

**Q2**  
**2022**  
**SHAREHOLDER**  
**LETTER**

# Q2 2022 Summary

Total Revenue

**\$213M**

+9% YoY GROWTH

Commerce Revenue

**\$66M**

+13% YoY GROWTH

Total Bookings

**\$220M**

+6% YoY GROWTH

Adjusted EBITDA

**\$44M**

21% MARGIN

Unlevered FCF

**\$36M**

17% MARGIN

GMV

**\$1.5B**

+5% YoY GROWTH

Unique Subscriptions

**4.2M**

+6% YoY GROWTH

ARPUS

**\$204**

+6% YoY GROWTH

ARRR

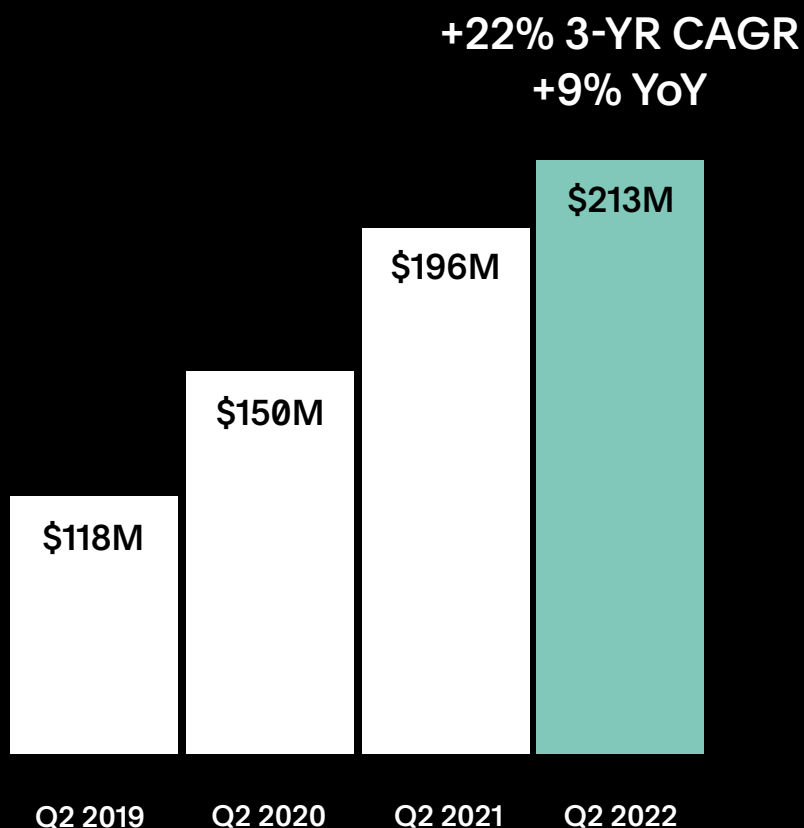
**\$838M**

+8% YoY GROWTH

Results are based on Unaudited Financial Statements.

A reconciliation of non-GAAP metrics used in this letter to their nearest GAAP equivalents are provided at the end.

# Revenue Continues to Grow



In Q2 2022, we generated \$213 million in revenue, up 9% year over year or 12% in constant currency. Our growth was driven by retention and growth of unique subscriptions, with strong contributions from both our Presence and Commerce businesses. We achieved a three-year revenue CAGR of 22%.

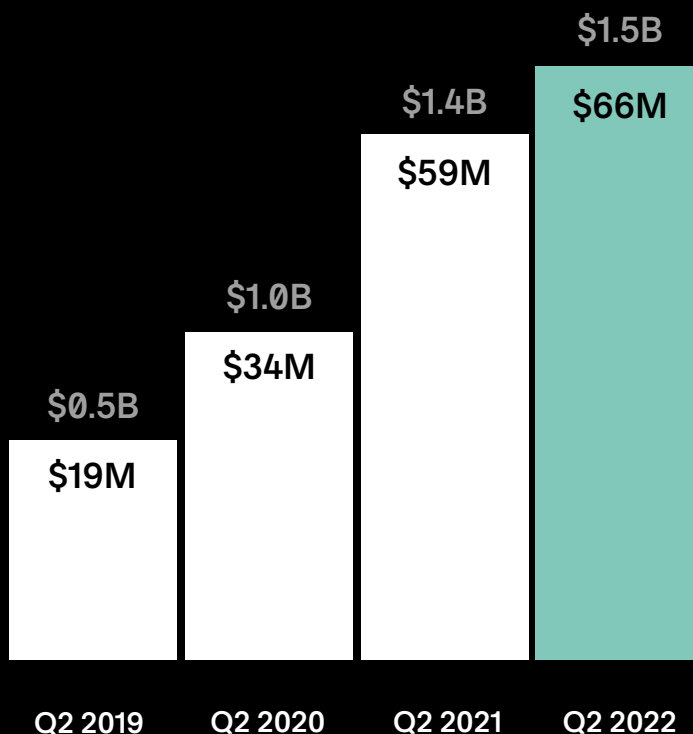
Results are based on Unaudited Financial Statements.

# Commerce Revenue & GMV

GMV (B)

Commerce  
Rev (M)

**+52% 3-YR CAGR**  
**+13% YoY**



Commerce revenue grew 13% year over year to \$66 million as reported, which represents a three-year CAGR of 52%. In addition to increasing commerce website subscriptions, growth in commerce revenue was bolstered by Tock and Scheduling. In Q2 2022, we processed \$1.5 billion of gross merchandise value (GMV), a 5% increase year over year and a three-year CAGR of 43%.

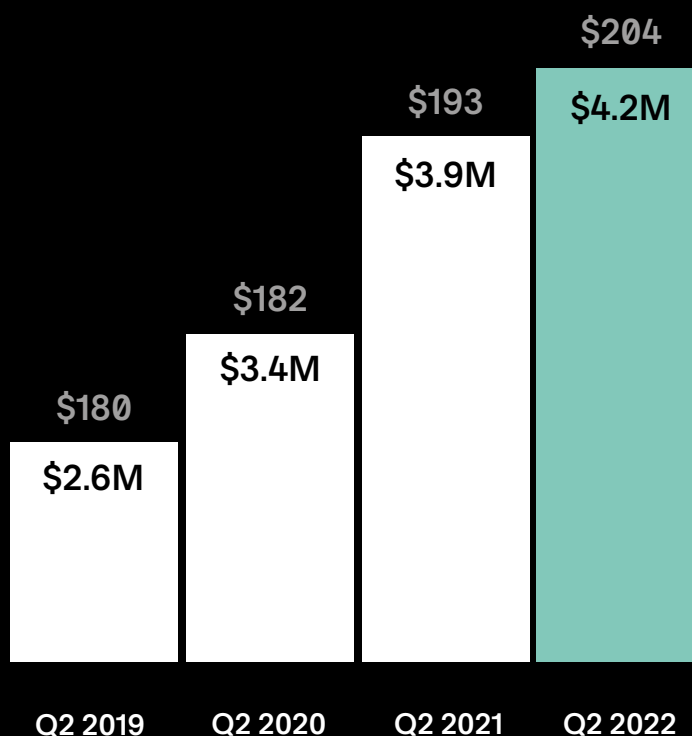
Results are based on Unaudited Financial Statements.

