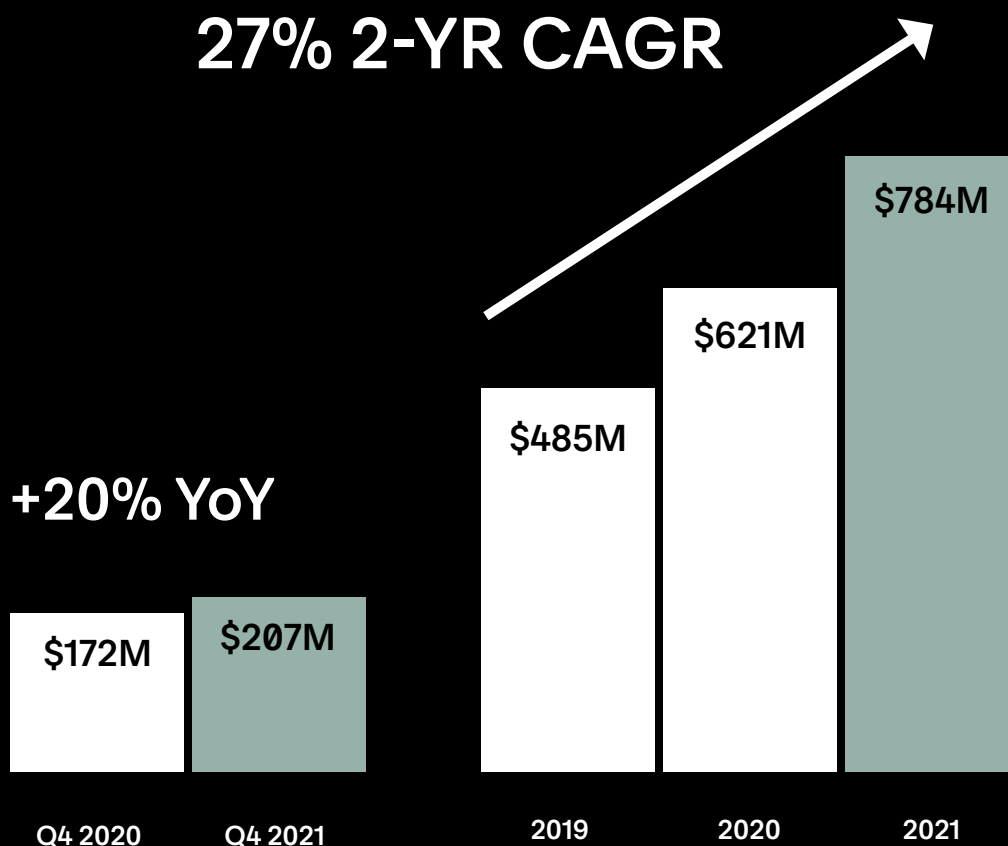


Q4
2021
SHAREHOLDER
LETTER

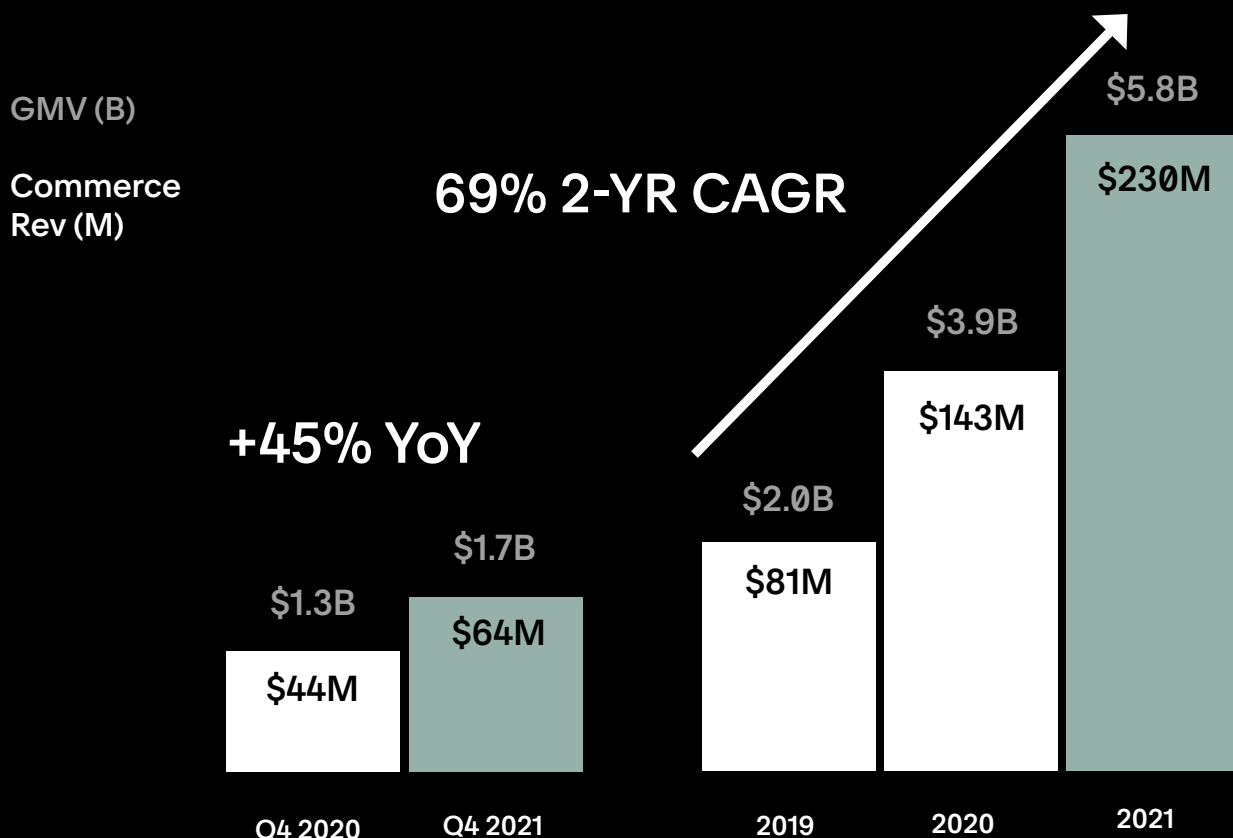
Strong Revenue Growth



In Q4 of 2021, our revenue grew 20% year-over-year to \$207M. For the full year 2021, we achieved \$784M in total revenue, up 26% year-over-year. We achieved a 2-year CAGR of 27% from 2019 - 2021.

Q4 results are based on Unaudited Financial Statements.

Commerce Revenue & GMV Grows



In Q4 2021, Commerce revenue was \$64M, an increase of 45% from the previous year. For the full year 2021, Commerce revenue grew 60% year over year to \$230M.

GMV grew 38% in Q4 2021 vs. last year, and reached nearly \$5.8B in 2021, representing +48% year-over-year growth.

