

Q3
2022
SHAREHOLDER
LETTER

Q3 2022 SUMMARY

Total Revenue

\$218M

+8% YoY GROWTH

Commerce Revenue

\$68M

+13% YoY GROWTH

Total Bookings

\$225M

+10% YoY GROWTH

Adjusted EBITDA

\$44M

20% MARGIN

Unlevered FCF

\$42M

19% MARGIN

GMV

\$1.4B

+3% YoY GROWTH

Unique Subscriptions

4.2M

+4% YoY GROWTH

ARPUS

\$206

+4% YoY GROWTH

ARRR

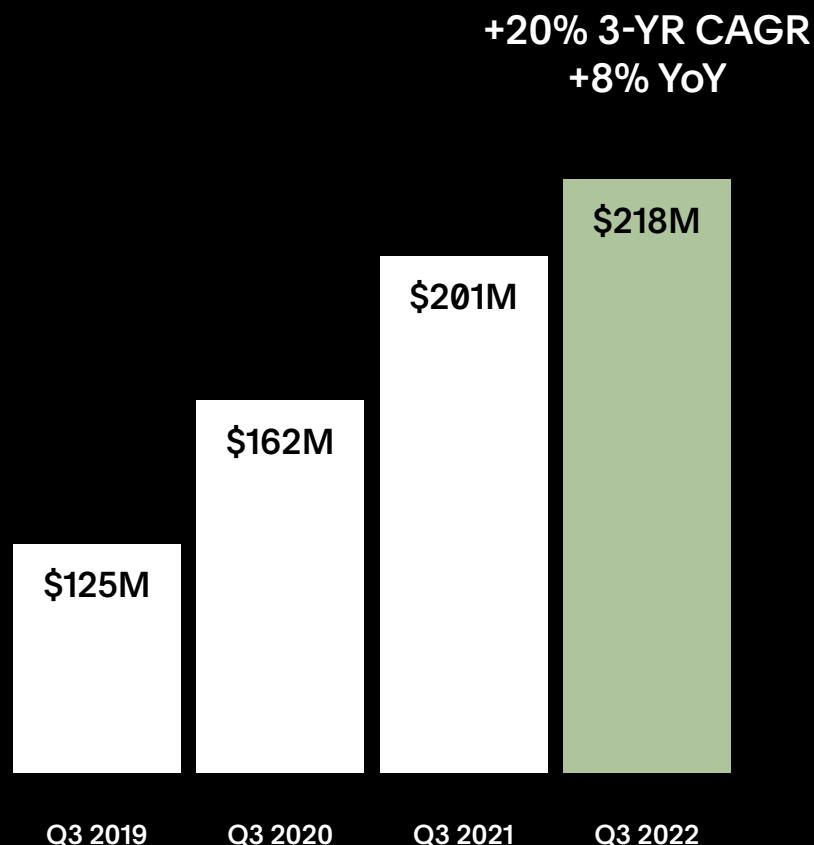
\$861M

+9% YoY GROWTH

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.

REVENUE

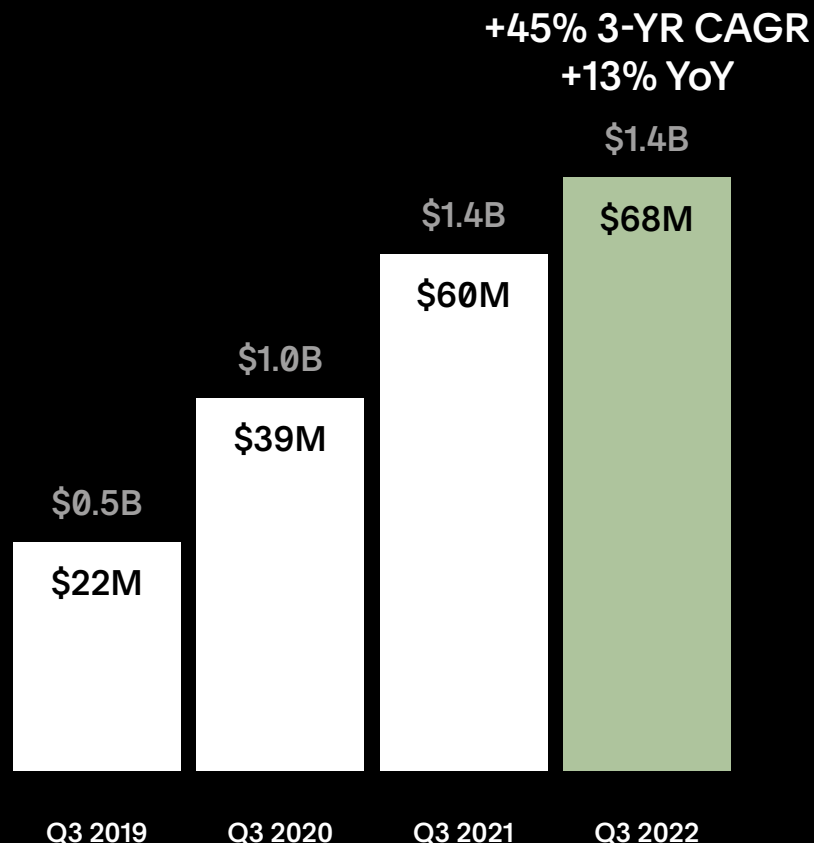


In Q3 2022, we generated \$218 million in revenue, up 8% year over year or 13% in constant currency. Our growth was driven by retention and growth of unique subscriptions, with contributions from Presence and Commerce. We achieved a three-year revenue CAGR of 20%.

Results are based on Unaudited Financial Statements.

COMMERCE REVENUE & GMV

GMV (B)
Commerce Rev (M)



Commerce revenue grew 13% year over year to \$68 million as reported, and 16% at constant currency, which represents a three-year CAGR of 45%. Strength in commerce revenue was the result of the growth of our unique subscriptions across our commerce offerings, as well as the growth of our hospitality services through Tock.