# Unique Subscriptions & ARPUS

ARPUS

Unique  
Subscription (M)

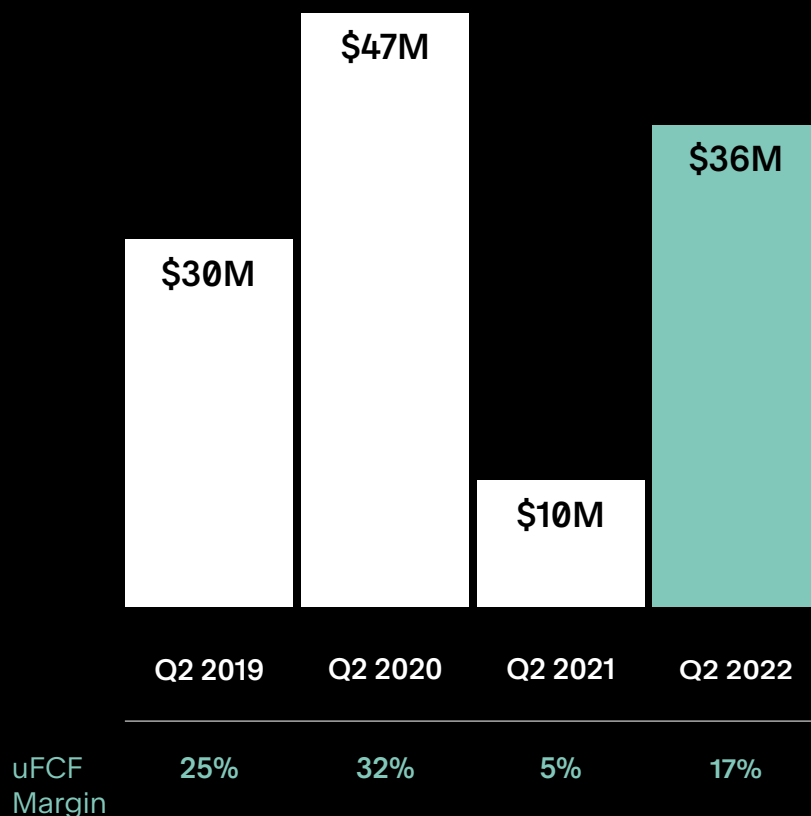
+17% 3-YR CAGR  
+6% YoY



We continued to add new customers, which now represent 4.2 million unique subscriptions and an average revenue per unique subscription (ARPUS) of \$204. Despite strong growth in the prior two years during the pandemic, both unique subscriptions and ARPUS grew 6% year over year.

Results are based on Unaudited Financial Statements.

# Unlevered Free Cash Flow

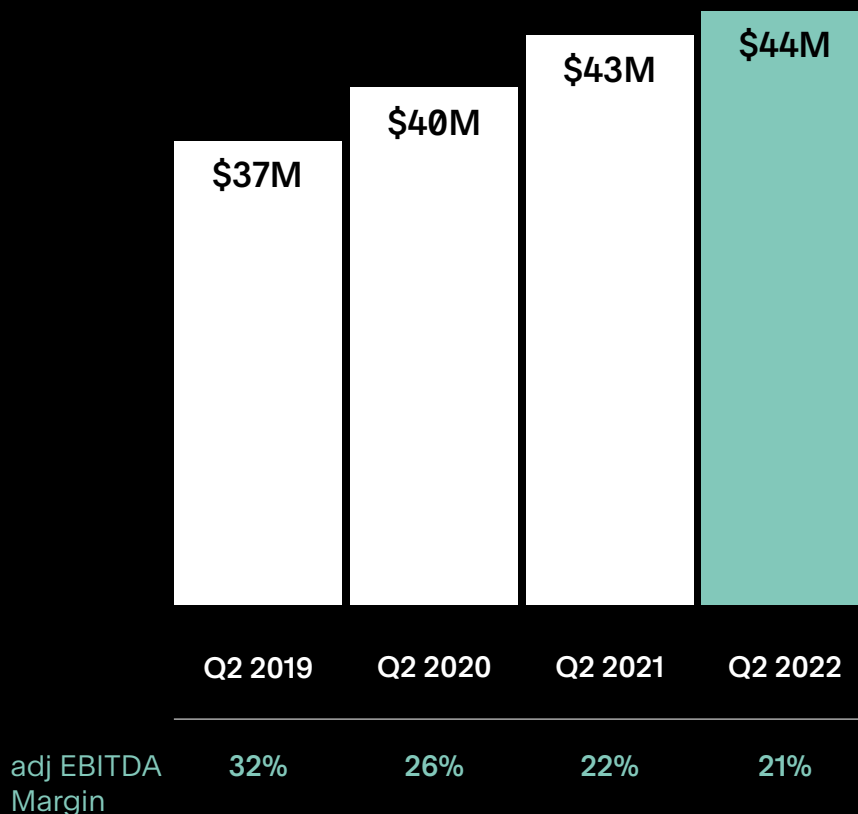


We generated \$36 million in unlevered free cash flow (uFCF) during the second quarter, over three times higher than the same period last year, due to a reduction in spend related to costs associated with our Direct Listing.

Results are based on Unaudited Financial Statements.

A reconciliation of non-GAAP metrics used in this letter to their nearest GAAP equivalents is provided at the end.

# Adjusted EBITDA



In Q2 2022, our adjusted EBITDA was \$44 million, in line with the same period last year.

Results are based on Unaudited Financial Statements.

A reconciliation of non-GAAP metrics used in this letter to their nearest GAAP equivalents is provided at the end.

# To our shareholders

## **Anthony Casalena**

Founder & Chief Executive Officer

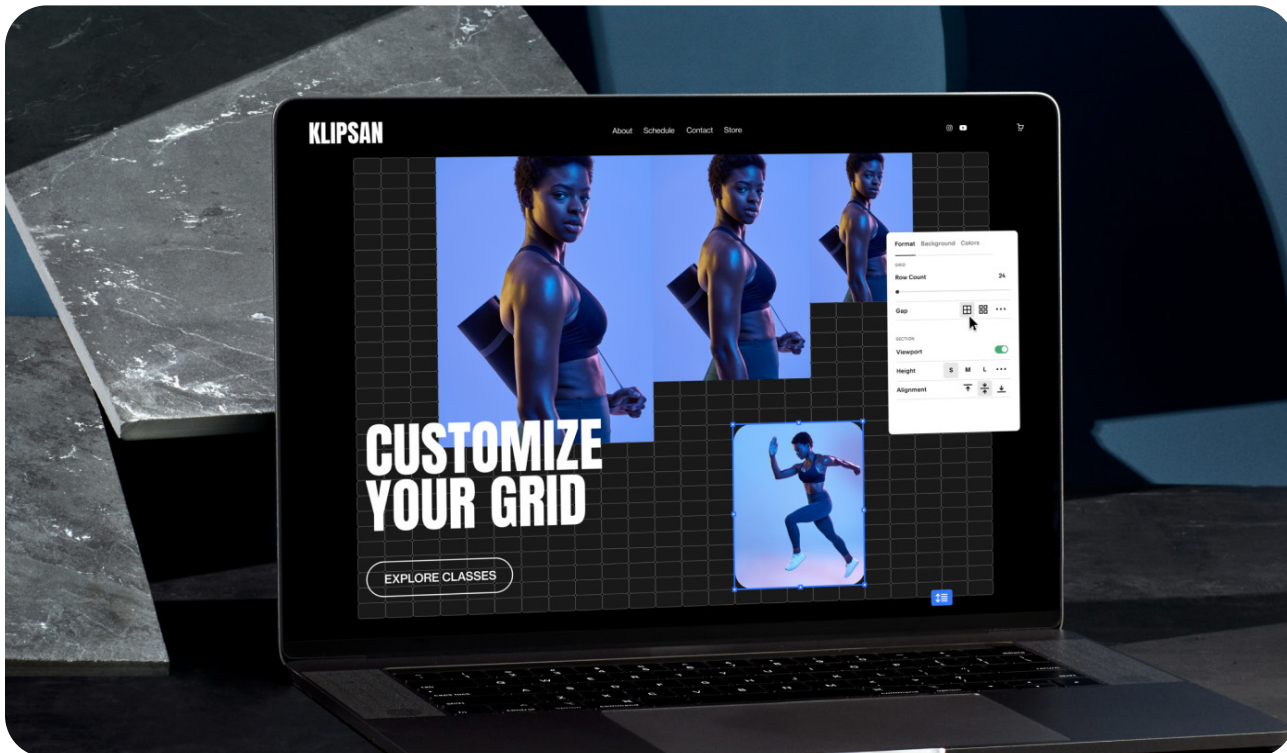
We achieved another strong quarter at Squarespace, reaching \$213 million in total revenue at a gross margin of 83%. Continued strong cash flow is central to our business model, and I'm pleased to note that we generated \$36 million of unlevered free cash flow at a 17% margin. Cash and profitability fuel our future, providing us with the freedom to innovate, envision and define the future of digital presence, and help our customers remain connected to their communities online. We believe that we are amid a transformational era with commerce. Our all-in-one platform keeps us at its center, building the future for entrepreneurs.

Today, Commerce defines our digital era with new opportunities for transactions across the digital landscape. Entrepreneurs seek to engage directly with their customers, requiring an all-in-one online platform which provides them with Everything to Sell Anything<sup>↗</sup>. Squarespace's easy-to-use tools enable businesses to sell physical goods, content, and services and to maintain a consistent and beautiful looking brand across customer touch points and web presence. Newer offerings like Member Areas<sup>↗</sup> make subscription business models accessible to creators and entrepreneurs as exemplified by our customer feature with Natalia Swarz of HÔTEL Weekend<sup>↗</sup>.