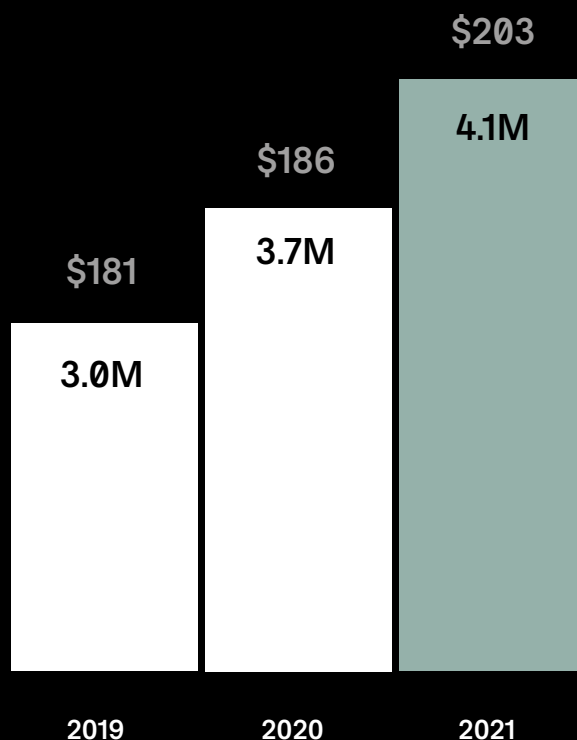
Commerce continues to represent more of our total revenue mix. At the end of 2021, 29% of our total revenue was commerce-related, up from 23% at the end of 2020.

Q4 results are based on Unaudited Financial Statements.

Consistent Subs & ARPUS Growth

ARPUS

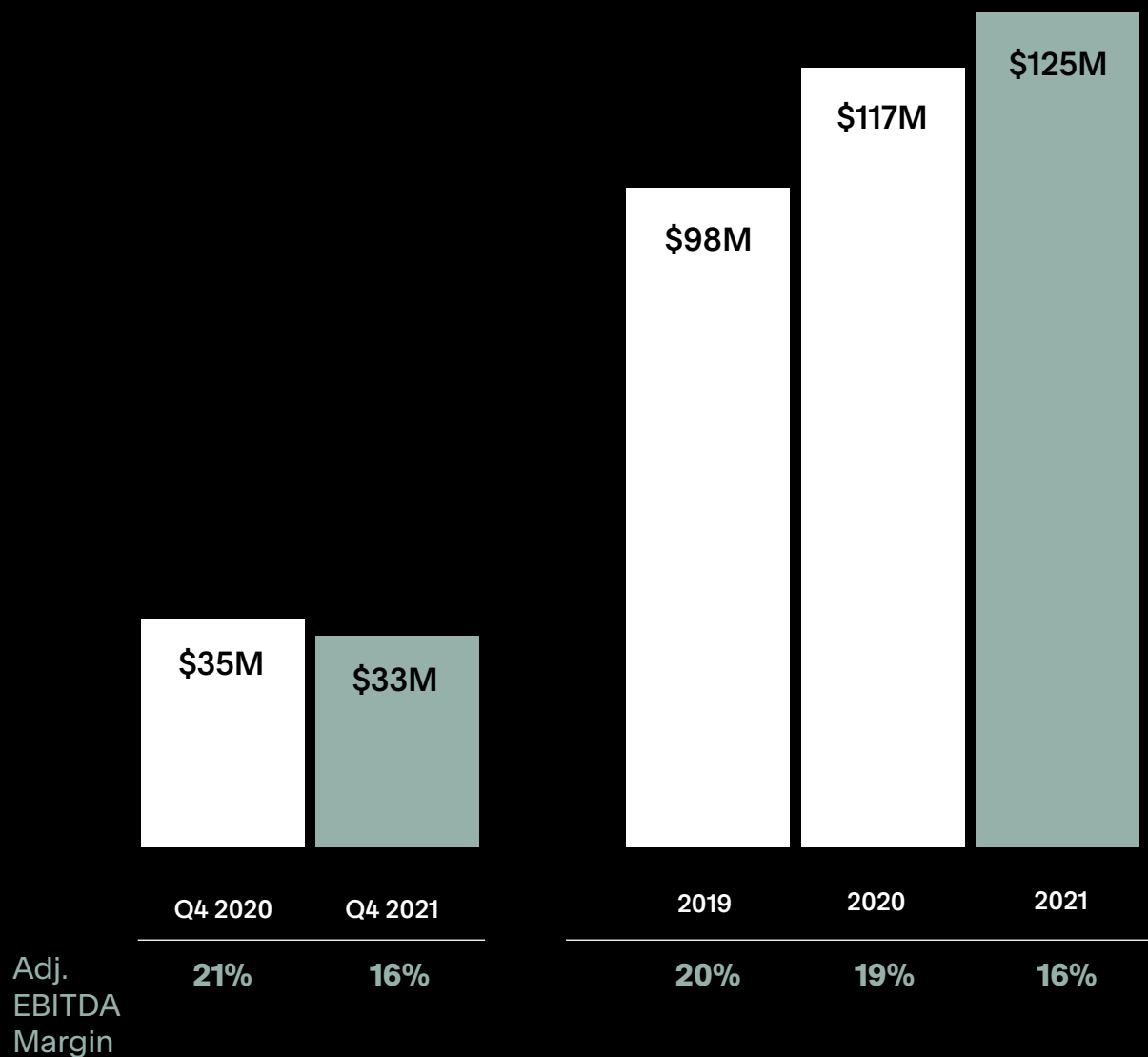
Unique Subs (M)



Our platform supports over 4 million Unique Subscriptions as of the end of 2021, representing approximately 12% year-over-year growth.

Average Revenue Per Unique Subscription (ARPUS) grew to \$203, from \$186 in the prior year, up 9% year over year, primarily driven by an increase in revenue from commerce. Our Scheduling product was the largest driver of organic growth in 2021.

Non-GAAP EBITDA



Adjusted EBITDA was \$33 million in Q4 2021 versus \$35 million a year ago. For the full year 2021, adjusted EBITDA was \$125 million, an increase of 7% year-over-year.

Q4 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.

