep understanding of ecommerce and cross border business, a technical project manager to assist with communicating, documenting, and assisting with the remediation of deficiencies, and additional resources to test internal controls;
- ii. providing additional training for our personnel including the appropriate level of documentation to be maintained to support internal control over financial reporting;
- iii. holding periodic SOX Steering Committee meetings which are comprised of all the top Executives of the Company and whose purpose is to provide oversight of the Company's SOX program on behalf of the CEO, CFO and management responsible for SOX Compliance, including monitoring progress of the identified deficiencies and their remediation efforts;
- iv. designing and implementing controls to formalize roles and review responsibilities to align with the staff's skills and experience and to ensure proper internal control over financial reporting;
- v. continuing to enhance processes to monitor critical batch and interface jobs;
- vi. holding periodic meetings with the Audit Committee to communicate deficiencies, discuss the overall remediation plan, and discuss progress made against the approved plan;
- vii. performed a comprehensive reassessment of financial reporting risks relevant to our consolidated financial statements, including identification of financially relevant systems and business processes at the financial statement assertion level, to facilitate the design and implementation or enhancement of existing controls to address the identified risks;
- viii. enhanced the oversight and review of non-recurring transactions to include consistent communication between functional areas, support consistent documentation of conclusions reached, and retention of evidence supporting the operation of control activities;
- ix. enhancing our IT governance processes, including automating components of our change management and logical access processes, enhancing role-based access and logging capabilities, implementing automated controls, enhancing testing and approval controls for program development, and implementing more robust IT policies and procedures over change management and computer operations;
- x. continuing to enhance and standardize user access reviews and monitoring controls to improve segregation of duties, and more comprehensively review user and privileged access to financial applications, programs and data to appropriate Company personnel; and;
- xi. continuing to enhance the design of computer operations controls related to the monitoring of critical batch and interface jobs.

We are committed to continuing to implement a strong system of controls and believe that our ongoing remediation efforts will result in significant improvements to our internal control over financial reporting and will remediate the material weaknesses. However, material weaknesses are not considered remediated until the new controls have been operational for a sufficient period of time, are tested, and management concludes that these controls are operating effectively. This remediation process will require resources and time to implement, and remediation efforts could continue beyond the fiscal year ending December 31, 2023. We will continue to monitor the effectiveness of these remediation measures, and we will make any changes to the design of this plan and take such other actions that we deem appropriate given the circumstances.

Changes in Internal Control Over Financial Reporting

There were no material changes in our internal control over financial reporting during the quarter ended March 31, 2023 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 7, 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 Class A common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described under the heading "Risk Factors" in Part I, Item 1A of our 2022 Form 10-K, 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, before making a decision to invest in our Class A 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 Class A common stock could decline. These risk factors do not identify all risks that we face – our operations could also be affected by factors that are not presently known to us or that we currently consider to be immaterial to our operations. Due to risks and uncertainties, known and unknown, our past financial results may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods. Other than the risk factors noted below, there have been no additional material changes from the risk factors previously disclosed under the heading "Risk Factors" in Part I, Item 1A of our 2022 Form 10-K.

Risks Related to Our Business and Industry

We may be involved in litigation matters or other legal proceedings that are expensive and time consuming.

We may become involved in litigation matters, including class action lawsuits, relating to intellectual property, product liability, and consumer practices, whether for our own products or those offered by merchants, as well as other commercial disputes. 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 Class A 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 Board performance and independence. 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 (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. On April 10, 2023, the plaintiffs filed an amended complaint and assert only claims made under Sections 11 and 15 of the Securities Act. 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 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.

From time to time, we are subject to investigations, demands, litigation and other proceedings involving consumer protection, product safety, and data protection authorities or other regulatory agencies, including, in particular, in Denmark, France, Hungary, Italy, the Netherlands, and the United States. These proceedings can result, and in one case have resulted, in civil and/or criminal penalties, large fines, other penalties, and/or remediation efforts and/or injunctive relief that could limit or restrict our ability to do business either in a given jurisdiction within a product class. For example, we agreed pay a fee to settle with France's Directorate General for Competition, Consumer Affairs and Repression of Fraud in connection with charges relating to consumer protection. Separately, at the initial outbreak of COVID-19, consumer protection authorities demanded rapid and decisive changes in the way that we screen and handle product listings that potentially violate various laws, including emergency price caps on certain items. Implementing these requests or defending against any associated fines could prove expensive and time consuming and negatively affect our results of operations and financial condition. While we may dispute the charges or cases, novel interpretations of the law or enforcement efforts could subject us to litigation and/or time consuming and costly remediation measures or otherwise impair business operations in a jurisdiction.

Bank failures or other events affecting financial institutions could materially adversely affect our operations, liquidity and financial performance.

We maintain domestic cash deposits in Federal Deposit Insurance Corporation ("FDIC") insured banks, which exceed the FDIC insurance limits, and any deposits beyond these limits could be lost. We also maintain cash deposits in foreign banks where we operate, some of which are not insured or are only partially insured by the FDIC or other similar agencies. The failure of a bank, or events involving limited liquidity, defaults, non-performance or other adverse conditions in the financial or credit markets impacting financial institutions at which we maintain balances, or concerns or rumors about such events, may lead to disruptions in access to our bank deposits or otherwise adversely impact our liquidity and financial performance. While we maintain our cash and short-term investments with a diverse group of large national financial institutions and our limited deposits at Silicon Valley Bank were backstopped by the U.S. government, there can be no assurance that any of our other deposits in excess of the FDIC 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.

In addition, instability, liquidity constraints or other distress in the financial markets, including the effects of bank failures, defaults, non-performance or other adverse developments that affect financial institutions, could impair the ability of one or more of the banks participating in our credit agreement or any future credit agreement from honoring their commitments. This could have a material adverse effect on our business if we were not able to replace those commitments or to locate other sources of liquidity on acceptable terms.

Risks Related to Our International Operations

Our international operations are subject to increased risks.

There are inherent risks in doing business internationally, including:

- expenses associated with localizing our products and services and user data, including offering our users and merchants the ability to transact business in the local currency and language, and adapting our platform to local preferences;
- challenges to enforceability in some foreign jurisdictions of so-called "clickwrap" contracts with our customers, merchants and Wish Local retailers;
- trade barriers and changes in trade regulations;
- difficulties in developing, staffing, and simultaneously managing a large number of varying foreign operations as a result of distance, language, and cultural differences;
- stringent local labor laws and regulations;
- credit risk and higher levels of payment fraud;
- laws or regulations related to the import or export of goods alleged to violate third-party intellectual property rights;
- political or social unrest, economic instability, repression, or human rights issues;
- geopolitical events, including natural disasters, public health issues, acts of war, and terrorism;

- compliance with U.S. laws such as the Foreign Corrupt Practices Act ("FCPA") and foreign laws prohibiting corruption, U.S. and foreign economic and trade sanctions laws, and U.S. and foreign laws designed to combat money laundering and the financing of terrorist activities;
- antitrust and competition regulations;
- potentially adverse tax developments and consequences;
- economic uncertainties relating to sovereign and other debt;
- different, uncertain, or more stringent user protection, data protection, data collection, privacy, payments, advertising, pricing, and other laws;
- limitations by governmental authorities on transmission of privacy information and other data between countries, whether from the U.S. or other jurisdictions;
- national and regional laws, regulations and directives and norms, in the EU, EEA, and UK, regarding content moderation and intermediary liability, transparency, product safety and conformity marking, consumer deception, and forced labor;
- restrictions on sales or distribution of certain products or services and uncertainty regarding liability for products, services, content, including uncertainty as a result of less internet-friendly legal systems, local laws, lack of legal precedent, and varying rules, regulations, and practices;
- risks related to other government regulation or required compliance with local laws;
- national or regional differences in macroeconomic growth rates; and
- local licensing and reporting obligations.

Violations of the complex foreign and U.S. laws and regulations that apply to our international operations may result in litigation, fines, criminal actions, or sanctions against us, our officers, or our employees; restrictions on the operations of our business; and damage to our reputation. Although we have implemented policies and procedures designed to promote compliance with these laws, there can be no assurance that our employees, contractors, or agents will not violate our policies. These risks inherent in our international operations and expansion increase our costs of doing business internationally and could harm our business.

Risks Related to Network and Infrastructure

We are subject to governmental regulation and other legal obligations related to privacy, data protection, information security, and consumer protection. If we are unable to comply with these, we may be subject to governmental enforcement actions, litigation, fines and penalties, or adverse publicity.

We collect personally identifiable information and other data from users and prospective users. We use this information to provide services and relevant products to our users, to support, expand and improve our business, and to tailor our marketing and advertising efforts. We may also share users' personal data with certain third parties as authorized by the user or as described in our privacy policy.

As a result, we are subject to governmental regulation and other legal obligations related to the protection of confidential and sensitive data (including personally identifiable information and personal data), privacy, information security and consumer protection in certain countries where we do business and there has been and will continue to be a significant increase globally in such laws that restrict or control the use of personal data.