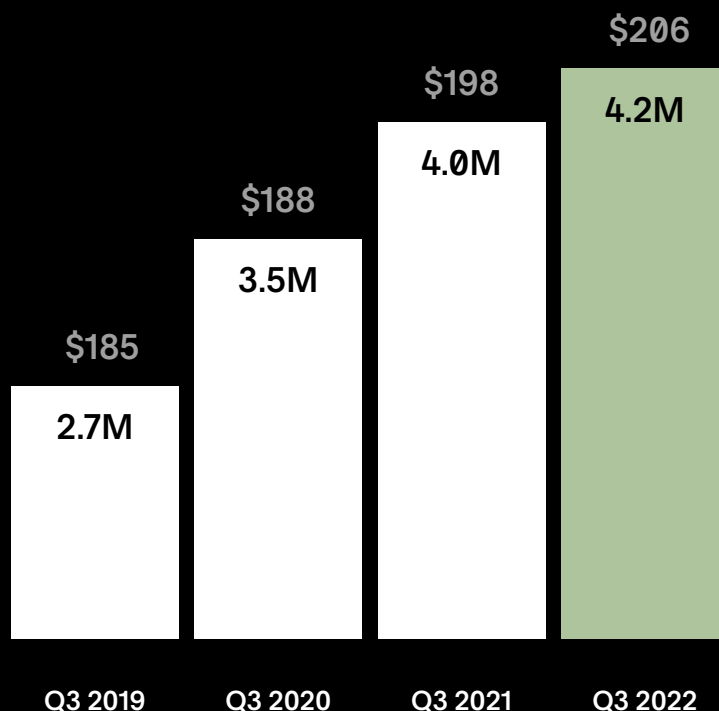
In Q3 2022, we processed over \$1.4 billion of gross merchandise value (GMV), a 3% increase year over year and a three-year CAGR of 41%. Strength in GMV this quarter was primarily due to contributions from Tock. During the quarter we experienced softness in GMV due to a challenging macroeconomic environment.

Results are based on Unaudited Financial Statements.

UNIQUE SUBSCRIPTIONS & ARPUS

ARPUS
Unique
Subscription (M)

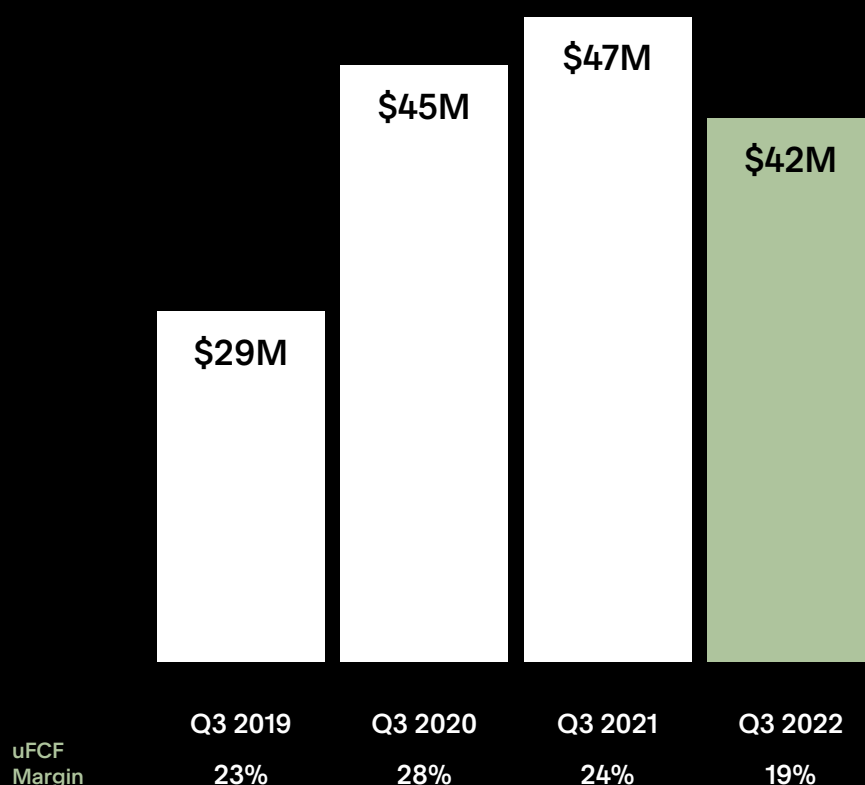
+16% 3-YR CAGR
+4% YoY



Unique subscriptions grew 4% year over year as we continue to add new subscriptions and retain existing subscriptions. Average revenue per unique subscription (ARPUS) grew at a similar rate of 4% year over year due to a shift in revenue mix toward Commerce and Tock.

Results are based on Unaudited Financial Statements.

