

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2023

OR

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

For the transition period from _____ to _____

Commission file number 333-256188

1stdibs.com, Inc
(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

300 Park Avenue South, 10th Floor
New York, New York

(Address of Principal Executive Offices)

94-3389618

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

10010

(Zip Code)

(212) 627-3929

Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value per share	DIBS	Nasdaq Global Market

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

☐ Accelerated filer

☐

Non-accelerated filer

☒ Smaller reporting company

☒

Emerging growth company

☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of February 1, 2024, there were 39,745,811 shares of the Registrant's common stock, \$0.01 par value per share outstanding, net of treasury stock.

Portions of the registrant's Proxy Statement related to its 2024 Annual Meeting of Stockholders are incorporated herein by reference in Part III of this Annual Report on Form 10-K to the extent stated. Except as expressly incorporated by reference, the Registrant's Proxy Statement shall not be deemed to be part of this report. Such Proxy Statement will be filed with the Securities and Exchange Commission within 120 days of the Registrant's fiscal year end December 31, 2023.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements that involve substantial risks and uncertainties. Any statements contained in this Annual Report on Form 10-K that are not statements of historical facts, including statements regarding our future results of operations and financial position, business strategy and plans, objectives of management for future operations, long term operating expenses, and expectations for capital requirements, may be deemed to be forward-looking statements. In some cases, you can identify forward-looking statements by the words “may,” “might,” “will,” “can,” “could,” “would,” “should,” “expect,” “intend,” “plan,” “objective,” “target,” “anticipate,” “believe,” “estimate,” “predict,” “project,” “potential,” “continue,” and “ongoing,” or the negative of these terms, or other comparable terminology intended to identify statements about the future. These statements involve known and unknown risks, uncertainties, and other factors that may cause our actual results, performance, or achievements to be materially different from the information expressed or implied by these forward-looking statements. Forward-looking statements include, but are not limited to, statements about:

- our expectations of our future financial performance, including our expectations regarding our net revenue, cost of revenue, operating expenses, and our ability to achieve and maintain future profitability, in particular with respect to the impacts of inflation, macroeconomic uncertainty and geopolitical instability;
- our ability to effectively manage or sustain our growth and to effectively expand our operations, including entering and scaling our presence internationally;
- our growth strategies, plans, objectives and goals;
- the market demand for the products offered on our online marketplace, including vintage, antique, and contemporary furniture, home décor, jewelry, watches, art, and fashion, new and authenticated luxury design products in general, and the online market for these products;
- our ability to compete with existing and new competitors in existing and new markets;
- our ability to attract and retain sellers and buyers;
- our ability to increase the supply of luxury design products offered through our online marketplace;
- our ability to timely and effectively scale our operations;
- our ability to successfully achieve and maintain market acceptance of our 1stDibs Auctions offering and to anticipate and manage the risks associated therewith;
- our ability to develop and protect our brand;
- our ability to comply with laws and regulations;
- our expectations regarding outstanding litigation;
- our expectations and management of future growth;
- our expectations concerning relationships with third parties;
- economic and industry trends, projected growth, or trend analysis;
- our estimated market opportunity;
- our ability to add capacity, capabilities, and automation to our operations;
- the increased expenses associated with being a public company;
- the timing and amount of share repurchases;
- the effect of catastrophic events or geopolitical conditions, such as the ongoing impact from the COVID-19 pandemic, including the uncertainty with respect to potential resurgences, on our business and operations;
- our ability to obtain, maintain, protect, and enforce our intellectual property rights and successfully defend against claims of infringement, misappropriation, or other violations of third-party intellectual property;
- the availability of capital to grow our business;
- our ability to successfully defend any future litigation brought against us;
- our ability to implement and maintain effective policies, procedures, and internal controls;
- adverse economic or market conditions that may harm our business;

- exposure to increased economic and operational uncertainties from operating a global business, including the effects of foreign currency exchange;
- the dependence of our business on our ability to attract and retain talented employees;
- potential changes in laws and regulations applicable to us or our sellers, or our sellers' ability to comply therewith; and
- the amount of time for which we expect our cash, cash equivalents and short-term investment balances and other available financial resources to be sufficient to fund our operations.

These forward-looking statements reflect our management's beliefs and views with respect to future events and are based on estimates and assumptions as of the date of this Annual Report on Form 10-K and are subject to risks and uncertainties. You should refer to the section titled "Risk Factors" included under Part I, Item 1A below and elsewhere in this Annual Report on Form 10-K, as well as in our other filings with the Securities and Exchange Commission (the "SEC"), for a discussion of important factors that may cause our actual results to differ materially from those expressed or implied by our forward-looking statements. As a result of these factors, we cannot assure you that the forward-looking statements in this Annual Report on Form 10-K will prove to be accurate. Furthermore, if our forward-looking statements prove to be inaccurate, the inaccuracy may be material. In light of the significant uncertainties in these forward-looking statements, you should not regard these statements as a representation or warranty by us or any other person that we will achieve our objectives and plans in any specified timeframe, or at all. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. Given these uncertainties, you should not place undue reliance on these forward-looking statements.

In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based on information available to us as of the date of this Annual Report on Form 10-K. While we believe that such information provides a reasonable basis for these statements, such information may be limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely on them.

You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, levels of activity, performance, or events and circumstances reflected in the forward-looking statements will be achieved or occur. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. Such forward-looking statements relate only to events as of the date of this Annual Report on Form 10-K. We undertake no obligation to update publicly any forward-looking statements for any reason after the date of this Annual Report on Form 10-K to conform these statements to actual results or to changes in our expectations, except as required by law.

You should read this Annual Report on Form 10-K and the documents that we reference and have filed as exhibits with the understanding that our actual future results may be materially different from what we expect. We qualify all of the forward-looking statements in this Annual Report on Form 10-K by these cautionary statements.

RISK FACTOR SUMMARY

The following risk factor summary should be read together with the more detailed discussion of risks and uncertainties set forth in the “Risk Factors” section of this report.

- Our history of operating losses and ability to achieve or maintain profitability in the future, which could negatively impact our financial condition and our stock price;
- Future cost-reduction initiatives, including reductions in workforce or real estate reduction plans, may not result in anticipated savings, and could result in total costs and expenses that are greater than expected;
- Fluctuations in our quarterly and annual net revenue and results of operations, which could be adversely affected by events outside of our control, such as natural disasters, wars, economic recession or depression, health epidemics, including the COVID-19 pandemic and resurgences thereof, or other macroeconomic conditions or trends, which could cause our stock price to fluctuate and the value of your investment to decline;
- Our historical performance, which may not be indicative of our future performance;
- Our ability to generate a sufficient volume of listings of luxury design products on our online marketplace or to accurately vet the authenticity of these products, which could impact our business, brand, and reputation;
- Our ability to maintain the authenticity of the items listed and sold through our online marketplace, which could cause our business, brand, and reputation to suffer;
- Risks associated with claims that items listed on our online marketplace are counterfeit, infringing, hazardous, or illegal, or otherwise subject to regulation or cultural patrimony considerations;
- Risks associated with liability for fraudulent or unlawful activities of sellers who list items on our online marketplace, which could cause our business, brand, and reputation to suffer;
- Our ability to attract and maintain an active community of sellers and buyers, which could impact our growth;
- Our reliance, in part, on sellers to provide a positive experience to buyers;
- Our ability to compete effectively;
- Real or perceived inaccuracies in our metrics and market estimates used to evaluate our performance, which may harm our reputation and negatively affect our business;
- Our ability to successfully expand our business model to encompass additional categories of luxury design products in a timely and cost-effective manner;
- Our ability to maintain and promote our brand and reputation, which could impact our business, market position, and future growth;
- Risks related to acquisitions, which may divert management’s attention and/or prove to be unsuccessful;
- Risks related to further expansion into markets outside of the United States;
- Our ability to successfully protect our intellectual property;
- Risks associated with the disclosure of sensitive information about our sellers and buyers or other third parties with whom we transact business, or cyber-attacks against us or our third-party providers, which could result in curtailed use of our online marketplace, exposure to liability, and reputational damage;
- Risks associated with the discontinuation of our NFT platform, including the regulatory, legal, reputational, commercial, technical, marketing, operational, and other risks related to successfully offloading previously-minted NFTs that remain available;
- Risks related to regulatory matters and litigation;
- Risks related to the impact of and focus on Environmental, Social, and Governance (“ESG”) matters;
- Risks related to our operations as a public company;
- Risks related to our internal control over financial reporting and our disclosure controls and procedures; and
- Risks related to our common stock, including that an active trading market for our common stock may not develop or be sustained and that the price of our common stock may be volatile.

PART I

Item 1. Business

Company Overview

We are one of the world's leading online marketplaces for connecting design lovers with many of the best sellers and makers of vintage, antique, and contemporary furniture, home décor, jewelry, watches, art, and fashion. We believe we are a leading online marketplace for these luxury design products based on the aggregate number of such listings on our online marketplace and our Gross Merchandise Value ("GMV"). Our thoroughly vetted seller base, in-depth marketing content, and custom-built technology platform create trust in our brand and facilitate high-consideration purchases of luxury design products online. By disrupting the way these items are bought and sold, we are both expanding access to, and growing the market for, luxury design products.

1stDibs began over two decades ago with the vision of bringing the magic of the Paris flea market online by creating a listings site for top vintage and antique furniture sellers. The quality of our initial seller base enabled us to build a reputation in the design industry as a trusted source for unique luxury design products. Since then, we have strengthened our brand and deepened our seller relationships. We launched our e-commerce platform in 2013 and transitioned to a full e-commerce marketplace model in 2016. We had 6.3 million users and approximately 1.7 million listings as of December 31, 2023, compared to 5.5 million users and approximately 1.5 million listings as of December 31, 2022. Users represent non-seller visitors who register on our website, including both buyers and prospective buyers, and are identified by a unique email address. Our online marketplace seller stock value, the sum of the stock value of all available products listed on our online marketplace, was consistent year over year and exceeded \$10.0 billion as of both December 31, 2023 and 2022. An individual listing's stock value is calculated as the item's current price multiplied by its quantity available for sale. As of December 31, 2023, we had approximately 7,800 unique sellers, compared to approximately 5,600 unique sellers as of December 31, 2022. This metric was updated from the previously disclosed seller accounts metric as we believe unique sellers is a more useful measure of our seller base. This differs from seller accounts, which counts a unique seller multiple times if that seller has sales in multiple verticals.

We provide our sellers, the vast majority of which are small businesses, access to a global community of buyers and a platform to facilitate e-commerce at scale. Our sellers use our platform to manage their inventory, build their digital marketing presence, and communicate and negotiate prices directly with buyers. We provide our buyers a trusted purchase experience with our user-friendly interface, dedicated specialist support, and our 1stDibs Promise, our comprehensive buyer protection program outlined in-depth below. We operate an asset-light business model which allows us to scale in a capital efficient manner. While we enable shipping and fulfillment logistics, we do not take physical possession of the items sold on our online marketplace.

The uniqueness, diversity, and high quality of the products on our online marketplace, together with an active marketing effort, have produced a large global base of design-loving buyers. Our user-friendly interface, dedicated specialist support, and 1stDibs Promise enable a trusted purchase experience. Despite the growth on the seller side, we experienced year-over-year decreases in GMV, net revenue, and certain key buyer metrics as we believe they have been adversely impacted, both directly and indirectly, by macroeconomic factors, including significant capital market volatility, significant housing market volatility, rising interest rates, inflation, global economic and geopolitical developments, and changing consumer behavior in a post-COVID-19 environment; however, these impacts are difficult to isolate and quantify. During the year ended December 31, 2023, we had approximately 61,000 Active Buyers, compared to approximately 68,000 in the year ended December 31, 2022. We define Active Buyers as buyers who have made at least one purchase through our online marketplace during the 12 months ended on the last day of the period presented, net of cancellations. We plan to continue to invest strategically in growth initiatives to be prepared if and when macroeconomic conditions improve.

We had an on-platform average order value ("AOV") of above \$2,600 and \$2,700, and a median order value ("MOV") of approximately \$1,200 and \$1,300 in the years ended December 31, 2023 and 2022, respectively. We do not focus on AOV or MOV as key metrics in evaluating our business given our priority to make unique, high-end design items across various price points available through our online marketplace. The percentage of Active Buyers who make more than one purchase in any given year has been generally consistent from year to year and comprised approximately 30% of total Active Buyers in each of the years ended December 31, 2023 and 2022. Highly experienced interior designers, whom we refer to as Trade Buyers, are frequent, repeat purchasers on our online marketplace and accounted for 31% and 32% of our on-platform GMV in the years ended December 31, 2023 and 2022, respectively. Through our Trade 1st program, we offer these Trade Buyers, who comprise a subset of our buyers, additional benefits such as trade-only personalized support, exclusive trade pricing, and buyer incentives for which members do not pay any fees to participate in this program.