In Europe, where the data privacy and information security regime underwent a significant change in 2018, the legal environment related to personal data continues to evolve and companies like us that process personal data from large numbers of individuals are subject to increasing regulatory scrutiny. The General Data Protection Regulation ("GDPR") implemented more stringent operational requirements for our use of personal data. These more stringent requirements include expanded disclosures to tell our users about how we may use their personal data, increased controls on profiling users and increased rights for users to access, control and delete their personal data. In addition, there are mandatory data breach notification requirements and significantly increased penalties of the greater of €20 million or 4% of global turnover for the preceding financial year.

Although there are legal mechanisms to allow for the transfer of personal data from the United Kingdom ("U.K."), EEA and Switzerland to the U.S., uncertainty about compliance with such data protection laws remains and such mechanisms may not be available or applicable with respect to the personal data processing activities necessary to research, develop and market our products and services. For example, legal challenges in Europe to the mechanisms allowing companies to transfer personal data from the EEA to the United States could result in further limitations on the ability to transfer personal data across borders, particularly if governments are unable or unwilling to reach new or maintain existing agreements that support cross-border data transfers, such as the EU-U.S. and Swiss-U.S. Privacy Shield Frameworks. Specifically, on July 16, 2020, the Court of Justice of the European Union invalidated Decision 2016/1250 on the adequacy of the protection provided by the EU-U.S. Privacy Shield Framework ("Schrems II" decision). To the extent that we or our service providers were to rely on the EU-U.S. Privacy Shield Framework, we may not be able to do so in the future, which could increase our costs and limit our ability to process personal data from the European Union. The Schrems II decision also cast doubt on the ability to use one of the primary alternatives to the Privacy Shield, namely, the European Commission's Standard Contractual Clauses, to lawfully transfer personal data from Europe to the U.S. and most other countries. In November 2020, the European Commission released a draft of revised Standard Contractual Clauses, and, in January 2021, the European Data Protection Board and the European Data Protection Supervisor issued a joint opinion regarding these revised Standard Contractual Clauses. These revised Standard Contractual Clauses and related developments, opinions, and guidance from European regulators may significantly increase our liability under, and compliance costs related to, cross-border data transfers and the GDPR, and may impact our ability to operate and deliver services in the EEA.

Following its exit from the EU in January 2020, the U.K. implemented legislation referred to as the "U.K.-GDPR" which substantially aligns with requirements and penalties under the EU GDPR. We may face similar costs, risks, and operational impacts in complying with the U.K.-GDPR as we face in complying with the EU GDPR.

In recent years, U.S. and European lawmakers and regulators have expressed concern over the use of third-party cookies and similar technologies for online behavioral advertising, and laws in this area are also under reform. In the EU current national laws that implement the ePrivacy Directive will be replaced by an EU regulation known as the ePrivacy Regulation. The draft ePrivacy Regulation retains existing informed consent conditions and also imposes the strict opt-in marketing rules on direct marketing that is "presented" on a web page rather than sent by email, alters rules on third-party cookies and similar technology and significantly increases penalties for breach of the rules. Regulation of cookies and similar technologies may lead to broader restrictions on our marketing and personalization activities and may negatively impact the effectiveness of our marketing. Such regulations may also increase regulatory scrutiny and increase potential civil liability under data protection or consumer protection laws. The ePrivacy Regulations draft also advocates the development of browsers that block cookies by default. These developments could impair our ability to collect user information, including personal data and usage information, that helps us provide more targeted advertising to our current and prospective users, which could adversely affect our business, given our use of cookies and similar technologies to target our marketing and personalize the user experience. We may incur liabilities, expenses, costs, and other operational losses under GDPR and applicable EU Member States and the U.K. privacy laws in connection with any measures we take to comply with them.

As interpretation of both the ePrivacy Regulation and GDPR develop, we could incur substantial costs to comply with these regulations. The changes could require significant systems changes, limit the effectiveness of our marketing activities, adversely affect our margins, increase costs and subject us to additional liabilities.

In the U.S., federal and various state governments have adopted or are considering, laws, guidelines or rules for the collection, distribution, use and storage of information collected from or about users or their devices. For example, California passed the California Consumer Privacy Act (the "CCPA"), which became effective on January 1, 2020 and introduced substantial changes to privacy law for businesses that collect personal information from California residents. The CCPA creates individual privacy rights for California consumers and increases the privacy and security obligations of entities handling certain personal information. The CCPA provides for civil penalties for violations, as well as a private right of action for data breaches that is expected to increase data breach litigation. And on November 3, 2020, California passed the California Privacy Rights Act (the "CPRA"). The CPRA, which will not be fully in effect until January 1, 2023, amends and expands the CCPA, including the introduction of sensitive personal information as a new regulated dataset in California that is subject to new disclosure and purpose limitation requirements. Additionally, the Virginia Consumer Data Protection Act (the "VCDPA") will become effective on January 1, 2023. The Colorado Privacy Act and the Connecticut Data Privacy Act will become effective on July 1, 2023, and the Utah Consumer Privacy Act will become effective on December 31, 2023. Other states may decide to adopt similar laws in the future. Additionally, the U.S. Federal Trade Commission and many state attorneys general are applying federal and state consumer protection laws, to impose standards for the online collection, use and dissemination of data. Furthermore, these obligations may be interpreted and applied inconsistently from one jurisdiction to another and may conflict with other requirements or our practices.

Additionally, new platform liability laws, potential amendments to existing laws, and ongoing regulatory and judicial interpretation of these laws imparting liability for conduct by users of a platform may create costs and uncertainty for our platform at its users. In the U.S., the United States Supreme Court recently agreed to review a matter in which the scope of protections available to online platforms under Section 230 of the Communications Decency Act, or CDA, is at issue. In parallel, there have also been various Executive and Congressional efforts to restrict the scope of protections available to online platforms under Section 230 of the CDA, and our current protections from liability for third-party content posted on our platform in the United States could decrease or change depending on judicial interpretation and/or content-related legislation. We could incur significant costs investigating and defending such claims and, if we are found liable, significant damages.

In September 2021 and November 2021, the PRC made effective its new Data Security Law and Personal Information Protection Law, respectively. While there are many aspects of these laws that are still yet-to-be-defined, they impose complex and far-reaching requirements related to cybersecurity and the processing of personal data, both within China and extraterritorially. Potential penalties under the Personal Information Protection Law are severe, at up to the greater of 5% of global revenue or \$7.7 million. The precise scope and impact of these laws is still unclear but they could significantly increase our compliance costs, cause us to suffer monetary penalties, or otherwise adversely impact our business and operations.

Many data protection regimes apply based on where a user is located, and as we expand our platform and new laws are enacted or existing laws change, we may be subject to new laws, regulations or standards or new interpretations of existing laws, regulations or standards, including those in the areas of data security, data privacy and regulation of email providers and those that require localization of certain data, which could require us to incur additional costs and restrict our business operations. Any failure or perceived failure by us to comply with rapidly evolving privacy or security laws policies (including our own stated privacy policies), legal obligations or industry standards or any security incident that results in the unauthorized release or transfer of personally identifiable information or other user data may result in governmental enforcement actions, litigation (including user class actions), fines and penalties or adverse publicity and could cause our users to lose trust in us, which could have a material adverse effect on our business, results of operations, financial condition, and prospects.

Risks Related to Our Class A Common Stock

We completed a reverse stock split in order to regain compliance with the listing requirements of the Nasdaq Global Select Market, but there is no assurance that the reverse stock split will result in us remaining compliant with such listing requirements.

Our Class A 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.

Although as of April 26, 2023, we regained compliance with the Minimum Bid Price Requirement, 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.

We completed a 1-for-30 reverse stock split of our shares of common stock, which may reduce and limit the market trading liquidity of the shares due to the reduced number of shares outstanding.

Effective April 11, 2023, we completed a reverse stock split of our common stock by a ratio of 1-for-30. As a result, the liquidity of our Class A common stock may be adversely affected by the reverse stock split due to the reduced number of shares outstanding following such reverse stock split. Absent other factors, reducing the number of outstanding shares of our common stock through the reverse stock split is intended to increase the per-share market price of our Class A common stock. However, a reduction in the liquidity of our Class A common stock as well as other factors, including our financial and operating results, strategic direction, market conditions, and market perception may adversely affect the market price of our Class A common stock. As such, there can be no assurance that the reverse stock split will result in an increase in the market price of our Class A common stock, and such market price may also decrease in the future.

We cannot guarantee that our share repurchase program will be fully implemented or that it will result in an increase in the market price of our Class A common stock. To the extent we repurchase any shares, such repurchases could affect the price of our Class A common stock, increase the volatility of the trading price, and would diminish our cash reserves.

