

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

**FORM 10-Q**

(Mark One)

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

For the quarterly period ended September 30, 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 type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" 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 October 31, 2023, the number of shares of the registrant's Class A common stock outstanding was 24,009 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 evaluation and pursuit of strategic alternatives, 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, if any, 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 efforts, restructuring plans, and reductions in force; 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; 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. Condensed Consolidated Financial Statements (Unaudited)

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

	As of September 30, 2023	As of December 31, 2022
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 303	\$ 506
Marketable securities	142	213
Funds receivable	6	14
Prepaid expenses and other current assets	27	44
Total current assets	478	777
Property and equipment, net	4	9
Right-of-use assets	6	9
Other assets	4	4
Total assets	<u>\$ 492</u>	<u>\$ 799</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 35	\$ 53
Merchants payable	77	120
Refunds liability	2	6
Accrued liabilities	95	130
Total current liabilities	209	309
Lease liabilities, non-current	7	13
Other liabilities	4	—
Total liabilities	<u>220</u>	<u>322</u>
Commitments and contingencies (Note 7)		
Stockholders' equity:		
Preferred stock, \$0.0001 par value: 100,000 shares authorized as of September 30, 2023 and December 31, 2022; No shares issued and outstanding as of September 30, 2023 and December 31, 2022	—	—
Common stock, \$0.0001 par value: 3,000,000 shares authorized as of September 30, 2023 and December 31, 2022; 24,007 and 23,164 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively	—	—
Additional paid-in capital	3,460	3,411
Accumulated other comprehensive loss	(10)	(5)
Accumulated deficit	(3,178)	(2,929)
Total stockholders' equity	<u>272</u>	<u>477</u>
Total liabilities and stockholders' equity	<u>\$ 492</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 September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenue	\$ 60	\$ 125	\$ 234	\$ 448
Cost of revenue	46	91	184	308
Gross profit	14	34	50	140
Operating expenses:				
Sales and marketing	35	80	111	181
Product development	38	42	127	154
General and administrative	21	40	68	86
Total operating expenses	94	162	306	421
Loss from operations	(80)	(128)	(256)	(281)
Other income, net:				
Interest and other income, net	3	6	13	10
Loss before provision for income taxes	(77)	(122)	(243)	(271)
Provision for income taxes	3	2	6	3
Net loss	(80)	(124)	(249)	(274)
Net loss per share, basic and diluted	\$ (3.35)	\$ (5.53)	\$ (10.55)	\$ (12.32)
Weighted-average shares used in computing net loss per share, basic and diluted	23,897	22,435	23,601	22,243

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net loss	\$ (80)	\$ (124)	\$ (249)	\$ (274)
Other comprehensive loss:				
Unrealized holding gains (losses) on derivatives and marketable securities, net of tax	3	—	(1)	(5)
Foreign currency translation adjustment	—	(5)	(4)	(9)
Comprehensive loss	<u>\$ (77)</u>	<u>\$ (129)</u>	<u>\$ (254)</u>	<u>\$ (288)</u>

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

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

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

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

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

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

	Three Months Ended September 30, 2022					
	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balances as of June 30, 2022	22,336	\$ —	\$ 3,383	\$ (6)	\$ (2,695)	\$ 682
Issuance of common stock upon settlement of restricted stock units	253	—	—	—	—	—
Shares withheld related to net share settlement	(103)	—	(5)	—	—	(5)
Option exercises, net	5	—	—	—	—	—
Stock-based compensation	—	—	26	—	—	26
Other comprehensive loss, net	—	—	—	(5)	—	(5)
Net loss	—	—	—	—	(124)	(124)
Balances as of September 30, 2022	<u>22,491</u>	<u>\$ —</u>	<u>\$ 3,404</u>	<u>\$ (11)</u>	<u>\$ (2,819)</u>	<u>\$ 574</u>

	Nine Months Ended September 30, 2022					
	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balances as of December 31, 2021	21,949	\$ —	\$ 3,360	\$ 3	\$ (2,545)	\$ 818
Issuance of common stock upon exercise of options for cash	43	—	—	—	—	—
Issuance of common stock upon settlement of restricted stock units	683	—	—	—	—	—
Shares withheld related to net share settlement	(207)	—	(10)	—	—	(10)
Issuance of common stock through ESPP	23	—	1	—	—	1
Stock-based compensation	—	—	53	—	—	53
Other comprehensive loss, net	—	—	—	(14)	—	(14)
Net loss	—	—	—	—	(274)	(274)
Balances as of September 30, 2022	<u>22,491</u>	<u>\$ —</u>	<u>\$ 3,404</u>	<u>\$ (11)</u>	<u>\$ (2,819)</u>	<u>\$ 574</u>

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



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

	Nine Months Ended September 30,	
	2023	2022
<b>Cash flows from operating activities:</b>		
Net loss	\$ (249)	\$ (274)
Adjustments to reconcile net loss to net cash provided by used in operating activities:		
Noncash inventory write downs	—	3
Depreciation and amortization	3	5
Noncash lease expense	3	5
Impairment of lease assets and property and equipment	1	11
Stock-based compensation	54	53
Net (accretion) amortization of discounts and premiums on marketable securities	(6)	—
Other	1	(3)
Changes in operating assets and liabilities:		
Funds receivable	8	4
Prepaid expenses, other current and noncurrent assets	16	2
Accounts payable	(17)	(10)
Merchants payable	(43)	(64)
Accrued and refund liabilities	(32)	(36)
Lease liabilities	(5)	(6)
Other current and noncurrent liabilities	—	(3)
Net cash used in operating activities	(266)	(313)
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment and development of internal use software	(3)	(2)
Purchases of marketable securities	(239)	(303)
Maturities of marketable securities	317	218
Other	—	2
Net cash provided by (used) in investing activities	75	(85)
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of common stock through employee equity incentive plans	—	1
Payment of taxes related to RSU settlement	(5)	(10)
Net cash used in financing activities	(5)	(9)
Foreign currency effects on cash, cash equivalents and restricted cash	(7)	(17)
Net decrease in cash, cash equivalents and restricted cash	(203)	(424)
Cash, cash equivalents and restricted cash at beginning of period	513	1,018
Cash, cash equivalents and restricted cash at end of period	\$ 310	\$ 594
<b>Reconciliation of cash, cash equivalents, and restricted cash to the condensed consolidated balance sheets:</b>		
Cash and cash equivalents	\$ 303	\$ 587
Restricted cash included in prepaid and other current assets in the condensed consolidated balance sheets	7	7
Total cash, cash equivalents and restricted cash	\$ 310	\$ 594
<b>Supplemental cash flow disclosures:</b>		
Cash paid for income taxes, net of refunds	\$ 1	\$ 6