To our shareholders

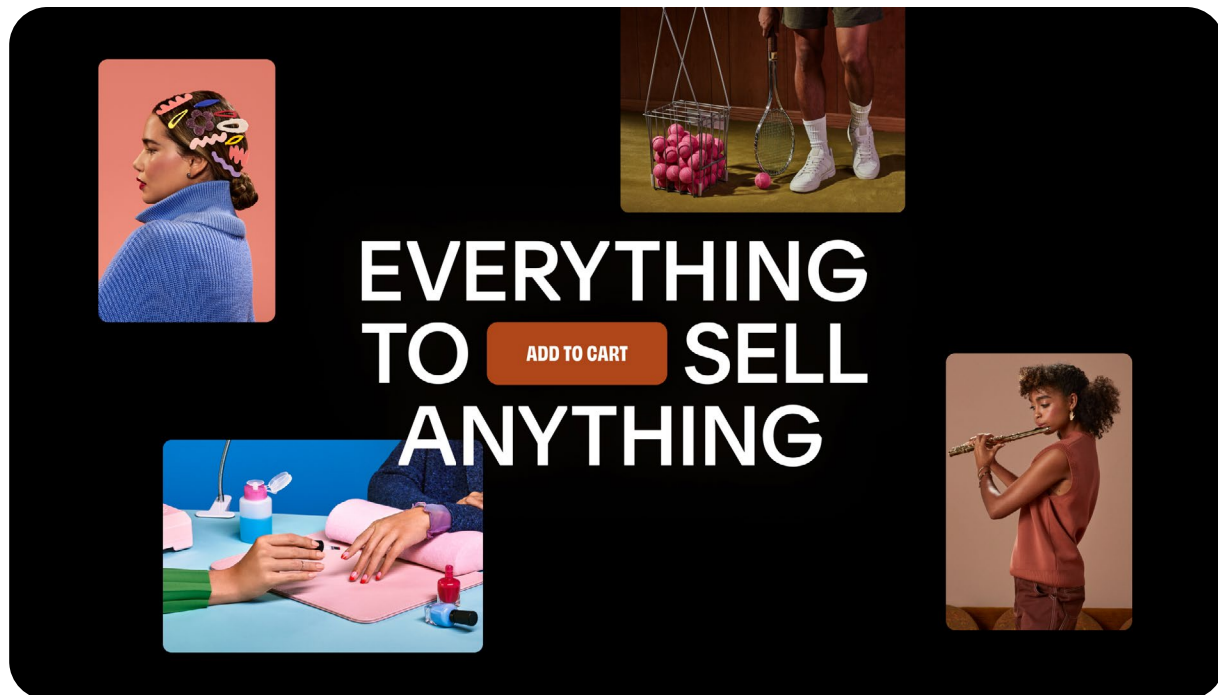
Anthony Casalena

Founder & Chief Executive Officer

2021 has been a standout year at Squarespace[?], both in terms of our corporate journey and product evolution.

Since our inception, we have been guided by our purpose to help people with creative ideas stand out and succeed. We believe this mission has become even more relevant throughout 2020 and 2021 as our platform and products were able to help thousands of people start businesses online. In May, we became a public company listed on the New York Stock Exchange, representing a huge milestone in our eighteen-year history and mission to empower entrepreneurs and Creators around the world. I am incredibly proud of what we have achieved for our customers and even more excited for what lies ahead as we believe we are still in the early innings of this opportunity.

The pandemic accelerated the digitization of our society – and that is even more so true for today’s entrepreneurs and Creators. The majority of millennials and of Gen Z believe how you present yourself online is more important than how you present yourself in person[?]. As more people choose to turn passions into ventures, our platform empowers our customers to succeed by helping them differentiate their online presence, grow an audience and transact. We have created a space for the next generation of entrepreneurs and Creators to experiment with different ways to transact, scale and monetize their businesses.



In 2021, we took several important steps to scale our business and strengthen our all-in-one platform.

We launched a new vision for our business: Everything to Sell Anything[™], our diversified commerce engine, exemplifies our goal of helping customers transact online in multiple ways by selling physical products, services, subscriptions, and digital content. We believe no other platform provides both the breadth and depth of the services Squarespace offers. We are seeing strong adoption of these tools, including Member Areas[™], Email Campaigns[™], and Scheduling[™], and believe there is a meaningful runway ahead as we continue to roll out new innovations and market these offerings across the U.S. and globally. Though ecommerce has been part of our platform for more than eight years, I've never been more excited about where Squarespace is today. Our product breadth combines the essential tools the next generation of entrepreneurs and Creators needs for success in the digital world.

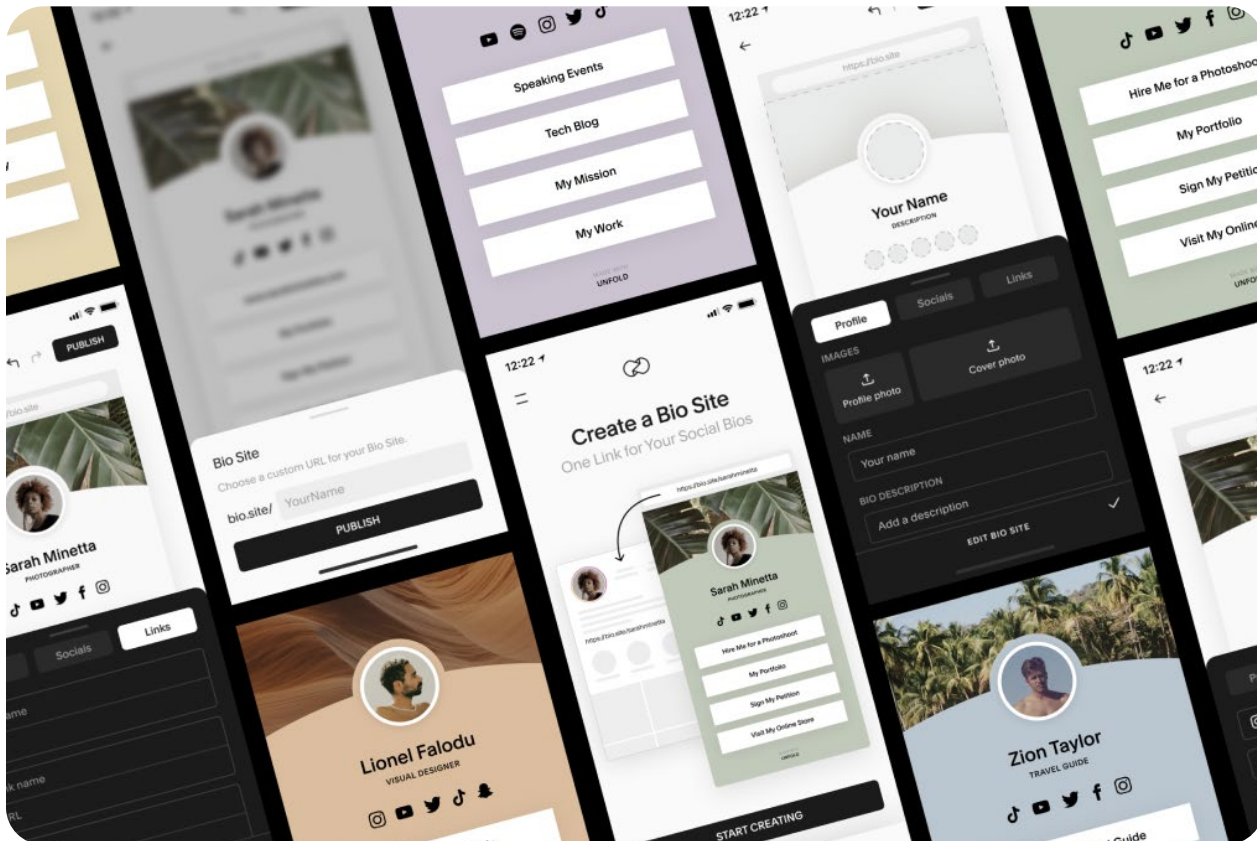
We also focused on unleashing compelling social products through Unfold[™], our award-winning app that helps anyone stand out, capture audiences, and monetize experiences on social media. Unfold places us at the center of the burgeoning Creator economy; it is a powerful differentiator for Squarespace in supporting the next generation of entrepreneurs. Since its debut earlier in 2021, users published more than **120,000 Bio Sites on Unfold**, receiving over **32 million visits**. Thousands of users have connected their Instagram accounts to Unfold's planning tools, including Instagram Post Scheduling. In Q4 2021, we released additional templates, new video and photo effects, and enhancements to Bio Sites (including analytics) for our customers.