In April 2023, our Board of Directors authorized a share repurchase program to repurchase up to \$50 million of our outstanding Class A common stock through the end of 2023 (the "Program"). Under the Program, repurchases may be made through open market purchases, privately negotiated transactions, or by other means, and are subject to market and business conditions, liquidity, alternative cash requirements, and other relevant factors. The actual timing and amount of repurchases remain subject to a variety of factors, including stock price, trading volume, market conditions, corporate and regulatory requirements, market and economic conditions, and general business considerations.

The Program may be modified, suspended, or terminated at any time, which may result in a decrease in the price of our Class A common stock, and we cannot guarantee that the Program will be fully implemented or that it will result in an increase in the market price of our Class A common stock. The Program does not obligate us to repurchase any specific dollar amount or to acquire any specific number of shares.

To the extent we make repurchases under the Program, such repurchases will decrease the number of outstanding shares of our Class A common stock and could affect the trading price of our Class A common stock and increase its volatility. The implementation of our Program could also cause the price of our Class A common stock to be higher than it would be in the absence of such a program and could reduce the market liquidity for our stock. Additionally, repurchases under the Program would diminish our cash reserves or marketable securities, which could impact our ability to further develop our business.

In August 2022, President Joseph R. Biden signed the Inflation Reduction Act of 2022 (the "IRA") into law. The IRA includes a 1% excise tax on certain stock repurchases, which certain U.S. officials have proposed raising to 4%. We will continue to evaluate the impacts of the excise tax on the Program, but we do not currently expect the IRA to have a material impact on our operating results.

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

The market price of our Class A common stock has fluctuated and declined and may continue to fluctuate or decline substantially. Further, the trading prices of the securities of technology companies have historically been highly volatile. Accordingly, the price of our Class A 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:

- variations in our operating results and other financial and operational metrics, including the key financial and operating metrics disclosed in this report, as well as how those results and metrics compare to analyst and investor expectations;
- speculation about our operating results in the absence of our own financial projections;
- 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 Class A common stock;
- announcements of new services or enhancements, strategic alliances or significant agreements or other developments by us or our competitors;

- announcements by us or our competitors of mergers or acquisitions or rumors of such transactions involving us or our competitors;
- changes in our senior management or other key personnel;
- disruptions in our platform due to hardware, software or network problems, security breaches or other issues;
- the strength of the global economy or the economy in the jurisdictions in which we operate, and market conditions in our industry and those affecting our merchants and users;
- trading activity by our principal stockholders and other market participants, in whom ownership of our Class A common stock may be concentrated following our IPO;
- changes in legal or regulatory requirements relating to our business;
- litigation or other claims against us;
- the impact or perceived impact of our 30-for-1 reverse stock split;
- announcements about any share repurchase program and purchases under the program;
- the number of shares of our Class A common stock that are available for public trading; and
- any other factors discussed in this report.

In addition, if the market for technology stocks or the stock market in general experiences a loss of investor confidence, the price of our Class A common stock could decline for reasons unrelated to our business, results of operations or financial condition. The price of our Class A common stock might also decline in reaction to events that affect other companies, even if those events do not directly affect us. 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 Board performance and independence. This could result in securities litigation. If we are the subject of additional securities class actions, it could result in substantial costs and could divert our management's attention and resources, which could adversely affect our business. Additionally, the price of our Class A common stock may be volatile and may decline regardless of our operating performance and you may lose all or part of your investment.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

(c) Issuer Purchases of Equity Securities

On April 20, 2023, we announced that our board of directors authorized us to repurchase up to \$50 million of our common stock, effective through December 31, 2023. Under the share repurchase program, we may repurchase shares of our common stock through open market transactions, in privately negotiated transactions, or by other means, including through the use of trading plans, each in accordance with applicable securities laws and other restrictions. The manner, timing, and amount of any purchase will be based on an assessment of business, economic and market conditions, corporate and regulatory requirements, prevailing stock prices, and other considerations. The repurchase program may be suspended, terminated, or modified at any time for any reason.

We have not made any repurchases for the three months ended March 31, 2023.

Item 6. Exhibits.

Exhibit Number	Description
<u>3.1*</u>	<u>Restated Certificate of Incorporation, as amended through April 11, 2023</u>
<u>31.1*</u>	<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>
<u>31.2*</u>	<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>
<u>32.1**</u>	<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>
<u>32.2**</u>	<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.

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: May 4, 2023

ContextLogic Inc.

By: _____ /s/ Jun Yan
Jun Yan
Chief Executive Officer and Director
(Principal Executive Officer)

By: _____ /s/ Vivian Liu
Vivian Liu
Chief Financial Officer and Chief Operating Officer
(Principal Financial Officer)

CONTEXTLOGIC INC.**RESTATED CERTIFICATE OF INCORPORATION**

ContextLogic Inc., a Delaware corporation, hereby certifies as follows:

1. The name of this corporation is ContextLogic Inc. The date of the filing of its original Certificate of Incorporation with the Secretary of State was June 25, 2010.

2. The Restated Certificate of Incorporation of this corporation is attached hereto as Exhibit A, which is incorporated herein by this reference, and which restates, integrates and further amends the provisions of the Certificate of Incorporation of this corporation, as previously amended and/or restated. The Restated Certificate of Incorporation has been duly adopted by this corporation's Board of Directors and by the stockholders in accordance with Sections 242 and 245 of the General Corporation Law of the State of Delaware, with the approval of this corporation's stockholders having been given by written consent without a meeting in accordance with Section 228 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, this corporation has caused this Restated Certificate of Incorporation to be signed by its duly authorized officer and the foregoing facts stated herein are true and correct.

Dated: December 17, 2020

CONTEXTLOGIC INC.

By: /s/ Piotr Szulczewski
Name: Piotr Szulczewski
Title: President

EXHIBIT A

**CONTEXTLOGIC INC.
RESTATED CERTIFICATE OF INCORPORATION**

**ARTICLE I:
NAME**

The name of this corporation is ContextLogic Inc. (the “**Corporation**”).

**ARTICLE II:
AGENT FOR SERVICE OF PROCESS**

The address of the registered office of the Corporation in the State of Delaware is 251 Little Falls Drive, Wilmington, New Castle County, DE 19808, and the name of the registered agent of the Corporation in the State of Delaware at such address is Corporation Service Company.

**ARTICLE III:
PURPOSE**

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware, as the same exists or may hereafter be amended (the “**General Corporation Law**”).

**ARTICLE IV:
AUTHORIZED STOCK**

1. Total Authorized.

1.1 The total number of shares of all classes of stock that the Corporation has authority to issue is 3,600,000,000 shares, consisting of three classes: 3,000,000,000 shares of Class A Common Stock, \$0.0001 par value per share (“**Class A Common Stock**”), 500,000,000 shares of Class B Common Stock, \$0.0001 par value per share (“**Class B Common Stock**” and together with the Class A Common Stock, the “**Common Stock**”), and 100,000,000 shares of Preferred Stock, \$0.0001 par value per share (the “**Preferred Stock**”).

1.2 The number of authorized shares of Class A Common Stock or Class B Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote (or written consent if action by written consent of stockholders is permitted at such time under this Restated Certificate of Incorporation) of the holders of capital stock representing a majority of the voting power of all the then-outstanding shares of capital stock of the Corporation entitled to vote thereon, irrespective of the provisions of Section 242(b)(2) of the General Corporation Law, and no vote of the holders of the Class A Common Stock or Class B Common Stock voting separately as a class shall be required therefor.

2. Preferred Stock.

2.1 The Corporation’s Board of Directors (“**Board of Directors**”) is authorized, subject to any limitations prescribed by the law of the State of Delaware, by resolution or resolutions adopted from time to time, to provide for the issuance of shares of Preferred Stock in one or more series, and, by filing a certificate of designation pursuant to the applicable law of the State of Delaware (“**Certificate of Designation**”), to establish

from time to time the number of shares to be included in each such series, to fix the designation, powers (including voting powers), preferences and relative, participating, optional or other special rights (and the qualifications, limitations or restrictions thereof) of the shares of each such series and, except where otherwise provided in the applicable Certificate of Designation, to increase (but not above the total number of authorized shares of the Preferred Stock) or decrease (but not below the number of shares of such series then outstanding) the number of shares of any such series. The number of authorized shares of Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote (or written consent if action by written consent of stockholders is permitted at such time under this Restated Certificate of Incorporation) of the holders of a majority of the voting power of all the then-outstanding shares of capital stock of the Corporation entitled to vote thereon, without a separate vote of the holders of the Preferred Stock, irrespective of the provisions of Section 242(b)(2) of the General Corporation Law, unless a separate vote of the holders of one or more series of Preferred Stock is required pursuant to the terms of any Certificate of Designation.

2.2 Except as otherwise expressly provided in any Certificate of Designation designating any series of Preferred Stock pursuant to the foregoing provisions of this Article IV, (i) any new series of Preferred Stock may be designated, fixed and determined as provided herein by the Board of Directors without approval of the holders of Common Stock or the holders of Preferred Stock, or any series thereof, and (ii) any such new series may have powers, preferences and rights, including, without limitation, voting powers, dividend rights, liquidation rights, redemption rights and conversion rights, senior to, junior to or pari passu with the rights of the Common Stock, any series of the Preferred Stock, or any future class or series of capital stock of the Corporation.