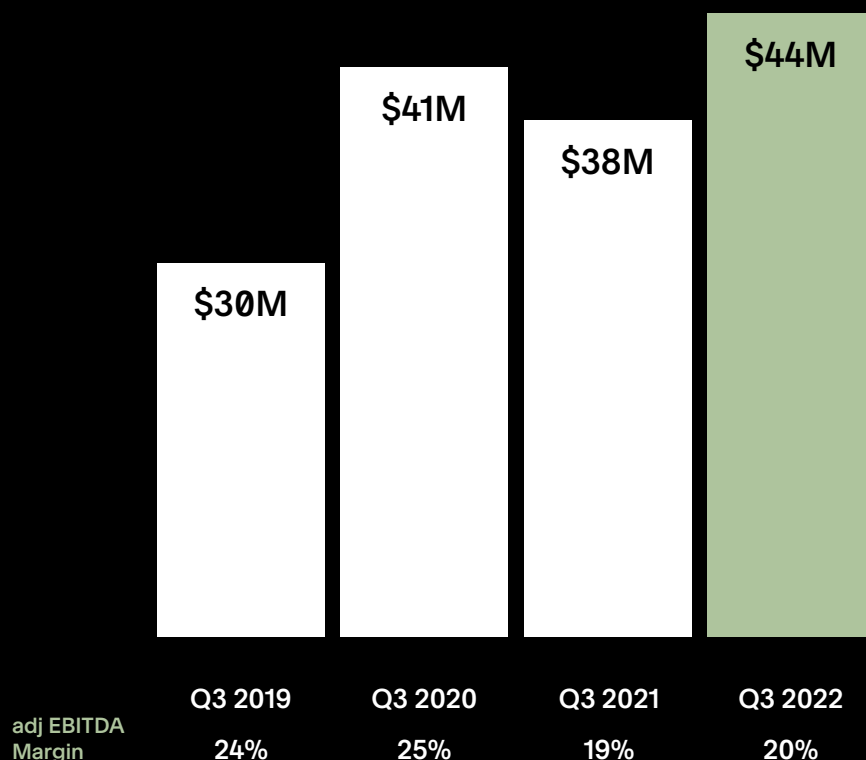
UNLEVERED FREE CASH FLOW



In Q3 2022, we generated more than \$42M of unlevered free cash flow (uFCF), which represents a 19% margin for the period. Relative to the prior year, our uFCF decreased primarily due to lower cash flows from operating activities driven by timing of payments.

Results are based on Unaudited Financial Statements.

ADJUSTED EBITDA



Our adjusted EBITDA increased 14% year over year during the quarter to \$44 million, representing a 20% margin. Strength in EBITDA margin is a result of disciplined investing relative to revenue growth. Reduction and rebalancing of investments within marketing and sales contributed to overall profitability in the quarter.

Results are based on Unaudited Financial Statements.

TO OUR SHAREHOLDERS

Anthony Casalena

Founder & Chief Executive Officer

Our financial results for the third quarter reflect the sustained strength of our business, which delivered \$218 million of total revenue at a three-year compound annual growth rate of 20% and bookings of \$225 million, representing 10% year-over-year growth. The durability of these results demonstrates the value that our platform delivers to customers around the world. Squarespace helps millions show up beautifully online across the touchpoints that matter most, selling products, services, content, or community. At the foundation of these achievements is our incredible team which continues to build product and design innovations that allow people with creative ideas to stand out and succeed.

Squarespace is a product-led company with the customer at its center. We seek to balance creativity and thoughtful engineering, which results in an approach that prioritizes a depth of product features to bring more value to our customers. We go deep in terms of what we choose to build and constantly seek to expand the variety of use cases that Squarespace is able to address. The focus of our product breadth is to help people maximize their entrepreneurial accomplishments: we seek to provide customers with tools to convert their followings and ideas into a sustainable business. As proof of our continuous investment in our platform, we recently unveiled [Squarespace Refresh](#), a campaign that showcases the more than 100 new product innovations and features we launched in the past year or will soon launch. These innovations demonstrate our focus on enhancing customer experience across our platform. We believe these solutions will further expand our market opportunity for future growth and expansion in our customer base.

We structured Squarespace Refresh into three areas of focus – monetize an audience, build a brand, and manage a business. Each speaks to the greater cohesion around the product direction of our all-in-one platform. Squarespace’s influence grows the more customers use and extract value from our platform. The power created between platform and customer is what gives us confidence in our future roadmap. These releases pave a clear path to monetization and set customers up for success as they look to transact. With increasing touchpoints and transactions, customer success becomes our success, driving our momentum for the future.

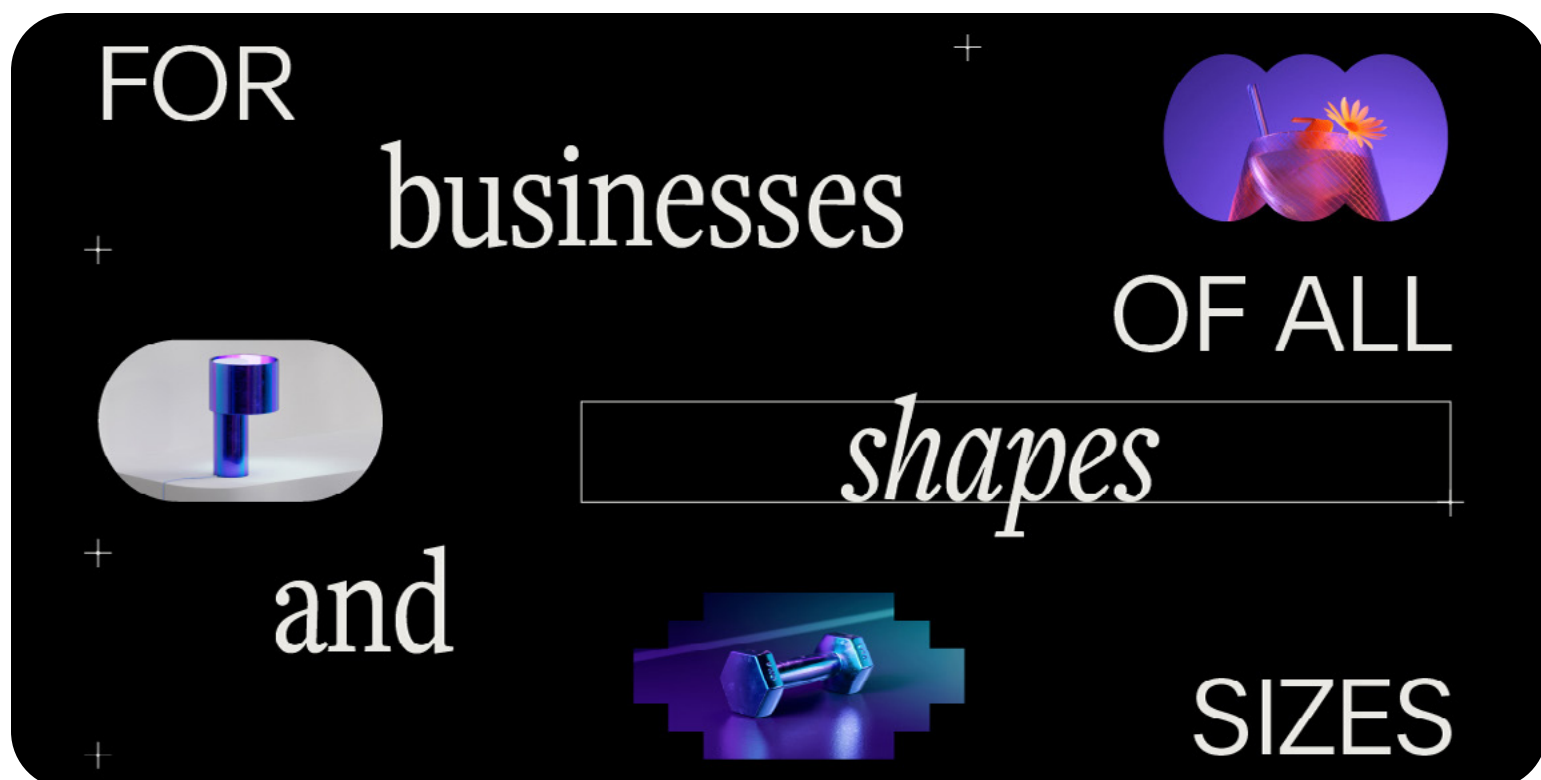
The scope of what we’ve accomplished so far this year humbles me. It gives me confidence that our product strategy continues to align to modern use cases which we believe will drive the future growth of our business as we continue to enable entrepreneurs to be successful. We have lots more innovation and product development on the way.