Central to Squarespace's product strategy is our continued investment in our Content Management System (CMS), which strives to balance usability and expressibility. Last year we delivered CMS improvements including Image Masks, Accordion Block, and Header Styles to give our customers more options to create differentiated sites. Design continues to evolve and we believe Squarespace's own aesthetic influences many of the trends[↗] shaping the Internet today. In 2022, we will continue to prioritize enhancing usability, making sure our website-building tools are intuitive and easy-to-use, ultimately helping our customers create even more expressive websites.

I'm incredibly proud of Squarespace's achievements this year, culminating in all-time high levels of revenue: **\$784 million**, growing **26% year-over-year**. We closed the year with **over 4 million** unique subscriptions fueling our profitability and solid financial profile.

Looking back at such a tremendous year, I am truly humbled by our progress. I thank all Squarespace employees and customers; without you, none of this would have been possible.

THANK YOU



Innovation Continues at Squarespace

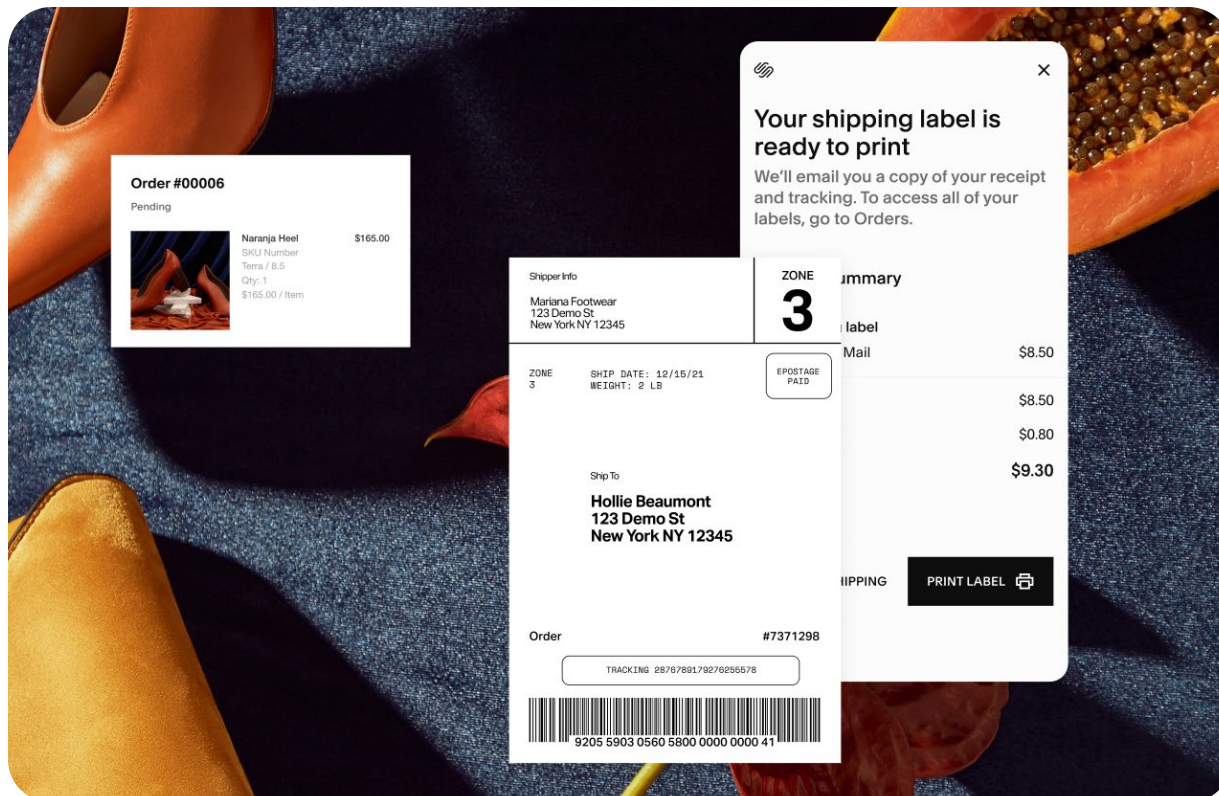
In 2021, we continued our investment in Squarespace's all-in-one platform with the release of several exciting new roll-outs that deepen our product offering.

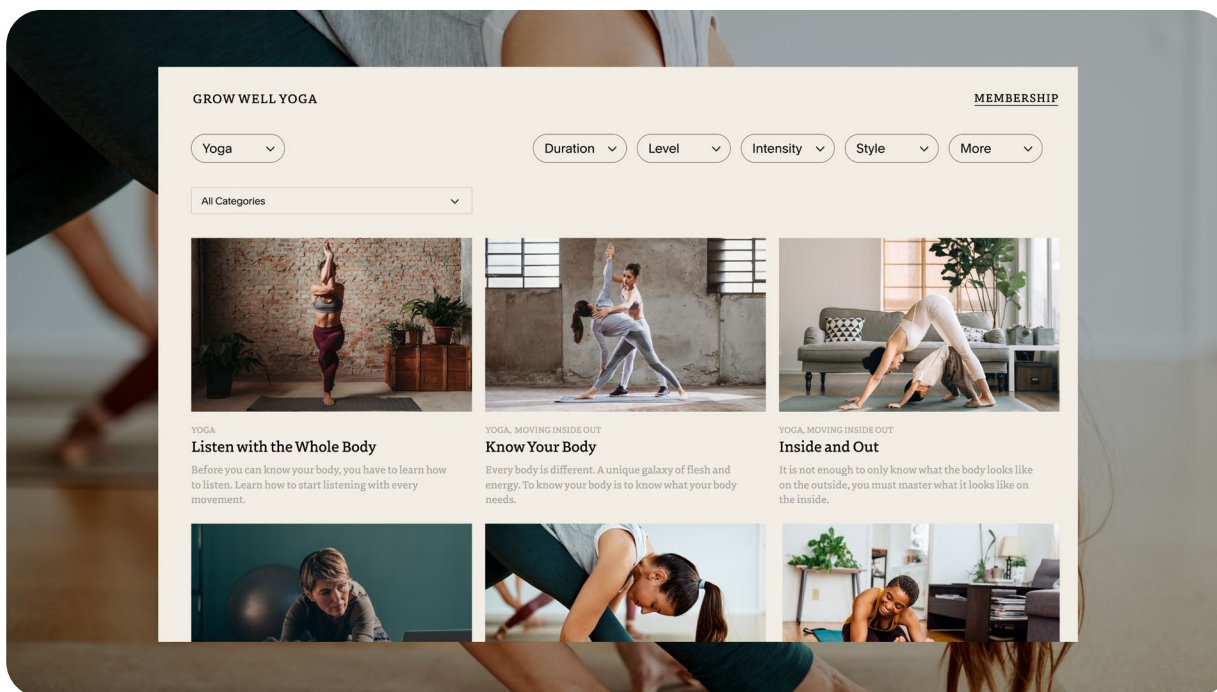
SHIPPING LABELS

We streamlined the fulfillment process with the launch of **Shipping Labels** in late Q4 2021. Now Squarespace sellers shipping products in the US via USPS are able to buy and print labels through our platform. Although only recently released, our customers have been quick to adopt it and we are excited about the early traction. We look to roll out additional carriers and countries in 2022.