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. (the "Company" or "Wish") 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 did not reduce the number of authorized shares of common stock, which remains at 3 billion, and did not change the par value of the common stock, which remains at \$0.0001 per share. As a result of the Reverse Stock Split, every thirty shares of the common stock were combined into one issued and outstanding share of common stock and no fractional shares were issued. Instead, to any holder who would have otherwise been entitled to receive a fractional share of common stock, the Company issued such holder an additional fractional share, such that, when combined with the fractional share otherwise issuable as a result of the Reverse Stock Split, equaled a whole share of common stock.

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 September 30, 2023 and for the three and nine months ended September 30, 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.

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## 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 37% and 24% of the Company's total cash and cash equivalents as of September 30, 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:

	September 30, 2023	December 31, 2022
PSP 1	69%	32%
PSP 2	28%	56%

**Services Risk** — The Company serves all 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 and nine months ended September 30, 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, depending on the revenue stream. 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 September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(in millions)			
Core marketplace revenue	\$ 19	\$ 40	\$ 71	\$ 184
ProductBoost revenue	5	11	19	36
Marketplace revenue	24	51	90	220
Logistics revenue	36	74	144	228
Revenue	<u>\$ 60</u>	<u>\$ 125</u>	<u>\$ 234</u>	<u>\$ 448</u>

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:

	September 30, 2023			
	Total	Level 1	Level 2	Level 3
(in millions)				
<b>Financial assets:</b>				
Cash equivalents:				
Money market funds	\$ 48	\$ 48	\$ —	\$ —
Marketable securities:				
U.S. treasury bills	\$ 138	\$ —	\$ 138	\$ —
Commercial paper	—	—	—	—
Corporate bonds	4	—	4	—
U.S. government agency	—	—	—	—
Total marketable securities	<u>\$ 142</u>	<u>\$ —</u>	<u>\$ 142</u>	<u>\$ —</u>
Prepaid and other current assets:				
Derivative assets	\$ 1	\$ —	\$ 1	\$ —
Total financial assets	<u>\$ 191</u>	<u>\$ 48</u>	<u>\$ 143</u>	<u>\$ —</u>
<b>Financial liabilities:</b>				
Accrued liabilities:				
Derivative liabilities	\$ 1	\$ —	\$ 1	\$ —
Total financial liabilities	<u>\$ 1</u>	<u>\$ —</u>	<u>\$ 1</u>	<u>\$ —</u>

	December 31, 2022			
	Total	Level 1	Level 2	Level 3
(in millions)				
<b>Financial assets:</b>				
Cash equivalents:				
Money market funds	\$ 50	\$ 50	\$ —	\$ —
Corporate bonds	2	—	2	—
Total cash equivalents	<u>\$ 52</u>	<u>\$ 50</u>	<u>\$ 2</u>	<u>\$ —</u>
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	<u>\$ 213</u>	<u>\$ —</u>	<u>\$ 213</u>	<u>\$ —</u>
Prepaid and other current assets:				
Derivative assets	\$ 6	\$ —	\$ 6	\$ —
Total financial assets	<u>\$ 271</u>	<u>\$ 50</u>	<u>\$ 221</u>	<u>\$ —</u>
<b>Financial liabilities:</b>				
Accrued liabilities:				
Derivative liabilities	\$ 2	\$ —	\$ 2	\$ —
Total financial liabilities	<u>\$ 2</u>	<u>\$ —</u>	<u>\$ 2</u>	<u>\$ —</u>

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:

	September 30, 2023		December 31, 2022	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
	(in millions)			
Due within one year	\$ 142	\$ 142	\$ 214	\$ 213
Total marketable securities	<u>\$ 142</u>	<u>\$ 142</u>	<u>\$ 214</u>	<u>\$ 213</u>

All of the Company's available-for-sale marketable securities are subject to a periodic evaluation for a credit loss allowance and impairment review. The Company did not identify any of its available-for-sale marketable securities requiring an allowance for credit loss or as other-than-temporarily impaired in any of the periods presented. Additionally, the unrealized net loss and net gain on available-for-sale marketable securities as of September 30, 2023 and December 31, 2022, respectively, were insignificant.

#### NOTE 4. BALANCE SHEET COMPONENTS

##### Accrued Liabilities

Accrued liabilities consist of the following:

	September 30, 2023	December 31, 2022
		(in millions)
Logistics costs <sup>(1)</sup>	\$ 23	\$ 44
Deferred revenue and customer deposits <sup>(2)</sup>	13	18
Wish Cash liability <sup>(3)</sup>	10	14
Sales and indirect taxes <sup>(4)</sup>	14	15
Other	35	39
Total accrued liabilities	<u>\$ 95</u>	<u>\$ 130</u>

- (1) Logistics costs decreased by \$21 million or 48% primarily due to lower shipping volumes during the third quarter of 2023 compared to the fourth quarter of 2022.
- (2) Deferred revenue and customer deposits decreased by \$5 million or 28% primarily due to lower logistics volumes during the third quarter of 2023 compared to the fourth quarter of 2022. The amount of revenue recognized during the nine months ended September 30, 2023 that was included in the December 31, 2022 balance was \$13 million.
- (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. Wish Cash liability breakage recognized in core marketplace revenue during the third quarter of 2023 and the fourth quarter of 2022 was \$2 million.
- (4) Sales and indirect taxes decreased by \$1 million or 7% primarily due to less taxes collected in connection with lower order volumes during the third quarter of 2023 compared to the fourth quarter of 2022, partially offset by delayed payment of value added tax to the European Union.