Q3 2022 PRODUCT & GTM UPDATES

SQUARESPACE REFRESH: 100+ NEW PRODUCT INNOVATIONS & FEATURES TO SUPPORT THE NEXT GENERATION OF ENTREPRENEURS

At Squarespace, our teams continuously improve and shape our platform to support modern use cases, best-in-class design, and the future success of our customers. We have long supported entrepreneurs and continue to rapidly expand our product portfolio to address their evolving needs by helping them streamline their presence, monetize their audiences and content, and scale their businesses. We recently announced [Squarespace Refresh](#), an annual release of [new product features and updates](#) that empower customers to build their empires and transact online with a beautifully designed digital presence. These updates and product releases have been building over the last 12 months at Squarespace. We believe Squarespace Refresh will help drive our Commerce business forward as we enhance our offering to provide more features for customers looking for [Everything to Sell Anything](#).



INAUGURAL CIRCLE DAY FOR OUR COMMUNITY OF PRO USERS

During the quarter, we held our first-ever [Circle Day](#), a conference for members of our partner program Circle. We initially launched the program in 2016 and have seen it grow to tens of thousands of active members and become an essential channel to drive growth and demand for our products. Circle complements our powerful suite of tools and empowers creative professionals to develop easy-to-manage and all-in-one online presences for their clients. We believe that growing that active Circle community helps drive customer LTV over the long-term.

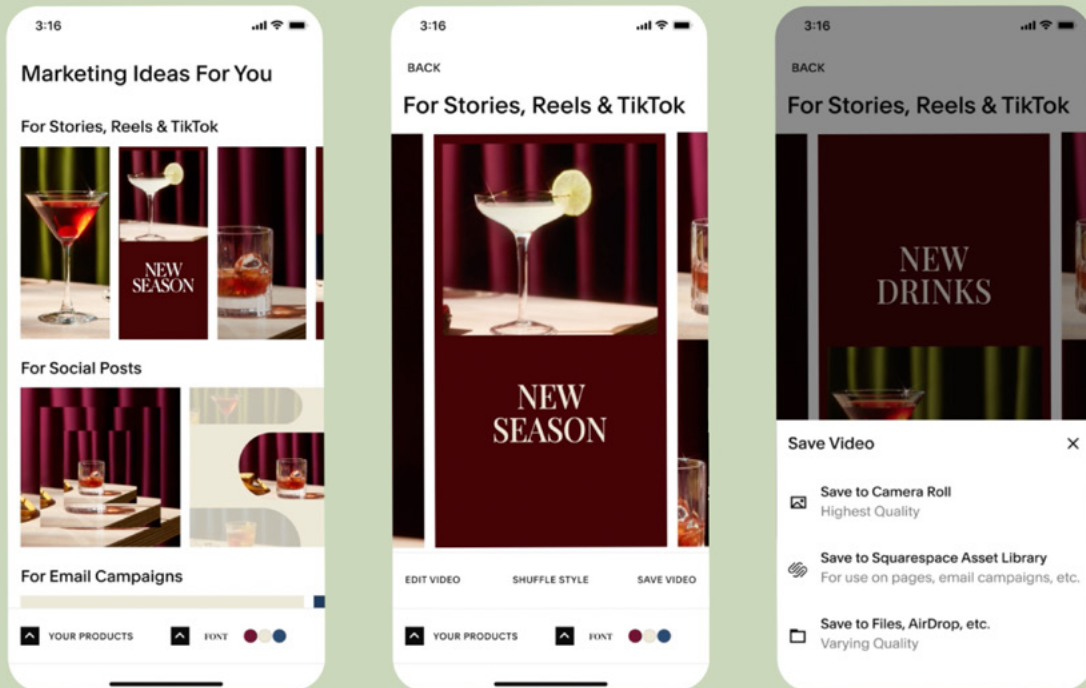
The free, hybrid virtual and in-person event featured a keynote address from our Chief Product Officer, Paul Gubbay, member-led sessions, and a track for non-Circle members who are thinking about incorporating Squarespace into their practices. We also debuted “H2: Fuel for Your Creativity”, a video which showcased new product features.

Engagement at the event was high with nearly 1,000 members and hundreds more prospective pro users in attendance. The event content has since received thousands of views. We continue to receive positive feedback from Circle members: In addition to serving as an educational moment to showcase the power of our platform, attendees felt that the event deepened their connection to Squarespace and each other.