INTERNATIONAL PAYMENTS CAPABILITIES

Our payment capabilities internationalized with the launch of **SEPA** (Single Euro Payments Area) and **Clearpay** in the UK. With SEPA, our customers can pay for Squarespace through direct bank transfers. SEPA offers a familiar and trusted payment method for many of our European customers. Clearpay is a buy-now-pay-later (BNPL) solution, which offers our UK customers the option to accept payments installments with zero interest. This flexibility ultimately results in increased adoption and sales. Both SEPA & Clearpay strengthen our credibility in these key markets as we prioritize our international expansion efforts.





VIDEOS COLLECTIONS

[Videos Collection](#)[↗] provides video hosting and monetization tools to help Squarespace customers earn income by selling digital products and content. Since the launch of [Member Areas](#)[↗] in 2020, our customers have integrated videos to their memberships as a means to sell their expertise online. With Videos Collection, Creators can showcase and merchandise their videos through their sites. Our video tools make it easy to sell, host, and manage video content. When paired with the [Video Studio](#)[↗] app, Squarespace customers can effortlessly create beautiful, professional-level videos with our premium templates, producing a consistency of brand across visual mediums. We will continue to iterate upon customization features in the future.

EMAIL NEWSLETTER TEMPLATES

No-code bespoke email newsletter templates launched in Q4 2021. This new styling feature makes it easy and intuitive for our customers to create on-brand emails by applying site styles with the click of a button. This enhancement speaks to the deep integration between add-on products like [Email Campaigns](#)[↗] and our core website builder, which makes it easy for Squarespace users to maintain brand consistency across all of their customer touch-points.

PRODUCT REVIEWS

Product reviews are key for Commerce users to build trust with buyers and drive on-line sales. We made it easier for sellers to import their [Etsy product reviews](#)[↗] to their Squarespace sites. Sellers are able to leverage their reputation on Etsy and drive sales with just a few clicks. We've seen great engagement with these features since their launch and we expect to release additional capabilities in 2022.

EXPANDING INTO STRATEGIC INDUSTRIES

In March 2021, we acquired [Tock](#)⁷, a robust marketplace focused on the hospitality sector, though able to serve any time-slotted business. Tock's platform empowers restaurants, wineries, and others to harness experience-driven commerce models and meet evolving customer demands. In Q4 2021, we introduced functionality focused on Search where guests can utilize cuisine preferences to filter restaurants allowing diners to quickly find and book a reservation. Additionally, we added collection pages to the platform where guests are able to browse curated lists of restaurants within a category like Valentine's Day. We've found that search result pages lead to higher conversion rates with guests.

Through a partnership with CLEAR, we've made it easy for guests to upload and share their vaccination details with businesses before their arrival.

Finally, we overhauled Tock's mobile application to a more modern framework making it more reliable and faster to push updates. These product enhancements speak to our commitment to continuous platform improvements and desire to make it effortless for guests to plan their dining and hospitality experiences.

CIRCLE, OUR PRO-USER COMMUNITY

Squarespace is host to a large community of experts that build sites for others on our platform. Our [Circle](#)⁷ members get access to tools, education, community, and perks to help them grow their web design practice. We offer resources (expert guides, marketing materials) and optimized support to help designers launch design practices and find more clients. This is an incredibly powerful driver of new websites: Circle drives 8% of all new website creation.

In Q4 2021, we launched Circle referral payments which gives Circle members the opportunity to earn referral payments in exchange for bringing their clients to Squarespace. It's still early days to assess its impact, but we're encouraged by the community's reaction. The referral initiative is indicative of the new motions that we are bringing to this channel to drive incremental subs, cross-sales, and support new non-US market entry.

FINANCIAL DISCUSSION

Q4 2021

Total Revenue

\$207M

+20% YoY GROWTH

Commerce Revenue

\$64M

+45% YoY GROWTH

Total Bookings

\$202M

+17% YoY GROWTH

Adjusted EBITDA

\$33M

+16% MARGIN

UNLEVERED FCF

\$13M

+6% MARGIN

FULL YEAR 2021 SUMMARY

Total Revenue

\$784M

+26% YoY GROWTH

Commerce Revenue

\$230M

+60% YoY GROWTH

Total Bookings

\$813M

+22% YOY GROWTH

Adjusted EBITDA

\$125M

+16% MARGIN

UNLEVERED FCF

\$122M

+16% MARGIN

GMV

\$5.8B

+48% YoY GROWTH

Unique Subs

4.1M

+12% YoY GROWTH

ARPUS

\$203

+9% YoY GROWTH

ARRR

\$835M

+18% YoY GROWTH

Q4 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.