**We continue to invest in initiatives to position Squarespace as the premium all-in-one website building platform and bring more value to our customers.**

As we look to the future, we believe the investments we are making today will enable us to continue to grow our global customer base and capture the large opportunity in front of us. I'm delighted to highlight progress toward a recent product achievement, which epitomizes our commitment to stay modern, deliver new technologies, and provide world-class design and digital tools to our users. We launched Fluid Engine<sup>7</sup>, a next generation website design system with advanced drag and drop technology, which democratizes design for amateurs and pro-users alike.



SQUARESPACE PRESENTS

# FLUID ENGINE

DESIGN

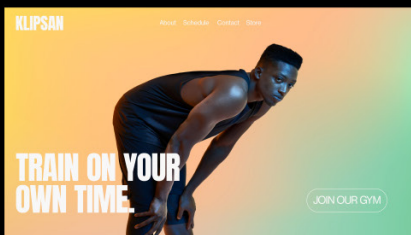
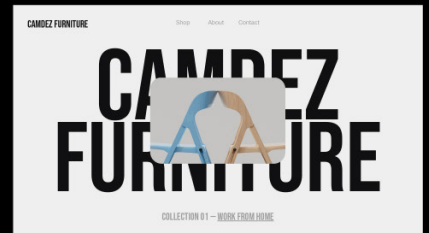
anything

*without*

KNOWING

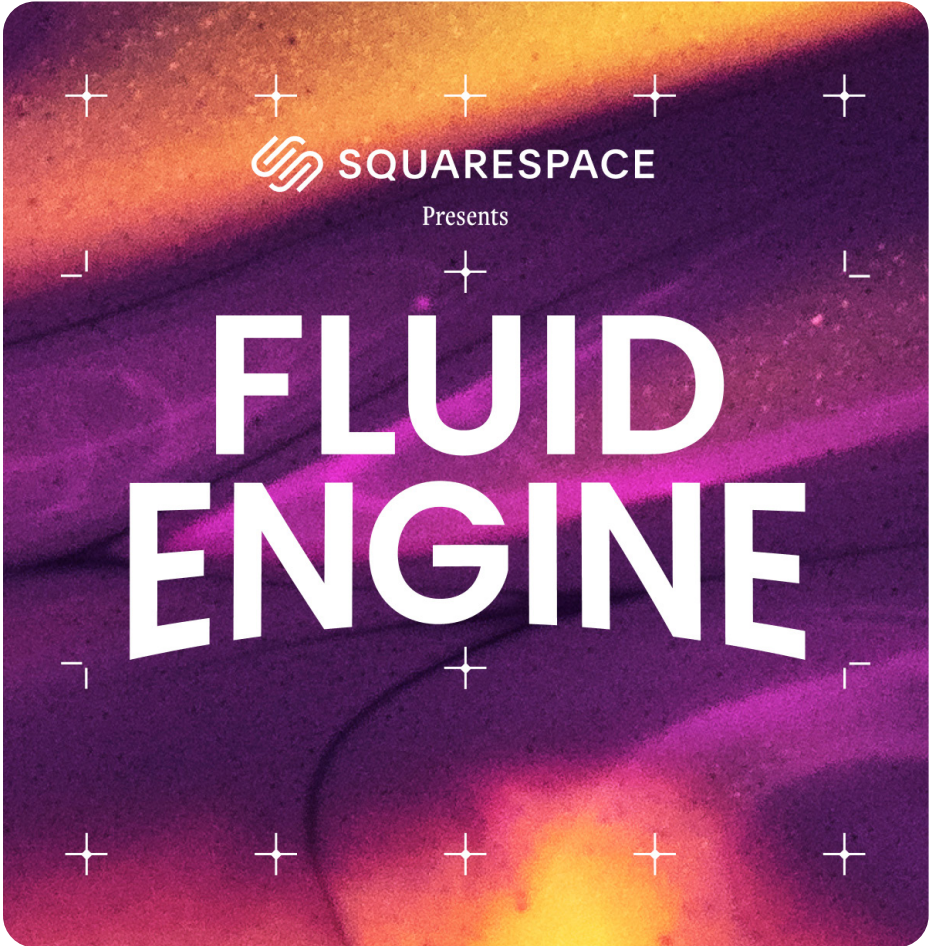
how to

DESIGN



[Click to discover more](#)<sup>↗</sup>

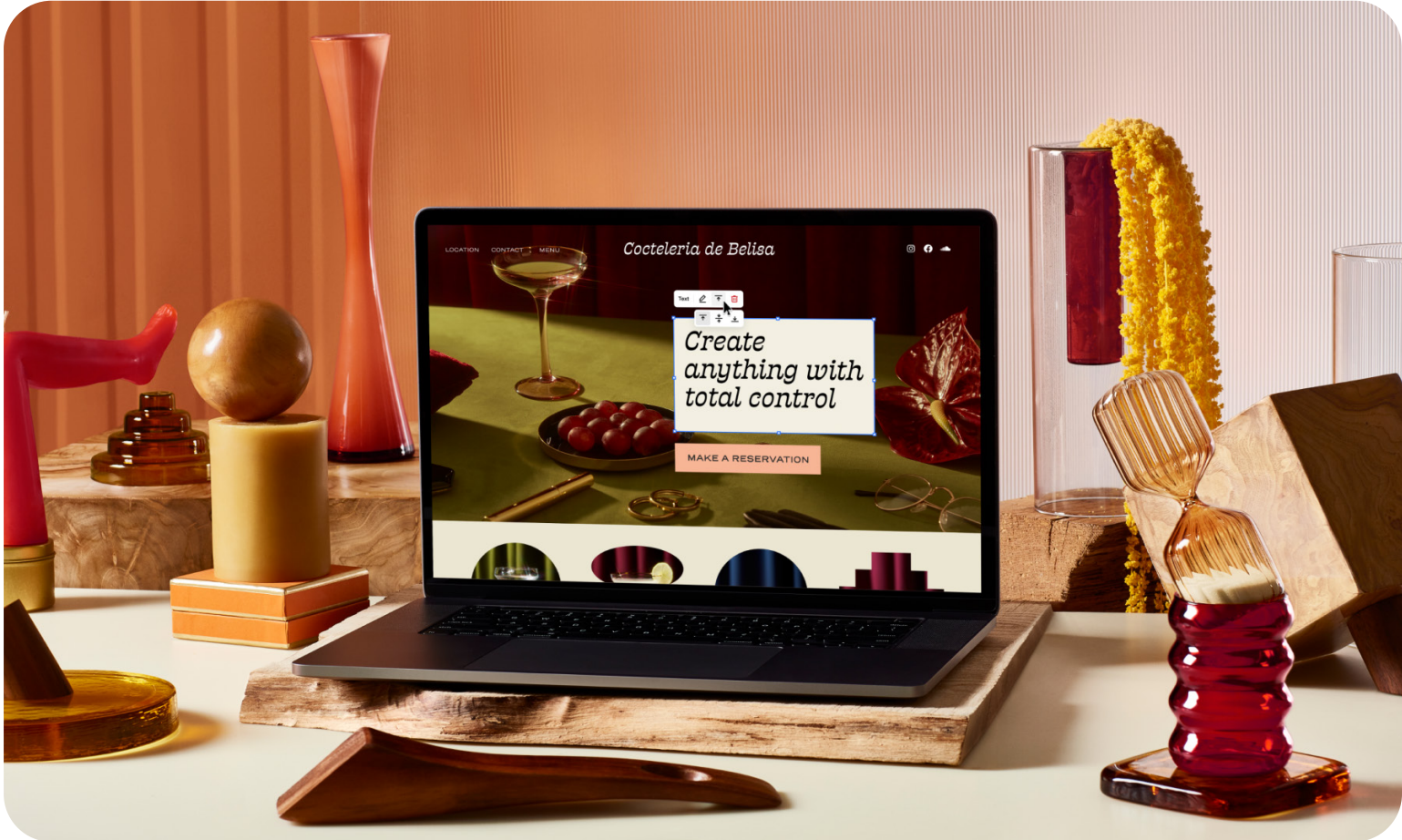
Fluid Engine<sup>7</sup> is an editing system that powers our website builder and represents a fundamental enhancement of our Content Management System (CMS): it significantly strengthens core usability, expressibility, and creative potential. Fluid Engine introduces **Unbreakable Creativity**; it pushes the boundaries of our flagship product, offers limitless customization, and optimizes mobile-first viewing & layout editing. Simple content creation and effortless design have always been what Squarespace is known for. We believe the foundational improvements Fluid Engine brings to our CMS could positively impact rates of product adoption. By improving product usability, we believe trial-to-publish rates will increase over the long term. Ultimately, Fluid Engine brings a better editing paradigm to the forefront of our customer experience, product versatility, which benefits pros & beginners alike. Evolving our CMS to achieve greater functionality and expression benefits the whole of our addressable market and reinforces our legacy as a market leader.