## 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:

	September 30, 2023	December 31, 2022
	(in millions)	
Cash flow hedges	\$ 125	\$ 168
Non-designated hedges	—	11
<b>Total</b>	<b>\$ 125</b>	<b>\$ 179</b>

### Fair Value of Derivative Financial Instruments

	September 30, 2023		December 31, 2022	
	Assets <sup>(1)</sup>	Liabilities <sup>(2)</sup>	Assets <sup>(1)</sup>	Liabilities <sup>(2)</sup>
	(in millions)			
Derivative designated as hedging instruments				
Cash flow hedges	\$ —	\$ —	\$ 2	\$ —
Derivative not designated as hedging instruments				
Foreign currency forward contracts	\$ 1	\$ 1	\$ 4	\$ 2
<b>Total derivatives</b>	<b>\$ 1</b>	<b>\$ 1</b>	<b>\$ 6</b>	<b>\$ 2</b>

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

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

### Derivatives in Cash Flow Hedging Relationships

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

	September 30, 2023	December 31, 2022
	(in millions)	
Balance at the beginning of the period	\$ 2	\$ 2
Other comprehensive loss before reclassifications	(6)	(6)
Amounts recognized in core marketplace revenue and reclassified out of accumulated other comprehensive income	4	6
<b>Balance at the end of the period</b>	<b>\$ —</b>	<b>\$ 2</b>

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 income 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 and nine months ended September 30, 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 or were not probable to 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 and losses on the change in fair value of the Company's foreign exchange forward contracts not designated as hedging instruments recognized in other income, net in the condensed consolidated statements of operations were approximately a net gain of \$1 million and a net loss of \$3 million for the three and nine months ended September 30, 2023, respectively, and were approximately net losses of \$4 million and \$8 million for the three and nine months ended September 30, 2022, respectively.

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 \$3 million for the three and nine months ended September 30, 2023, respectively, and \$2 million and \$6 million for the three and nine months ended September 30, 2022, respectively. Short-term lease costs, variable lease costs and sublease income were not material.

As of September 30, 2023 and December 31, 2022, the Company's condensed consolidated balance sheets included right-of-use assets in the amount of \$6 million and \$9 million, respectively, and current lease liabilities in the amount of \$7 million and \$7 million in accrued liabilities, respectively, and \$7 million and \$13 million in lease liabilities, non-current, respectively.

As of September 30, 2023 and December 31, 2022, the weighted-average remaining lease term was 2 and 3 years, respectively, 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:

	<b>Nine Months Ended,</b>	
	<b>September 30, 2023</b>	<b>September 30, 2022</b>
	(in millions)	
<b>Cash paid for amounts included in the measurement of lease liabilities:</b>		
Operating cash flows from operating leases	\$ 6	\$ 7

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

	<b>September 30, 2023</b>
	(in millions)
<b>Year ending December 31,</b>	
2023 (remaining three months)	\$ 2
2024	7
2025	4
2026	1
2027	1
Total lease payments	15
Less: imputed interest	(1)
Present value of lease liabilities	<u>\$ 14</u>



## **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 September 30, 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 and nine months ended September 30, 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 September 30, 2023, the remaining commitment under this amended agreement was approximately \$51 million and is payable within the next two years.

### ***Legal Contingencies and Proceedings***

Beginning in May 2021, four putative class action lawsuits were filed in the U.S. District Court for the Northern District of California against the Company, its directors, certain of its officers and the underwriters named in its initial public offering ("IPO") registration statement alleging violations of securities laws based on statements made in its registration statement on Form S-1 filed with the SEC in connection with its IPO and seeking monetary damages. One of these cases has since been dismissed by the plaintiff and the remaining three have been coordinated and consolidated. In May 2022, the Court appointed lead plaintiffs, who subsequently filed an amended consolidated class action complaint pursuant to Sections 11 and 15 of the Securities Act and Sections 10(b) and 20(a) of the Exchange Act. On April 10, 2023, the plaintiffs filed an amended complaint and 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 point in time.

As of September 30, 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		2,763
Vested	—	\$ —		(994)
Forfeited or cancelled	—	\$ —		(1,526)
Balances at September 30, 2023	366	\$ 18.00	9.3	2,642

The weighted-average grant date fair value of restricted stock was \$8.10 and \$13.92 per share for the three and nine months ended September 30, 2023, respectively, and \$44.66 and \$53.87 per share for the three and nine months ended September 30, 2022, respectively. As of September 30, 2023, 1,803 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 short trading period of the Company's stock since its IPO in December 2020.
- The expected dividend yield was zero because the Company has not historically paid and does not expect to pay a dividend on its ordinary shares in the foreseeable future.