3. Rights of Class A Common Stock and Class B Common Stock.

3.1 Equal Status. Except as otherwise provided in this Restated Certificate of Incorporation or required by applicable law, shares of Class A Common Stock and Class B Common Stock shall have the same rights and powers, rank equally (including as to dividends and distributions, and upon any liquidation, dissolution or winding up of the Corporation), share ratably and be identical in all respects and as to all matters.

3.2 Voting Rights. Except as otherwise expressly provided by this Restated Certificate of Incorporation or as provided by applicable law, the holders of shares of Class A Common Stock and Class B Common Stock shall (a) at all times vote together as a single class on all matters (including the election of directors) submitted to a vote or for the consent (if action by written consent of stockholders is permitted at such time under this Restated Certificate of Incorporation) of the stockholders of the Corporation, (b) be entitled to notice of any stockholders' meeting in accordance with the Bylaws of the Corporation (as the same may be amended and/or restated from time to time, the "*Bylaws*") and (c) be entitled to vote upon such matters and in such manner as may be provided by applicable law; provided, however, that, except as otherwise required by applicable law, holders of shares of Class A Common Stock and Class B Common Stock shall not be entitled to vote on any amendment to this Restated Certificate of Incorporation (including any Certificate of Designation relating to any series of Preferred Stock) that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together as a class with the holders of one or more other such series, to vote thereon pursuant to this Restated Certificate of Incorporation (including any Certificate of Designation relating to any series of Preferred Stock). Except as otherwise expressly provided herein or required by applicable law, each holder of Class A Common Stock shall have the right to one (1) vote per share of Class A Common Stock held of record by such holder and each holder of Class B Common Stock shall have the right to twenty (20) votes per share of Class B Common Stock held of record by such holder.

3.3 Dividends and Distribution Rights. Shares of Class A Common Stock and Class B Common Stock shall be treated equally, identically and ratably, on a per share basis, with respect to any dividends or distributions as may be declared and paid from time to time by the Board of Directors out of any assets of the Corporation legally available therefor; provided, however, that in the event a dividend is paid in the form of shares

of Class A Common Stock or Class B Common Stock (or rights to acquire such shares), then holders of Class A Common Stock shall receive shares of Class A Common Stock (or rights to acquire such shares, as the case may be) and holders of Class B Common Stock shall receive shares of Class B Common Stock (or rights to acquire such shares, as the case may be), with holders of shares of Class A Common Stock and Class B Common Stock receiving, on a per share basis, an identical number of shares of Class A Common Stock or Class B Common Stock, as applicable. Notwithstanding the foregoing, the Board of Directors may pay or make a disparate dividend or distribution per share of Class A Common Stock or Class B Common Stock (whether in the amount of such dividend or distribution payable per share, the form in which such dividend or distribution is payable, the timing of the payment, or otherwise) if such disparate dividend or distribution is approved in advance by the affirmative vote (or written consent if action by written consent of stockholders is permitted at such time under this Restated Certificate of Incorporation) of the holders of a majority of the outstanding shares of Class A Common Stock and Class B Common Stock, each voting separately as a class.

3.4 Subdivisions, Combinations or Reclassifications. Shares of Class A Common Stock or Class B Common Stock may not be subdivided, combined or reclassified unless the shares of the other class are concurrently therewith proportionately subdivided, combined or reclassified in a manner that maintains the same proportionate equity ownership between the holders of the outstanding Class A Common Stock and Class B Common Stock on the record date for such subdivision, combination or reclassification; provided, however, that shares of one such class may be subdivided, combined or reclassified in a different or disproportionate manner if such subdivision, combination or reclassification is approved in advance by the affirmative vote (or written consent if action by written consent of stockholders is permitted at such time under this Restated Certificate of Incorporation) of the holders of a majority of the outstanding shares of Class A Common Stock and Class B Common Stock, each voting separately as a class.

3.5 Liquidation, Dissolution or Winding Up. Subject to the preferential or other rights of any holders of Preferred Stock then outstanding, upon the liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, holders of Class A Common Stock and Class B Common Stock will be entitled to receive ratably all assets of the Corporation available for distribution to its stockholders unless disparate or different treatment of the shares of each such class with respect to distributions upon any such liquidation, dissolution or winding up is approved in advance by the affirmative vote (or written consent if action by written consent of stockholders is permitted at such time under this Restated Certificate of Incorporation) of the holders of a majority of the outstanding shares of Class A Common Stock and Class B Common Stock, each voting separately as a class.

3.6 Merger or Consolidation. In the case of any distribution or payment in respect of the shares of Class A Common Stock or Class B Common Stock upon the merger or consolidation of the Corporation with or into any other entity, or in the case of any other transaction having an effect on stockholders substantially similar to that resulting from a merger or consolidation, such distribution or payment shall be made ratably on a per share basis among the holders of the Class A Common Stock and Class B Common Stock as a single class; provided, however, that shares of one such class may receive different or disproportionate distributions or payments in connection with such merger, consolidation or other transaction if (i) the only difference in the per share distribution to the holders of the Class A Common Stock and Class B Common Stock is that any securities distributed to the holder of a share Class B Common Stock have twenty times the voting power of any securities distributed to the holder of a share of Class A Common Stock, or (ii) such merger, consolidation or other transaction is approved by the affirmative vote (or written consent if action by written consent of stockholders is permitted at such time under this Restated Certificate of Incorporation) of the holders of a majority of the outstanding shares of Class A Common Stock and Class B Common Stock, each voting separately as a class.

3.7 Change in Control Class B Vote. Until the first date on which the outstanding shares of Class B Common Stock represent less than twenty-five percent (25%) of the total voting power of the then

outstanding shares of capital stock of the Corporation then entitled to vote generally in the election of directors, the Corporation shall not consummate a Change in Control Transaction (as defined in Section 5 of Article V) without first obtaining the affirmative vote (or written consent if action by written consent of stockholders is permitted at such time under this Restated Certificate of Incorporation) of the holders of a majority of the then outstanding shares of Class B Common Stock, voting as a separate class, in addition to any other vote required by applicable law, this Restated Certificate of Incorporation or the Bylaws.

3.8 So long as any shares of Class B Common Stock remain outstanding, the Corporation shall not, without the approval by vote or written consent of the holders of a majority of the voting power of the Class B Common Stock then outstanding, voting together as a single class, directly or indirectly, or whether by amendment, or through merger, recapitalization, consolidation or otherwise:

(i) amend, alter, or repeal any provision of the Certificate of Incorporation or the Bylaws that modifies the voting, conversion or other powers, preferences, or other special rights or privileges, or restrictions of the Class B Common Stock; or

(ii) reclassify any outstanding shares of Class A Common Stock of the Corporation into shares having rights as to dividends or liquidation that are senior to the Class B Common Stock or the right to more than one (1) vote for each share thereof.

ARTICLE V: CLASS B COMMON STOCK CONVERSION

1. Optional Conversion. Each share of Class B Common Stock shall be convertible into one (1) fully paid and nonassessable share of Class A Common Stock at the option of the holder thereof at any time upon written notice to the Corporation. Before any holder of Class B Common Stock shall be entitled to convert any of such holder's shares of such Class B Common Stock into shares of Class A Common Stock, such holder shall deliver an instruction, duly signed and authenticated in accordance with any procedures set forth in the Bylaws or any policies of the Corporation then in effect, at the principal corporate office of the Corporation or of any transfer agent for the Class B Common Stock, and shall give written notice to the Corporation at its principal corporate office of such holder's election to convert the same and shall state therein the name or names in which the shares of Class A Common Stock issuable on conversion thereof are to be registered on the books of the Corporation. The Corporation shall, as soon as practicable thereafter, register on the Corporation's books ownership of the number of shares of Class A Common Stock to which such record holder of Class B Common Stock, or to which the nominee or nominees of such record holder, shall be entitled as aforesaid. Such conversion shall be deemed to have occurred immediately prior to the close of business on the date such notice of the election to convert is received by the Corporation, and the person or persons entitled to receive the shares of Class A Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Class A Common Stock as of such date.