Financial Discussion

Marcela Martin

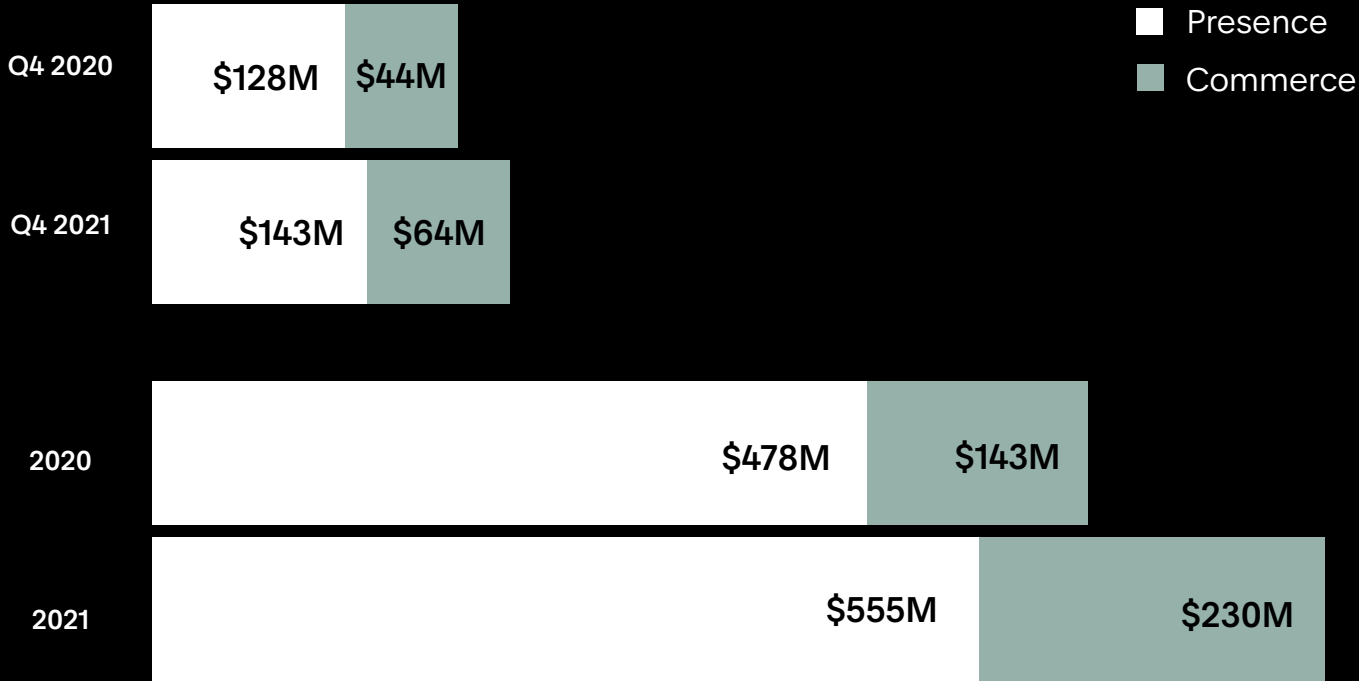
Chief Financial Officer

We are pleased with Squarespace's strong financial performance. In Q4 2021, our **profitable growth model** delivered \$33 million in **adjusted EBITDA, a margin of 16%**, and \$13 million of **unlevered free cash flow (uFCF), or 6% of revenue**.

Revenue was \$207 million in Q4 2021, increasing 20% over the same quarter last year. For the full year 2021, we achieved total revenue of \$784 million, representing 26% year-over-year growth, driven by strong performance across both Presence and Commerce. Organically, without the inclusion of Tock revenue, our revenue would have grown 22% year-over-year. This outperformance allows for continued investment to bolster our business and capture additional share of the very large market opportunity before us today.

Commerce revenue was the fastest growing part of our business and reached \$64 million, representing **45% year-over-year** growth in Q4 2021. Organically, without the inclusion of Tock revenue, Commerce revenue would have grown approximately 24%. For the full year 2021, we delivered \$230 million in Commerce revenue, which grew **60% year-over-year**. Organically, without the inclusion of Tock revenue, our Commerce revenue would have grown 42% year-over-year.

Total Revenue Mix



Commerce’s growth was driven by our larger subscription base, the acquisition of Tock, and the amount of GMV processed through our platform. **GMV** reached nearly **\$5.8 billion** in 2021, an increase of **48%** over the prior year.

In line with our long-term goals for the company, Commerce represents an increasing percentage of our overall business, reaching more than 30% in Q4 2021 and 29% of our total revenue for the year. In 2021, we saw meaningful growth from Scheduling, Member Areas and our Email Campaigns product, which we see as validation of **our multi-modal Commerce approach**.

For Q4 2021, Presence contributed \$143 million to our total revenue, growing 12% compared to Q4 2020. Presence represented \$555 million of our total revenue in 2021, growing more than 16% year-over-year. This performance is the result of our strong customer retention and their adoption of additional services on our all-in-one platform. We believe the demand by entrepreneurs and Creators to develop and maintain an online presence will endure as the digital economy continues to disrupt antiquated business models and meets more consumers online.

Q4 results are based on Unaudited Financial Statements.

We ended the year with **4.1 million unique subscriptions** and our average revenue per unique subscription (ARPUS) grew 9% year over year to \$203. Growth in ARPUS was driven by an increase in higher-value Commerce plans and hospitality services offered through Tock. In 2021, we also saw a growing ARPUS contribution from Unfold and, notably, Scheduling. Scheduling was the largest driver of year-over-year organic ARPUS growth. This mix-shift validates our product strategy and our strength in selling services; it increases our confidence in future ARPUS expansion as customers choose higher value plans and adopt more of our tools.

Bookings was \$202M in Q4 2021 representing 17% growth over the same period last year. For the full year 2021, Bookings were \$813 million, representing growth of 22% versus the previous year, owing to increases in our unique subscriptions and GMV processed on our platform.

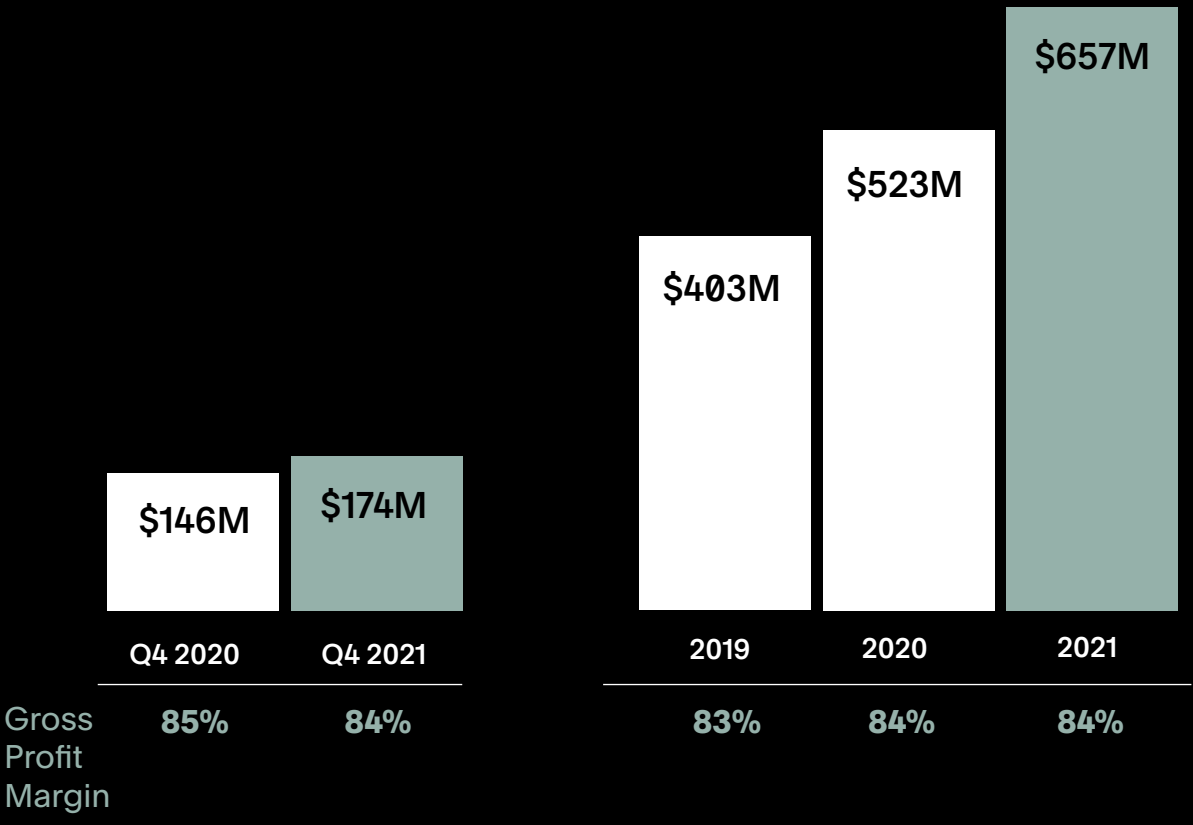
Annual Run Rate Revenue (ARRR) reached \$835M at the end of Q4 2021, 18% higher than the prior year reflecting strong customer retention and the adoption of commerce solutions across the platform.