As our online marketplace has scaled, we have created powerful network effects, with better supply attracting more buyers and more buyers encouraging high-quality sellers to join and remain on our platform. Once in motion, the flywheel effect of this network enhances both seller and buyer quality, which we believe produces a competitive advantage.

We are driving consumer demand for luxury design products online by providing global access to a traditionally fragmented, local, and offline market. As sellers and buyers of luxury design products gain experience transacting online, we believe our combination of technology, service, and brand positions us to enable and grow this market by providing sellers and buyers the tools and access they need.

We believe our proprietary technology platform enables a purchase funnel that is more robust and interactive than the conventional e-commerce experience. The discovery and transaction process in our industry is more complex than in most e-commerce categories. Specifically, transacting in unique luxury design products requires the ability for sellers and buyers to exchange messages, negotiate prices, arrange customized shipping support, and pay swiftly and securely through various payment methods. Our platform turns this complex order flow into an easy-to-use process and converts the valuable data we collect from buyers' browsing and purchase activity into actionable insights for both sellers and buyers. Our platform is scalable, which we believe enables us to efficiently drive expansion into new geographies and verticals while supporting the creation and development of new applications. We empower buyers to engage directly with sellers on our platform throughout all stages of a transaction. Our technology and data represent the cumulative experience of over 20 years of business activity, and we believe are extremely difficult to replicate.

Our Market Opportunity

We connect sellers and buyers in what has historically been a fragmented and highly localized global market for unique luxury design products. This market has generally operated offline, functioning mostly through independent galleries, boutiques, and auction houses, thereby restricting a seller's potential buyer audience and limiting a buyer's product selection. These offline operations create barriers to both new supply and new demand, limiting the market's overall growth potential.

We created a single online marketplace that consolidates previously fragmented sellers and buyers on a global scale. We believe our online marketplace, powered by our technology platform, has transformed almost all dimensions of the luxury design buying experience by increasing accessibility and enhancing selection and convenience.

Global Luxury Market

Our core market, including high-quality design furniture and homewares, fine art, watches and jewelry, was estimated to be approximately \$198 billion in 2023, according to Bain & Company. Our platform is built on a scalable infrastructure that allows us to enter adjacent luxury markets and expand our addressable market with minimal additional investment. The personal luxury goods market, as defined by Bain & Company, excluding watches and jewelry, was estimated to total approximately \$283 billion in 2023 and includes adjacent categories, such as footwear, leather goods, apparel, and beauty.

Combining our core market of high-quality design furniture and homewares, fine art, and watches and jewelry with the personal luxury goods market (excluding watches and jewelry), results in an estimated total addressable market size of \$481 billion as of 2023.

Expanding the Luxury Goods Market

While the global luxury design market is already large, we believe that as a digital disruptor we have the potential to further expand the overall size of our market. We believe we are growing the market by: (1) increasing the number of digital global luxury design sellers by enabling them to transact on a global online marketplace that materially expands their potential customer base; and (2) growing the luxury design buyer base by introducing our online audience to unique products previously only accessible via in-person galleries, boutiques, and auction houses. In the year ended December 31, 2023, we increased the number of unique sellers on the platform to approximately 7,800 from approximately 5,600 as of December 31, 2022, as well as launched localized sites in Italy and Spain. We have sold items on our online marketplace ranging from less than \$100 to over \$1 million, demonstrating that high-end luxury design products are attainable and within reach of the expanding buyer audience we are attracting to the market.

Increasing Online Penetration

One of the most significant trends driving online penetration in the luxury goods market is an increasingly digitally native customer base. Bain & Company estimates that online personal luxury goods purchases will continue to grow, reaching up to 30% of total sales by 2025. According to Bain & Company, Gen-Y, Gen-Z and, Gen-Alpha, born during 1981-1995, 1996-2015, and kids born after 2016, respectively, are expected to account for nearly 85% of luxury spend by 2030. Spending by Gen-Z and Gen-Alpha, will grow three times faster than previous generations, making up one third of purchases in the luxury goods market by 2030. These generations are leading the shift from offline to online commerce and will soon dominate the luxury goods market's customer base.

During the year ended December 31, 2023, we increased the number of unique sellers on the platform to approximately 7,800 from approximately 5,600 as of December 31, 2022, while the number of listings grew from over 1.5 million as of December 31, 2022 to approximately 1.7 million as of December 31, 2023. Additionally, we had 6.3 million users as of

December 31, 2023, compared to 5.5 million users as of December 31, 2022. We believe these metrics are indicative of our online penetration in the luxury goods market, despite the macroeconomic issues affecting GMV and net revenue.

The 1stDibs Marketplace

Trust

Trust is at the core of the online marketplace that we have built over two decades of operating history. Trust in our online marketplace is critical to facilitating online transactions of purchases with high price points. During each of the years ended December 31, 2023 and 2022, over 20% of our on-platform GMV was generated from orders with an item value above \$15,000 and approximately 5% and 4% for orders with an item value of \$100,000 or more for the years ended December 31, 2023 and 2022, respectively. Our thorough seller vetting process inspires buyer confidence in our sellers and in the quality of the luxury design products sold on 1stDibs. Extensive fraud protection and secure payment solutions further establish the trust sellers and buyers have in our online marketplace. We believe, the ability for buyers to interact and negotiate prices directly with sellers increases both on-platform conversion and buyer retention rate. Our 1stDibs Promise gives our buyers peace of mind with every purchase by providing the following features and commitments:

- a community of thoroughly vetted sellers from around the world to ensure high-quality products;
- confidence at checkout with multiple secure payment options and a comprehensive fraud protection and prevention program;
- customer service support from dedicated specialists to answer questions, assist with orders, and stand ready to resolve any transaction or technical issues throughout the buying process;
- worry-free cancellations within 24 hours;
- the ability to work with both parties in the event a buyer receives an item that is different than described or has been damaged in transit to resolve the issue;
- a Price-Match Guarantee to ensure that if a buyer finds a 1stDibs seller that has the same item for a lower price elsewhere, 1stDibs will match it; and
- enablement of a seamless and transparent global end-to-end shipping, logistics and delivery experience focused on security and a high level of care.

Value Proposition to Sellers

- **Demand Generation:** As of December 31, 2023, we provided sellers access to a global base of approximately 6.3 million users in over 175 countries, who would otherwise largely be inaccessible in an offline market. Our Active Buyers had 86 and 81 sessions and viewed 218 and 289 product pages, on average, during the years ended December 31, 2023 and December 31, 2022, respectively. We built 1stDibs to empower and inspire confidence in our sellers by using our proprietary technology to digitize and transform their businesses. We believe that creating a digital presence and enabling access to buyers across the globe allows us to expand the addressable market for luxury sellers. Expanding a seller's ability to share its story across various forms of media, including text, photographs, and videos, significantly increases buyer engagement and conversion. Once sellers are added to our online catalog, we help build sellers' online presence through editorial and social placements, including our online magazine *Introspective*, which offers sellers additional avenues through which to advertise online.
- **Online Presence:** We help sellers establish an online presence on our online marketplace. Sellers can customize their listings on 1stDibs by uploading biographies, item descriptions, photos, videos, and content to distinguish themselves. This allows sellers to provide nuanced details about each piece, show scale and curate their inventory to feature specific items. Sellers can make changes at their discretion at any time. This information provides more context about our sellers' listings and builds trust with our buyer community. As sellers increase sales they are potentially more able to tap into our platform benefits, such as partner managers, elevated listing visibility, and paid media coverage.
- **Data Analytics:** Our platform provides us with rich data throughout the entire user journey. This data allows sellers to offer more relevant products and optimize their pricing strategies, which enables them to efficiently scale their businesses. We provide sellers with a comprehensive suite of seller tools, education, and analytics, including reporting, tracking, and inside perspectives on pricing based on the historical sales of similar items. Sellers also benefit from our proprietary algorithms and targeting technologies to connect with both consumers and Trade Buyers.
- **Listing & Pricing:** We empower sellers with tools useful for them to control item pricing and item visibility on our online marketplace. Sellers can leverage our proprietary classification methodologies and structured data to

create listings tailored to their inventory. We have created a pricing index, “1stDibs Insider,” which provides pricing guidance to our sellers based on historical pricing trends. By providing historical pricing data for similar items that have recently sold, we believe this helps sellers price items more competitively. On our platform, sellers can set item pricing based on user type (Consumer vs. Trade) or a specific user (Private Listing). We also provide sellers purchase format flexibility beyond the standard list price model. Sellers can choose to list items without price using the “Price Upon Request” purchasing format, or allow buyers to bid on their favorite items with 1stDibs Auctions. Furthermore, sellers can review, accept, or counter-offer negotiation requests, or create “Private Offers” for prospective buyers and “Automated Private Offers” (preset and triggered by buyer behavior).

- **Operational Efficiency:** Our sellers can efficiently scale their businesses without the friction associated with in-person sales and multiple third-party platforms. The ability to offer a convenient, seamless transaction experience, including on-platform communications and a wide range of payment solutions, such as credit card, PayPal, Apple Pay, Automated Clearing House (“ACH”), and wire further drives buyer conversion. We maximize Search Engine Optimization (“SEO”) to help buyers find items and connect with our sellers, allowing them to purchase products tailored to their tastes and preferences with ease. We have assembled a robust network of logistics providers to help sellers fulfill orders at a lower cost, giving them an advantage relative to conventional offline sales and allowing them to focus more time on what they do best: curating and selling unique luxury design items.

Value Proposition to Buyers

We provide buyers with tools to communicate directly with sellers, receive quick responses, negotiate prices, and access multiple payment methods for a convenient checkout experience. We curate our buyers’ experience to target their specific tastes and preferences and provide them with design inspiration through our expertly merchandised collections and our online editorial publications. Our platform calculates a “salability” score for items using machine learning and gives items with a higher likelihood of selling increased priority in buyers’ search and browse sort order. Additionally, our platform offers pricing insights to show buyers historical pricing data for similar items that have recently sold which can increase buyer confidence and help buyers with decision-making and in negotiations. Our customized Private Client and Trade Service teams provide high-touch human support for consumer and Trade Buyers. Our buyer services include:

- **Largest Selection of Unique Luxury Design Products:** We offer one of the largest online selection of luxury design products from leading sellers and makers of vintage, antique, and contemporary furniture, home décor, jewelry, watches, art, and fashion. We believe our growing collection of approximately 1.7 million luxury design products is unmatched and makes us the premier destination for design lovers and enthusiasts. Luxury design products tend to retain value over time as a result of their scarcity and durability. We aggregate supply from a large number of globally distributed sellers, offering buyers an online destination to access a variety of luxury products across the globe. As of December 31, 2023 and December 31, 2022, we had approximately 44% and 41% of our listings located outside the United States, respectively. The percentage of our unique sellers based outside of the United States was 55% and 52% as of December 31, 2023 and December 31, 2022, respectively.
- **Buyer-Seller Communication:** Given the unique inventory available on our online marketplace and the relatively high price points, buyers are likely to have questions regarding origin and item attributes. We have developed tools to facilitate communication between sellers and buyers and have added incentives for sellers to respond quickly. The majority of our sellers respond to inquiries in less than two hours. Negotiation is a common purchase format in our verticals; Buyers can negotiate via the “Make Offer” experience, and also receive a personalized “Private Offer” after initiating a conversation with a seller or “favoriting” an item. Additionally, buyers have the option to bid on items listed with 1stDibs Auctions.
- **Mobile:** During the year ended December 31, 2023, the majority of user sessions came to our online marketplace via a mobile device, either by browsing our mobile site or by using our highly rated mobile app. The bulk of our users are browsing via our mobile site. Our mobile app users take advantage of app-specific features, including local shopping, personalized notifications, and the ability to “see” items in their homes via our augmented reality feature. While mobile app sessions only make up approximately 5% of total sessions during the year ended December 31, 2023, they accounted for approximately 16% of total order volume.
- **Personalization:** We collect rich data around our users’ preferences, site engagement, item and seller attributes, buyers’ browsing patterns and purchase behaviors. As a result, we are able to curate our buyers’ experience to target their specific tastes and preferences. We use this data to personalize our marketing efforts and listing suggestions. These include alerts when new items from followed creators are listed, item recommendations, discovery feeds, and highly contextual emails. This personalization improves user engagement. We provide high-touch human support for Consumer and Trade Buyers through our customized Private Client and Trade teams, which further enhances the buying process.