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

	Nine Months Ended September 30,	
	2023	2022
Expected term (in years)	5.55	5.93
Risk free interest rate	4.15 %	2.28 %
Volatility	91.51 %	75.53 %
Dividend yield	—	—
Estimated fair value per share	\$ 11.27	\$ 47.25

### Stock-Based Compensation Expense

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(in millions)			
Cost of revenue	\$ 1	\$ 2	\$ 3	\$ 4
Sales and marketing	1	2	3	5
Product development	6	13	31	41
General and administrative	5	9	17	3
Total stock-based compensation <sup>(1)(2)</sup>	\$ 13	\$ 26	\$ 54	\$ 53

- (1) Total stock-based compensation for the three months September 30, 2023 decreased by \$13 million compared to the three months ended September 30, 2022. This decrease was primarily due to (i) stock-based compensation of outstanding equity awards during the second quarter of 2023 was based off a lower weighted average grant date fair value compared to that of outstanding equity awards from the same period in 2022, (ii) the departures of the Company's former Chief Product Officer ("CPO") and Chief Administrative Officer ("CAO") during the first quarter of 2023 and (iii) the impacts of the reductions in force during the first and third quarters of 2023.
- (2) Total stock-based compensation for the nine months ended September 30, 2023 increased by \$1 million compared to the nine months ended September 30, 2022 primarily due to (i) accelerated vesting of the Company's former CPO and CAO'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, both during the first quarter of 2022. These contributing factors were offset by stock-based compensation of outstanding equity awards during the nine months ended September 2023 was based off a lower weighted average grant date fair value compared to that of outstanding equity awards from the same period in 2022 and the impacts of the reductions in force in the first and third quarters of 2023.

The Company will recognize the remaining \$2 million and \$73 million of unrecognized stock-based compensation expense over a weighted-average period of approximately 1.4 years and 2.1 years related to options and RSUs, respectively.

### Employee Stock Purchase Plan

The Company's Employee Stock Purchase Plan ("ESPP") allows eligible employees to purchase shares of the Company's common stock at a discount through payroll deductions of up to 15% of eligible compensation, subject to caps of \$25,000 in any calendar year and 166 shares on any purchase date. The ESPP provides for 24-month offering periods, generally beginning in November and May of each year, and each offering period consists of four six-month purchase periods. During the nine months ended September 30, 2023, 29 thousand shares of common stock were purchased under the ESPP for an aggregate amount less than \$1 million.

On each purchase date, participating employees will purchase common stock at a price per share equal to 85% of the lesser of the fair market value of the Company's common stock on (i) the first trading day of the applicable offering period, or (ii) the last trading day of each purchase period in the applicable offering period. If the stock price of the Company's common stock on any purchase date in an offering period is lower than the stock price on the enrollment date of that offering period, the offering period will immediately reset after the purchase of shares on such purchase date and automatically roll into a new offering period (ESPP reset). During the nine months ended September 30, 2023, there was an ESPP reset that resulted in an additional expense of approximately \$1 million, which is being recognized over an offering period ending May 20, 2025.

### 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 \$3 million and \$6 million for the three and nine months ended September 30, 2023, respectively, and was \$2 million and \$3 million for the three and nine months ended September 30, 2022, respectively. The increase in the provision for income taxes was primarily related to an increase in unrecognized tax benefits during the three and nine months ended September 30, 2023. The Company continues to maintain a valuation allowance on the domestic net deferred tax assets.

The Company had \$4 million and \$9 million of unrecognized tax benefits as of September 30, 2023 and December 31, 2022, respectively. The unrecognized tax benefits as of September 30, 2023, if recognized, would affect the effective tax rate. The interest and penalties associated with the unrecognized tax benefits as of September 30, 2023 and December 31, 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 September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(\$ in millions, shares in thousands, except per share data)			
<b>Numerator:</b>				
Net loss	\$ (80)	\$ (124)	\$ (249)	\$ (274)
<b>Denominator:</b>				
Weighted-average shares used in computing net loss per share, basic and diluted	23,897	22,435	23,601	22,243
Net loss per share, basic and diluted	\$ (3.35)	\$ (5.53)	\$ (10.55)	\$ (12.32)

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

	As of September 30,	
	2023	2022
	(in thousands)	
Common stock options outstanding	366	1,598
Unvested restricted stock units outstanding	2,642	2,269
Employee stock purchase plan	117	68
Total	3,125	3,935

## 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 was as follows:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2023		2022		2023		2022	
	(in millions)							
Europe	\$ 10	53 %	\$ 16	40 %	\$ 36	51 %	\$ 68	37 %
North America <sup>(1)</sup>	6	32 %	18	45 %	25	35 %	89	48 %
South America	1	5 %	1	3 %	3	4 %	6	3 %
Other	2	10 %	5	12 %	7	10 %	21	12 %
Core marketplace revenue <sup>(2)</sup>	\$ 19	100 %	\$ 40	100 %	\$ 71	100 %	\$ 184	100 %

(1) United States accounted for \$4 million and \$19 million of core marketplace revenue for the three and nine months ended September 30, 2023, respectively and \$14 million and \$71 million for the three and nine months ended September 30, 2022, respectively.

(2) Core marketplace revenue included a \$3 million and \$4 million net loss for the three months ended September 30, 2023 and 2022, and a \$4 million net loss for both the nine months ended September 30, 2023 and 2022, from our cash flow hedging program.

China accounted for substantially all of marketplace and logistics revenue during the three and nine months ended September 30, 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, was as follows:

	<b>September 30, 2023</b>		<b>December 31, 2022</b>	
	(\$ in millions, except percentages)			
United States	\$ 5	50 %	\$ 13	72 %
China	4	40 %	4	22 %
Other <sup>(1)</sup>	1	10 %	1	6 %
Total property and equipment, net and right-of-use assets	<u>\$ 10</u>	<u>100 %</u>	<u>\$ 18</u>	<u>100 %</u>

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

## 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 then global workforce ("January RIF"). In connection with the January RIF, the Company incurred a charge of approximately \$3 million in severance and other personnel reduction costs. The implementation of the January RIF was substantially complete by the end of the second quarter of 2023.

In August 2023, the Company began implementing a plan to further reduce its workforce by approximately 255 employees, representing approximately 34% of the Company's then global workforce ("August RIF"). In connection with the August RIF, the Company incurred a charge of approximately \$9 million in severance and other personnel reduction costs. The Company expects that the implementation of the August RIF will be substantially complete by the end of the fourth quarter of 2023.