In launching Fluid Engine, we've overhauled our editing system for the first time in ten years. The new design system allows for more intuitive placement of images, text, and content that allows users to create a custom look for their websites regardless of their design skill. We believe that the flexibility of this new design system creates more outcomes for the types of sites that can be built, and accommodates businesses of all shapes and sizes.

It's never been easier for our customers to sell content, services, and products on Squarespace.



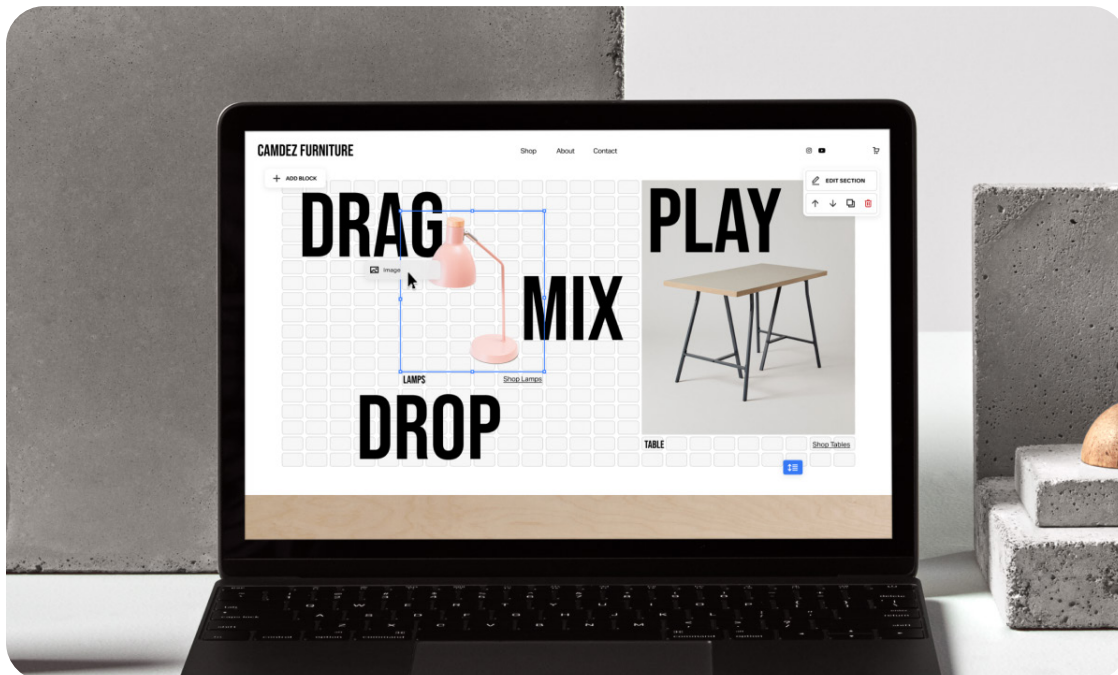
# Q2 2022 Product & GTM Updates

## SQUARESPACE, NOW POWERED BY FLUID ENGINE

Last week, we introduced [Fluid Engine](#)<sup>7</sup>, a next generation website design system that reimagines drag and drop technology for a truly customizable, fast, and easy website design experience for desktop and mobile. Our CMS strategy seeks to balance usability with expressibility: we are maximizing both for the number of people who can use our product and the kinds of websites that can be built on Squarespace. We believe Fluid Engine enhances our editing system on both fronts.

Fluid Engine creates a new editing paradigm, which offers an array of functionalities and customization options including an advanced drag and drop smart grid with easier customization options for users. It allows for a new level of control when arranging content within layouts and there is a smart grid specifically designed for mobile view that helps users create bespoke designs to optimize their mobile experience. Ultimately, we believe it creates design efficiency: its responsive functionality to help users get their envisioned design results faster and more easily.

With Fluid Engine, customers unlock what we call **Unbreakable Creativity** – the ability to push creative boundaries in web design with confidence. The reimagined design system provides users the maximum freedom to easily play, experiment, and stretch creative limits through an unrestricted canvas, but the canvas is also guided by an advanced smart grid to ensure quality results. The system provides just enough design guidance to make a website look great without limiting creativity.



Fluid Engine offers a highly intuitive, fluid, and agile website editing experience, anyone—whether beginner or pro—can achieve the unique and professional design results that allow them to stand out and succeed online. It is powerful enough to be used by the most creative professionals in web design, while also easy-to-use for beginners. Many tools with this level of customizability are built for professionals that have design expertise. Fluid Engine democratizes access to groundbreaking design. Paired with other newly released design tools—including a motion-based scrolling block, curated font packs and color palettes, custom button styles, and more—the range of online styling possibilities has grown significantly to reinforce anyone’s creative vision.

With a growing share of global traffic on mobile, a better mobile website design and experience makes a significant impact on brand trust, credibility, and increased visitor engagement—translating to more sales and success online. Recognizing the need for customizable mobile experiences, Fluid Engine makes it possible to easily design bespoke mobile landing experiences independently from a website desktop experience.

We believe Fluid Engine users will be empowered to experiment more with our editing system and will be more likely to make meaningful progress toward publishing their site upon their initial attempt. Fluid Engine is now available on Squarespace 7.1 in English, with plans to roll out in other supported languages beginning this fall.

## **INVOICING FOR SCHEDULING**

When we acquired Acuity Scheduling, our goal was simple: to make it seamless for our customers to schedule and manage bookings through our platform. In 2020, [Squarespace Scheduling](#)<sup>7</sup> was born. We recently rolled out Invoices, which will soon be available to all Scheduling customers. This release enables customers to create and send custom invoices, manage and track invoices, and accept payments securely, all in one place. Invoices extend Squarespace Scheduling’s easy-to-use tools to quickly create and personalized messages. To simplify the payment process, customers can send invoices directly to clients using a unique shared link and then track the status through a single dashboard. Invoices joins a range of recent Commerce product updates dedicated to helping customers diversify revenue streams and get the most out of how they sell online. We believe that Squarespace Scheduling differentiates our platform and that we are at the early stages of capturing the work of the service economy online.

## **TOCK UNVEILS NEW BRAND CAMPAIGN: DELICIOUS STARTS HERE**

With thousands of restaurants, wineries and events, [Tock](#)<sup>7</sup> is the starting point for hospitality businesses wanting to stand out and for diners looking for unique experiences. As part of our investment in Tock, the team launched a new campaign—**Delicious Starts Here**—that showcases how customers can easily discover and book a vast range of food and beverage offerings in cities around

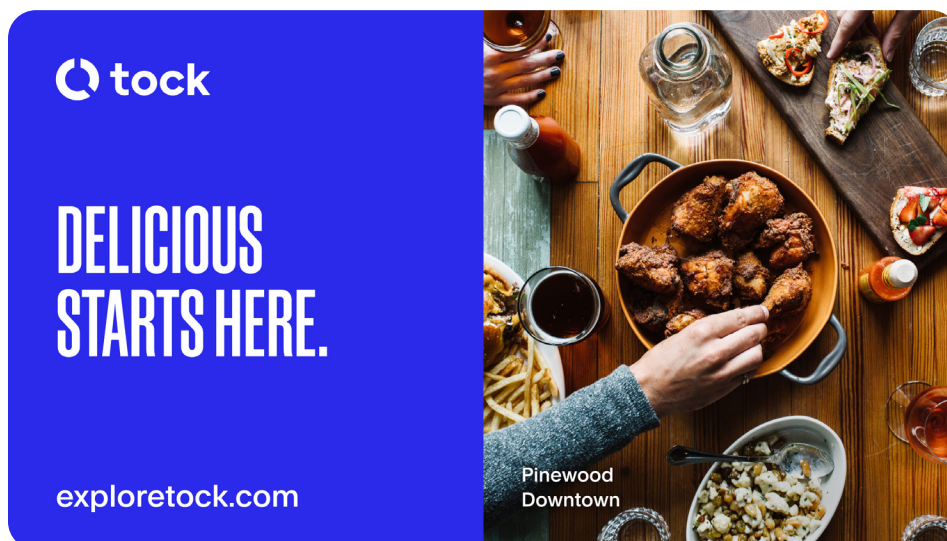
the world. Designed to feature the tremendous range of businesses using Tock's platform, the campaign highlights distinct customer ambiances, delectable dishes, one-of-a-kind tastings and everything in between. The campaign leverages a variety of advertising channels including digital, partnerships, out-of-home, and print. Tock's mission has always been to help the hospitality industry succeed while providing a space for consumers to discover unique, delicious possibilities.