Today approximately 30% of our total revenue comes from markets outside of the US. Our customer base spans across 200 countries and territories. In Q4 2021, we saw the strongest contributions from English-speaking markets. At the end of Q4 2021, 34% of unique subscriptions were International.

We continue to prioritize international expansion as demonstrated by our additional payment methods (SEPA & Clearpay) and our global marketing spend. We are excited about upcoming international campaigns in 2022 where we will promote our [Everything to Sell Anything](#)⁷ launch abroad, by featuring local customers in targeted campaigns. Consistent with the brand strategy that we have applied in the US, we are utilizing customer stories to expand the Squarespace community. We believe this approach achieves an authentic tone that resonates with local audiences.

Attractive Gross Profit Margin Profile

GROSS PROFIT



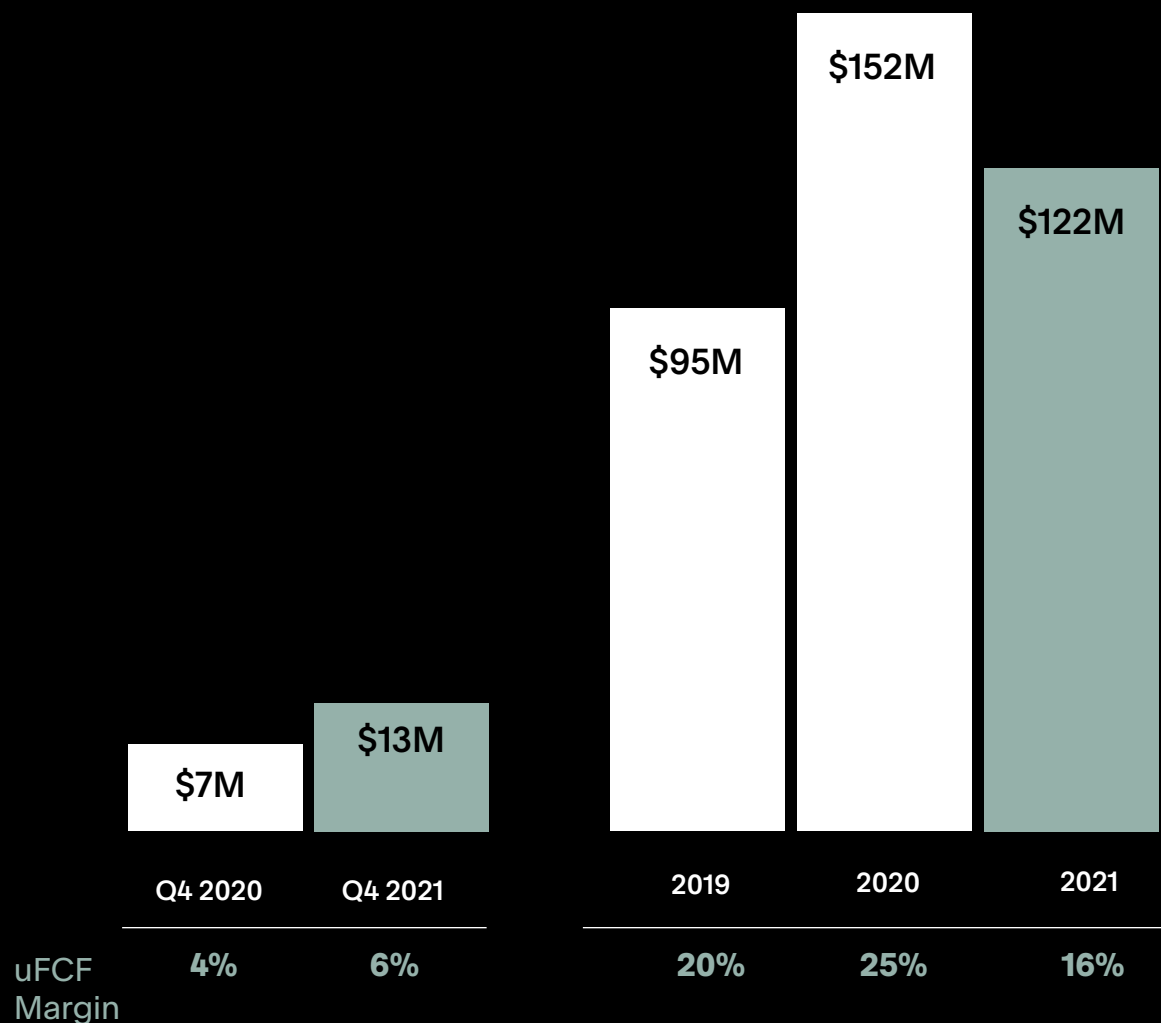
Our margins are attractive. In Q4 2021, gross profit margin was 84%; this strong gross profit margin allows us to make investments to drive growth while also delivering strong uFCF.

We believe our model can continue to scale as we recognize operating efficiencies particularly on Marketing and G&A. Some of the operating expenses incurred in 2021, were one-time in nature related to our Direct Listing.

As of December 31, 2021, our balance sheet is strong with cash and investments of \$235 million, total debt of \$527 million or \$292 million net of cash and investments. Additionally, we have over \$15 million available on our revolving credit facility. Deferred revenue increased 11% year-over-year to \$234 million.

Q4 results are based on Unaudited Financial Statements.

Unlevered Free Cash Flow



Q4 2021 unlevered free cash flow was \$13 million, exceeding the midpoint of our guidance by approximately \$3 million. Q4 2021 uFCF reflects pre-payments associated with our Q1 2022 advertising campaigns. Full year 2021 uFCF was \$122 million or 16% of total revenue. Full year uFCF was impacted by expenses related to our Direct Listing and the timing of certain payments associated with advertising and insurance.

We are pleased with Squarespace's performance as we close the year with results that exceeded our guidance. We remain optimistic as our platform continues to retain and attract new customers, delivers innovative new services and processes increasing levels of GMV.

Q4 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.

Guidance

For the first quarter of 2022, we expect revenue to be in the range of \$203 million to \$205 million, representing a year-over-year growth rate range of 13 - 14% vs. Q1 2021. We anticipate uFCF in the range of \$39.4 million - \$41.0 million. Our uFCF guidance comprises ranges of cash flow from operating activities of \$41.6 million and \$43.3 million, capital expenditures of \$3.8 million and \$3.9 million, and cash paid for interest expenses net of associated tax benefit between \$1.5 million to \$1.6 million.

For the full year 2022, we expect revenue to be in the range of \$862 million to \$878 million, representing a year-over-year growth rate range of 10 - 12%. We anticipate unlevered Free Cash Flow in the range of \$149.3 million - \$165.5 million. Our 2022 uFCF guidance assumes cash flow from operating activities in the range of \$147.3 million and \$163.3 million, capital expenditures of \$6.3 million to \$6.7 million, and cash paid for interest expenses net of associated tax benefit between \$8.3 million and \$8.9 million.

Growth Levers

Squarespace exists to help people with creative ideas stand out and succeed. We seek to enable millions to build a brand and transact with their customers across an impactful and beautiful online presence. We see compelling opportunities to invest across our platform, especially as we deepen and expand our offerings and capture the \$350 billion market opportunity driven by Creators and businesses around the world.