2. Automatic Conversion of all Outstanding Class B Common Stock. Each share of Class B Common Stock shall automatically, without further action by the Corporation or the holder thereof, be converted into one (1) fully paid and nonassessable share of Class A Common Stock immediately prior to the close of business on the earliest to occur of (i) the date that is seven (7) years after the Initial Public Offering Closing (as defined below), (ii) the date on which the outstanding shares of Class B Common Stock represent less than five percent (5%) of the aggregate number of shares of Class A Common Stock and Class B Common Stock then outstanding, (iii) the date specified by the affirmative vote (or written consent if action by written consent of stockholders is permitted at such time under this Restated Certificate of Incorporation) of the holders of Class B Common Stock representing a majority of the outstanding shares of Class B Common Stock, voting as a separate class, or (iv) the date that is (A) ninety (90) days after the date of the death or Incapacity of the Founder or (B)

such later date, not to exceed a total period of two hundred and seventy (270) days after the date of the death or Incapacity of the Founder, as may be approved prior to the date that is ninety (90) days after the date of death or Incapacity of the Founder by a majority of the Independent Directors then in office, with such later date, if any, maintained by the secretary of the Corporation in writing as part of the books and records of the Corporation, a copy of which shall be furnished, without cost, to any stockholder who makes a request therefor (each event referred to in (i), (ii), (iii) and (iv) is referred to herein as a “**Final Automatic Conversion**”). The Corporation shall provide notice of the Final Automatic Conversion of shares of Class B Common Stock pursuant to this Section 2 of Article V to record holders of such shares of Class B Common Stock as soon as practicable following the Final Automatic Conversion. Such notice shall be provided by any means then permitted by the General Corporation Law; provided, however, that no failure to give such notice nor any defect therein shall affect the validity of the Final Automatic Conversion. Upon and after the Final Automatic Conversion, the person registered on the Corporation’s books as the record holder of the shares of Class B Common Stock so converted immediately prior to the Final Automatic Conversion shall be registered on the Corporation’s books as the record holder of the shares of Class A Common Stock issued upon the Final Automatic Conversion of such shares of Class B Common Stock, without further action on the part of the record holder thereof. Immediately upon the effectiveness of the Final Automatic Conversion, the rights of the holders of shares of Class B Common Stock as such shall cease, and the holders shall be treated for all purposes as having become the record holder or holders of such shares of Class A Common Stock into which such shares of Class B Common Stock were converted.

3. **Conversion on Transfer.** Each share of Class B Common Stock shall automatically, without further action by the Corporation or the holder thereof, be converted into one (1) fully paid and nonassessable share of Class A Common Stock, upon the occurrence of (i) a Transfer (as defined below), other than a Permitted Transfer (as defined below), of such share of Class B Common Stock or (ii) other than with respect to the Founder, the death of the holder of such share if such holder is a natural person.

4. **Policies and Procedures.** The Corporation may, from time to time, as it may deem necessary or advisable, establish such policies and procedures, not in violation of applicable law or this Restated Certificate of Incorporation or the Bylaws, relating to the conversion of shares of the Class B Common Stock into shares of Class A Common Stock. If the Corporation has reason to believe that a Transfer that is not a Permitted Transfer has occurred, the Corporation may request that the purported transferor furnish affidavits or other evidence to the Corporation as it reasonably deems necessary to determine whether a Transfer that is not a Permitted Transfer has occurred, and if such transferor does not within ten (10) days after the date of such request furnish sufficient evidence to the Corporation (in the manner provided in the request) to enable the Corporation to determine that no such Transfer has occurred, any such shares of Class B Common Stock, to the extent not previously converted, shall be automatically converted into shares of Class A Common Stock at the close of business on the tenth (10th) day following such request, and such conversion shall thereupon be registered on the books and records of the Corporation. In connection with any action of stockholders taken at a meeting or by written consent (if action by written consent of stockholders is permitted at such time under this Restated Certificate of Incorporation), the stock ledger of the Corporation shall be presumptive evidence as to who are the stockholders entitled to vote in person or by proxy at any meeting of stockholders or in connection with any such written consent and the classes of shares held by each such stockholder and the number of shares of each class held by such stockholder.

5. **Definitions.**

(a) “**Change in Control Transaction**” shall mean the occurrence of any of the following events:

(i) the sale, lease, exchange, encumbrance or other disposition (other than licenses that do not constitute an effective disposition of all or substantially all of the assets of the Corporation and its subsidiaries taken as a whole, and the grant of security interests in the ordinary course of business) by the Corporation of all or substantially all of the Corporation’s assets; or

(ii) the merger or consolidation of the Corporation with or into any other entity, other than a merger or consolidation that would result in the Class B Common Stock of the Corporation outstanding immediately prior thereto representing (either by remaining outstanding or by being converted into voting securities of the surviving entity or its sole parent entity) more than fifty percent (50%) of the total voting power represented by the voting securities of the Corporation or such surviving entity or its sole parent entity outstanding immediately after such merger or consolidation.

(b) **“Convertible Security”** shall mean any evidences of indebtedness or other securities (other than shares of Class B Common Stock) convertible into or exchangeable for Class B Common Stock, either directly or indirectly.

(c) **“Securities Act”** shall mean the Securities Act of 1933, as amended.

(d) **“Family Member”** shall mean with respect to any natural person who is a Qualified Stockholder, the spouse, domestic partner, parents, grandparents, lineal descendants, siblings and lineal descendants of siblings of such Qualified Stockholder. Lineal descendants shall include adopted persons, but only so long as they are adopted while a minor.

(e) **“Founder”** shall mean Piotr Szulczewski, an individual.

(f) **“Incapacity”** shall mean, with respect to an individual, that such individual is incapable of managing his or her financial affairs under the criteria set forth in the applicable probate code, that can be expected to result in death, or which has lasted or can be expected to last for a continuous period of not less than twelve (12) months as determined by a licensed medical practitioner. In the event of a dispute regarding whether an individual has suffered an Incapacity, no Incapacity of such individual will be deemed to have occurred unless and until an affirmative ruling regarding such Incapacity has been made by a court of competent jurisdiction.

(g) **“Independent Directors”** shall mean members of the Board of Directors that are not officers or otherwise employees of the Corporation or its subsidiaries; provided that a director shall not be considered an officer or employee of the Corporation solely due to such director’s position as a member of the Board of Directors or the board of directors or similar governing body of one or more subsidiaries of the Corporation or such director’s service as a non-executive chairman, lead independent director or in any similar capacity.

(h) **“Initial Public Offering Closing”** shall mean the closing of the Corporation’s initial public offering pursuant to an effective registration statement under the Securities Act covering the offer and sale of Class A Common Stock to the public.

(i) **“IPO Date”** means December 18, 2020.

(j) **“Option”** shall mean rights, options, restricted stock units or warrants to subscribe for, purchase or otherwise acquire Class B Common Stock or Convertible Securities (as defined above).

(k) **“Parent”** of an entity shall mean any entity that directly or indirectly owns or controls a majority of the voting power of the voting securities of such entity.

(l) **“Permitted Entity”** shall mean with respect to a Qualified Stockholder: (a) a Permitted Trust solely for the benefit of (1) such Qualified Stockholder, (2) one or more Family Members of such Qualified Stockholder, or (3) any other Permitted Entity of such Qualified Stockholder; or (b) any general partnership, limited partnership, limited liability company, corporation or other entity exclusively owned by (1) such Qualified

Stockholder, (2) one or more Family Members of such Qualified Stockholder, or (3) any other Permitted Entity of such Qualified Stockholder.

(m) “**Permitted Transfer**” shall mean, and be restricted to, any Transfer of a share of Class B Common Stock:

(i) by a Qualified Stockholder to (A) one or more Family Members of such Qualified Stockholder, (B) any Permitted Entity of such Qualified Stockholder, (C) to such Qualified Stockholder’s revocable living trust, which revocable living trust is itself both a Permitted Trust and a Qualified Stockholder or (D) the Founder; or

(ii) by a Permitted Entity of a Qualified Stockholder to (A) such Qualified Stockholder or one or more Family Members of such Qualified Stockholder, or (B) any other Permitted Entity of such Qualified Stockholder.

(n) “**Permitted Transferee**” shall mean a transferee of shares of Class B Common Stock received in a Permitted Transfer.

(o) “**Permitted Trust**” shall mean a bona fide trust where each trustee is (i) a Qualified Stockholder, (ii) a Family Member, or (iii) a professional in the business of providing trustee services, including private professional fiduciaries, trust companies and bank trust departments.

(p) “**Person**” shall mean a natural person, corporation, limited liability company, partnership, joint venture, trust, unincorporated association or other legal entity.

(q) “**Qualified Stockholder**” shall mean: (a) the record holder of a share of Class B Common Stock as of the IPO Date; (b) the initial registered holder of any shares of Class B Common Stock that are originally issued by the Corporation after the IPO Date pursuant to the exercise or conversion of any Option or Convertible Security that, in each case, was outstanding as of the IPO Date; (c) each natural person who, prior to the IPO Date, Transferred shares of capital stock of the Corporation to a Permitted Entity that is or becomes a Qualified Stockholder; (d) each natural person who Transferred shares of, or equity awards for, Class B Common Stock (including any Option exercisable or Convertible Security exchangeable for or convertible into shares of Class B Common Stock) to a Permitted Entity that is or becomes a Qualified Stockholder; and (e) a Permitted Transferee.