The January RIF and the August RIF were intended to refocus the Company's operations to support its ongoing business prioritization efforts, better align resources, and improve operational efficiencies. Total severance and other personnel reduction costs included in the condensed consolidated statements of operations are as follows:

	<b>Three Months Ended September 30, 2023</b>		<b>Nine Months Ended September 30, 2023</b>	
	(in millions)			
Cost of revenue	\$ 1		\$ 1	
Sales and marketing		2		2
Product development		5		7
General and administrative		1		2
Total severance and other personnel reduction costs	<u>\$ 9</u>		<u>\$ 12</u>	

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 sheet as of September 30, 2023, in connection with each of the two RIFs in 2023:

	<b>January RIF</b>		<b>August RIF</b>	
	(in millions)			
Balance at the beginning of the period	\$ —		\$ —	
Severance and other personnel reduction costs		3		9
Cash payments during the period		(3)		(6)
Balance at the end of the period	<u>\$ —</u>		<u>\$ 3</u>	

## 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 September 30, 2023

- Total revenue was \$60 million.
- Total cost of revenue and operating expenses were \$140 million, including stock-based compensation expense of \$13 million.
- Loss from operations was \$80 million.
- Net loss was \$80 million.
- Adjusted EBITDA was a loss of \$54 million or (90)% of total revenue.
- Cash and cash equivalents and marketable securities were \$445 million.

As of September 30, 2023, we had an accumulated deficit of \$3.2 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.

### Review of Strategic Alternatives

Our Board of Directors regularly reviews our strategic plan, priorities and opportunities as part of its commitment to act in the best interest of us and our stockholders. To that end, our Board has initiated a process to explore a range of strategic alternatives to maximize value for our stockholders. We have retained J.P. Morgan as the financial advisor to assist in the process.

We have not set a definitive timetable for completion of this process, and there can be no assurance regarding the results or outcome of this process. It is possible that we may not pursue a strategic alternative as a result of this process, that a strategic alternative that has been pursued may not be attractive, or that a strategic alternative may not ultimately be consummated. As part of the process, our Board of Directors will consider a full range of strategic alternatives, which may include a corporate sale, merger or other business combination, a sale of all or a portion of the company's assets, or other significant transaction, including a cash distribution to existing stockholders followed by a corporate dissolution and liquidation.

### Global Considerations

We are monitoring the ongoing volatility in the global financial markets, including inflation 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. For example, we believe that consumers are generally searching for higher-value deals in the current environment. As our customers continue to react to these global economic conditions, we may take additional precautionary measures to limit or delay expenditures and preserve capital and liquidity.

### Reductions in Workforce

In January 2023, we announced a plan to reduce our workforce by up to 150 employees, representing approximately 17% of our then global workforce. In connection with this reduction in workforce ("January RIF"), or the January RIF, we incurred a charge of approximately \$3 million consisting of severance and other personnel reduction costs. The implementation of the January RIF was substantially complete by the end of the second quarter of 2023.

In August 2023, the Company began implementing a plan to further reduce the Company's workforce by approximately 255 employees, representing about 34% of our then global workforce ("August RIF"). This includes

approximately 160 employees in the United States, representing about 41% of our domestic workforce and approximately 95 non-U.S. employees, representing about 26% of our international workforce. In connection with the August RIF, we incurred a charge of approximately \$9 million primarily consisting of severance and other personnel reduction costs. We expect that the implementation of the August RIF will be substantially complete by the end of 2023.

The January RIF and the August RIF were intended to refocus the Company's operations to support its ongoing business prioritization efforts, better align resources, and improve operational efficiencies.

### 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 driving 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 September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(in millions, except percentages)			
MAU	11	24	13	25
LTM Active Buyers	9	16	9	16
Adjusted EBITDA	\$ (54)	\$ (95)	\$ (182)	\$ (193)
Adjusted EBITDA Margin	(90)%	(76)%	(78)%	(43)%
Free Cash Flow	\$ (86)	\$ (100)	\$ (269)	\$ (315)

### 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 54% and 48% for the three and nine months ended September 30, 2023, respectively, compared to the same periods in 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 44% for the three and nine months ended September 30, 2023 compared to the three and nine months ended September 30, 2022. We believe this decline was primarily driven by lower MAUs which we believe 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-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 September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(\$ in millions, except percentages)			
Revenue	\$ 60	\$ 125	\$ 234	\$ 448
Net loss	(80)	(124)	(249)	(274)
Net loss as a percentage of revenue	(133)%	(99)%	(106)%	(61)%
Excluding:				
Interest and other income, net	(3)	(6)	(13)	(10)
Provision for income taxes	3	2	6	3
Depreciation and amortization	1	1	3	5
Stock-based compensation expense and related employer payroll taxes <sup>(1)(2)(3)</sup>	13	27	55	55
Restructuring and other discrete items <sup>(4)</sup>	9	5	12	29
Impairment of lease assets and property and equipment <sup>(5)</sup>	3	—	4	—
Others	—	—	—	(1)
Adjusted EBITDA	(54)	(95)	(182)	(193)
Adjusted EBITDA margin	(90)%	(76)%	(78)%	(43)%