## **CUSTOM TEMPLATE CREATION FOR ENTERPRISE CUSTOMERS**

[Squarespace Enterprise](#)<sup>7</sup> remains a greenfield opportunity, which we believe could be a meaningful growth driver in the future. We released a new feature for this customer segment that allows them to create custom enterprise templates. Enterprise customers tend to manage a higher volume of sites (sometimes thousands within one organization) and often look to create a similar look and feel across the sites, repeating branding elements and images. This new feature streamlines enterprise workflows allowing users to create and manage custom templates through our enterprise dashboard. From the initial beta program, users praised the feature's ease of use and efficiency. Enterprise customers are able to power internal & marketing sites, buy websites in bulk, and utilize our platform for web prototypes to iterate and optimize their ideas quickly. We couple our best-in-class design with premium support options, tailored to meet the needs of any business.

## **INTRODUCTION OF NEW LANGUAGES TO SUPPORT GLOBAL GROWTH**

This quarter we introduced three new website languages: Norwegian, Danish and Finnish. With this release, customers in Norway, Denmark and Finland can choose these languages in their settings and publish a website fully in their native language. This benefits both new users and the thousands of existing customers who have indicated they want a site in one of these languages. We've also rolled out multilingual website capabilities to all 7.1 users, which we believe is essential to reach and grow our presence in geographies where customers speak multiple languages. Thousands of users have already added the extension to their website.



# FINANCIAL DISCUSSION



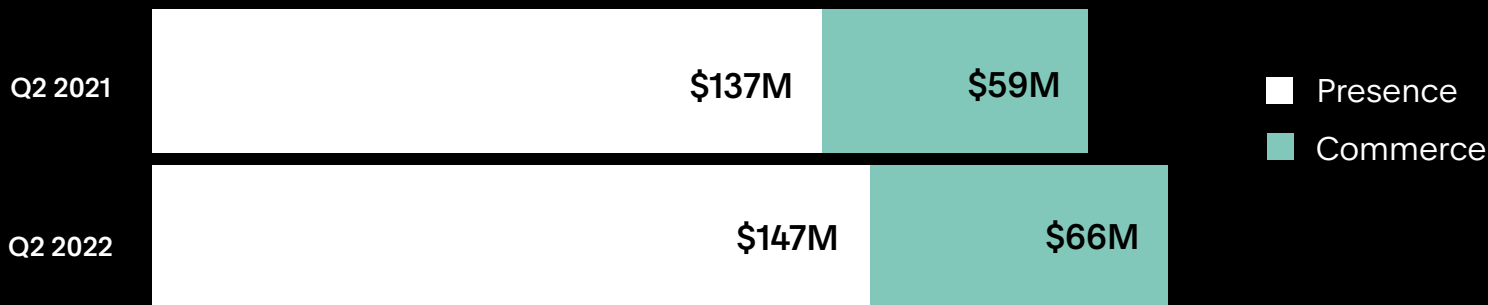
# Financial Discussion

**Marcela Martin**

Chief Financial Officer

We achieved a strong second quarter of revenue and unlevered free cash flow generation, in line with our guidance. Multiple product lines across our business from both Presence and Commerce contributed to our results this quarter and we're delighted to be supported by a foundation of 4.2 million unique subscriptions.

Total revenue in the second quarter 2022 was \$213 million, growing 9% year over year as reported, representing 12% year-over-year growth in constant currency. Foreign exchange headwinds resulting from a strengthening U.S. Dollar against the Euro impacted our topline by approximately \$7 million. Subscription revenue accounted for 92% of our total revenue, which underscores our profitable business model.

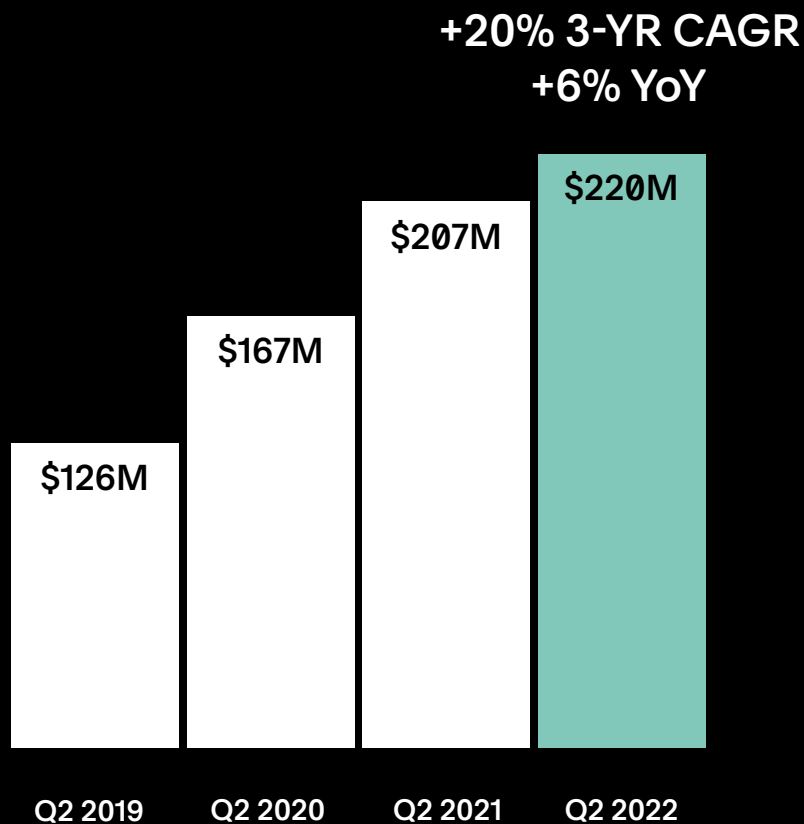


Results are based on Unaudited Financial Statements.

Presence revenue represented 69% of our total revenue at \$147 million in Q2 2022, growing at 7% when compared to the previous year’s achievement, 11% at constant currency. The increase is due to strong retention of existing unique subscriptions combined with the acquisition of new customers. Commerce revenue grew 13% year-over-year to \$66 million, 15% year-over-year at constant currency, as the result of customers choosing Squarespace to power their commercial activities. In particular, Scheduling and Tock remain growth drivers and demonstrate the power of our multimodal commerce engine. We equip customers with Everything to Sell Anything<sup>7</sup>, including the ability to sell time-based services and events.

Representing 31% of total revenue, Commerce continues to grow at a faster rate than Presence, which is aided in part by the contribution from gross merchandise value that flows through our platform. In the second quarter, we processed \$1.5 billion in GMV, representing increased sales from existing and new customers. Nearly half of our GMV is the result of transactions from services and digital products, which largely represent appointments, time-based experiences, and paywalled content. We believe Squarespace is well positioned to benefit from service-related transactions, which will be bolstered by our expanded invoicing capabilities for our Scheduling product, recently rolled out to customers.