(r) “**Transfer**” of a share of Class B Common Stock shall mean any sale, assignment, transfer, conveyance, hypothecation or other transfer or disposition of such share or any legal or beneficial interest in such share, whether or not for value and whether voluntary or involuntary or by operation of law, including, without limitation, a transfer of a share of Class B Common Stock to a broker or other nominee (regardless of whether there is a corresponding change in beneficial ownership), or the transfer of, or entering into a binding agreement with respect to, Voting Control over such share by proxy or otherwise; provided, however, that the following shall not be considered a “**Transfer**” within the meaning of this Section 5 of Article V:

(i) the granting of a revocable proxy to officers or directors of the Corporation at the request of the Board of Directors in connection with actions to be taken at an annual or special meeting of stockholders or in connection with any action by written consent of the stockholders solicited by the Board of Directors (if action by written consent of stockholders is permitted at such time under this Restated Certificate of Incorporation);

(ii) entering into a voting trust, agreement or arrangement (with or without granting a proxy) solely with stockholders who are holders of Class B Common Stock that (A) is disclosed either in a Schedule 13D filed with the Securities and Exchange Commission or in writing to the Secretary of the Corporation, (B) either has a term not exceeding one (1) year or is terminable by the holder of the shares subject thereto at any time and (C) does not involve any payment of cash, securities, property or other consideration to the holder of the shares subject thereto other than the mutual promise to vote shares in a designated manner;

(iii) entering into a voting trust, agreement or arrangement (with or without granting a proxy) pursuant to a written agreement to which the Corporation is a party;

(iv) the pledge of shares of Class B Common Stock by a stockholder that creates a mere security interest in such shares pursuant to a bona fide loan or indebtedness transaction for so long as such stockholder continues to exercise Voting Control over such pledged shares; provided, however, that a foreclosure on such shares or other similar action by the pledgee shall constitute a Transfer unless such foreclosure or similar action qualifies as a Permitted Transfer;

(v) the fact that, as of the IPO Date or at any time after the IPO Date, the spouse of any holder of Class B Common Stock possesses or obtains an interest in such holder's shares of Class B Common Stock arising solely by reason of the application of the community property laws of any jurisdiction, so long as no other event or circumstance shall exist or have occurred that constitutes a Transfer of such shares of Class B Common Stock; provided that any transfer of shares by any holder of shares of Class B Common Stock to such holder's spouse, including a transfer in connection with a divorce proceeding, domestic relations order or similar legal requirement, shall constitute a "**Transfer**" of such shares of Class B Common Stock unless otherwise exempt from the definition of Transfer;

(vi) entering into a trading plan pursuant to Rule 10b5-1 under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), with a broker or other nominee; provided, however, that a sale of such shares of Class B Common Stock pursuant to such plan shall constitute a "**Transfer**" at the time of such sale;

(vii) in connection with a merger or consolidation of the Corporation with or into any other entity, or in the case of any other transaction having an effect on stockholders substantially similar to that resulting from a merger or consolidation, that has been approved by the Board of Directors, the entering into a support, voting, tender or similar agreement or arrangement (in each case, with or without the grant of a proxy) that has also been approved by the Board of Directors; or

(viii) granting a proxy by the Founder or the Founder's Permitted Transferees to a Person designated by the Founder and approved, in advance, by a majority of the Independent Directors then in office to exercise dispositive power and/or Voting Control of shares of Class B Common Stock owned directly or indirectly, beneficially and of record, by the Founder, the Founder's Permitted Transferees, the Founder's estate or the Founder's heirs, effective either (A) upon the death of the Founder or (B) during or following any Incapacity of the Founder, including the exercise of such proxy by such Person.

A Transfer shall also be deemed to have occurred with respect to a share of Class B Common Stock beneficially held by (i) an entity that is a Permitted Entity, if there occurs any act or circumstance that causes such entity to no longer be a Permitted Entity or (ii) an entity that is a Qualified Stockholder, if, in either case, there occurs a Transfer on a cumulative basis, from and after the IPO Date, of a majority of the voting power of the voting securities of such entity or any direct or indirect Parent of such entity, other than a Transfer to parties that are, as of the IPO Date, holders of voting securities of any such entity or Parent of such entity.

(s) “**Voting Control**” shall mean, with respect to a share of Class B Common Stock, the power (whether exclusive or shared) to vote or direct the voting of such share by proxy, voting agreement or otherwise.

(t) “**Voting Threshold Date**” shall mean 11:59 p.m. Pacific Time on the first day following the Corporation’s 2021 Annual Meeting of Stockholders falling on or after the date on which the outstanding shares of Class B Common Stock represent less than forty percent (40%) of the total voting power of the then-outstanding shares of the Corporation then entitled to vote generally in the election of directors.

6. Immediate Effect and Status of Converted Stock. In the event of a conversion of shares of Class B Common Stock into shares of Class A Common Stock pursuant to Section 3 of this Article V, or upon the date of the Final Automatic Conversion, such conversion(s) shall be deemed to have been made at the time that the Transfer of shares occurred or immediately at 11:59 p.m. Pacific Time on the date of the Final Automatic Conversion, as applicable. In the event any shares of Class B Common Stock are converted into shares of Class A Common Stock pursuant to this Article V, the shares of Class B Common Stock so converted shall be retired and shall not be reissued by the Corporation.

7. Effect of Conversion on Payment of Dividends. Notwithstanding anything to the contrary in Sections 1, 2 or 3 of this Article V, if the date on which any share of Class B Common Stock is converted into Class A Common Stock pursuant to the provisions of Sections 1, 2 or 3 of this Article V occurs after the record date for the determination of the holders of Class B Common Stock entitled to receive any dividend or distribution to be paid on the shares of Class B Common Stock, the holder of such shares of Class B Common Stock as of such record date will be entitled to receive such dividend or distribution on such payment date; provided, that, notwithstanding any other provision of this Restated Certificate of Incorporation, to the extent that any such dividend or distribution is payable in shares of Class B Common Stock, such dividend or distribution shall be deemed to have been declared, and shall be payable in, shares of Class A Common Stock and no shares of Class B Common Stock shall be issued in payment thereof.

8. Reservation. The Corporation shall at all times reserve and keep available, out of its authorized and unissued shares of Class A Common Stock, solely for the purpose of effecting conversions of shares of Class B Common Stock into Class A Common Stock, such number of duly authorized shares of Class A Common Stock as shall from time to time be sufficient to effect the conversion of all then-outstanding shares of Class B Common Stock. If at any time the number of authorized and unissued shares of Class A Common Stock shall not be sufficient to effect the conversion of all then-outstanding shares of Class B Common Stock, the Corporation shall promptly take such corporate action as may be necessary to increase its authorized but unissued shares of Class A Common Stock to such number of shares as shall be sufficient for such purpose, including, without limitation, obtaining the requisite stockholder approval of any necessary amendment to this Restated Certificate of Incorporation. All shares of Class A Common Stock which are so issuable shall, when issued, be duly and validly issued, fully paid and non-assessable shares. The Corporation shall take all such action as may be necessary to ensure that all such shares of Class A Common Stock may be so issued without violation of any applicable law or regulation.

9. No Further Issuances. Except for the issuance of Class B Common Stock issuable upon exercise of Rights outstanding at the Effective Time or a dividend payable in accordance with Article IV, Section 3.3, the Corporation shall not at any time after the Effective Time issue any additional shares of Class B Common Stock, unless such issuance is approved by the affirmative vote of the holders of a majority of the outstanding shares of Class B Common Stock. After the Final Conversion Date, the Corporation shall not issue any additional shares of Class B Common Stock.

**ARTICLE VI:
AMENDMENT OF BYLAWS**

The Board of Directors shall have the power to adopt, amend or repeal the Bylaws. Any adoption, amendment or repeal of the Bylaws by the Board of Directors shall require the approval of a majority of the Whole Board. For purposes of this Restated Certificate of Incorporation, the term “**Whole Board**” shall mean the total number of authorized directors whether or not there exist any vacancies in previously authorized directorships. The stockholders shall also have power to adopt, amend or repeal the Bylaws; provided, however, that, notwithstanding any other provision of this Restated Certificate of Incorporation or any provision of law that might otherwise permit a lesser or no vote, but in addition to any vote of the holders of any class or series of stock of the Corporation required by applicable law or by this Restated Certificate of Incorporation, the affirmative vote (or written consent if action by written consent of stockholders is permitted at such time under this Restated Certificate of Incorporation) of the holders of at least two-thirds (2/3) of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required for the stockholders to adopt, amend or repeal any provision of the Bylaws; provided, further, however, that, in the case of any proposed adoption, amendment or repeal of any provisions of the Bylaws that is approved by the Board of Directors and submitted to the stockholders for adoption thereby, if directors representing two-thirds (2/3) of the Whole Board have approved such adoption, amendment or repeal of any provisions of the Bylaws, then, in addition to any vote of the holders of any class or series of stock of the Corporation required by applicable law or by this Restated Certificate of Incorporation, only the affirmative vote (or written consent if action by written consent of stockholders is permitted at such time under this Restated Certificate of Incorporation) of the holders of at least a majority of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to adopt, amend or repeal such provision of the Bylaws.