In 2022, our key focus areas include product innovations, international expansion, and customer acquisition. We're strategically deploying marketing spend to drive new adoption in key geographies and flexing our brand-building muscles to better position ourselves with pro users. We are working to expand our Enterprise team and see Tock as a potential driver of this business. Our long-term goals of growing Commerce, Circle, and Enterprise globally remain intact.

Commerce

>50%
OF TOTAL REVENUE

Grow Circle

2x
CIRCLE MEMBERS

International Expansion

50%
OF NEW SUBS
ARE EX-US

Grow Enterprise

5%
OF BOOKINGS
FROM ENTERPRISE

CUSTOMER FEATURE

PUNO

Founder of [ILoveCreatives.com](https://www.ilovecreatives.com)⁷
Based in Los Angeles, California
Circle Member

Squarespace Tools:

WEBSITES

VIDEO CLASSES

MEMBER AREAS

EMAIL MARKETING



"Squarespace gave me the ability to execute and find my vision. Through the all-in-one platform, I have been able to create a business of my own and grow it. I am engaging with new audiences and creating new revenue streams."

Puno is a digital entrepreneur, UX designer, and art director. She is the founder of [ilovecreatives](#)[™], a digital community offering online educational courses, creative profiles, and other tools aimed at helping creatives connect and create.

She started to build her presence on Squarespace in 2014, first as a centralized newsletter of community ads for creatives, but has expanded her site since to become a marketplace with digital & physical goods for sale. "Squarespace has helped me better engage my community and hone it into a lucrative business doing what I love. When buying digital content and digital services, part of what my audience is buying is me. Squarespace offers tools that help me establish trust and approachability with my customers." Puno has expanded her product adoption since her initial subscription, adding Scheduling and upgrading her plan to Advanced Commerce.

Fast forward to today – ilovecreatives has evolved into a dynamic digital space that helps Creators pursue their passions through dozens of online courses (such as their best-selling [Squarespace Design](#)[™] course), and serving the community with design tools and resources, including font books, gradients, templates, spreadsheets and timers. [A curated range of physical goods](#)[™] is also available for sale on her site.



MARKETING MOMENT

Browser History[™] is a Squarespace marketing campaign to honor the small businesses who persevered amidst another year of uncertainty. It's a true celebration of the entrepreneurs that provided the products, services, and content customers needed most. We're huge fans of our customers and their products and are so proud that they choose to host their brands and stores on Squarespace.

In 2021, we shopped online in anticipation of going out. We shopped online to stay in. And all of us, at one point or another, shopped online because it was one of the very few things that made us feel normal in another otherwise abnormal year.

ABOUT THE TREND

BIG NESTING ENERGY

As our lives continued their turn inwards, our homes became expressions of our new priorities. With coziness as our main concern, we feathered our nests with soft textiles, quirky furniture and gentle lighting. Sure, we can go out again...but wouldn't it be nicer to just stay in?

EXPLORE





This year's Browser History is about what those purchases say about us, as well as a celebration of the Squarespace customers who made products, services, and content that defined the past twelve months. We created a shoppable experience for visitors to shop the trends and utilize our platform to buy products from Squarespace customers online.

We partnered with the photography museum [Fotografiska](#)¹ to bring this year's Browser History to life through an AR experience for visitors at the New York City branch in the Flatiron neighborhood.

#thisissquarespace



We believe our culture is a competitive advantage for Squarespace. We strive to build a culture that embraces individuality while cultivating collaboration and creativity. We seek to inspire people to deliver their best work, expand their skills, and grow at Squarespace.

We held our 20th Hack Week, for our engineers and product teams. It's an event true to the spirit of our founder and our origins. Hack Week encourages risk-taking, collaborations, and helps connect people in a new way. New features and products have been born from its projects.

Squarespace is the company it is today thanks to the grit, creativity, and dedication of our employees across the organization. We are proud of how far we have come, and look forward to continuing to provide Squarespace employees with what they need to help bring our vision and mission to life. Industry applauds our unique workplace: in 2021 we were recognized as an employer of choice many times over, earning 14 awards from Built In, Comparably, Healthiest Employers, Fairygodboss, and others.

Earnings Webcast



Squarespace (NYSE:SQSP) will host a conference call and earnings webcast at 8:30 a.m. Eastern Time on March 7, 2022, to discuss Q4 2021 and full year 2021 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.⁷

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 first fiscal quarter ending March 31, 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 our customers' use of our platform; our ability to anticipate market needs and develop new or enhanced solutions to meet those needs; our ability to compete successfully in our industry against current and future competitors; the impact of the COVID-19 pandemic and the associated economic uncertainty 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 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 ability to establish and maintain intellectual property rights; and our ability to manage expansion into international markets. 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 ("SEC"), including the Company's Annual Report on Form 10-K filed on March 7, 2022 with the SEC. 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 and unlevered free cash flow. 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, trade-names, 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 Stock-Based Compensation

Stock-Based Compensation (M)	Q4 2020	Q4 2021	2019	2020	2021
Cost of revenue	\$0.2	\$0.5	\$0.5	\$0.8	\$1.5
Research and product development	6.2	9.2	12.1	21.6	33.0
Marketing and sales	0.8	1.5	1.7	3.1	5.9
General and administrative	1.2	12.7	3.6	5.7	267.4
Total stock-based compensation expense	\$8.4	\$23.8	\$18.0	\$31.3	\$307.9

Amounts may not sum due to rounding.

Reconciliation of Unlevered Free Cash Flow

Unlevered Free Cash Flow (M)	Q4 2020	Q4 2021	2019	2020	2021
Cash flow from operating activities	\$6.3	\$15.0	\$102.3	\$150.0	\$123.2
Cash paid for capital expenditures	(1.1)	(4.3)	(8.2)	(4.7)	(11.0)
Free Cash Flow	5.2	10.7	94.1	145.3	112.1
Cash paid for interest expense net of associated tax benefit	1.4	2.4	0.5	7.1	10.3
Unlevered Free Cash Flow	\$6.6	\$13.1	\$94.6	\$152.4	\$122.4

Amounts may not sum due to rounding.

Reconciliation of Adjusted EBITDA

Adj. EBITDA (M)	Q4 2020	Q4 2021	2019	2020	2021
Net Income/(loss)	\$4.3	(\$16.3)	\$58.2	\$30.6	(\$249.1)
Interest expense	2.0	2.5	1.1	10.0	11.1
Other loss/(income), net	4.1	(2.1)	(3.8)	7.7	(6.6)
(Benefit from)/provision for income taxes	(12.2)	16.3	5.9	(8.1)	3.8
Depreciation and amortization	5.3	8.8	18.3	21.7	32.7
Stock-based compensation expense	8.4	23.8	18.0	31.3	307.9
Special bonus	23.5	-	-	23.5	-
Direct listing costs	-	-	-	-	25.3
Adjusted EBITDA	\$35.4	\$33.0	\$97.6	\$116.7	\$125.1

Amounts may not sum due to rounding.

Definitions

UNIQUE SUBSCRIPTIONS

Unique subscriptions represent the number of unique sites, standalone scheduling subscriptions and Unfold (social) 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

("GMV") represents the value of merchandise, physical goods, content and time sold, net of refunds, through 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.