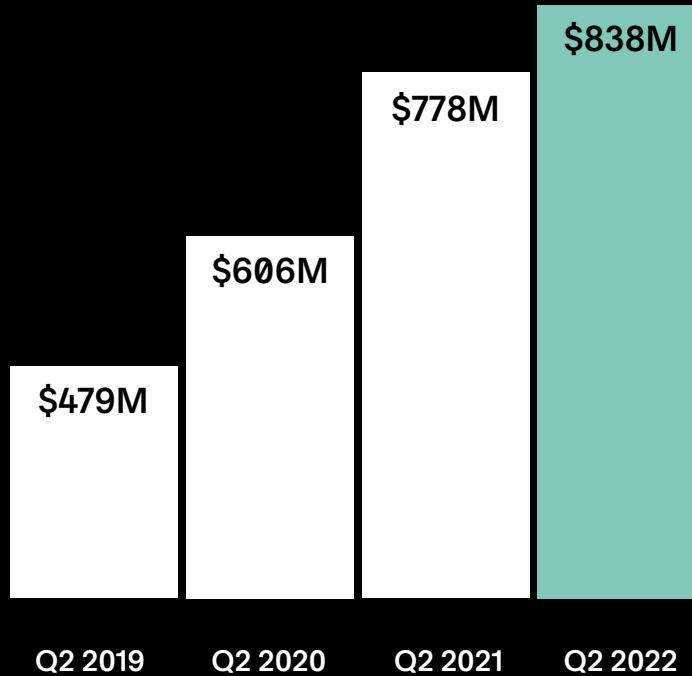
# Bookings



We achieved total bookings of \$220 million, growing 6% year over year. The increase reflects our durable subscription model and our ability to grow our customer base across diverse geographies and industries.

Results are based on Unaudited Financial Statements.

# ARRR



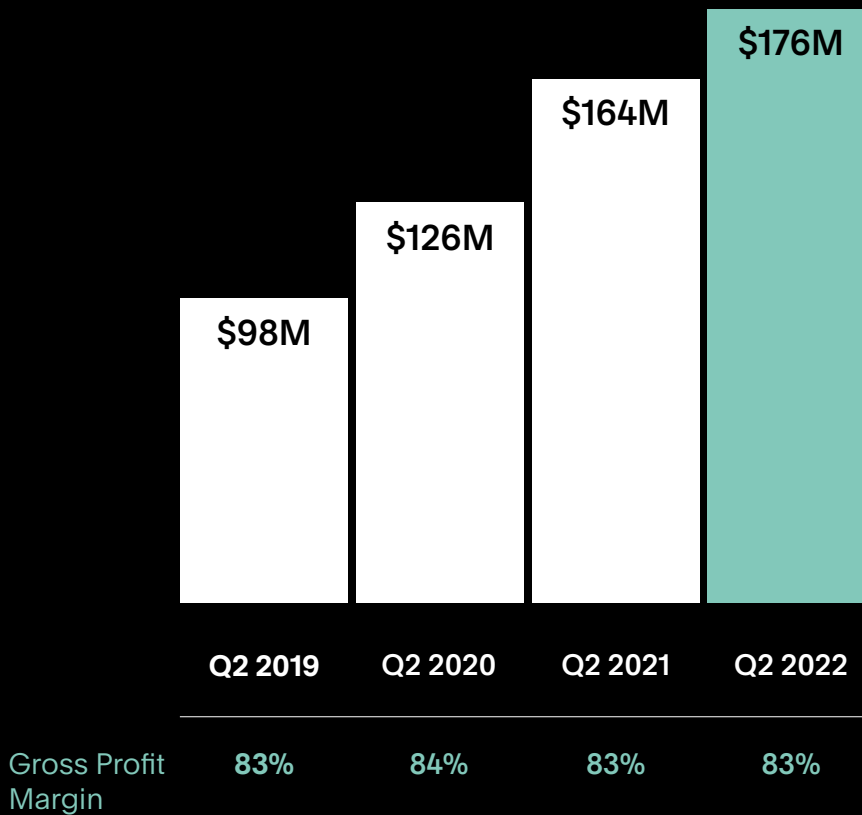
Our annual run rate revenue (ARRR) continues to be strong at \$838 million, growing 8% year-over-year. ARRR is calculated as the monthly revenue from subscription fees and revenue generated in conjunction with associated fees in the last month of the period multiplied by 12, as a result, ARRR reflects foreign exchange rates in effect in June and is subject to the same seasonal patterns of our overall business.

Results are based on Unaudited Financial Statements.

Our growing customer base contributes to our 4.2 million unique subscriptions. A single count of a unique subscription can represent multiple products. As our customers attach additional products to their subscription and choose higher-value plans, average revenue per unique subscription will rise. Today, our ARPUS is \$204, up 6% year over year, in line with the overall growth of our unique subscriptions. There is an opportunity to drive ARPUS higher in the future with the expansion of our product and service offerings, which we believe will create greater value for our customers.

The opportunity to expand Squarespace internationally remains an important growth driver for our business. International revenues increased to \$60 million in the second quarter, representing 28% of our total revenue. Product localization efforts, including expanded website languages and payment methods, are positively impacting our ability to attract customers around the globe. Notable this quarter was our growth in the Pacific region and Europe, which benefited in part from localized marketing efforts. Foreign exchange headwinds became acute in the second quarter and masked our achievements.

# Gross Profit (GAAP)



Our gross profit margin was 83% in the second quarter highlighting the strong fundamentals of our business model. Our margin profile allows us to invest in our business and power growth initiatives. With respect to operating expenses, research and product development increased approximately 20% year over year as a result of additional headcount to support our product roadmap. This increase is being offset by efficiencies in our sales and marketing expense, which peaked as a percent of revenue in the first quarter and is anticipated to reduce further in the second half of the year.

Results are based on Unaudited Financial Statements.

During the quarter, we delivered strong operating profits and cash generation. Adjusted EBITDA was \$44 million in the second quarter, representing a margin of 21%. Unlevered free cash flow of \$36 million was at the top end of our guidance range, representing a margin of 17%.

We continue to deliver on our financial goals and remain focused on execution and investment.

# Guidance

We are pleased with Q2 results that are at the high end of our previous guidance despite FX headwinds during the period. Looking forward, we have applied the current exchange rates to our future revenue and reduced our guidance accordingly. While the fundamentals of our business and growth trajectory remain intact, we have reduced our range to reflect FX headwinds.

For the third quarter of 2022, we expect revenue to be in the range of \$213 million to \$218 million, representing a year-over-year growth rate range of 6 - 8% vs. Q3 2021. We anticipate unlevered free cash flow in the range of \$33.7 million - \$38.7 million. Our uFCF guidance comprises ranges of cash flow from operating activities of \$33.3 million and \$38.2 million, capital expenditures of \$1.9 million and \$2.2 million, and cash paid for interest expenses net of associated tax benefit between \$2.3 million to \$2.6 million.

For the full year 2022, we expect revenue to be in the range of \$857 million to \$867 million, representing a year-over-year growth rate range of 9 - 11%. We anticipate unlevered free cash flow in the range of \$156.5 million - \$166.5 million. Our 2022 uFCF guidance assumes cash flow from operating activities in the range of \$155.9 million to \$165.9 million, capital expenditures of \$8.6 million to \$9.6 million, and cash paid for interest expenses net of associated tax benefit between \$9.2 million and \$10.2 million.



# CUSTOMER FEATURE

# NATALIA SWARZ

Founder of [HÔTEL Weekend](#)<sup>7</sup>  
Based in Madrid, Spain

Squarespace Tools:

COMMERCE ADVANCED

MEMBER AREAS

EMAIL CAMPAIGNS

UNFOLD



**“Through Squarespace, I’ve created predictable recurring revenue streams. This financial stability allows me to focus on taking my business to the next level and spend more time doing what I love. I’ve built a career from my passions, HÔTEL Weekend celebrates travel, authenticity, and unites a global community.”**

HÔTEL Weekend is a community of like-minded travelers with a shared spirit of exploring the world at a slower pace; it's a lifestyle brand for the modern nomad in search of les voyages réels & virtuels. Founder Natalia Swarz was inspired by her mother, a true globetrotter, to launch HÔTEL Weekend with a desire to showcase beautiful destinations off the beaten path. "Bringing awareness to less traveled parts of the world and creating community comes naturally to me. Squarespace tools have helped me express my vision online and to meaningfully engage through my Member Area: HÔTEL Weekend Club," Natalia explains. HÔTEL Weekend Club offers members exclusive access to events, special rates, curated downloadable content, community benefits and incentives for selected hotels.