- (1) Total amount for the three months ended September 30, 2023 consists of \$13 million of stock-based compensation expense and insignificant payroll taxes. Total amount for the three months ended September 30, 2022 consists of \$26 million of stock-based compensation expense and \$1 million of related employer payroll taxes. Total amount for the nine months ended September 30, 2023 consists of \$54 million of stock-based compensation expense and \$1 million of related employer payroll taxes. Total amount for nine months ended September 30, 2022 consists of \$53 million of stock-based compensation expense and \$2 million of related employer payroll taxes.
- (2) Total stock-based compensation for the three months September 30, 2023 decreased by \$13 million compared to the three months ended September 30, 2022 due to fewer outstanding equity awards being amortized during the third quarter of 2023 compared to the same period in 2022. This was driven by lower headcount due to reduction in force and the departures of the Company's former Chief Product Officer ("CPO") and Chief Administrative Officer ("CAO") during the first quarter of 2023.
- (3) Total stock-based compensation for the nine months ended September 30, 2023 increased by \$1 million compared to the nine months ended September 30, 2022 primarily due to reductions in headcount year over year offset by significant non-recurring items in the following denoted periods, (i) accelerated vesting of the Company's former CPO and CAO'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 Chief Executive Officer, and modifications to the Company's former Executive Chair's equity awards, both during the first quarter of 2022. Employer related payroll taxes decreased from \$2 million for the nine months ended September 30, 2022 to \$1 million for the nine months ended September 30, 2023, driven by lower headcount due to reduction in force.
- (4) Total amount for the nine months ended September 30, 2023 consisted of \$12 million of employee severance and other personnel reduction costs. Total amount for the nine months ended September 30, 2022 includes restructuring charges consisting of \$3 million of employee severance and \$11 million in impairment of lease assets and property and equipment as well as a \$15 million one-time discretionary cash bonus paid to select employees to help cover their tax obligations triggered by the settlement of their RSUs that vested upon the Company's IPO.
- (5) Impairment of lease assets and property and equipment unrelated to restructuring activities.

### 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 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 U.S. 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 September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(in millions)			
Net cash used in operating activities	\$ (86)	\$ (100)	\$ (266)	\$ (313)
Less:				
Purchases of property and equipment and development of internal-use software	—	—	3	2
Free Cash Flow	<u>\$ (86)</u>	<u>\$ (100)</u>	<u>\$ (269)</u>	<u>\$ (315)</u>

## Results of Operations

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(in millions)			
Revenue	\$ 60	\$ 125	\$ 234	\$ 448
Cost of revenue <sup>(1)</sup>	46	91	184	308
Gross profit	14	34	50	140
Operating expenses:				
Sales and marketing <sup>(1)</sup>	35	80	111	181
Product development <sup>(1)</sup>	38	42	127	154
General and administrative <sup>(1)</sup>	21	40	68	86
Total operating expenses	94	162	306	421
Loss from operations	(80)	(128)	(256)	(281)
Other income, net				
Interest and other income, net	3	6	13	10
Loss before provision for income taxes	(77)	(122)	(243)	(271)
Provision for income taxes	3	2	6	3
Net loss	<u>\$ (80)</u>	<u>\$ (124)</u>	<u>\$ (249)</u>	<u>\$ (274)</u>

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(in millions)			
Cost of revenue	\$ 1	\$ 2	\$ 3	\$ 4
Sales and marketing	1	2	3	5
Product development	6	13	31	41
General and administrative	5	9	17	3
Total stock-based compensation	<u>\$ 13</u>	<u>\$ 26</u>	<u>\$ 54</u>	<u>\$ 53</u>

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenue	100 %	100 %	100 %	100 %
Cost of revenue	77 %	73 %	79 %	69 %
Gross profit	23 %	27 %	21 %	31 %
Operating expenses:				
Sales and marketing	58 %	64 %	47 %	40 %
Product development	63 %	33 %	54 %	34 %
General and administrative	35 %	32 %	29 %	19 %
Total operating expenses	156 %	129 %	130 %	93 %
Loss from operations	(133)%	(102)%	(109)%	(62)%
Other income, net:				
Interest and other income, net	5 %	5 %	6 %	2 %
Loss before provision for income taxes	(128)%	(97)%	(103)%	(60)%
Provision for income taxes	5 %	2 %	3 %	1 %
Net loss	(133)%	(99)%	(106)%	(61)%

### Comparison of Three and Nine Months Ended September 30, 2023 and 2022

#### Revenue

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2023	2022	\$	%	2023	2022	\$	%
	(\$ in millions, except percentages)							
Core marketplace revenue <sup>(1)</sup>	\$ 19	\$ 40	\$ (21)	(53)%	\$ 71	\$ 184	\$ (113)	(61)%
ProductBoost revenue	5	11	(6)	(55)%	19	36	(17)	(47)%
Marketplace revenue	24	51	(27)	(53)%	90	220	(130)	(59)%
Logistics revenue	36	74	(38)	(51)%	144	228	(84)	(37)%
Revenue	\$ 60	\$ 125	\$ (65)	(52)%	\$ 234	\$ 448	\$ (214)	(48)%

(1) Core marketplace revenue included a \$3 million and \$4 million net loss for the three months ended September 30, 2023 and 2022, and a \$4 million net loss for both the nine months ended September 30, 2023 and 2022, from our cash flow hedging program.

Revenue decreased \$65 million, or 52%, to \$60 million for the three months ended September 30, 2023 as compared to \$125 million for the three months ended September 30, 2022. Revenue decreased \$214 million, or 48%, to \$234 million for the nine months ended September 30, 2023 as compared to \$448 million for the nine months ended September 30, 2022. The decreases were attributable to decreased marketplace and logistics revenue, as noted below.

Marketplace revenue for the three months ended September 30, 2023 decreased \$27 million, or 53% compared to the same period in 2022, primarily driven by lower order volumes associated with reduced MAUs and LTM Active Buyers. Marketplace revenue for the nine months ended September 30, 2023 decreased \$130 million, or 59% compared to the same period in 2022, 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.

Logistics revenue for the three and nine months ended September 30, 2023 decreased \$38 million, or 51%, and \$84 million, or 37%, respectively, compared to the same periods in 2022. Like marketplace revenue, the decrease was primarily driven by lower order volumes.