- ***Curated Assortment:*** We are a highly sought after destination for unique, high-quality luxury design products. Thoroughly vetting all sellers on our online marketplace supports our buyers' desire for quality and curation, thereby reducing their search time and purchase risk. We provide buyers with design inspiration through our expertly merchandised collections and our online editorial publication *Introspective*.
- ***Quality of Experience:*** Unlike conventional offline alternatives, we offer our buyers convenient 24/7 access to approximately 1.7 million luxury design products. Multiple possible payment methods offer our buyers a convenient checkout experience compared to traditional offline retail channels by removing complexity and introducing transparency to the purchasing process. We allow buyers to transact securely from their homes, bypassing the complicated and time-intensive process, and often opaque pricing associated with traditional offline channels. Our valuable buyer base also appreciates the privacy and anonymity associated with purchasing products online through our marketplace. Our Price-Match Guarantee further increases purchasing confidence, as buyers are assured they will always transact at the lowest price. In addition, we provide additional benefits to Trade Buyers, including trade exclusive pricing, buyer incentives, priority support, sourcing expertise, and enhanced buyer protection, among others through our Trade 1st program. Our client service associates help ensure the satisfaction of sellers and buyers by addressing and assisting in the resolution of questions relating to orders, deliveries, returns, and disputes. For certain individual Consumers or Trade Buyer, respectively, we provide support at the individual level through our Private Client and Trade Services to provide a seamless buying process.

Our Growth Strategies

Expand Our Buyer Base

We are focused on continuing to grow our buyer base and believe we are still in the early stages of introducing a unique and growing supply of luxury design products to a much broader audience. Of our 6.3 million users as of December 31, 2023, we estimate based on the available information provided by our users that approximately 66% are U.S.-based and 34% are international, which represents approximately 1% penetration of the U.S. population and less than 1% of the international population. As of December 31, 2022, of our 5.5 million users, we estimated that approximately 67% were U.S.-based and 33% were international. As of December 31, 2023, 20% of buyers are located internationally, compared to 18% from December 31, 2022. To date, we have primarily grown our current buyer base organically through word-of-mouth, mentions in the press, and earned media. In addition to continued organic growth, we believe we can significantly increase our buyer base by utilizing targeted, data-driven marketing efforts that generate meaningful returns. We believe we can continue to expand our buyer audience across a wide swath of buyer demographics including income, geography, and age, as well as level of design experience and design preference.

Grow Our Marketplace Supply

We intend to further increase the supply on our online marketplace while maintaining our thorough seller vetting process, by offering a captivating value proposition and enhanced item listing tools, adding new inventory from existing sellers, and growing the range of sellers from whom we source. We continue to enhance our value proposition for sellers by providing broad and growing access to a global base of design-minded buyers and a platform with a comprehensive suite of tools that help our sellers successfully transact and scale their business. This value proposition drives sellers to our online marketplace, deepens the breadth of our inventory, and helps attract new buyers. As of December 31, 2023, the number of unique sellers grew to approximately 7,800 from approximately 5,600 as of December 31, 2022.

We may also choose to expand our network of sellers inorganically, either through acquisitions of, or partnerships with, companies or design brands.

Pursue New Product Verticals and Diversification Opportunities

We have demonstrated our ability to successfully grow and diversify beyond our original offering of vintage furniture, as exemplified by our proven track record of expanding both across verticals, such as art, jewelry, and fashion, and within verticals, such as the expansion from vintage and antique furniture to include new and custom furniture. Adding verticals has several benefits, including increasing our addressable market, the number of sellers and buyers, and purchasing frequency, and offering our buyers a wider supply of inventory while strengthening our brand as a preeminent online destination for luxury design products. We believe there are also opportunities to diversify our business model by expanding into additional sales formats. We intend to continue to evaluate such diversification opportunities as part of our overall growth strategy. Our platform infrastructure is designed to scale with growth and diversification in mind.

Expand Internationally

During the year ended December 31, 2023, the vast majority of our buyers were located in the United States and other English-speaking countries. As of December 31, 2023, 44% of the supply on our online marketplace comes from outside the United States, while only 20% of buyers are located internationally. We believe that this presents a large international

expansion opportunity. Our website traffic also indicates strong international presence and opportunities for conversion, with approximately 43% of current traffic coming from outside the United States. In continuing to expand internationally, we plan to focus initially on organic search and later on performance-driven paid marketing and email campaigns. We may also expand internationally through acquisitions.

Marketing

We acquire new buyers and drive traffic to our online marketplace through a mix of direct response marketing channels, with an emphasis on digital and a focus is on efficient growth. We derive a relatively low percentage of our traffic and orders from paid media. During the year ended December 31, 2023, we estimate that approximately 76% of new user sessions came from non-paid channels, including organic search, direct web, direct app, organic social, email, and referral compared to 71% during the year ended December 31, 2022.

We utilize user data and rigorous A/B testing to improve the user experience, and continuously optimize the performance of our marketing campaigns and channels. We use highly targeted promotional incentives, where appropriate, to profitably acquire and retain buyers. We focus on engaging and retaining our users with personalized experiences and elevated storytelling. We understand user preferences from their discovery and purchase history, and use that data to recommend products that are most likely to drive engagement, conversion, and repeat purchasing. We offer Private Client services to our most engaged consumers; and cultivate interior designer engagement and retention through the Trade 1st program. We communicate with our buyers primarily through email, site, text, mobile push notifications, print catalogs, and organic social.

We acquire new sellers through a combination of inbound applicants who primarily find us by word of mouth from other sellers, as well as focused lead sourcing. We review all applications from these efforts, tier them according to desirability based on their inventory quality and “salability” onsite, and then invite the approved sellers to join our online marketplace.

Environmental, Social, and Governance (“ESG”)

Our business creates a positive environmental and economic impact, balancing the needs of our buyers, sellers, partners, employees, investors and the environment. We are committed to extending the lifecycle of luxury goods by promoting their recirculation. As of December 31, 2023, approximately 64% of the listings on our marketplace are secondary. Buying an item on our marketplace offsets the need to manufacture a new item, which creates a positive economic impact for all parties. In addition to providing buyers an opportunity to shop sustainably, we continued to provide financial support to organizations through our employee giving and charitable donations program in the year ended December 31, 2023.

Our Employees, Culture, Values and Human Capital Resources

As of December 31, 2023, we had 237 full-time employees, including 56 in technology development, 55 in sales and marketing, 38 in general and administrative, and 88 in operations.

Our human capital resources objective is to ensure that we have the best possible team to reach our business goals, and that the team we have has a positive employee experience. We do this through attracting and hiring the best team, ensuring our policies and practices create an inclusive culture, and developing our team in ways that contribute to personal and business growth. We regularly receive input from our team members through employees surveys, focus groups, and events to gauge employee engagement and identify areas of focus.

We have built a talented, experienced management team led by our CEO, David Rosenblatt, who joined 1stDibs in November 2011 with a vision to transform the online luxury experience. Members of our management team have helped create and grow leading luxury, design, and technology businesses globally such as Amazon, Care.com, Christie’s, DoubleClick, Farfetch, Google, PayPal, Refinery29 and Shutterstock, and have retained a strong entrepreneurial spirit and a wide array of knowledge. We believe in the importance of fostering a diverse, inclusive, and safe workplace; diversity is both a priority and strength of our company. We strive to continue to improve representation throughout the organization. Below is a breakdown of how our U.S.-based team self-identifies as of December 31, 2023.

	Asian	Black or African American	Hispanic or Latino	White	Two or more races	Female
All Employees	16 %	7 %	6 %	67 %	4 %	50 %
Management ⁽¹⁾	— %	12 %	— %	88 %	— %	38 %

(1) - Management is defined as our CEO and the management team reporting directly to the CEO.

The composition of our Board of Directors also reflects our commitment to diversity. In 2023, three of our six directors, including each chairperson of our Audit, Compensation, and Nomination and Corporate Governance committees, are female or a member of the LGBTQ+ community.

We are committed to building a diverse team and an inclusive workplace that respects and meets the needs of our diverse community of sellers, creators, and customers. To that end, we are leading a number of initiatives to further broaden the spectrum of our workforce and to create a culture of diversity, equity, and inclusion. Our goal is to ensure that all people feel welcome and are ultimately celebrated for their uniqueness.

Our efforts are focused on establishing business norms that promote Diversity, Equity, Inclusion, and Belonging (“DEIB”) both within the company and across the broader design community. During the year ended December 31, 2023, our internal approach included educational, recruiting, and corporate social responsibility programs. We currently have five employee resource groups for the purpose of connecting employees with shared identities, backgrounds, and interests to help foster the company’s culture of inclusion, and engage employees in our DEIB efforts.

Our Technology and Data

Technology powers all aspects of our business. Our proprietary services-based architecture is the foundation of our platform. It is designed to connect sellers and buyers worldwide, enabling online transactions of unique products by removing purchase friction. We leverage appropriate technologies to ensure security, performance, and scalability. Key features of our technology platform include:

- **Services-based Architecture:** Allows us to scale individual parts of the platform independently from others, increasing engineering efficiency. It also facilitates using different programming languages appropriate for specific tasks, including python for machine learning, java for big data jobs, and node for front end integrations.
- **Proprietary Database:** We created an extensive digital catalog in luxury design with associated metadata that is used to simplify the buyer experience in an ordinarily complex purchase process. This database includes taxonomies, structured metadata, an expansive catalog of luxury brands and designers, and an extensive library of luxury design products, product attributes, and pricing data. Our highly sophisticated, purpose-built technology stack facilitates complex, multi-step online transactions and is extremely difficult to replicate. Technology powers all aspects of our business, including our complex single-SKU and multi-SKU order management system.
- **Big Data:** We leverage browsing history on our platform, followed searches, “favorited” items, and previous purchases to generate personalized emails and on-site recommendations. This data provides us the ability to predict the relative likelihood of an item selling, as compared with other items, based upon price point and the quality of the listing, images, and shipping quotes. We leverage this data, including user behaviors, sales trends, and seller behaviors, to improve the effectiveness of our buyer targeting and conversion efforts, and increase supply growth from existing and prospective sellers.
- **Scalable Page Creation:** We utilize unstructured on-platform search query data to create new indexable pages automatically to increase our long-tail organic search traffic and enable broader Search Engine Optimization and Search Engine Marketing (“SEM”) coverage.
- **System Security and Business Continuity:** Our infrastructure has been designed to adhere to industry best practices for secure storage and management of all sensitive data, including encryption (for data at rest as well as in transit), access logging, and internal change controls. Physical and logical access controls are in place, and personally identifiable information is obfuscated. Utilize third-party servers across multiple availability zones with data securely backed up in real time across multiple regions.

As our online marketplace grows, our data becomes increasingly valuable. This data advantage allows us to develop business processes to optimize our operations, including marketplace supply, merchandising, authentication, pricing, marketing, and servicing. We collect and share data from across the platform to improve seller tactics and help them make informed decisions about sourcing, pricing, and selling products on our online marketplace. We use internal and external data to target, acquire, and retain qualified buyers through performance-based, data-driven marketing campaigns.

Data Security and Protection

We are committed to the security of the sellers and buyers who transact business on our online marketplace. We collect and store certain personally identifiable information provided by our sellers and buyers and other third parties with whom we transact business, such as names, email addresses, and the details of transactions. We do not directly collect, transmit, and store personal financial information such as credit card data and other payment information and rely on third-party payment processors who provide these services on our behalf. The collection, transmission, and storage of such information is subject to stringent legal and regulatory obligations. Some of our third-party service providers, such as identity verification and payment processing providers, also regularly have access to seller and buyer data. We undertake administrative and technical measures to protect our systems and the consumer data those systems process and store. We have developed policies and procedures designed to manage data security risks, including employment of technical security defenses and continual monitoring of servers and systems. Further, as part of our efforts to protect sensitive information, we rely on a variety of security measures,

including encryption and authentication technology licensed from third parties. We also use third parties to assist in our security practices and prevent and detect fraud. We intend to continue to invest in efforts associated with the detection and prevention of security breaches and any security-related incidents.

Segment and Geographic Information

We have one operating and reportable segment. See Note 2 “Summary of Significant Accounting Policies” to our consolidated financial statements for further discussion of our operating and reportable segment.

Regulatory

Our business is subject to foreign and domestic laws and regulations applicable to companies conducting business on the Internet and in the resale market. These include laws governing areas such as personal privacy and data security, consumer protection, payment processing, sales and other taxes, and unfair and deceptive trade practices, among other areas. Related laws may govern the manner in which we store or transfer sensitive information, or impose obligations on us in the event of a security breach or inadvertent disclosure of such information. International jurisdictions impose different, and sometimes more stringent, consumer and privacy protections.