AN AUTOMATED SOCIAL ASSET CREATION TOOL FOR SQUARESPACE'S iOS APP

This quarter we rolled out Marketing Kit to sellers using our Squarespace iOS app. This functionality helps our customers effortlessly create social content from their online stores, lessening the burden of marketing and freeing them to focus on selling. Marketing Kit looks up customers' products – images, product names, and brand elements – to automatically produce an array of on-brand videos, graphics, and GIFs that customers can then leverage on social media or via Campaigns.



FINANCIAL DISCUSSION

FINANCIAL DISCUSSION

In Q3 2022, our stable and predictable business model delivered strong top- and bottom-line financial results that were consistent with our expectations despite headwinds facing foreign exchange and a softening consumer spending environment. Total revenue for the third quarter was \$218 million, growing 8% year-over-year and 13% in constant currency.

Our strong gross profit margin of 82% speaks to the efficiency with which we are able to operate our business and our unlevered free cash flow margin of 19% underscores the self-sufficiency of our business model. A substantial opportunity remains ahead of our business as new customers choose our platform. In Q3 2022, our 4.2 million unique subscriptions grew 4% year over year. This quarter, as our unique subscriptions grew year over year, we see the value they delivered also grew with ARPUS of \$206, up from \$198 in Q3 2021. During the quarter, the increase in ARPUS was primarily due to a shift in revenue mix toward commerce and Tock. As customers continue to select higher-value products and take advantage of our full product suite, we believe this key performance indicator will continue to grow.

Our subscription-based model continues to drive revenue from both our Presence and Commerce solutions. Subscription revenue accounted for 92% of our total revenue in the third quarter. The 8% of non-subscription revenue is primarily derived from revenue share agreements from third parties and from fixed-fees that are GMV-related, the result of transactions occurring on our customers' websites and payment processing fees from Tock.

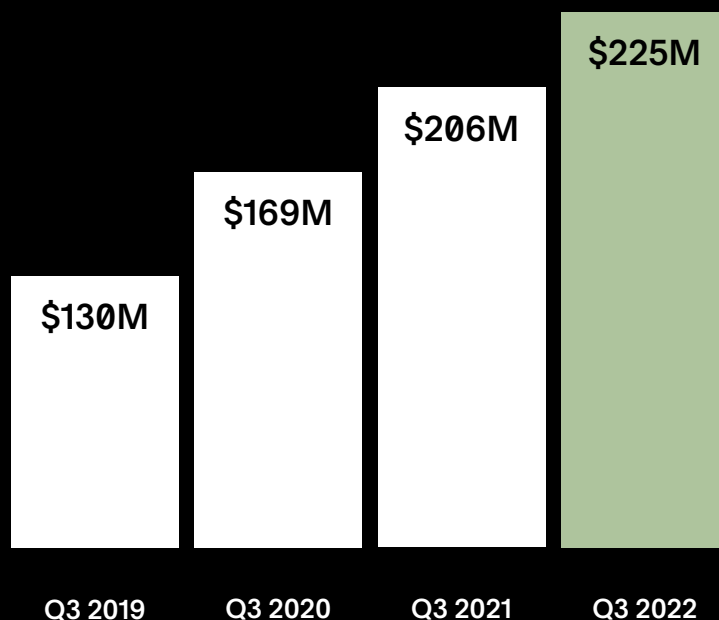
REVENUE



Presence revenue was \$150 million in the quarter, representing 69% of total revenue and up 6% compared to the same period last year. This increase was primarily the result of the growth of our unique subscriptions, driven by strong retention of existing subscriptions and continued acquisition of new subscriptions. Over the course of the quarter we began a gradual roll-out of price increases to existing customers for the first time in our history. Our rate of customer churn remained stable relative to historic norms, which we believe affirms our view that we continue to provide an essential service to customers and deliver more value. Commerce revenue was \$68 million in Q3 2022, growing 13% year over year due to the growth of our unique subscriptions across our commerce offerings and continued growth in Tock. At the end of Q3 2022, Commerce represented 31% of our total revenue. The amount of GMV processed on our platforms continues to contribute to our Commerce top line. GMV reached \$1.4 billion in the quarter, an increase of \$35M or 3% when compared to the same period last year. During the quarter we experienced some softness in GMV relative to our expectations. Scheduling and Tock continue to be strong contributors to the composition of GMV and account for approximately half of the total volume this quarter.

Results are based on Unaudited Financial Statements.

BOOKINGS

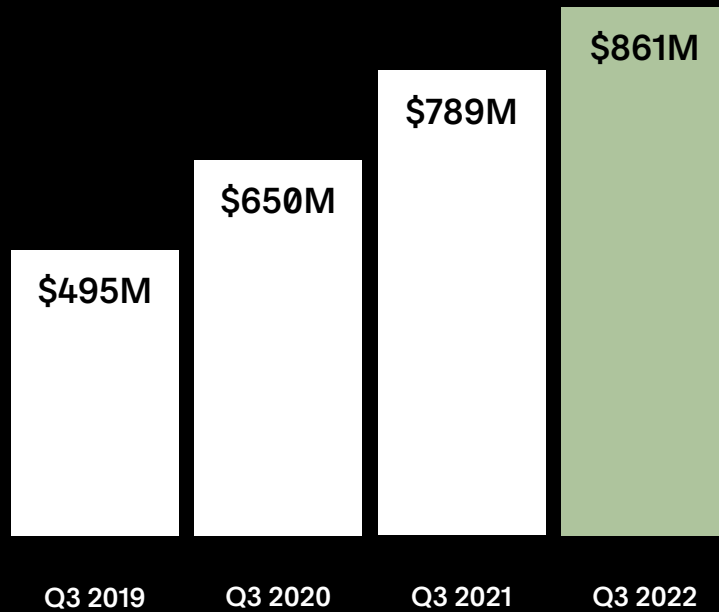


Our Q3 2022 bookings grew 10% year over year to \$225 million despite the increasing headwinds from the foreign exchange. Implementation of our pricing increases to existing customers helped offset currency pressures.