## Cost of Revenue and Gross Margin

	Three Months Ended		Change		Nine Months Ended		Change	
	September 30,				September 30,			
	2023	2022	\$	%	2023	2022	\$	%
	(\$ in millions, except percentages)							
Cost of revenue	\$ 46	\$ 91	\$ (45)	(49)%	\$ 184	\$ 308	\$ (124)	(40)%
Percentage of revenue	77 %	73 %			79 %	69 %		
Gross Margin	23 %	27 %			21 %	31 %		

Cost of revenue for the three and nine months ended September 30, 2023 decreased \$45 million, or 49%, and \$124 million, or 40%, respectively, compared to the same periods in 2022. These decreases were primarily due to lower marketplace and logistics related costs as a result of lower order volumes.

Gross margin decreased to 23% and 21% for the three and nine months ended September 30, 2023, respectively, from 27% and 31% for the three and nine months ended September 30, 2022, respectively. These decreases were primarily driven by a greater percentage of overall revenue coming from lower margin logistics services and revisions to our pricing strategy.

## Sales and Marketing

	Three Months Ended		Change		Nine Months Ended		Change	
	September 30,				September 30,			
	2023	2022	\$	%	2023	2022	\$	%
	(\$ in millions, except percentages)							
Sales and marketing	\$ 35	\$ 80	\$ (45)	(56)%	\$ 111	\$ 181	\$ (70)	(39)%
Percentage of revenue	58 %	64 %			47 %	40 %		

Sales and marketing expense decreased \$45 million, or 56% to \$35 million for the three months ended September 30, 2023, compared to \$80 million for the three months ended September 30, 2022. The decrease was primarily due to a \$42 million reduction in advertising expenditures, a \$1 million reduction in customer support service as a result of lower order volumes, a \$1 million reduction of employee-related costs due to lower headcount, and a \$1 million reduction in other sales and marketing related expenditures.

Sales and marketing expense decreased \$70 million, or 39% to \$111 million for the nine months ended September 30, 2023, compared to \$181 million for the nine months ended September 30, 2022. The decrease was primarily due to a \$57 million reduction in advertising expenditures, a \$8 million reduction of employee-related costs due to lower headcount, and a \$5 million reduction in customer support service and other costs as a result of lower order volumes.

## Product Development

	Three Months Ended		Change		Nine Months Ended		Change	
	September 30,				September 30,			
	2023	2022	\$	%	2023	2022	\$	%
	(\$ in millions, except percentages)							
Product development	\$ 38	\$ 42	\$ (4)	(10)%	\$ 127	\$ 154	\$ (27)	(18)%
Percentage of revenue	63 %	34 %			54 %	34 %		

Product development expense decreased \$4 million, or 10% to \$38 million for the three months ended September 30, 2023, compared to \$42 million for the three months ended September 30, 2022. The decrease was primarily due to a \$9 million reduction of employee-related costs including stock-based compensation due to lower headcount, offset by a \$3 million increase in impairment of lease assets and property and equipment, and a \$2 million increase in service costs from external consultants.

Product development expense decreased \$27 million, or 18% to \$127 million for the nine months ended September 30, 2023, compared to \$154 million for the nine months ended September 30, 2022. The decrease was primarily due to a \$30 million reduction of employee-related costs including stock-based compensation due to lower headcount and 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. These decreases were partially offset by an increase of \$3 million in impairment of lease assets and property and equipment.

## General and Administrative

	Three Months Ended		Change		Nine Months Ended		Change	
	September 30,				September 30,			
	2023	2022	\$	%	2023	2022	\$	%
	(\$ in millions, except percentages)							
General and administrative	\$ 21	\$ 40	\$ (19)	(48)%	\$ 68	\$ 86	\$ (18)	(21)%
Percentage of revenue	35%	32%			29%	19%		

General and administrative expense decreased \$19 million, or 48% to \$21 million for the three months ended September 30, 2023, compared to \$40 million for the three months ended September 30, 2022. The decrease was primarily due to a \$8 million reduction of employee-related costs, including stock-based compensation, due to lower headcount, a \$5 million decrease in impairment of lease assets and property and equipment, a \$3 million reduction in legal and insurance-related costs, and a \$3 million reduction in other general and administrative related expenditures.

General and administrative expense decreased \$18 million, or 21% to \$68 million for the nine months ended September 30, 2023, compared to \$86 million for the nine months ended September 30, 2022. The decrease was primarily due to a \$8 million reduction of employee-related cost, including stock-based compensation, due to lower headcount, \$11 million decrease in impairment of lease assets and property and equipment, \$11 million decrease in insurance and legal expenses, and a \$2 million reduction in other general and administrative related expenditures. The decrease was offset by a \$14 million increase in stock-based compensation mostly driven by 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 offset in part by \$2 million share-based compensation recognized in connection with accelerated vesting of the Company's former CAO's RSU's in accordance with his separation agreement during the first quarter of 2023, and other stock-based compensation due to lower headcount.

## Interest and Other Income, net

	Three Months Ended		Change		Nine Months Ended		Change	
	September 30,				September 30,			
	2023	2022	\$	%	2023	2022	\$	%
	(\$ in millions, except percentages)							
Interest and other income, net	\$ 3	\$ 6	\$ (3)	(50)%	\$ 13	\$ 10	\$ 3	30%
Percentage of revenue	5%	5%			6%	2%		

Interest and other income, net decreased \$3 million, or 50%, to \$3 million for the three months ended September 30, 2023 as compared to \$6 million for the three months ended September 30, 2022. The net decrease was attributable to a decrease in foreign exchange net losses of \$3 million.

Interest and other income, net increased \$3 million, or 30%, to \$13 million for the nine months ended September 30, 2023 as compared to \$10 million for the nine months ended September 30, 2022. The increase was attributable to an increase in interest income due to higher interest rates.