We list luxury design products from numerous sellers located throughout the United States and from over 90 countries, and the items we list from our sellers may contain materials that are subject to regulation by international, federal, state, and local governments and other regulatory authorities. In addition, numerous U.S. states and municipalities have regulations regarding the handling of antique and vintage items and licensing requirements of antique and vintage dealers. Our business activities are also subject to various restrictions under U.S. export and similar laws and regulations, as well as various economic and trade sanctions administered by the U.S. Treasury Department’s Office of Foreign Assets Control. Further, various countries regulate the import of certain technology and have enacted or could enact laws that could limit our ability to provide sellers and buyers access to our platform or could limit our sellers’ and buyers’ ability to access or use our services in those countries.

We are also subject to various domestic and international anti-corruption laws, such as the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act, as well as other similar anti-bribery and anti-kickback laws and regulations. These laws and regulations generally prohibit companies, their employees, and their intermediaries from authorizing, offering, providing, and/or accepting improper payments or other benefits for improper purposes. Although we take precautions to prevent violations of these laws, our exposure for violating these laws increases as our international presence expands and as we increase sales and operations in foreign jurisdictions.

New legislation or regulation or changes thereof due to federal elections, the application of laws from jurisdictions whose laws do not currently apply to our business, or the application of existing laws and regulations to the Internet and e-commerce generally could result in significant additional compliance costs and responsibilities for our business.

Competition

We compete with a broad range of sellers of new and pre-owned luxury design products, including traditional brick-and-mortar entities, such as department stores, branded luxury goods stores, and specialty retailers, and entities providing access to more unique luxury goods, such as galleries, boutiques, and auction houses. We also compete with the online offerings of these traditional retail entities, as well as online marketplaces that may offer the same or similar goods and services that we offer.

We believe that we compete effectively based on the volume, quality, and assortment of unique luxury design products available on our online marketplace, our brand awareness and history built on trust and authenticity, the experience and value proposition we offer to sellers and buyers, and the scale of our online marketplace.

Intellectual Property

We rely on a combination of intellectual property rights, contractual protections, and other practices to protect our brand, proprietary information, technologies and processes. We primarily rely on copyright and trade secret laws to protect our proprietary technologies, and processes, including the algorithms we use throughout our business. Our principal trademark assets include the registered trademark “1stDibs” and our logos and taglines. Our trademarks are valuable assets that support our brand and consumers’ perception of our services and merchandise. We also hold the rights to the “1stDibs.com” Internet domain name and various related domain names, which are subject to Internet regulatory bodies and trademark and other related laws of each applicable jurisdiction. Although we do not currently have any issued patents, we may pursue patent protection for aspects of our technology in the future. We seek to protect our proprietary information, in part, by entering into confidentiality and proprietary rights agreements with our employees and independent contractors. Our employees are also subject to invention assignment agreements. See “Risk Factors—Risks Relating to Intellectual Property.”

Website Access to Company's Reports

Our website address is www.1stdibs.com. Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), are available free of charge through our website as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC.

Disclosure Information

In compliance with disclosure obligations under Regulation FD, 1stDibs announces material information to the public through a variety of means, including filings with the SEC, press releases, public conference calls, and webcasts, as well as the investor relations website.

Item 1A. Risk Factors

Investing in our common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Annual Report on Form 10-K., including our audited consolidated financial statements and related notes and “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” before investing in our common stock. If any of the following risks are realized, in whole or in part, our business, financial condition, results of operations, and prospects could be materially and adversely affected. In that event, the price of our common stock could decline, and you could lose part or all of your investment. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business, financial condition, results of operations, and prospects.

Risks Related to Our Business and Industry

We have a history of operating losses, and we may not achieve or maintain profitability in the future, which in turn could negatively impact our financial condition and our stock price.

We incurred net losses of \$22.7 million, \$22.5 million, and \$21.0 million during the fiscal years ended December 31, 2023, 2022, and 2021, respectively. We had an accumulated deficit of \$313.7 million as of December 31, 2023. We expect to incur significant losses in the future. We will need to generate and sustain increased revenue levels or reduce operating costs materially in future periods to achieve profitability, and even if we achieve profitability, we may not be able to maintain or increase our level of profitability. Our operating expenses may increase substantially in the foreseeable future to the extent necessary that we may hire additional employees, invest in expanding our seller and buyer base and deepening our existing seller and buyer relationships, expand across and within product verticals, increase our marketing efforts and brand awareness, and invest in expanding our international operations. In addition, as a public company, we have and will continue to incur significant legal, accounting, and other expenses that we did not incur as a private company. These expenditures will make it more difficult for us to achieve and maintain profitability. Our efforts to grow our business may be more costly than we expect, and we may not be able to increase our revenue enough to offset our higher operating expenses. If we were to reduce our expenses, it could negatively impact our growth and growth strategy. As a result, we can provide no assurance as to whether or when we will achieve profitability. If we are not able to achieve and maintain profitability, the value of our company and our common stock could decline significantly, and you could lose some or all of your investment.

Our annual and quarterly results of operations have fluctuated from period to period and may do so in the future, which could cause our stock price to fluctuate and the value of your investment to decline.

Our quarterly and annual net revenue and results of operations have historically fluctuated from period to period, and our future results of operations may vary significantly from quarter to quarter due to a variety of factors, many of which are beyond our control. You should not rely on period-to-period comparisons of our results of operations as an indication of our future performance. Factors that may cause fluctuations in our quarterly results of operations include, but are not limited to, the following:

- fluctuations in net revenue generated from sales of luxury design products through our online marketplace;
- our success in attracting sellers and buyers to, and retaining sellers and buyers on, our online marketplace, and our ability to do so in a cost-efficient manner;
- our ability to attract users to our website and convert users to Active Buyers on our online marketplace;
- the amount and timing of our operating expenses;
- our ability to continue to source and make luxury design products available on our online marketplace;
- the timing and success of new services, features, and offerings we introduce through our e-commerce platform, including our recently launched auction transaction format;
- our ability to compete successfully;
- our ability to increase brand awareness of our company and our online marketplace;
- our ability to manage our existing business and future growth;
- our ability to effectively scale our operations while maintaining high-quality service and seller and buyer satisfaction;

- the amount, timing, and results of our investments to maintain and improve our technology infrastructure and platform, and our ability to do so in a cost-effective manner;
- our ability to increase and manage the growth of our international operations, including our international seller and buyer base, and our ability to manage the risks associated therewith;
- changes in our key metrics or the methods used to calculate our key metrics;
- seasonality, including seasonal buying patterns, which may vary from quarter to quarter or year to year;
- changes in laws, regulations, or accounting principles that impact our business;
- disruptions or defects in our e-commerce platform, such as service interruptions or privacy or data security breaches;
- changes in the terms of our seller agreements;
- our ability to hire and retain talented employees and professional contractors at all levels of our business;
- the changing consumer behaviors as a result of the post COVID-19 pandemic or other events, such as geopolitical crises, which may cause significant economic or social disruption;
- our ability to successfully manage previously-minted NFTs that remain available for sale and to anticipate and manage the risks associated therewith; and
- economic and market conditions, particularly those affecting the luxury design products industry, such as fluctuations in inflation and interest rates or supply chain or global shipping disruptions.

Further, we make certain assumptions when planning our expenses based on our expected revenue based in part on historical results. Because our operating expenses are relatively fixed in the short term, any failure to achieve our revenue expectations would have a direct, adverse effect on our results of operations. If actual results differ from our estimates, the trading price of our common stock may decline. In addition, in the past, we have generally recognized higher net revenue in the fourth quarter. In anticipation of increased activity during the fourth quarter, we may incur significant additional expenses, including additional marketing and staffing in our support operations. If we experience lower than expected net revenue during any fourth quarter, it may have a disproportionate impact on our results of operations and financial condition for that year. Any factors that harm our fourth quarter results of operations, including disruptions in our sellers' willingness to list items or unfavorable economic conditions could have a disproportionate effect on our results of operations for our entire fiscal year. In the future, our seasonal sales patterns may become more pronounced, may strain our personnel, and may cause a shortfall in net revenue related to expenses in a given period, which could substantially harm our business, results of operations, and financial condition.

If we are unable to accomplish any of these tasks, our net revenue and revenue growth will be harmed. We also expect our operating expenses to increase in future periods, and if our revenue growth does not increase to offset these anticipated increases in our operating expenses, our business, financial condition, and results of operations will be harmed, and we may not be able to achieve or maintain profitability. Further, these and other factors may cause our net revenue and results of operations to fall below the expectations of market analysts and investors in future periods, which could cause the market price of our common stock to decline substantially. Any decline in the market price of our common stock would cause the value of your investment to decline.

Our historical growth may not be indicative of our future growth and our net revenue growth rate may decelerate compared to prior years.

We have experienced fluctuations in our net revenue growth, with net revenue of \$84.7 million, \$96.8 million, and \$102.7 million during the fiscal years ended December 31, 2023, 2022, and 2021, respectively. You should not rely on our net revenue for any previous quarterly or annual period as any indication of our net revenue or revenue growth in future periods. As we grow our business, our net revenue growth rates have and may in the future decelerate compared to prior years for a number of reasons, which may include more challenging comparisons to prior periods as our net revenue grows, slowing demand for our online marketplace, increasing competition, a decrease in the growth of our overall market or market saturation, and our failure to capitalize on growth opportunities. In addition, notwithstanding the general increase in online transactions, including for luxury purchases, our growth rates are likely to experience increased volatility, and may decelerate, in future periods.

If we fail to generate a sufficient volume of listings of luxury design products on our online marketplace, our ability to grow our business and market share would suffer.

Our success depends on our ability to cost-effectively attract, retain, and grow relationships with sellers, and in turn, the volume of luxury design products listed and sold through our online marketplace. We cannot be certain that these efforts will

attract more sellers, induce sellers to list and sell more luxury design products on our online marketplace or yield a sufficient return on investment. Moreover, sellers may choose not to continue to list with us or list items as frequently. Our historical seller marketplace services revenue may not be indicative of future revenue. We are highly selective in the sellers we allow onto our online marketplace and sellers must undergo a thorough vetting process with our vetting specialists before they are allowed to join our online marketplace. As a result, we may have difficulty identifying sellers who meet our standards for providing luxury design products and our customer service requirements. If we fail to attract new sellers or drive continued or increased listings, our ability to grow our business and our results of operations would suffer. See “Risk Factors—Risks Related to Our Business and Industry—We rely, in part, on sellers to provide a positive experience to buyers.”

Further, our vetting specialists curate luxury design products through a variety of methods, including meeting with potential sellers and working with leading estates and foundations. The process of identifying and hiring vetting specialists with the combination of skills and attributes required in these roles can be difficult and can require significant time. If we are not successful in attracting and retaining qualified vetting specialists, the quantity and quality of the luxury design products sold through our online marketplace may be negatively impacted, which would harm our business and results of operations.

We may expand our business through acquisitions of other businesses, products, or technologies, which have required, could continue to require, and may require significant management attention, could disrupt our business, dilute stockholder value, adversely affect our operating results, and/or prove to be unsuccessful.

We have acquired a number of other businesses in the past, and may acquire additional businesses, products, or technologies in the future. For example, in May 2019, we acquired Design Manager, a project management and accounting software company for interior designers. In June 2022, we sold 100% of our equity interest in Design Manager. Acquisitions may divert management’s time and focus from operating our business. Acquisitions also may require us to spend a substantial portion of our available cash, incur debt or other liabilities, amortize expenses related to intangible assets, or incur write-offs of goodwill or other assets. In connection with these types of transactions, we may be required to issue equity securities, which could cause dilution to our stockholders. In addition, integrating an acquired business or technology is risky. Completed and future acquisitions may result in unforeseen operational difficulties and expenditures associated with:

- incorporating and integrating new businesses, technologies, products, personnel, or operations of any company we may acquire, particularly if key personnel of the acquired company decide not to work for us;
- consolidating operational and administrative functions;
- coordinating outreach to our community;
- disruption to our ongoing business and distraction of our management;
- delay or reduction of transactions on our marketplace or in the business of the company we acquired due to uncertainty about continuity and effectiveness of service from either company;
- entry into geographic or business markets in which we have little or no prior experience or where competitors have stronger market positions;
- effectively managing an increased number of employees in diverse locations;
- if we use cash to pay for acquisitions, limiting other potential uses for our cash;
- incurring debt to fund such acquisitions, which may subject us to material restrictions on our ability to conduct our business;
- issuing our equity securities;
- incurring impairment charges related to potential write-downs of acquired assets or goodwill;
- maintaining morale and culture and retaining and integrating key employees;
- maintaining or developing controls, procedures, and policies (including effective internal control over financial reporting and disclosure controls and procedures); and
- assuming liabilities related to the activities of the acquired business before the acquisition, including liabilities for violations of laws and regulations, commercial disputes, taxes, and other matters.