**ARTICLE VII:
MATTERS RELATING TO THE BOARD OF DIRECTORS**

1. **Director Powers.** Except as otherwise provided by the General Corporation Law or this Certificate of Incorporation, the business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors.

2. **Number of Directors.** Subject to the special rights of the holders of any series of Preferred Stock to elect additional directors under specified circumstances, the total number of directors constituting the Whole Board shall be fixed from time to time exclusively by resolution adopted by a majority of the Whole Board.

3. **Classified Board.** Subject to the special rights of the holders of one or more series of Preferred Stock to elect directors, immediately following the Voting Threshold Date, the directors shall be divided, with respect to the time for which they severally hold office, into three classes designated as Class I, Class II and Class III, respectively (the “**Classified Board**”). The Board of Directors is authorized to assign members of the Board of Directors already in office immediately prior to the Voting Threshold Date to such classes of the Classified Board. The number of directors in each class shall be divided as nearly equal as is practicable. The initial term of office of the Class I directors shall expire at the Corporation’s first annual meeting of stockholders following the Voting Threshold Date, the initial term of office of the Class II directors shall expire at the Corporation’s second annual meeting of stockholders following the Voting Threshold Date, and the initial term of office of the Class III directors shall expire at the Corporation’s third annual meeting of stockholders following the Voting Threshold Date. At each annual meeting of stockholders following the Voting Threshold Date, directors elected to succeed those directors of the class whose terms then expire shall be elected for a term of office expiring at the third succeeding annual meeting of stockholders after their election.

4. **Term and Removal.** Each director shall hold office until the annual meeting at which such director's term expires and until such director's successor is duly elected and qualified, or until such director's earlier death, resignation, disqualification or removal. Any director may resign at any time upon notice to the Corporation given in writing or by any electronic transmission. Prior to the Voting Threshold Date, subject to the special rights of the holders of any series of Preferred Stock to elect directors, directors may be removed with or without cause by the affirmative vote (or written consent if action by written consent of stockholders is permitted at such time under this Restated Certificate of Incorporation) of the holders of a majority of the voting power of the then-outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class. From and after the Voting Threshold Date, subject to the special rights of the holders of any series of Preferred Stock to elect directors, no director may be removed from the Board of Directors except for cause and only by the affirmative vote of the holders of at least two-thirds (2/3) of the voting power of the then-outstanding shares of capital stock of the Corporation entitled to vote thereon, voting together as a single class. Subject to the special rights of the holders of any series of Preferred Stock to elect directors, in the event of any increase or decrease in the authorized number of directors occurring after the Voting Threshold Date, (a) each director then serving as such shall nevertheless continue as a director of the class of which he or she is a member and (b) the newly created or eliminated directorships resulting from such increase or decrease shall be apportioned by the Board of Directors among the classes of directors so as to make all classes as nearly equal in number as is practicable. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

5. **Vacancies and Newly Created Directorships.** Subject to the special rights of the holders of any series of Preferred Stock to elect directors, any vacancy occurring in the Board of Directors for any cause, and any newly created directorship resulting from any increase in the authorized number of directors, shall be filled only by the affirmative vote of a majority of the directors then in office, even if less than a quorum, or by a sole remaining director, and shall not be filled by the stockholders. Any director elected in accordance with the preceding sentence shall hold office for a term expiring at the annual meeting of stockholders at which the term of office of the class, if any, to which the director has been assigned expires and until such director's successor shall have been duly elected and qualified, or until such director's earlier death, resignation, disqualification or removal.

6. **Additional Directors Elected by the Preferred Stock.** During any period when the holders of any series of Preferred Stock have the right to elect additional directors as provided for or fixed pursuant to the provisions of Article IV hereof (including any Certificate of Designation) (any such director, a "**Preferred Stock Director**"), and upon commencement and for the duration of the period during which such right continues: (i) the then otherwise total authorized number of directors of the Corporation shall automatically be increased by such number of Preferred Stock Directors that the holders of any series of Preferred Stock have a right to elect, and the holders of such Preferred Stock shall be entitled to elect the additional Preferred Stock Directors so provided for or fixed pursuant to said provisions; and (ii) each such Preferred Stock Director shall serve until his or her successor shall have been duly elected and qualified, or until his or her right to hold such office terminates pursuant to said provisions, whichever occurs earlier, subject to his or her earlier death, disqualification, resignation or removal. In case any vacancy shall occur among the Preferred Stock Directors, a successor Preferred Stock Director may be elected by the holders of Preferred Stock pursuant to said provisions. Except as otherwise provided for or fixed pursuant to the provisions of Article IV hereof (including any Preferred Stock Designation), whenever the holders of any series of Preferred Stock having such right to elect an additional Preferred Stock Director are divested of such right pursuant to said provisions, the terms of office of such Preferred Stock Director elected by the holders of such Preferred Stock, or elected to fill any vacancies resulting from the death, resignation, disqualification or removal of such additional Preferred Stock Director, shall forthwith terminate (in which case such person shall cease to be qualified as a director and shall cease to be a

director) and the total authorized number of directors of the Corporation shall be automatically reduced accordingly.

7. **Vote by Ballot.** Election of directors need not be by written ballot unless the Bylaws shall so provide.
8. **No Cumulative Voting.** No stockholder will be permitted to cumulate votes at any election of directors.

ARTICLE VIII: DIRECTOR LIABILITY

1. **Limitation of Liability.** To the fullest extent permitted by law, no director of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. Without limiting the effect of the preceding sentence, if the General Corporation Law is hereafter amended to authorize the further elimination or limitation of the liability of a director, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the General Corporation Law, as so amended.

2. **Change in Rights.** Neither any amendment nor repeal of this Article VIII, nor the adoption of any provision of this Restated Certificate of Incorporation inconsistent with this Article VIII, shall eliminate, reduce or otherwise adversely affect any limitation on the personal liability of a director of the Corporation or any rights or protections of any officer or director of the Corporation under this Article VIII with respect to acts or omissions occurring prior to the time of such amendment, repeal or adoption of such an inconsistent provision.

ARTICLE IX: MATTERS RELATING TO STOCKHOLDERS

1. **No Action by Written Consent of Stockholders.** Subject to the rights of any series of Preferred Stock then outstanding, from and after the Voting Threshold Date, (i) no action shall be taken by the stockholders of the Corporation except at a duly called annual or special meeting of stockholders and (ii) no action shall be taken by the stockholders of the Corporation by written consent in lieu of a meeting.

2. **Special Meeting of Stockholders.** Special meetings of the stockholders of the Corporation may be called only by the Chairperson of the Board, the Chief Executive Officer, the Lead Independent Director (as defined in the Bylaws) or the Board of Directors acting pursuant to a resolution adopted by a majority of the Whole Board, and may not be called by the stockholders or any other person or persons.

3. **Advance Notice of Stockholder Nominations and Business Transacted at Special Meetings.** Advance notice of stockholder nominations for the election of directors of the Corporation and of business to be brought by stockholders before any meeting of stockholders of the Corporation shall be given in the manner provided in the Bylaws. Business transacted at special meetings of stockholders shall be limited to the purpose or purposes stated in the notice of meeting.

ARTICLE X: SEVERABILITY

If any provision of this Restated Certificate of Incorporation shall be held to be invalid, illegal, or unenforceable, then such provision shall nonetheless be enforced to the maximum extent possible consistent with such holding and the remaining provisions of this Restated Certificate of Incorporation (including without limitation, all

portions of any section of this Restated Certificate of Incorporation containing any such provision held to be invalid, illegal, or unenforceable, which is not invalid, illegal, or unenforceable) shall remain in full force and effect.

**ARTICLE XI:
AMENDMENT OF RESTATED CERTIFICATE OF INCORPORATION**

1. **General.** The Corporation reserves the right to amend or repeal any provision contained in this Restated Certificate of Incorporation in the manner prescribed by the laws of the State of Delaware and all rights conferred upon stockholders are granted subject to this reservation; provided, however, that, notwithstanding any provision of this Restated Certificate of Incorporation (including any Certificate of Designation) or any provision of law that might otherwise permit a lesser vote or no vote (other than Sections 1.2 and 2.1 of Article IV hereof), but in addition to any vote of the holders of any class or series of the stock of the Corporation required by applicable law or by this Restated Certificate of Incorporation (including any Certificate of Designation), and subject to Sections 1.2 and 2.1 of Article IV, the affirmative vote (or written consent if action by written consent of stockholders is permitted at such time under this Restated Certificate of Incorporation) of the holders of at least two-thirds (2/3) of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to amend or repeal, or adopt any provision inconsistent with, this Section 1 of this Article XI, Sections 1.2 and 2 of Article IV, or Article V, Article VI, Article VII, Article VIII, Article IX, Article X or Article XII (the "**Specified Provisions**"); provided, further, that if directors representing two-thirds (2/3) of the Whole Board have approved such amendment or repeal of, or any provision inconsistent with, the Specified Provisions, then only the affirmative vote (or written consent if action by written consent of stockholders is permitted at such time under this Restated Certificate of Incorporation) of the holders of at least a majority of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class (in addition to any other vote of the holders of any class or series of stock of the Corporation required by applicable law or by this Certificate of Incorporation), shall be required to approve such amendment or repeal of, or the adoption of such provision inconsistent with, the Specified Provisions.