Tock and new unique subscriptions in Presence helped bolster growth during the quarter. The legacy price increases, which we began rolling out to our customer base in Q3, contributed to bookings growth. We expect to see continued bookings growth as we continue to roll out price increases on our existing base.

Results are based on Unaudited Financial Statements.

ARRR



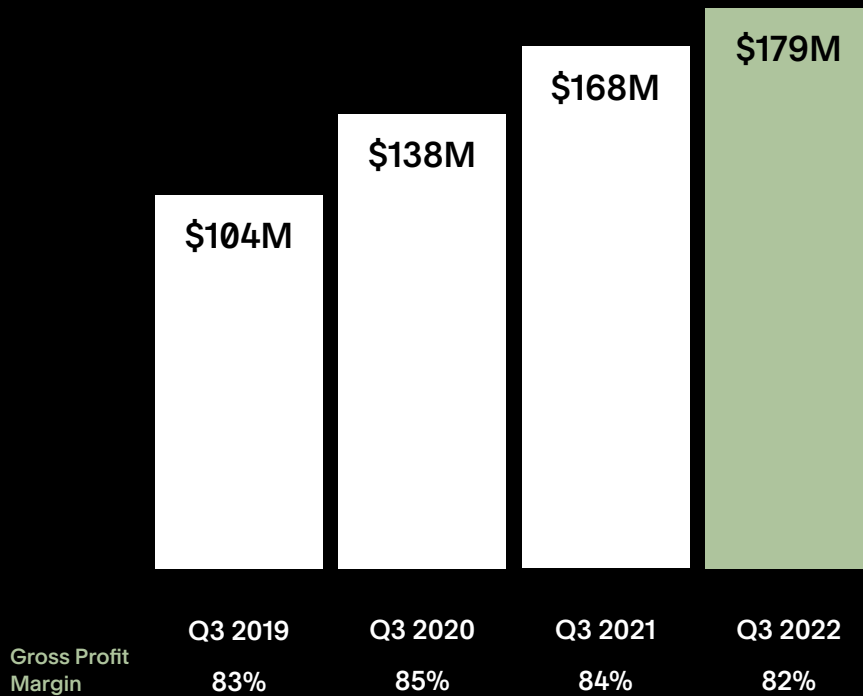
At the end of the quarter, our annual run rate revenue (ARRR) exceeded \$861 million, an increase of close to \$73 million and growing 9% higher than the prior year. ARRR reflects foreign exchange rates in effect in September as it is calculated as the monthly revenue from subscription fees and revenue generated in conjunction with associated fees in the last month of the period multiplied by 12. We believe that stable levels of ARRR demonstrate our future revenue potential as we retain and attract customers.

Results are based on Unaudited Financial Statements.

We believe international expansion continues to be an important driver for our business. During the quarter, international revenue accounted for approximately 28% of our Q3 2022 total revenue. Foreign exchange rates, specifically a strengthening USD and weakening EUR, offset international revenue relative to total revenue against a tough comparison given the Q3 2021 revenue reclassification. We continue to focus on growing our presence globally both in terms of our marketing investments and product localization.

In 2022, we rolled out some of our first brand campaigns in targeted geographies across western Europe, which benefited from localized language investments. On the product front, we believe our deployment of new payment methods, languages, and other localization features will better reflect the needs of, and attract, a global customer base. As of Q3 2022, we have customers in over 200 countries and territories, and international customers in particular contributed \$60 million to our total revenue during the quarter.

GROSS PROFIT (GAAP)



Our business continues to deliver a healthy gross profit margin above 80%, reflecting our efficient operating model. Compared to the previous year, our Q3 2022 margin declined slightly due to increases in costs of services and Tock's payment processing fees. We're careful to balance investment in our business to support growth drivers so that we are able to capitalize upon the substantial opportunity ahead of us.

Results are based on Unaudited Financial Statements.

The fundamentals of our model continue to shine through our strong uFCF generation and profitability measures. In Q3 2022, we delivered \$44 million adjusted EBITDA (a 14% increase compared to Q3 2021) representing a margin of 20%, approximately 100 basis points of margin improvement. Our increases in revenue relative to the reduced spend in marketing and sales drove improvements in profitability in line with our forecasts. Our marketing & sales expenses decreased approximately 8% year over year as we reduced some spend related to brand. Our Q3 2022 uFCF of \$42 million, representing a 19% margin, beat our guidance by approximately \$4 million at the top of our range. When compared to the same period last year, uFCF decreased 11% due to lower levels of cash flow from operating activities (a reduction in accounts payable and accrued liabilities) due to timing of payments.

Q3 2022 represents another quarter of solid execution at Squarespace. The demand we continue to see from our stable base of 4.2 million unique subscriptions gives us confidence in the durability of our business model and the value we will continue to provide as customers look to build their own empires with our platform.

GUIDANCE

For the fourth quarter of 2022, we expect revenue to be in the range of \$219 million to \$224 million, representing a year-over-year growth rate range of 6 - 8% vs. Q4 2021. We anticipate unlevered free cash flow in the range of \$24.6 million to \$29.6 million. Our uFCF guidance comprises ranges of cash flow from operating activities of \$24.0 million and \$28.9 million, capital expenditures of \$4.6 million and \$5.5 million, and cash paid for interest expenses net of associated tax benefit between \$5.1 million to \$6.2 million.

For the full year 2022, we expect revenue to be in the range of \$857 million to \$862 million, representing a year-over-year growth rate range of 9 - 10%. We anticipate unlevered free cash flow in the range of \$148.6 million to \$153.6 million. Our 2022 uFCF guidance assumes cash flow from operating activities in the range of \$149.2 million to \$154.2 million, capital expenditures of \$12.9 million to \$13.9 million, and cash paid for interest expenses net of associated tax benefit between \$12.4 million and \$13.4 million.