In addition, an acquisition may negatively affect our results of operations and financial condition because it may require us to incur charges or assume substantial debt or other liabilities, may cause adverse tax consequences or unfavorable accounting treatment, may expose us to claims and disputes by third parties, including intellectual property claims and disputes, or may not generate sufficient financial return to offset additional costs and expenses related to the acquisition.

Moreover, we may not benefit from our acquisitions as we expect, or in the time frame we expect, or we may elect to divest ourselves of prior acquisitions, such as our sale of Design Manager in June 2022. We also may issue additional equity securities in connection with an acquisition, which could cause dilution to our stockholders. Finally, acquisitions could be viewed negatively by analysts and investors or by our sellers and buyers. We may not succeed in addressing these or other risks, which could harm our business and results of operations.

If we are unable to establish the authenticity of the items listed and sold through our online marketplace, our business, brand, and reputation could suffer.

We have built a trusted online marketplace with a reputation for authentic luxury design products as a result of our extensive vetting process. Our success depends on our ability to accurately and cost-effectively determine whether an item offered for listing, such as a piece of jewelry or work of art, is an authentic product. Our sellers undergo a comprehensive evaluation by our vetting specialists to ensure the integrity of their business practices. Our vetting specialists come from many of the leading auction and retail houses, brands and industry recognized art and design businesses. We also seek to reassure buyers that the items they are purchasing meet the highest marketplace standards. Our vetting process is led by experts with degrees in fine art, gemology, restoration, and art, with certificates in appraisal services, jewelry expertise, and connoisseurship, among others. We also seek to proactively resolve issues through communication and follow-up. Factors that could undermine our ability to maintain trust in our online marketplace include:

- complaints or negative publicity about us or our online marketplace or platform, even if factually incorrect or based on isolated incidents;
- changes to our policies to which our seller and buyer network react negatively or that are not clearly articulated;
- our failure to enforce our policies fairly and transparently; and
- our failure to respond to feedback from our seller and buyer network.

From time to time, counterfeit goods have been and may be listed on our online marketplace. While we have invested heavily in our seller vetting process as described above, we cannot be certain that we will accurately authenticate every item that is listed with us. As the sophistication of counterfeiters increases, it may be increasingly difficult to identify counterfeit products. In many cases, we refund the cost of a product to a buyer if we determine that the item is not authentic. The sale of any counterfeit goods may damage our reputation as a trusted online marketplace for authenticated, luxury design products, which may impact our ability to attract and maintain repeat sellers and buyers. Additionally, we may be subject to allegations that an antique, vintage, or other luxury design product we listed and sold through our online marketplace is not authentic. Such controversy could negatively impact our reputation and brand and harm our business and results of operations. If we are unable to maintain the quality and authenticity of the items listed on our online marketplace, our ability to retain and attract sellers and buyers could be impaired and our reputation, brand, and business could suffer.

We may be subject to claims that items listed on our online marketplace are counterfeit, infringing, hazardous, or illegal, or otherwise subject to regulation or cultural patrimony considerations.

Although we do not create or take possession of the items listed on our online marketplace, we have from time to time received, and may in the future receive, communications alleging that items listed on our online marketplace infringe third-party copyrights, trademarks, patents, or other intellectual property rights, or that items we list from our sellers contain materials such as fur, python, ivory, and other exotic animal product components, that are subject to regulation or cultural patrimony considerations, or that may be deemed hazardous or illegal. We have complaint and take-down procedures in place to address these communications and listings, and we believe such procedures are important to promote confidence in our online marketplace. We follow these procedures to review complaints and relevant facts to determine the appropriate action to take, which may include removal of the item from our online marketplace and, in certain cases, removing the sellers who repeatedly violate our policies.

Our procedures may not effectively reduce or eliminate our liability. In particular, we may be subject to civil or criminal liability for activities carried out by sellers on our online marketplace, especially outside the United States where we may be less protected under local laws than we are in the United States. Under current U.S. copyright law and the Communications Decency Act, we may benefit from statutory safe harbor provisions that protect us from liability for content posted by our sellers and buyers. However, trademark and patent laws do not include similar statutory provisions and liability for these forms of intellectual property is often determined by court decisions. These safe harbors and court rulings may change unfavorably. In that event, we may be held secondarily liable for the intellectual property infringement of sellers.

Regardless of the validity of any claims made against us, we may incur significant costs and efforts to defend against or settle them. If a governmental authority determines that we have aided and abetted the infringement of third-party intellectual property rights or the sale of counterfeit goods or if legal changes result in us potentially being liable for actions by sellers on our online marketplace, we could face regulatory, civil, or criminal penalties. Successful claims by third-party rights owners

could require us to pay substantial damages or refrain from permitting any further listing of the relevant items. These types of claims could force us to modify our business practices, which could lower our revenue, increase our costs, or make our platform less user-friendly. Moreover, public perception that counterfeit or other unauthorized items are common on our online marketplace, even if factually incorrect, could result in negative publicity and damage to our reputation.

If we are deemed to be liable for fraudulent or unlawful activities of sellers who list stolen items on our online marketplace, our business and reputation could suffer.

Despite our vetting process, we may fail to prevent the listing of stolen goods on our online marketplace. Government regulators and law enforcement officials may allege that our services violate, or aid and abet violations of certain laws, including laws restricting or prohibiting the transferability and, by extension, the resale, of stolen goods. Our form of seller agreement includes a representation that the seller has the necessary right and title to the luxury design products the seller may list, and we include such a rule and requirement in our terms of service prohibiting the listing of stolen or otherwise illegal products. In addition, we have implemented other protective measures to detect such products. If these measures prove inadequate, we may be required to spend substantial resources to take additional protective measures which could negatively impact our operations. Any costs incurred as a result of potential liability relating to the alleged or actual sale of stolen goods could harm our business. In addition, negative publicity relating to the actual or perceived listing or sale of stolen goods using our services could damage our reputation and make our sellers and buyers reluctant to use our services. We could face liability for such unlawful activities. Despite measures taken by us to detect stolen goods, to cooperate fully with law enforcement, and to respond to inquiries regarding potentially stolen goods, any resulting claims or liabilities could harm our business.

Our growth depends on our ability to attract and maintain an active community of sellers and buyers.

In order to increase revenue and to achieve and maintain profitability, we must expand our seller and buyer network. We must also encourage sellers to list items and encourage buyers to purchase items through our online marketplace. If existing sellers are dissatisfied with their experience on our platform, they may stop listing items on our online marketplace and may stop referring others to us. Similarly, if existing buyers have a negative experience or if the interest in buying luxury design products declines, they may make fewer purchases and they may stop referring others to us. Under these circumstances, we may have difficulty attracting new sellers and buyers without incurring additional marketing expense.

To expand our buyer base, we must appeal to and attract buyers of luxury design products and convert users to Active Buyers on our online marketplace. New buyers may not purchase through our online marketplace as frequently or spend as much with us as existing buyers. As a result, the revenue generated from new buyer transactions may not be as high as the revenue generated from transactions with our existing buyers. Our historical performance for Active Buyers may not be indicative of future performance in new Active Buyers. Failure to attract new buyers and to maintain relationships with existing buyers, or to convert users to Active Buyers on our online marketplace, would harm our results of operations and our ability to attract and retain sellers.

Even if we are able to attract new sellers and buyers to replace those we lose, they may not maintain the same level of activity and generate the same level of revenue. If we are unable to retain existing, or attract new, sellers and buyers, our growth prospects would be harmed and our business could be harmed.

Our growth will also depend on the continued and increased acceptance of e-commerce and online shopping by buyers of luxury design products. Although we have seen increased acceptance of online transactions in the luxury design products sector, including as a result of the COVID-19 pandemic, we cannot predict whether this trend will continue. Further, if sellers and buyers elect to transact business through in-person interactions instead of through our online marketplace, our revenue could be negatively impacted and our business could be harmed.

We rely, in part, on sellers to provide a positive experience to buyers, which includes limited disruptions in service by sellers.

We have on occasion received reports from buyers that they have not received the items that they purchased, that the items received were not as represented by the seller or that we or a seller has not been responsive to their questions. Negative publicity and sentiment generated as a result of complaints could reduce our ability to attract or retain buyers or damage our reputation. A perception that our levels of responsiveness and seller and buyer support are inadequate could have similar results.

Further, any disruption in the operations of a substantial number of sellers, such as interruptions in delivery services, disruption due to public health crises, such as the COVID-19 pandemic, natural disasters, inclement weather, or political unrest, could also result in negative experiences for a substantial number of buyers. If buyers do not have a positive experience transacting business on our online marketplace for any reason, or if we or our sellers fail to provide a high level of customer support and responsiveness, it could harm our reputation and our business.

Sellers rely on shipping services to deliver orders received through our online marketplace and if the items sold through our online marketplace are not delivered on time, in proper condition, or at all, our business and reputation could suffer.

Sellers work with a number of third-party services to deliver their items to buyers, including FedEx, UPS, and the United States Postal Service. Anything that prevents timely delivery of goods to buyers could harm sellers and could negatively affect our reputation. Delays or interruptions may be caused by events that are beyond the control of the delivery services, such as inclement weather, natural disasters, transportation disruptions, delays in customs inspections, terrorism, public health crises such as the COVID-19 pandemic, or labor unrest. For example, in the event a potential third-party strike occurs, this may cause orders to be lost or delivered late, which could result in canceled customer orders, reduced GMV and net revenue, and negatively impact net loss. It is possible that a potential third-party strike could also result in increased shipping costs and buyer accommodations. These potential impacts may have a material adverse effect on our business, financial condition, including on our financial statements of operations and cash flow, operating results, and liquidity. The delivery services could also be affected by industry consolidation, insolvency, or government shut-downs. Although we have agreements with certain delivery services that enable us to provide pre-paid shipping labels as a convenience to sellers, our agreements do not require these providers to offer delivery services to sellers. Further, our competitors could obtain preferential rates or shipping services, causing sellers to pay higher shipping costs or find alternative delivery services. If the items sold through our online marketplace are not delivered in proper condition, on a timely basis or at shipping rates that buyers are willing to pay, our reputation and our business could be adversely affected.

We operate in an evolving industry and our past results may not be indicative of future operating performance.

Our online marketplace represents a substantial departure from the traditional market for luxury design products. The online market for luxury design products may not continue to develop in a manner that we expect or that otherwise would be favorable to our business. Changes in our market make it difficult to assess our future performance.

Our future success will depend in large part upon our ability to, among other things:

- cost-effectively acquire and engage with new and existing sellers and buyers and increase listings of luxury design products through our online marketplace;
- scale our revenue and achieve the operating efficiencies necessary to achieve and maintain profitability;
- increase awareness of our brand;
- anticipate and respond to changing seller and buyer preferences;
- manage and improve our business processes in response to changing business needs;
- anticipate and respond to macroeconomic changes generally, including changes in the market for luxury design products and fluctuating shipping costs;
- effectively scale our operations while maintaining high service quality and seller and buyer satisfaction;
- avoid or manage interruptions in our business from information technology downtime, cybersecurity breaches, and other factors affecting our physical and digital infrastructure;
- provide responsive, timely, and effective customer support through all phases of transactions conducted through our online marketplace;
- maintain the quality of our technology and operations infrastructure;
- expand internationally and manage our international operations;
- develop new technology, services, or features to enhance the seller and buyer experience; and
- comply with regulations applicable to our business.

If we fail to address the risks and difficulties that we face, including those associated with the challenges listed above as well as those described elsewhere in this “Risk Factors” section, our business and our results of operations would suffer.

If we do not compete effectively our results of operations and market position could suffer.

The market for luxury design products is highly competitive. We compete with a broad range of vendors of new and pre-owned luxury design products, including traditional brick-and-mortar entities, such as department stores, branded luxury goods stores, and specialty retailers, and entities providing access to more unique luxury goods, such as galleries, boutiques, independent retail stores, and auction houses. We also compete with the online offerings of these traditional retail competitors, resale players focused on niche or single categories, as well as technology-enabled online marketplaces that may offer the same

or similar goods and services that we offer. We believe our current primary competitors include Amazon, eBay, Etsy Inc., Restoration Hardware, Inc., Wayfair Inc., Christie's Inc., and Sotheby's, Inc. We believe our ability to compete depends on many factors within and beyond our control, including:

- engaging and enhancing our relationships with existing sellers and buyers and attracting new sellers and buyers;
- maintaining favorable brand recognition and effectively delivering our online marketplace to sellers and buyers;
- identifying and delivering authentic luxury design products;
- the amount, diversity, and quality of luxury design products that we or our competitors offer;
- our ability to expand the verticals for luxury design products listed on our online marketplace;
- the price at which listed, authenticated luxury design products through our online marketplace are offered;
- the speed and cost at which we can authenticate and make available listed luxury design products; and
- the ease with which our sellers can list and sell, and our buyers can purchase and return, luxury design products sold and purchased on our online marketplace.