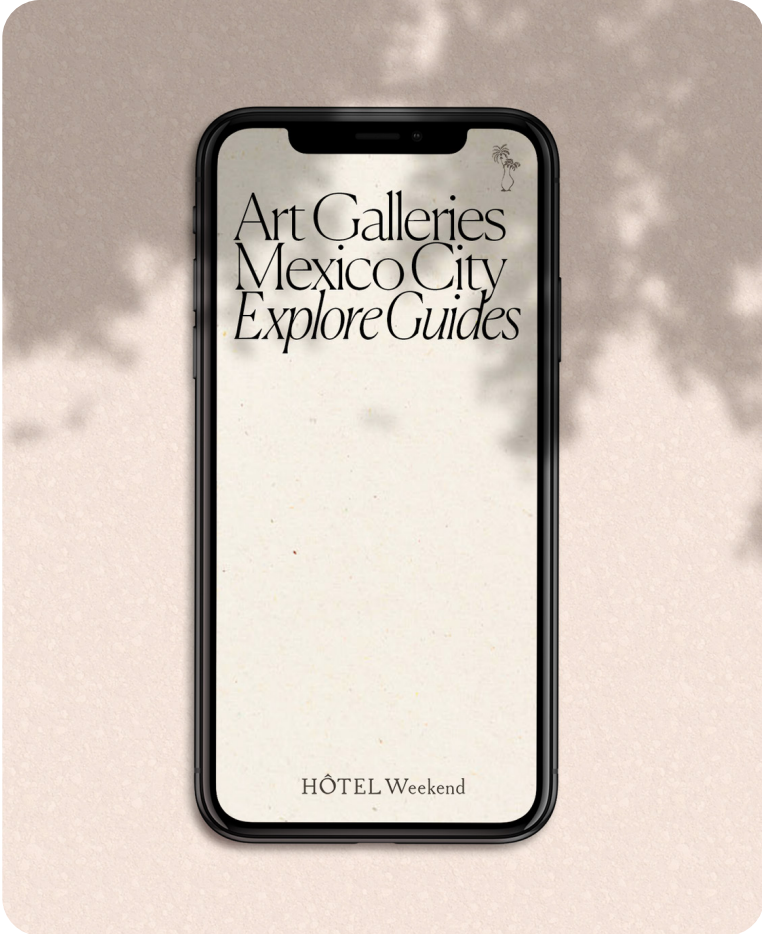
Natalia's built a beautiful online presence and benefits from her interest in photography. "I'm incredibly discerning when it comes to the visuals on my site, and Squarespace helps me convey my brand's aesthetic effortlessly." Using both Email Campaigns and Unfold for HÔTEL Weekend's social media presence, Natalia has been able to grow and communicate with her audience while staying true to her design choices and brand.



Photo Credit: Marina Denisova



Harnessing the power of a Commerce Advanced subscription, HÔTEL Weekend is the epitome of a modern marketplace. The website evokes a travel journal with personal travel narratives alongside carefully chosen boutique hotels, city-specific guides, and the [Souvenir Shop](#)<sup>7</sup>, which sells a curated collection of objects from artists and brands across the world. "I've built HÔTEL Weekend's store around values that honor the craft of local artisans I've encountered during my travels. Most of the brands we feature in our Souvenir Shop are female-owned or independent, and their own design and company policies go hand in hand with our mission. From a practical standpoint, the inventory is constantly changing, so I needed a product that allows me to easily update items and highlight products across fashion, beauty, homeware, and wellness."



# MARKETING SPOTLIGHT

# VIVID SYDNEY



Photo Credit: Destination NSW

In Q2 2022, Squarespace was a major partner of Vivid Sydney<sup>®</sup>, the annual festival of Light, Music and Ideas, which transforms Sydney into a fusion of creativity, innovation, and technology. As a Major Partner of Vivid Ideas, Squarespace championed emerging entrepreneurs through a series of thought leadership talks featuring Australian creators and entrepreneurs, including artist and Squarespace ambassador Rachel Burke<sup>®</sup>. After being on hiatus for two years due to the pandemic, taking part in the festival's return to in-person was an opportunity to promote our brand in



a key international market, with Vivid Sydney attracting 2.58 million attendees - a 7.5% increase from 2019 - plus the biggest opening weekend in the event's history with 440,000 attendees. The festival's reach extended well beyond the physical experience, with Vivid Sydney's social content clocking up a cumulative 49.9 million video views (a staggering 432% increase from 2019).

Additionally, the festival provided a platform and audience for launching the Squarespace Make It Awards<sup>™</sup> in Australia. We appreciate how small businesses need help now more than ever, and in the spirit of the investment that Anthony received from his parents to start Squarespace, we created the Make It Awards as an opportunity to give back to the Australian business community by helping three emerging businesses each secure a \$30K AUD grant and a year-long Squarespace and Unfold Pro subscription to take their business to the next level. The 2022 winners include Reef Design Lab<sup>™</sup>, Lousy Ink<sup>™</sup>, and the Difference Org<sup>™</sup>.



# #thisissquarespace

We're honored to be recognized for our workplace and industry-leading design.

In the second quarter, our Customer Operations team won multiple Stevie Awards<sup>7</sup>, including Customer Service Department of the Year, Workforce Solutions Team of the Year, and CO-Learning Team of the Year. We're incredibly proud to be recognized for our customer support as we believe this is key to our continued success. We continually push ourselves to "be the customer" to better understand and support our large and growing base.

Our Creative team took home 3 awards and was shortlisted for another 14 in this year's Shots Awards in the Americas<sup>7</sup>, including Ad of the Year for Copywriting Gold, Agency of the Year Silver, and Ad of the Year Cinematography Bronze. At Squarespace, we prioritize great design and creativity, which we believe sets us apart in the market and continues to attract new audiences to our products.



Squarespace’s award winning in-house creative team lives at the heart of the company’s mission, and influences our premium brand product offerings. The team designs our industry-leading website templates and crafts many of our UX and UI elements available to our customers.



# Earnings Webcast



Squarespace (NYSE: SQSP) will host a conference call and earnings webcast at 8:30 a.m. Eastern Time on July 25, 2022, to discuss Q2 2022 financial results. To register to participate in the conference call or listen to the live audio webcast, please visit the Events & Presentations section of Squarespace's Investor Relations website at [investors.squarespace.com](https://investors.squarespace.com)<sup>7</sup>.

A replay will be available on the same website following the call.

# Safe Harbor Notice

This shareholder letter may include forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Any statements made in this presentation that are not statements of historical fact, including statements about beliefs and expectations of Squarespace, Inc. (the “Company”, “we” or “our”) are forward-looking statements and should be evaluated as such. Forward-looking statements include, but are not limited to, statements about the Company’s outlook for the third fiscal quarter ending September 30, 2022 and the full fiscal year ending December 31, 2022, the Company’s market position, and potential market opportunities. Forward-looking statements generally relate to future events or the Company’s future financial or operating performance. These statements are often, but not always, made through the use of words or phrases such as “may,” “should,” “could,” “predict,” “potential,” “believe,” “will likely result,” “expect,” “continue,” “will,” “anticipate,” “seek,” “estimate,” “intend,” “plan,” “projection,” “would” and “outlook,” or the negative version of those words or phrases or other comparable words or phrases of a future or forward-looking nature. The Company bases these forward-looking statements on its current expectations, plans and assumptions that the Company has made in light of its experience in the industry, as well as its perceptions of historical trends, current conditions, expected future developments and other factors the Company believes are appropriate under the circumstances at such time. As you read and consider this shareholder letter, you should understand that these statements are not guarantees of future performance or results. The forward-looking statements are subject to and involve risks, uncertainties and assumptions, and you should not place undue reliance on these forward-looking statements. Although the Company believes that these forward-looking statements are based on reasonable assumptions at the time they are made, you should be aware that many factors could affect the Company’s actual results or results of operations and could cause actual results to differ materially from those expressed in the forward-looking statements. Factors that may materially affect such forward-looking statements include: our ability to attract and retain customers and expand their use of our platform; our ability to anticipate market needs and develop new solutions to meet those needs; our ability to improve and enhance the functionality, performance, reliability, design, security and scalability of our existing solutions; our ability to compete successfully in our industry against current and future competitors; the impact of the COVID-19 pandemic on us, our customers and their users; our ability to manage growth and maintain demand for our solutions; our ability to protect and promote our brand; our ability to generate new customers through our marketing and selling activities; our ability to

successfully identify, manage and integrate any existing and potential acquisitions; our ability to hire, integrate and retain highly skilled personnel; our ability to adapt to and comply with existing and emerging regulatory developments, technological changes and cybersecurity needs; our compliance with privacy and data protection laws and regulations as well as contractual privacy and data protection obligations; our ability to establish and maintain intellectual property rights; our ability to manage expansion into international markets; and the expected timing, amount, and effect of our share repurchases. Further information on risks that could cause actual results to differ materially from forecasted results are included in the Company’s filings with the U.S. Securities and Exchange Commission. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law. All written and oral forward-looking statements made in connection with this shareholder letter attributable to the Company or persons acting on the Company’s behalf are expressly qualified in their entirety by the above paragraph.