CUSTOMER FEATURE

SAMUEL SPARROW

samuelsparrow.com

Potter & Maker
Based in Scotland

Squarespace Tools:

COMMERCE ADVANCED

UNFOLD

EMAIL CAMPAIGNS



“My work aims to celebrate simplicity and functionality, highlighting the inherent beauty of objects that are made by hand. I have a natural affinity for Squarespace with its focus on beautiful design and easy-to-use tools. In my work, I avoid adornments and decoration. My Squarespace site continues this aesthetic, celebrating minimalism and simplicity.”

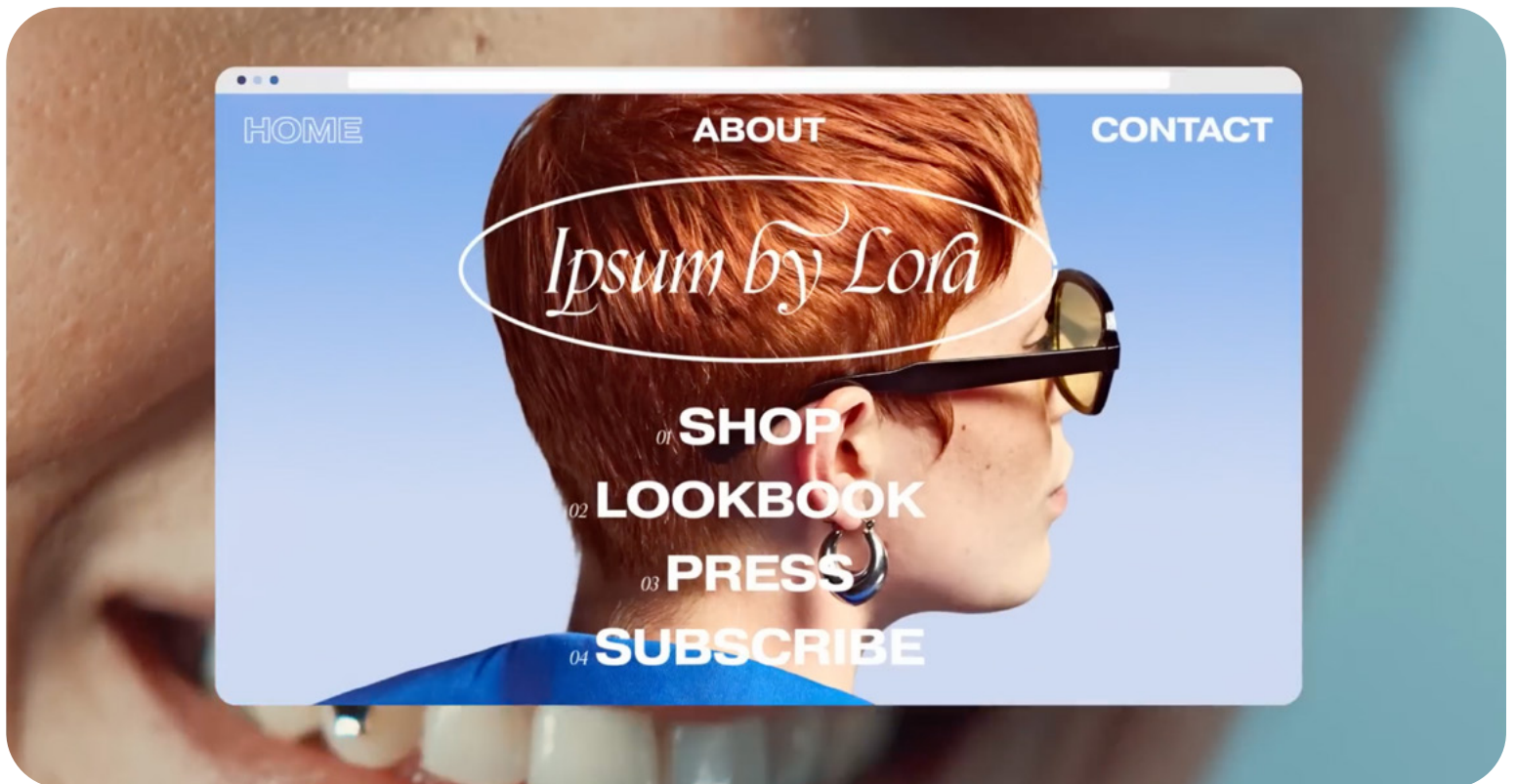
[Samuel Sparrow](#) is a potter, maker, and founder of a small ceramics studio in rural Scotland where he produces wheel-thrown tableware and objects and makes brass pottery tools for other ceramicists. Samuel began his ceramic practice in 2018 after transitioning away from a career in mass production design at several global retailers. He established his own studio built upon aesthetic principles celebrating simplicity and functionality, the balance of form and function.

Samuel selected Squarespace to develop his brand and digital presence online. "When I was choosing a website builder, I wanted a solution where I could showcase my work and manifest its materiality to a digital audience. I didn't want the inherent beauty of hand-made objects lost in their translation to the web. Squarespace has preserved their beauty and allows me to maintain my brand across multiple touchpoints with my customers." As a user of [Unfold](#) Samuel edits photos and curates his stories on social media, he recently built a [Bio Site](#): "it was effortless, I connected my contact details and links to my website and newsletter."

At the outset of his new venture, Samuel was working from a shared studio space. As Samuel's business grew, he purchased a pottery wheel, initially setting up a small studio at home. Soon he was able to invest in his own kiln and a dedicated studio space to suit his work and where he has complete control of production. Upgrading his subscription to [Commerce Advanced](#), Samuel has created an online store to sell his pieces and pottery tools to other makers. "With my site on Squarespace, I've been able to reach and sell my tools to a global audience—all from my small studio in rural Scotland. I made my first set of tools at the beginning of 2020. There's economy in scale so I made a few extra. Two years later, I sold and shipped over 2500 brass tools to potters and makers around the world. It has been hugely rewarding to see fellow potters and makers share images, videos and reviews of my tools online."