Failure to adequately meet these demands may cause us to lose potential sellers and buyers which could harm our business.

Many of our competitors have longer operating histories, larger fulfillment infrastructures, greater brand recognition and technical capabilities, larger databases, greater financial, marketing, institutional and other resources and larger seller and buyer bases than we do. As the market evolves, competitors may emerge. Some of our competitors may have greater resources than we do, which may allow them to derive greater revenue and profits from their existing buyer bases, attract sellers at lower costs, or respond more quickly than we can to new or emerging technologies and changes in consumer shopping behavior. These competitors may engage in more extensive technology development efforts, enter the business of online listing of luxury design products, undertake more far-reaching marketing campaigns and adopt more aggressive pricing policies, which may allow them to build larger seller or buyer bases or generate revenue from their existing seller and buyer bases more effectively than we do. If we fail to compete effectively, our business, results of operations, and market share may suffer.

Our net revenue could be negatively impacted as a result of greater than expected product returns.

We allow buyers to return certain purchases made through our online marketplace under the applicable seller's return policy. We record a reserve for returns against proceeds to us from the sale of items on our online marketplace in calculating net revenue. We estimate this reserve based on historical return trends. The introduction of new products in the retail market, changes in seller return policies, changes in consumer confidence, or other competitive and general economic conditions may cause actual returns to exceed our reserve for returns. Any significant increase in returns that exceeds our reserves could adversely affect our net revenue and results of operations.

Insufficient allowance for transaction losses could negatively impact our financial results.

We maintain an allowance for transaction losses, which consists primarily of losses resulting from our buyer protection program, including damages to products caused by shipping and transit, items that were not received or not as represented by the seller, and reimbursements to buyers at our discretion if they are dissatisfied with their experience. The provision for transaction losses also includes bad debt expense associated with our accounts receivable balance. Transaction loss expense associated with our buyer protection program accounted for approximately 87%, 85%, and 81% of the provision for transaction losses in the fiscal years ended December 31, 2023, 2022, and 2021, respectively, with discretionary buyer reimbursements, which are part of the buyer protection program, constituting a small portion thereof. However, our historical experience may not be indicative of future trends and transaction loss expense associated with our buyer protection program, including buyer reimbursements, or bad debt expense may increase or fluctuate from period to period. Further, our provision for transaction losses may fluctuate depending on many factors, including changes to our buyer protection programs and the impact of regulatory changes, and we may see the provision for transaction losses increase proportionally with our on-platform GMV and net revenue. If our allowance for transaction losses is insufficient, it could adversely affect our results of operations.

Our metrics and market estimates used to evaluate our performance are subject to inherent challenges in measurement, and real or perceived inaccuracies in those estimates may harm our reputation and negatively affect our business.

The metrics we use to evaluate our growth, measure our performance, and make strategic decisions are calculated using internal company data and assumption and estimates, and have not been validated by a third party. Certain metrics presented in this Annual Report on Form 10-K and other SEC filings are used by us in managing our business. Our metrics and market estimates may differ from estimates published by third parties or from similarly titled metrics of our competitors or peers due to differences in methodology or the assumptions on which we rely. Additionally, the metrics and forecasts relating to the size and expected growth of our addressable market may prove to be inaccurate. However, we believe that these figures are reasonable

estimates, and we take measures to improve their accuracy, such as eliminating known fictitious or duplicate accounts. There are, nonetheless, inherent challenges in gathering accurate data across large online and mobile populations. For example, there may be individuals who have multiple email accounts in violation of our terms of service. If individuals have multiple unique email addresses that are undetected, then we could be overestimating the number of Active Buyers. Even if the markets in which we compete meet the size estimates and growth forecasted, our business could fail to grow at similar rates, if at all. If securities analysts or investors do not consider our market metrics to be accurate representations of our business, or if we discover material inaccuracies in such estimates, then the market price of our common stock could decline, our reputation and brand could be harmed, and our business, financial condition, and results of operations could be adversely affected.

Our business and results of operations may be more susceptible to other macroeconomic conditions or trends due to our reliance on consumer discretionary spending.

Our business and results of operations are subject to industry and global economic conditions and their impact on consumer discretionary spending, particularly in the market for luxury design products. If general economic conditions deteriorate in the United States or in other markets where we operate, consumer discretionary spending may decline and demand for the luxury design products available on our online marketplace may be reduced. This would cause sales through our online marketplace to decline and adversely impact our business. Exchange rates may also impact sales, with a strong U.S. dollar dampening demand for goods denominated in dollars from buyers outside the United States. Consumer purchases of luxury design products have generally declined during periods of economic uncertainty, when disposable income is reduced or when there is a reduction in consumer confidence. Other factors that may negatively influence consumer spending on luxury design products include unemployment levels, higher consumer debt levels, reductions in net worth, declines in asset values, market uncertainty, home foreclosures and reductions in home values, fluctuating interest rates and credit availability, changes to monetary policy, volatile currency exchange rates, fluctuating fuel and other energy costs, fluctuating commodity prices, government shutdowns, financial distress caused by recent or potential bank failures and the associated bank crisis and concerns about the stability and liquidity of certain financial institutions, volatility or disruption in the capital markets, and general uncertainty regarding the overall future political and economic environment. Economic conditions may also be affected by global health crises, such as the COVID-19 pandemic, natural disasters, such as earthquakes, hurricanes, floods, severe storms, and wildfires, and wars, social unrest, political tensions, or other unexpected events, which may include further embargoes, regional instability and geopolitical shifts, that may adversely impact our business and operating results to an extent that cannot be predicted. For example, the continued turmoil resulting from the various ongoing wars or conflicts could have a depressing effect on the global economy, which could dampen our business activity by reducing the demand for luxury design products. Such economic uncertainty and decrease in the rate of purchases of luxury design products may slow the rate at which sellers choose to list their items with us, which could result in a decrease of items available through our online marketplace.

Additionally, adverse economic changes could reduce consumer confidence, and could thereby negatively affect our operating results. In the event of a prolonged economic downturn or acute recession, significant inflation, or supply chain shortages, consumer spending habits could be adversely affected, and our business, financial condition, and results of operations could be harmed. We may incur expenses or delays relating to such events outside of our control, which could have a material adverse impact on our business, operating results and financial condition.

Even without changes in economic conditions, the demand for the items listed on our online marketplace is dependent on consumer preferences. Consumer preferences can change quickly and may differ across generations and cultures. If demand for the luxury design products that sellers offer through our online marketplace declines, our business would be harmed.

National retailers and brands set their own retail prices and promotional discounts on new luxury design products, which could adversely affect our value proposition to our buyers.

National retailers and brands set pricing for new luxury design products. Although the luxury design products available through our online marketplace are generally exclusive, one-of-a-kind products, promotional pricing by these parties may nonetheless adversely affect the value of luxury design products listed with us, and, in turn, our GMV and results of operations. In order to attract buyers to our online marketplace, the prices for the luxury design products sold through our online marketplace may need to be lowered in order to compete with these pricing strategies, which could negatively affect GMV and in turn, our net revenue. Any of the foregoing risks could adversely affect our business, financial condition, and results of operations.

If we fail to successfully anticipate and respond to changing preferences among our sellers and buyers, our ability to grow our business and our results of operations may suffer.

Our success is in large part dependent upon our ability to anticipate and identify trends in the market for luxury design products in a timely manner and to curate and obtain listings of luxury design products that address those trends. We use data science to predict seller and buyer preferences, and there can be no assurance that our data science will accurately anticipate seller or buyer requirements. Lead times relating to these changing preferences may make it difficult for us to respond rapidly to

new or changing trends. We have begun to expand our offerings and the impact on our business from these new offerings is not clear as it is difficult to accurately predict seller and buyer preferences. To the extent we do not accurately predict the evolving preferences of our buyers or are unable to identify and vet sellers of luxury design products who address such buyer preferences, our ability to grow our business and our results of operations would suffer.

If we fail to successfully expand our business model to encompass additional product verticals in a timely and cost-effective manner, our ability to increase our market share would suffer, which in turn could negatively impact our business, financial condition, and results of operations.

We intend to deepen our penetration in our existing verticals for luxury design products and continue to explore additional verticals to serve existing, and attract new, sellers and buyers. If these additional verticals do not attract new sellers or buyers, our revenue may fall short of expectations, our brand and reputation could suffer, and we may incur expenses that are not offset by revenue. In addition, our business may suffer if we are unable to attract new and repeat sellers that supply the necessary high-end, appropriately priced, and in-demand luxury design products in these additional verticals, and these verticals may also have a different range of margin profiles than the pieces currently sold through our online marketplace. Additionally, as we enter new verticals, potential sellers may demand lower commissions than our current verticals, which would adversely affect our take rate and results of operations. Expansion of our offerings may also strain our management and operational resources, specifically the need to hire and manage additional authentication and market experts. We may also face increased competition from companies that are more focused on these verticals. If any of these were to occur, it could damage our reputation, limit our growth and harm our results of operations.

If we fail to maintain and promote our brand and reputation, our business, market position, and future growth could suffer.

We believe that maintaining our brand reputation is critical to driving seller and buyer engagement and trust. An important goal of our brand promotion strategy is establishing trust with our seller and buyer network. Maintaining our brand will depend largely on our ability to continue providing our sellers with service that is consistent with the level of quality associated with the luxury design products they are listing and on the quality of our vetting specialists who represent our brand to new and existing sellers. Our vetting specialists cultivate relationships with our seller base and vet the luxury design products that our sellers want to list. While we do assess the qualifications of all vetting specialists, this may not prevent illegal, improper, or otherwise inappropriate actions, such as theft, from occurring in connection with our services. Any negative publicity related to the foregoing could adversely affect our reputation and brand or could negatively affect demand for our services and harm our business, financial condition, and results of operations.

For buyers, maintaining our brand requires that we foster trust through authentication and responsive and effective customer service, as well as ensuring that we have vetted sellers. If we fail to provide sellers or buyers with the service and experience they expect, or experience seller or buyer complaints or negative publicity about our online marketplace services, merchandise, delivery times or customer support, whether justified or not, the value of our brand would be harmed and our business may suffer.

If our marketing efforts are not effective, our ability to grow our business and maintain or expand our market share could suffer.

Maintaining and promoting awareness of our online marketplace is important to our ability to retain existing, and to attract new, sellers and buyers. To facilitate our future growth and profitability, we are investing in our advertising, promotion, public relations, and marketing programs. These brand promotion activities may not yield increased revenue and the efficacy of these activities will depend on a number of factors, including our ability to do the following:

- determine the effectiveness for advertising, marketing, and promotional expenditures;
- select the right markets, media, and media vehicles in which to advertise;
- identify the most effective and efficient level of spending in each market, media, and media vehicle; and
- effectively manage marketing costs, including creative and media expenses, to maintain acceptable seller and buyer acquisition costs.

We may adjust or re-allocate our advertising spend across channels, product verticals, and geographic markets to optimize the effectiveness of these activities. We expect to increase advertising spend in future periods to continue driving our growth.

Implementing new marketing and advertising strategies also could increase the risk of devoting significant capital and other resources to endeavors that do not prove to be cost effective or provide a meaningful return on investment. We also may incur marketing and advertising expenses significantly in advance of recognizing revenue associated with such expenses and our marketing and advertising expenditures may not generate sufficient levels of brand awareness or result in increased revenue. Even if our marketing and advertising expenses result in increased sales, the increase might not offset our related expenditures.

If we are unable to maintain our marketing and advertising channels on cost-effective terms or replace or supplement existing marketing and advertising channels with similarly or more effective channels, our marketing and advertising expenses could increase substantially, our seller and buyer base could be adversely affected, and our business, results of operations, financial condition, and brand could suffer.

We rely on third parties to drive traffic to our website, and these providers may change their algorithms or pricing in ways that could damage our business, operations, financial condition, and prospects.