## Provision for Income Taxes

	Three Months Ended		Change		Nine Months Ended		Change	
	September 30,				September 30,			
	2023	2022	\$	%	2023	2022	\$	%
	(\$ in millions, except percentages)							
Provision for income taxes	\$ 3	\$ 2	\$ 1	50%	\$ 6	\$ 3	\$ 3	100%
Percentage of revenue	5%	2%			3%	1%		

Provision for income taxes for the three and nine months ended September 30, 2023 increased by \$1 million, or 50%, to \$3 million, and \$3 million, or 100%, to \$6 million, respectively, compared to the same periods for 2022. The increases in the provision for income taxes were primarily related to an increase in unrecognized tax benefits during the three and nine months ended September 30, 2023.

## Liquidity and Capital Resources

As of September 30, 2023, we had cash, cash equivalents and marketable securities of \$445 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. We have been accumulating net losses, and thus may require additional financing or capital resources in the future.

Our material cash requirements outside our normal operating costs include \$112 million in accounts and merchants payable, \$51 million remaining on a colocation and cloud services purchase commitment, and \$15 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, 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.

There were no share repurchases through September 30, 2023.

### 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. The Revolving Credit Facility is available through November 2025.

As of September 30, 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

	Nine Months Ended September 30,	
	2023	2022
	(in millions)	
Net cash provided by (used in):		
Operating activities	\$ (266)	\$ (313)
Investing activities	75	(85)
Financing activities	(5)	(9)

### Net Cash Used in Operating Activities

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

accrued and refund liabilities decreased by \$92 million primarily due to lower order volumes and reduced digital advertising expenditures.

Net cash used in our operating activities for the nine months ended September 30, 2022 was \$313 million. This was primarily driven by our net loss of \$274 million and \$113 million of unfavorable changes in our operating assets and liabilities, which was partially offset by non-cash expenses of \$74 million, mainly consisting of \$53 million in stock-based compensation expense and \$11 million in non-cash impairment charges. 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 \$110 million primarily due to lower order volumes and reduced digital advertising expenditures.

#### ***Net Cash Provided by (Used in) Investing Activities***

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

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

Net cash used in investing activities was \$85 million for the nine months ended September 30, 2022. This was primarily due to \$303 million in purchases of marketable securities and \$2 million in capital expenditures, partially offset by \$218 million of maturities in marketable securities.

#### ***Net Cash Used in Financing Activities***

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

Net cash used in our financing activities was \$9 million for the nine months ended September 30, 2022. This was primarily due to \$10 million in payments of taxes related to employee RSU settlements, offset by \$1 million in proceeds from common stock purchased under the Company's ESPP

#### ***Off Balance Sheet Arrangements***

For the three and nine months ended September 30, 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***

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 September 30, 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 September 30, 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 September 30, 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 September 30, 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 September 30, 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 as described 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 and in Part II, Item 1A of our Form 10-Qs for the quarterly periods ended March 31, 2023 and June 30, 2023.

#### **Risks Related to Our Class A Common Stock**

***Our activities to evaluate and pursue strategic alternatives for the company may not result in a strategic transaction, and even if we do consummate a strategic transaction, there is no assurance that it deliver the benefits we expect or enhance stockholder value.***

In November 2023, we announced that our Board of Directors has initiated a process to explore a range of strategic alternatives to maximize value for our stockholders. We have retained J.P. Morgan as the financial advisor to assist in the process.

We have not set a definitive timetable for completion of this process, and there can be no assurance regarding the results or outcome of this process. It is possible that we may not pursue a strategic alternative as a result of this process, that a strategic alternative that has been pursued may not be attractive, or that a strategic alternative may not ultimately be consummated. As part of the process, our Board of Directors will consider a full range of strategic alternatives, which may include a corporate sale, merger or other business combination, a sale of all or a portion of the company's assets, or other significant transaction, including a cash distribution to existing stockholders followed by a corporate dissolution and liquidation.

We expect to devote significant time and resources and to incur expenses in identifying and evaluating strategic alternatives for the company, which could have a material adverse effect on our business. A considerable portion of these expenses may be incurred regardless of whether a transaction is completed. Any such expenses will decrease the remaining cash available for use in our business. In addition, potential strategic transactions that require stockholder approval may not be approved by our stockholders or, if required, a counterparty's stockholders. Further, any strategic transaction that is completed ultimately may not deliver the benefits we expect or enhance stockholder value.

Pursuing or consummating any strategic transaction may disrupt our management or business, require us to incur non-recurring or other charges, increase our near- and long-term expenditures, and may pose significant integration challenges, which could adversely affect our operations and financial results. For example, pursuing or consummating these transactions may entail numerous operational and financial risks, including:

- the loss of customers or merchants;
- the inability to retain our key employees or our other service providers;
- increased volatility of our stock price;
- higher than anticipated transaction or integration costs;
- exposure to unknown liabilities;
- write downs of assets or goodwill or impairment charges;
- increased amortization expenses; and
- the possibility of future litigation.

Accordingly, there can be no assurance that we will undertake or successfully complete any strategic transactions of the nature described above and any transactions that we do complete may be subject to the foregoing or other risks and could have a material adverse effect on our business, financial condition and prospects.

As part of this strategic transaction process, our Board of Directors may decide to pursue a dissolution and liquidation. In the event of such liquidation or other wind-down event, holders of our securities may suffer a total loss of their 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 and nine months ended September 30, 2023.

## Item 6. Exhibits.

Exhibit Number	Description
31.1*	<a href="#">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.</a>
31.2*	<a href="#">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.</a>
32.1**	<a href="#">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.</a>
32.2**	<a href="#">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.</a>
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.

ContextLogic Inc.

Date: November 7, 2023

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)

**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: November 7, 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: November 7, 2023

By: \_\_\_\_\_ /s/ Vivian Liu

**Vivian Liu**  
Chief Financial Officer and Chief Operating Officer  
(Principal Financial Officer)

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**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 September 30, 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.

Date: November 7, 2023

By: \_\_\_\_\_ /s/ Jun Yan  
**Jun Yan**  
Chief Executive Officer and Director  
(Principal Executive Officer)

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