MARKETING SPOTLIGHT

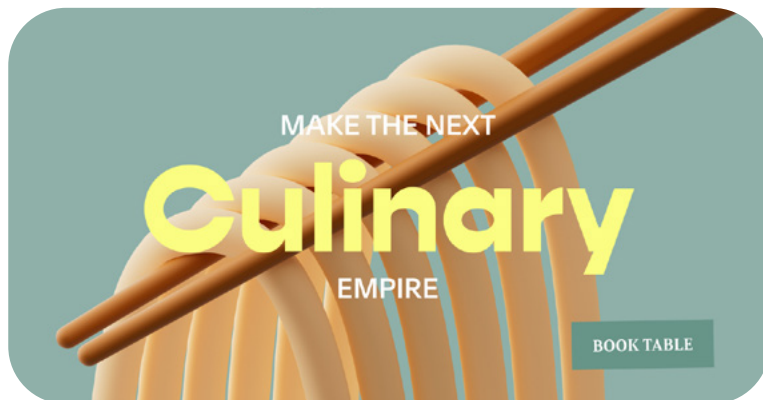
MAKE THE NEXT EMPIRE



Squarespace is a platform which offers entrepreneurs [Everything to Sell Anything](#). Our platform continues to attract customers looking to bring an idea online, present themselves, and legitimize their entrepreneurial aspirations through digital presence or engagement with their customers.

But not every customer has the same journey. With the monumental rise of expressive social media platforms, there's a new kind of entrepreneur - the online Creator. These are emerging entrepreneurs who are already online sharing their talents with the world, but have yet to realize the full potential of monetizing those talents all in one place.

To expand our core audience and invite this new generation of entrepreneurs to Squarespace, we launched a Q3 campaign, titled **Make The Next _____ Empire**. It served as an open invitation to take an idea to the next level by showing how our platform's tools simplify, streamline, and power the building of future businesses.



Inspired by the insight that entrepreneurs are continuously making, we designed the campaign around three different personas - fashion, culinary and wellness. Each showed how a simple act of creation, be it a [stitch](#), [dish](#), or [om](#), can build upon itself to help these customers evolve from Creator to Founder.

The campaign appeared in external brand advertising, as well as a newly designed [creator page](#), which dove even deeper into how our tools are designed with these unique customers in mind. We also collaborated directly with existing Squarespace customers to develop custom content that speaks to people looking to get started in their own entrepreneurial journeys.



#thisissquarespace



We continue to be recognized as a truly exceptional place to work and consistently win workplace recognition awards in our industry. This quarter [Comparably](#) recognized Squarespace with awards related to companies with the best work-life balance, company compensation, best company perks & benefits, and happiest employees. We believe the perks and benefits that we offer employees foster a unique company culture where individuals are celebrated and supported to do their best work.

EARNINGS WEBCAST



Squarespace (NYSE: SQSP) will host a conference call and earnings webcast at 8:30 a.m. Eastern Time on November 8, 2022, to discuss Q3 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.

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 fourth fiscal quarter and the full fiscal year both 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)	Q3 2019	Q3 2020	Q3 2021	Q3 2022
Cash from operating activities	\$33.1	\$44.9	\$49.3	\$41.4
Cash paid for capital expenditures	(4.2)	(1.4)	(4.3)	(3.1)
Free cash flow	28.8	43.4	45.0	38.3
Cash paid for interest expense net of associated tax benefit	-	1.8	2.2	3.8
Unlevered Free Cash Flow	\$28.8	\$45.2	\$47.3	\$42.1

Amounts may not sum due to rounding.

Reconciliation of Adjusted EBITDA

Adj. EBITDA (M)	Q3 2019	Q3 2020	Q3 2021	Q3 2022
Net income	\$18.4	\$17.9	\$2.8	\$10.1
Interest expense	0.2	2.5	2.5	5.2
Provision for income taxes	6.9	3.9	3.8	3.3
Depreciation & amortization	4.7	5.2	7.7	7.9
Stock-based compensation expense	5.2	7.7	23.7	24.1
Other (income)/loss, net	(4.9)	3.5	(2.1)	(6.9)
Adjusted EBITDA	\$30.5	\$40.6	\$38.4	\$43.7

Amounts may not sum due to rounding.

Reconciliation of Constant Currency

Constant Currency (M)	Q3 2021	Q3 2022
Revenue, as reported	\$201.0	\$217.7
Revenue year-over-year growth rate, as reported	23.8%	8.3%
Effect of foreign currency translation (\$)	1.0	(9.3)
Effect of foreign currency translation (%)	0.6%	-4.6%
Revenue constant currency growth rate	23.2%	12.9%
Commerce revenue, as reported	\$59.8	\$67.7
Revenue year-over-year growth rate, as reported	55.3%	13.2%
Estimated impact of foreign currency fluctuations (\$)	0.2	(1.6)
Estimated impact of foreign currency fluctuations (%)	0.4%	-2.7%
Commerce constant currency growth rate	54.9%	15.9%

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)	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Research & Product Development	\$48.8	\$50.7	\$57.3	\$58.8	\$54.3
Depreciation & amortization	1.0	1.1	1.2	1.2	1.2
Stock-based compensation expense	8.8	9.2	10.2	11.5	9.5
Non-GAAP research & product development	39.0	40.4	46.0	46.1	43.6
Marketing & Sales	\$80.2	\$91.0	\$112.9	\$68.7	\$74.2
Depreciation & amortization	2.9	4.3	3.3	3.2	3.2
Stock-based compensation expense	1.7	1.5	1.6	2.4	2.3
Non-GAAP marketing & sales	75.6	85.2	108.0	63.2	68.8
General & Administrative	\$32.1	\$31.6	\$36.0	\$39.2	\$38.5
Depreciation & amortization	1.2	1.2	1.1	1.0	1.0
Stock-based compensation expense	12.8	12.7	11.7	12.1	11.4
Non-GAAP general & administrative	18.1	17.7	23.2	26.0	26.1

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

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.