We rely in part on digital advertising, including search engine marketing, to promote awareness of our online marketplace, grow our business, attract new, and increase engagement with existing, sellers and buyers. In particular, we rely on search engines, such as Google, and the major mobile app stores as important marketing channels. Search engine companies change their search algorithms periodically, and our ranking in searches may be adversely impacted by those changes. Search engine companies or app stores may also determine that we are not in compliance with their guidelines and penalize us as a result. If search engines change their algorithms, terms of service, display or the featuring of search results, determine we are out of compliance with their terms of service or if competition increases for advertisements, we may be unable to cost-effectively add sellers and buyers to our website and apps. Our relationships with our marketing vendors are not long-term in nature and do not require any specific performance commitments. In addition, many of our online advertising vendors provide advertising services to other companies, including companies with whom we may compete. As competition for online advertising has increased, the cost for some of these services has also increased. Our marketing initiatives may become increasingly expensive and generating a return on those initiatives may be difficult. Even if we successfully increase revenue as a result of our paid marketing efforts, such increase may not offset the additional marketing expenses we incur.

If the mobile solutions available to sellers and buyers are not effective, the use of our platform could decline.

Visits and purchases made on mobile devices by consumers, including buyers, have increased significantly in recent years. The smaller screen size and reduced functionality associated with some mobile devices may make the use of our platform more difficult or less appealing to sellers and buyers. Visits to our online marketplace on mobile devices may not convert into purchases as often as visits made through personal computers, which could result in less revenue for us. Sellers are also increasingly using mobile devices to operate their businesses on our platform. If we are not able to deliver a rewarding experience on mobile devices, sellers' ability to manage and grow their businesses may be harmed and, consequently, our business may suffer. Further, although we strive to provide engaging mobile experiences for sellers and buyers who visit our mobile website using a browser on their mobile device, we depend on sellers and buyers downloading our mobile apps to provide them the optimal mobile experience.

As new mobile devices and mobile platforms are released, we may encounter problems in developing or supporting apps for them. In addition, supporting new devices and mobile device operating systems may require substantial time and resources.

The success of our mobile apps could also be harmed by factors outside our control, such as:

- actions taken by providers of mobile operating systems or mobile app download stores;
- unfavorable treatment received by our mobile apps, especially as compared to competing apps, such as the placement of our mobile apps in a mobile app download store;
- increased costs in the distribution and use of our mobile apps; or
- changes in mobile operating systems, such as iOS and Android, that degrade the functionality of our mobile website or mobile apps or that give preferential treatment to competitive products.

If our sellers or buyers encounter difficulty accessing or using our platform on their mobile devices, or if our sellers or buyers choose not to use our platform on their mobile devices, our growth prospects and our business may suffer.

We must continue to drive efficiencies in our operations or our business could suffer.

We seek to continue to drive efficiencies in our business operations. As we continue to add capacity, capabilities, and automation, our operations will become increasingly complex and challenging. While we expect these technologies to improve productivity in many aspects of our operations, including order processing, pricing, copywriting, authentication, photography and photo retouching, any flaws or failures of such technologies could interrupt and delay our operations, which in turn may harm our business. Our investment in technology to support these efforts may not be effective in driving productivity, maintaining, or improving the experience for sellers and buyers, or providing a meaningful return on investment. We also rely on technology from third parties. If these technologies do not perform in accordance with our expectations, third parties change the terms and conditions that govern their relationships with us, or if competition increases for the technology and services provided by third parties, our business may be harmed. In addition, if we are unable to add automation to our operations, we may be unable to reduce the costs of processing listings and orders, which could cause delays in buyers receiving their purchases. Any of these outcomes could harm our reputation and our relationships with our sellers and buyers.

If we fail to manage our growth effectively, or if we are unable to execute our business plan and grow our business, our results of operations, and financial condition could be materially and adversely harmed.

We have experienced rapid growth in our business in the past, such as in the number of sellers and the number of countries in which we have sellers and buyers, and we intend to continue to focus on growth, both in the United States and abroad. The growth of our business, if any, places significant demands on our management team and pressure to expand our operational and financial infrastructure. As we continue to grow, our operating expenses will increase. If we do not manage our growth effectively, the increases in our operating expenses could outpace any increases in our revenue and our business could be harmed. In addition, we have in the past experienced, and may in the future experience, slower growth rates. For example, our net revenue decreased in the year ended December 31, 2023 as compared to the year ended December 31, 2022. Although we continue to focus on growth and are evaluating various approaches and alternatives to execute on our business strategies, the outcome of such evaluation or impact of any subsequent actions, if any, is uncertain. Failure to sustain or increase the growth of our business or to execute our business strategies would likely materially and adversely impact our business, financial condition, and results of operations.

We may require additional capital to support business growth, and we may be unable to obtain additional capital on acceptable terms, if at all, and any additional financing may dilute existing stockholders.

We believe that our existing cash, cash equivalents and short-term investments, together with any cash generated from operations, will be enough to meet our anticipated cash needs for at least the next 12 months. We may require additional capital to grow our business, including the need to develop our online marketplace services, expand across and within product verticals, enhance our operating infrastructure, expand the markets in which we operate, and potentially acquire complementary businesses and technologies. Our future capital requirements will depend on many factors, including the emergence of competing online marketplaces and other adverse marketing developments; the timing and extent of our sales and marketing and technology and development expenditures; and any investments or acquisitions we may choose to pursue in the future. Accordingly, we may need to engage in equity or debt financings to secure additional funds. If we raise additional funds through further issuances of equity or issuances of convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences, and privileges superior to those of holders of our common stock. Any debt financing secured by us in the future could involve restrictive covenants relating to our capital-raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities. In addition, we may not be able to obtain additional financing on terms favorable to us, if at all. If we are unable to obtain financing on terms satisfactory to us when we require it, our ability to continue to support our business growth and to respond to business challenges could be significantly limited, and our business and prospects could suffer.

If we fail to attract and retain key personnel on our executive team or to effectively manage leadership succession, our business, financial condition, and results of operations could be adversely impacted.

Our success depends in part on our ability to attract and retain key personnel on our executive team, including our Chief Executive Officer, David S. Rosenblatt. Senior employees have left our company in the past and others may in the future. We often cannot anticipate such departures, and may not be able to promptly replace key leadership personnel. The loss of one or more of our key personnel or the inability to promptly identify a suitable successor to a key role could have an adverse effect on our business. Our key personnel are generally employed on an “at-will” basis.

Our strategic initiatives to reduce our cost structure towards cash flow positive operations could have long-term adverse effects on our business operations, and we may not realize the operational or financial benefits from such actions, including achieving our cash flow positive operations.

Our cost-reduction initiatives related to achieving cash flow positive operations are subject to many risks and uncertainties and may have an adverse impact on our performance. For example, during the year ended December 31, 2023, we identified that we had excess vacancy in our office spaces and entered into a sublease agreement with a third party for approximately 78% of the rentable office space, which expanded to 100% of the rentable office space in January 2024. The sublease expires on the expiration date of our lease. This cost-reduction initiative could materially and adversely affect our business, cash flows, results of operations, profitability, and financial condition, due to factors beyond our control, including if our subtenant fails to make lease payments or otherwise defaults on their obligation to us as we could incur such payment obligations to our landlord and we may not be successful in realizing our anticipated savings and efficiencies. Additionally, in June 2023, we announced a workforce reduction designed to reduce our operating costs and realign our investment priorities. We may not effectively execute on, or achieve the stated goals of, this or future workforce reductions. For example, the reduction in workforce may result in unintended consequences and costs, such as the loss of institutional knowledge and expertise, attrition beyond the intended number of employees, and decreased employee morale. In addition, while positions have been eliminated, certain functions necessary to our operations remain. We may be unsuccessful in distributing the duties and obligations of departed employees among our remaining employees and may need incur additional and unanticipated costs to rehire or hire new

personnel to perform such duties or may need to conduct additional reductions in workforce as we further redistribute such duties. If we are unable to realize the anticipated benefits, or experience significant adverse consequences, from any of our cost-reduction initiatives, our business, financial condition, and results of operations may be materially adversely affected.

Further expansion into markets outside of the United States is important to the growth of our business but will subject us to risks associated with operations abroad.

Expanding our community into markets outside of the United States is an important part of our strategy. Although we have a significant number of sellers and buyers outside of the United States, we have limited experience in developing local markets outside the United States. Also, visits to our online marketplace from buyers outside the United States may not convert into sales as often as visits from within the United States, including due to the impact of the strong U.S. dollar relative to other currencies. Our success in markets outside the United States will be linked to our ability to attract local sellers and buyers to our online marketplace and to localize our online marketplace in additional languages. If we are not able to do so, our growth prospects could be harmed.

In addition, competition is likely to intensify in the international markets where we operate and plan to expand our operations. Local companies based in markets outside the United States may have a substantial competitive advantage because of their greater understanding of, and focus on, those local markets. Some of our competitors may also be able to develop and grow in international markets more quickly than we will.

We have made substantial investments to expand to markets outside of the United States and continued expansion in markets outside of the United States may require significant additional financial investment. For example, in the year ended December 31, 2023, we launched localized sites in Italy and Spain, which may require significant financial investments to maintain. These investments include marketing to attract and retain new sellers and buyers, developing localized services and web platforms, forming relationships with third-party service providers, supporting operations in multiple countries, and potentially acquiring companies based outside the United States and integrating those companies with our operations. These expansion efforts may not be successful and as a result, our business, results of operations, financial condition, and brand could suffer.

Doing business in markets outside of the United States also subjects us to increased risks and burdens such as:

- complying with different regulatory standards (including those related to the use of personal information, particularly in the European Union);
- managing and staffing operations over a broader geographic area with varying cultural norms and customs;
- adapting our online marketplace to local cultural norms and customs;
- potentially heightened risk of fraudulent transactions;
- limitations on the repatriation of funds and fluctuations of foreign exchange rates;
- exposure to liabilities under, and compliance challenges related to, multiple, conflicting, and changing governmental laws and regulations, including, but not limited to, employment, tax, privacy and data protection, U.S. anti-boycott authorities, anti-corruption, anti-money laundering and export control laws, including the U.S. Foreign Corrupt Practices Act of 1977, as amended, the UK Bribery Act of 2010, trade controls and sanctions administered by the U.S. Office of Foreign Assets Control, and similar laws and regulations in other jurisdictions;
- varying levels of Internet, e-commerce and mobile technology adoption and infrastructure;
- our ability to enforce contracts and intellectual property rights in jurisdictions outside the United States; and
- barriers to international trade, such as tariffs or other taxes.

Sellers face similar risks in conducting their businesses across borders. Even if we are successful in managing the risks of conducting our business across borders, if sellers are not, our business could be adversely affected.

Finally, operating in markets outside of the United States requires significant management attention. If we invest substantial time and resources to expand our operations outside of the United States and cannot manage these risks effectively, the costs of doing business in those markets may be prohibitive or our expenses may increase disproportionately to the revenue generated in those markets.

We may incur significant losses from fraud, which would harm our results of operations.

We have in the past incurred and may in the future incur losses from various types of fraudulent transactions, including the use of stolen credit card numbers and claims that a buyer did not authorize a purchase. In addition to the direct costs of these losses, if the fraud is related to credit card transactions and becomes excessive, it could result in us paying higher fees or losing

the right to accept credit cards for payment. Under current credit card practices, we are liable for fraudulent credit card transactions because we do not obtain a cardholder's signature. Our failure to adequately prevent fraudulent transactions could damage our reputation, result in litigation or regulatory action or lead to expenses that could substantially impact our results of operations.

Our payments system depends on third-party providers and is subject to evolving laws and regulations.

We rely on third-party payment processors to process payments made by buyers or to sellers on our online marketplace. We have engaged third-party service providers to perform underlying card processing, currency exchange, identity verification, and fraud analysis services. If these service providers do not perform adequately or if they terminate their relationships with us or refuse to renew their agreements with us on commercially reasonable terms, we will need to find an alternate payment processor and may not be able to secure similar terms or replace such payment processors in an acceptable timeframe. Further, the software and services provided by our third-party payment processors may not meet our expectations, contain errors or vulnerabilities, be compromised or experience outages. Any of these risks could cause us to lose our ability to accept online payments, make payments to sellers or conduct other payment transactions, any of which could make our platform less convenient and attractive and harm our ability to attract and retain sellers and buyers. In addition, sellers' ability to accept orders could be negatively impacted and our business would be harmed. In addition, if these providers increase the fees they charge us, our operating expenses could increase. Alternatively, if we respond by increasing the fees we charge to sellers, some sellers may stop listing new items for sale.

The laws and regulations related to payments are complex and vary across different jurisdictions in the United States and globally. As a result, we are required to spend significant time and effort to comply with those laws and regulations. Any failure or claim of our failure to comply, or any failure by our third-party service providers to comply, could cost us substantial resources, could result in liabilities, or could force us to stop offering certain third-party payment services. As we expand the availability of new payment methods to our sellers and buyers in the future, we may become subject to additional regulations and compliance requirements.