This shareholder letter contains non-GAAP financial measures such as adjusted EBITDA, unlevered free cash flow and constant currency. These measures are not prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”) and have important limitations as analytical tools. Non-GAAP financial measures are supplemental, should only be used in conjunction with results presented in accordance with GAAP and should not be considered in isolation or as a substitute for such GAAP results. Refer to the final pages of this shareholder letter for a reconciliation of each non-GAAP financial measure to the most directly comparable financial measure calculated and presented in accordance with GAAP. This shareholder letter contains additional trademarks, tradenames, and service marks of other companies that are the property of their respective owners. Certain monetary amounts, percentages and other figures included in this shareholder letter have been subject to rounding adjustments. Certain other amounts that appear in this presentation may not sum due to rounding.

# Reconciliations

## Reconciliation of Unlevered Free Cash Flow

Unlevered Free Cash Flow (M)	Q2 2019	Q2 2020	Q2 2021	Q2 2022
Cash from operating activities	\$30.1	\$46.4	\$8.7	\$36.4
Cash paid for capital expenditures	(0.5)	(0.9)	(1.8)	(2.4)
Free Cash Flow	29.6	45.5	6.9	34.0
Cash paid for interest expense net of associated tax benefit	-	1.8	3.3	2.3
<b>Unlevered Free Cash Flow</b>	<b>\$29.6</b>	<b>\$47.3</b>	<b>\$10.3</b>	<b>\$36.4</b>

Amounts may not sum due to rounding.

## Reconciliation of Adjusted EBITDA

Adj. EBITDA (M)	Q2 2019	Q2 2020	Q2 2021	Q2 2022
Net income / (Loss)	\$21.3	\$18.5	(\$234.5)	\$64.5
Interest expense	0.1	2.5	2.8	3.3
Provision for/(benefit from) income taxes	7.1	4.4	(10.4)	(52.7)
Depreciation & amortization	4.4	5.6	7.7	7.8
Stock-based compensation expense	4.2	7.3	250.5	26.9
Other loss/(income), net	-	1.3	1.2	(6.2)
Direct Listing costs	-	-	25.3	-
<b>Adjusted EBITDA</b>	<b>\$37.1</b>	<b>\$39.5</b>	<b>\$42.6</b>	<b>\$43.6</b>

Amounts may not sum due to rounding.

## Reconciliation of Constant Currency

Constant Currency (M)	Q2 2021	Q2 2022
Revenue, as reported	\$196.0	\$212.7
Revenue year-over-year growth rate, as reported	31.0%	8.5%
Effect of foreign currency translation (\$)	4.6	(6.6)
Effect of foreign currency translation (%)	3.1%	-3.4%
<b>Revenue constant currency growth rate</b>	<b>27.9%</b>	<b>11.9%</b>
Presence revenue, as reported	\$137.3	\$146.5
Presence year-over-year growth rate, as reported	18.8%	6.7%
Estimated impact of foreign currency fluctuations (\$)	3.9	(5.5)
Estimated impact of foreign currency fluctuations (%)	3.3%	-4.0%
<b>Presence constant currency growth rate</b>	<b>15.5%</b>	<b>10.7%</b>
Commerce revenue, as reported	\$58.7	\$66.2
Commerce year-over-year growth rate, as reported	72.1%	12.7%
Estimated impact of foreign currency fluctuations (\$)	0.8	(1.2)
Estimated impact of foreign currency fluctuations (%)	2.2%	-2.0%
<b>Commerce constant currency growth rate</b>	<b>69.9%</b>	<b>14.6%</b>

To calculate the effect of foreign currency translation, we apply the same weighted monthly average exchange rate as the comparative period.

Amounts may not sum due to rounding.

## Reconciliation of Non-GAAP Operating Metrics

Non-GAAP Operating Metrics (M)	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
<b>Marketing &amp; Sales</b>	<b>\$70.8</b>	<b>\$80.2</b>	<b>\$91.0</b>	<b>\$112.9</b>	<b>\$68.7</b>
Depreciation & amortization	2.9	2.9	4.3	3.3	3.2
Stock-based compensation expense	1.6	1.7	1.5	1.6	2.4
Non-GAAP marketing & sales	66.3	75.6	85.2	108.0	63.2
<b>Research &amp; Product Development</b>	<b>\$48.9</b>	<b>\$48.8</b>	<b>\$50.7</b>	<b>\$57.3</b>	<b>\$58.8</b>
Depreciation & amortization	1.0	1.0	1.1	1.2	1.2
Stock-based compensation expense	8.2	8.8	9.2	10.2	11.5
Non-GAAP research & product development	39.7	39.0	40.4	46.0	46.1
<b>General &amp; Administrative</b>	<b>\$284.7</b>	<b>\$32.1</b>	<b>\$31.6</b>	<b>\$36.0</b>	<b>\$39.2</b>
Depreciation & amortization	1.2	1.2	1.2	1.1	1.0
Stock-based compensation expense	240.3	12.8	12.7	11.7	12.1
Non-GAAP general & administrative	43.2	18.1	17.7	23.2	26.0

Amounts may not sum due to rounding.

## Reconciliation of Stock-based Compensation

Stock-based Compensation (M)	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
Cost of revenue	\$0.4	\$0.4	\$0.5	\$0.6	\$0.8
Research & product development	8.2	8.8	9.2	10.2	11.5
Marketing & sales	1.6	1.7	1.5	1.6	2.4
General & administrative	240.3	12.8	12.7	11.7	12.1
<b>Total stock-based compensation expense</b>	<b>\$250.5</b>	<b>\$23.7</b>	<b>\$23.8</b>	<b>\$24.1</b>	<b>\$26.9</b>

Amounts may not sum due to rounding.



# Definitions

## UNIQUE SUBSCRIPTIONS

Unique subscriptions represent the number of unique sites, standalone scheduling subscriptions, Unfold (social) and hospitality subscriptions, as of the end of a period. A unique site represents a single subscription and/or group of related subscriptions, including a website subscription and/or a domain subscription, and other subscriptions related to a single website or domain. Every unique site contains at least one domain subscription or one website subscription.

## TOTAL BOOKINGS

Total bookings represents cash receipts for all subscriptions purchased, as well as payments due under the terms of contractual agreements for obligations to be fulfilled.

## ANNUAL RUN RATE REVENUE

Annual run rate revenue ("ARRR") is calculated as the monthly revenue from subscription fees and revenue generated in conjunction with associated fees (fees taken or assessed in conjunction with commerce transactions) in the last month of the period multiplied by 12.

## ANNUAL REVENUE PER UNIQUE SUBSCRIPTION

Average revenue per unique subscription ("ARPU") is calculated as the total revenue during the preceding 12-month period divided by the average of the number of total unique subscriptions at the beginning and end of the period.

## GROSS MERCHANDISE VALUE

Gross merchandise value ("GMV") represents the value of merchandise, physical goods, content and time sold, including hospitality services, net of refunds, on our platform over a given period of time.

## ADJUSTED EBITDA

Adjusted EBITDA is a non-GAAP financial measure. We calculate adjusted EBITDA as net income/(loss) excluding interest expense, other income/(loss), net, (provision for)/benefit from income taxes, depreciation and amortization, stock-based compensation expense and other items that we do not consider indicative of our ongoing operating performance. For a reconciliation of this non-GAAP financial measure to the most directly comparable financial measure calculated in accordance with GAAP, please see the reconciliations provided on the previous pages.

## UNLEVERED FREE CASH FLOW

Unlevered free cash flow ("uFCF") is a non-GAAP financial measure. We define unlevered free cash flow as cash flow from operating activities less cash paid for capital expenditures increased by cash paid for interest expense net of the associated tax benefit. For a reconciliation of this non-GAAP financial measure to the most directly comparable financial measure calculated in accordance with GAAP, please see the reconciliations provided on the previous pages.

## CONSTANT CURRENCY

Constant currency, we calculate constant currency information by translating current period results from entities with foreign functional currencies using the comparable foreign currency exchange rates from the prior fiscal year. To calculate the effect of foreign currency translation, we apply the same weighted monthly average exchange rate as the comparative period. Our definition of constant currency may differ from other companies reporting similarly named measures, and these constant currency performance measures should be viewed in addition to, and not as a substitute for, our operating performance measures calculated in accordance with GAAP.