2. **Changes to or Inconsistent with Section 3 of Article IV.** Notwithstanding any other provision of this Restated Certificate of Incorporation (including any Certificate of Designation) or any provision of law that might otherwise permit a lesser vote or no vote, but in addition to any vote of the holders of any class or series of the stock of the Corporation required by law or by this Restated Certificate of Incorporation (including any Certificate of Designation), the affirmative vote (or written consent if action by written consent of stockholders is permitted at such time under this Restated Certificate of Incorporation) of the holders of Class A Common Stock representing at least seventy-five percent (75%) of the voting power of the then-outstanding shares of Class A Common Stock, voting separately as a single class, and the affirmative vote (or written consent if action by written consent of stockholders is permitted at such time under this Restated Certificate of Incorporation) of the holders of Class B Common Stock representing at least seventy-five percent (75%) of the voting power of the then-outstanding shares of Class B Common Stock, each voting separately as single classes, shall be required to amend or repeal, or to adopt any provision inconsistent with, Section 3 of Article IV or this Section 2 of this Article XI.

**ARTICLE XII:
CHOICE OF FORUM**

Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, the federal district court for the District of Delaware) shall, to the fullest extent permitted by law, be the sole and exclusive forum for: (a) any derivative

action or proceeding brought on behalf of the Corporation; (b) any action asserting a claim of breach of a fiduciary duty owed by any current or former director, officer, stockholder, employee or agent of the Corporation to the Corporation or the Corporation's stockholders; (c) any action asserting a claim against the Corporation arising pursuant to any provision of the General Corporation Law, this Restated Certificate of Incorporation or the Bylaws or as to which the General Corporation Law confers jurisdiction on the Court of Chancery of the State of Delaware; (d) any action to interpret, apply, enforce or determine the validity of this Restated Certificate of Incorporation or the Bylaws; or (e) any action asserting a claim against the Corporation governed by the internal affairs doctrine. This Article XII shall not apply to suits brought to enforce a duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction.

To the fullest extent permitted by law, unless the Corporation consents in writing to the selection of an alternative forum, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act.

Any person or entity purchasing or otherwise acquiring or holding any interest in shares of capital stock of the Corporation shall be deemed to have notice of and to have consented to the provisions of this Article XII.

ARTICLE XIII

CERTAIN STOCK REPURCHASES

In connection with repurchases by the Corporation of shares of Common Stock from employees, officers, directors, advisors, consultants or other persons performing services for this corporation or any subsidiary pursuant to agreements under which the Corporation has the option to repurchase such shares at cost upon the occurrence of certain events, such as the termination of employment, Section 500 of the California Corporations Code shall not apply in all or in part with respect to such repurchases. In the case of any such repurchases, distributions by the Corporation may be made without regard to the "preferential dividends arrears amount" or any "preferential rights amount," as such terms are defined in Section 500(b) of the California Corporations Code.

**CERTIFICATE OF RETIREMENT
OF CLASS B COMMON STOCK
OF
CONTEXTLOGIC INC.**

Pursuant to Section 243(b) of the General Corporation Law of the State of Delaware, ContextLogic Inc., a corporation organized and existing under the laws of the State of Delaware (the “**Corporation**”), HEREBY CERTIFIES as follows:

1. Section 1.1 of Article IV of the Restated Certificate of Incorporation of the Corporation filed with the Secretary of State of the State of Delaware on December 17, 2020 (the “**Restated Certificate**”) provides that the total number of shares of capital stock that the Corporation shall have authority to issue is 3,600,000,000 shares, consisting of (i) 3,000,000,000 shares of Class A Common Stock, \$0.0001 par value per share (“**Class A Common Stock**”) (ii) 500,000,000 shares of Class B Common Stock, par value \$0.0001 per share (“**Class B Common Stock**”), and (iii) 100,000,000 shares of Preferred Stock, par value \$0.0001 per share.

2. All outstanding shares of Class B Common Stock have been converted (the “**Conversion**”) into shares of Class A Common Stock of the Corporation pursuant to the provisions of Article V of the Restated Certificate.

3. Section 6 of Article V of the Restated Certificate provides that following the Conversion, the shares of Class B Common Stock that have been converted shall be retired and may not be reissued and Section 9 provides that following the Conversion, no additional shares of Class B Common Stock shall be issued.

5. Upon the effectiveness of this Certificate of Retirement, all references to the Class B Common Stock shall be removed from the Restated Certificate.

IN WITNESS WHEREOF, ContextLogic Inc. has caused this Certificate of Retirement to be executed, acknowledged and filed by its duly authorized officer as of August 10, 2022.

CONTEXTLOGIC INC.

By: /s/ Vijay Talwar
Name: Vijay Talwar
Title: Chief Executive Officer

CERTIFICATE OF AMENDMENT
to the
RESTATED CERTIFICATE OF INCORPORATION
of
CONTEXTLOGIC INC.

ContextLogic Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the “Corporation”), DOES HEREBY CERTIFY:

FIRST: The name of the Corporation is ContextLogic Inc. The Restated Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on December 18, 2020.

SECOND: That the Board of Directors of the Corporation, at a meeting duly held on March 20, 2023, duly adopted resolutions setting forth a proposed amendment to the Restated Certificate of Incorporation of the Corporation, in the form set forth below (the “Amendment”), declaring the Amendment to be advisable and directing that the Amendment be submitted to the stockholders of the Corporation for consideration thereof at the annual meeting:

RESOLVED, that Article IV, Section 1, of the Restated Certificate of Incorporation of the Corporation, be, and it hereby is, amended to insert Section 1.3 at the end of such Article IV, Section 1, which section shall read as follows:

1.3. As of 4:01 p.m. Eastern Time on April 11, 2023 (the “**Effective Time**”) of this Certificate of Amendment to the Restated Certificate of Incorporation of the Corporation, pursuant to Section 242 of the General Corporation Law of the State of Delaware, the shares of Class A Common Stock of the Corporation issued and outstanding immediately prior to the Effective Time (the “**Old Common Stock**”), shall automatically without further action on the part of the Corporation or any holder of Old Common Stock, be reclassified, on a 1-for-30 basis, into fully paid and nonassessable shares of Class A common stock, par value \$0.0001 per share (the “**New Common Stock**”), such that each thirty (30) shares of Old Common Stock will be reclassified as one (1) share of New Common Stock, subject to the treatment of fractional share interests as described below (the “**Reverse Stock Split**”). From and after the Effective Time, each holder of a certificate or certificates which immediately prior to the Effective Time represented outstanding shares of Old Common Stock (the “**Old Certificates**”) shall be entitled to receive a certificate or certificates (the “**New Certificates**”) representing the shares of New Common Stock into which the shares of Old Common Stock formerly represented by such Old Certificates have been reclassified pursuant to this Certificate of Amendment. Until surrender, each Old Certificate will be deemed to represent the number of shares of New Common Stock into which such shares of Old Common Stock shall have been reclassified pursuant to this Certificate of Amendment. If, as a result of the Reverse Stock Split, any holder would otherwise be entitled to receive a fractional share of New Common Stock, the Corporation shall cause to be issued to such holder an additional fractional share of New Common Stock that, when combined with the fractional share otherwise issuable to such holder as a result of the Reverse Stock Split, equals a whole share of New Common Stock, such that no fractional shares result from the Reverse Stock Split.

THIRD: That thereafter, pursuant to resolution of its Board of Directors, the annual meeting of the stockholders of the Corporation was duly called and held upon notice in accordance with Section 222 of the General Corporation Law of the State of Delaware, at which meeting the necessary number of shares as required by statute were voted in favor of the Amendment.

FOURTH: That said Amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, this corporation has caused this Amendment to the Restated Certificate of Incorporation to be signed by its duly authorized officer and the foregoing facts stated herein are true and correct.

Dated: April 10, 2023

CONTEXTLOGIC INC.

By: /s/ Jun Yan
Name: Jun Yan
Title: Chief Executive Officer

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

I, Jun Yan, 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: May 4, 2023

By: _____ /s/ Jun Yan

Jun Yan
Chief Executive Officer and Director
(Principal Executive Officer)

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

I, Vivian Liu, 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: May 4, 2023

By: _____ /s/ Vivian Liu
Vivian Liu
Chief Financial Officer and Chief Operating Officer
(Principal Financial Officer)

**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**

In connection with the Quarterly Report of ContextLogic Inc. (the "Company") on Form 10-Q for the period ended March 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company for the period presented therein.

Date: May 4, 2023

By: _____ /s/ Jun Yan
Jun Yan
Chief Executive Officer and Director
(Principal Executive Officer)