Further, through our agreement with our third-party credit card processor, we are subject to payment card association operating rules and certification requirements, including the Payment Card Industry Data Security Standard. We are also subject to rules governing electronic funds transfers. Any change in these rules and requirements could make it difficult or impossible for us to comply.

If we fail to recruit and retain specialized employees and contractors, our business and operations could suffer.

Our ability to attract, retain and motivate employees and contractors, including our in-house vetting specialists, is important to our success. Other companies, including our competitors, may be successful in recruiting and hiring our employees and contractors, and it may be difficult for us to find suitable replacements on a timely basis or on competitive terms. In addition, we may face challenges in connection with recruiting, hiring, and retaining qualified engineers and IT staff to support our operations. Qualified individuals are limited and in high demand, and we may incur significant costs to attract, develop and motivate them. Further, our future work environment strategy is continuing to evolve and may not meet the needs of our existing and potential future employees and they may prefer work models offered by other companies. If we fail to recruit and retain specialized employees and contractors, our ability to grow our business and our operations could suffer.

If we experience labor disputes or other disruption, it could harm our operations.

None of our employees are currently represented by a union. If our employees decide to form or affiliate with a union, we cannot predict the negative effects such future organizational activities will have on our business and operations. If we were to become subject to work stoppages, we could experience disruption in our operations, including delays in technology development, customer servicing and shipping, and increases in our labor costs which could materially adversely affect our business, financial condition, or results of operations.

Economic, political, and market conditions, including geopolitical risks, could result in increased market volatility and uncertainty, which could negatively impact our business, financial condition, and results of operations.

Our business, financial condition, and results of operations are sensitive to changes in general economic conditions, including interest rates, consumer credit conditions, consumer debt levels, consumer confidence, unemployment rates, economic growth, rates of inflation (or concerns about deflation), supply chain disruptions, impacts of current geopolitical conflicts or instability and the uncertain nature, magnitude, and duration of political instability and military hostilities in multiple geographies, including recent military invasions, the potential effects of sanctions limitations, retaliatory cyber-attacks on the world economy and markets, and potential shipping delays, and other macroeconomic factors. For example, if our shipping carriers are unable to fulfill orders in impacted regions, as has been the case, the resultant disruptions to our delivery chain could negatively affect the timely delivery of our other orders, which could adversely affect our business and reputation. In addition, we rely on our payment processors to understand the destination of our payments to sellers. If our payment

processors fail to follow newly imposed sanctions limitations, we may be at risk of being deemed to have violated such sanctions limitations. In addition, if we are overly conservative in our approach to canceling or pausing orders in impacted regions due to general instability in the area, the value of our brand could be harmed, which could negatively impact our business, financial condition, and results of operations.

We have transitioned to being a flexible work model company, which could have a negative impact on the execution of our business plans and operations and create productivity, connectivity, and oversight challenges.

As a result of the COVID-19 pandemic, we transitioned to an almost fully remote work environment. More recently, we re-opened our offices, and implemented a flexible work model that we anticipate will have us continue to operate on a significantly remote and geographically (including internationally) dispersed basis for the foreseeable future. This remote and dispersed work environment could have a negative impact on the execution of our business plans and operations and create productivity, connectivity, and oversight challenges. For example, if a natural disaster, power outage, connectivity issue, or other event occurs that impacts our employees' ability to work remotely, it may be difficult or, in certain cases, impossible, for us to continue our business for a substantial period of time. The increase in remote working may also result in consumer privacy, IT security, and fraud vulnerabilities, which, if exploited, could result in significant recovery costs and harm to our reputation. Operating in a fully or predominantly remote work environment and providing and maintaining the operational infrastructure necessary to support a remote work environment also present significant challenges to maintaining compliance with state requirements such as employee income tax withholding, remittance and reporting, payroll registration, and workers' compensation insurance. It may also negatively impact our corporate culture, including employee engagement and productivity.

Public health crises, such as the COVID-19 pandemic, have impacted, and may continue to impact, our business, key metrics, and results of operations in volatile and unpredictable ways.

Although the COVID-19 pandemic has subsided to a significant extent, its continued and future impact on our business, key metrics, and results of operations depend on future developments that are uncertain and unpredictable. For example, a resurgence of the COVID-19 pandemic or the emergence of another widespread public health crisis could adversely impact our business if our employees or our partners' or third-party service providers' employees become ill and are unable to perform their duties, and our operations, internet, or mobile networks, or the operations of one or more of our third-party service providers, is impacted. In addition, we may experience a decline in the supply of luxury design products available through our online marketplace if our sellers face difficulty sourcing products in the event of any extended lockdowns or similar restrictions or measures implemented in response to a public health crisis. Any prolonged economic downturn due to a public health crisis (or otherwise) may negatively impact demand for luxury design products, including as a result of any significant or extended reduction in disposable incomes across our buyer base, and may result in global shipping disruptions. More generally, a public health crisis (or otherwise) could adversely affect economies and financial markets and lead to an economic downturn, which could harm our business, financial condition, and results of operations.

Our NFT platform (utilizing Ether, a cryptocurrency generated using the Ethereum protocol) may expose us to legal, regulatory, and other risks. Given the nascent and evolving nature of cryptocurrencies and NFTs, we may be unable to accurately anticipate or adequately address such risks or the potential impact of such risks. Although we ceased further investment in our NFT platform in January 2023, the occurrence of any such risks could adversely affect our business and reputation.

In August 2021, we announced the launch of our NFT platform where creators can make blockchain-encrypted design items, such as artwork, available as NFTs for digital purchase through 1stDibs, utilizing Ethereum, a blockchain technology. NFTs are digital assets recorded on a blockchain ledger for verification of authenticity and ownership of a unique digital asset, such as artwork. In January 2023, we determined to cease further investment in the NFT platform; however, previously-minted NFTs remain available for sale. Given the increased scrutiny of digital assets as well as cryptocurrencies for regulatory and anti-money laundering purposes, it is possible that the United States and other jurisdictions will engage in increased scrutiny and regulation of NFTs and our business. As NFTs are a relatively new and emerging type of digital asset, the regulatory, commercial, and legal framework governing NFTs (as well as cryptocurrencies) is likely to evolve both in the United States and internationally and implicates issues regarding a range of matters, including, but not limited to, intellectual property rights, privacy and cybersecurity, fraud, anti-money laundering, sanctions, and currency, commodity, and securities law implications. Although we ceased further investment in our NFT platform, the occurrence of any such risks could adversely affect our business and reputation.

If our insurance coverage is insufficient or our insurers are unable to meet their obligations, our insurance may not mitigate the risks facing our business.

We contract for insurance to cover a number of risks and potential liabilities. Our insurance policies cover areas such as general liability, errors and omissions liability, employment liability, business interruptions, data breach, crime, product liability and directors' and officers' liability. For certain types of business risk, we may not be able to, or may choose not to, acquire

insurance. In addition, we may not obtain enough insurance to adequately mitigate the risks we face, or we may have to pay high premiums and/or deductibles for the coverage we do obtain. Additionally, if any of our insurers becomes insolvent, it would be unable to pay any claims that we make.

Our cash, cash equivalents and short-term investments may be exposed to failure of our banking institutions.

While we seek to minimize our exposure to third-party losses of our cash, cash equivalents and short-term investments, our cash held in non-interest bearing and interest-bearing accounts may exceed any applicable Federal Deposit Insurance Corporation (“FDIC”) insurance limits. Should events, including limited liquidity, defaults, non-performance or other adverse developments occur with respect to the banks or other financial institutions that hold our funds, or that affect financial institutions or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks, our liquidity may be adversely affected. For example, on March 10, 2023, Silicon Valley Bank (“SVB”) was unable to continue their operations and the Federal Deposit Insurance Corporation was appointed as receiver for SVB and created the National Bank of Santa Clara to hold the deposits of SVB after SVB was unable to continue their operations. Although we did not have any material funds in SVB or other institutions that have been closed, we cannot guarantee that the banks or other financial institutions that hold our funds will not experience similar issues. If further failures in financial institutions occur where we hold deposits, we could experience additional risk. Any such loss or limitation on our cash, cash equivalents and short-term investments would adversely affect our business.

Risks Related to Privacy, Cybersecurity, and Infrastructure

If sensitive information about our sellers and buyers or other third parties with whom we transact business is disclosed, or if we or our third-party providers are subject to cyber-attacks, use of our online marketplace could be curtailed, we may be exposed to liability, and our reputation would suffer.

Although we do not directly collect, transmit, and store personal financial information such as credit cards and other payment information, we utilize third-party payment processors who provide these services on our behalf. We also collect and store certain personally identifiable information provided by our sellers and buyers and other third parties with whom we transact business, such as names, email addresses, and the details of transactions. The collection, transmission, and storage of such information is subject to stringent legal and regulatory obligations. Some of our third-party service providers, such as identity verification and payment processing providers, also regularly have access to seller and buyer data. In an effort to protect sensitive information, we rely on a variety of security measures, including encryption and authentication technology licensed from third parties. However, advances in computer capabilities, increasingly sophisticated tools and methods used by hackers and cyber terrorists, new discoveries in the field of cryptography, or other developments may result in our failure or inability to adequately protect sensitive information. In addition, there may be scamming or phishing attempts, such as impersonating our personnel, in an effort to obtain personal information from our sellers and buyers or otherwise make inappropriate use of our online marketplace, which could expose us to liability, reduce seller and buyer satisfaction or confidence with our online marketplace, or damage our reputation.

Our platform is vulnerable to power outages, telecommunications failures, and catastrophic events, as well as computer viruses, worms, malicious code, break-ins, phishing attacks, denial-of-service attacks, ransomware, and other cyber-attacks. Any of these incidents could lead to interruptions or shutdowns of our platform, loss of data, or unauthorized disclosure of personally identifiable or other sensitive information. Cyber-attacks could also result in the theft of our intellectual property. As we gain greater visibility, we may face a higher risk of being targeted by cyber-attacks. Advances in computer capabilities, new technological discoveries, or other developments may result in cyber-attacks becoming more sophisticated and more difficult to detect.

Any failure or perceived failure by us to comply with our privacy policies, our privacy or data protection obligations to sellers and buyers or other third parties, or our privacy or data protection legal obligations, or any compromise of security that results in the unauthorized release or transfer of sensitive information, which may include personally identifiable information or other data, may result in governmental enforcement actions, litigation or public statements against us by consumer advocacy groups or others and could cause sellers and buyers to lose trust in us, which could have an adverse effect on our business. In addition to costs associated with investigating and fully disclosing a data breach, we could be subject to substantial costs to remedy the data breach, substantial monetary fines, or private claims by affected parties, and our reputation would likely be harmed.

We have experienced cybersecurity incidents in the past and may experience them in the future. Further, if we or our third-party service providers experience security breaches that result in online marketplace performance or availability problems or the loss or unauthorized disclosure of personal and other sensitive information, people may become unwilling to provide us the information necessary to set up seller and buyer accounts, and we could be subject to third-party lawsuits, regulatory fines, or other action or liability. Existing sellers and buyers may also stop listing new items for sale or decrease their purchases or close

their accounts altogether. Further, any reputational damage resulting from breach of our security measures could create distrust of our company by sellers and buyers.

We and our third-party service providers may not have the resources or technical sophistication to anticipate or prevent all such cyber-attacks. Moreover, techniques used to obtain unauthorized access to systems change frequently and may not be known until launched against us or our third-party service providers. Security breaches can also occur as a result of non-technical issues, including intentional or inadvertent breaches by our employees or employees of our third-party service providers.

We expect to incur ongoing costs associated with the detection and prevention of security breaches and other security-related incidents. We may incur additional costs in the event of a security breach or other security-related incident. Any actual or perceived compromise of our systems or data security measures or those of third parties with whom we do business, or any failure to prevent or mitigate the loss of personal or other confidential information and delays in detecting or providing notice of any such compromise or loss could disrupt our operations, harm the perception of our security measures, damage our reputation, cause some sellers and buyers to decrease or stop their use of our online marketplace, and could subject us to litigation, government action, increased transaction fees, regulatory fines or penalties, or other additional costs and liabilities that could harm our business, financial condition, and results of operations.

We cannot be certain that our insurance coverage will be adequate for data handling or data security liabilities, that insurance will continue to be available to us on economically reasonable terms, or at all, or that any insurer will not deny coverage as to any future claim. The successful assertion of one or more large claims against us that exceed available insurance coverage or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have a material and adverse effect on our business, including our financial condition, results of operations, and reputation.

Our use and other processing of personal information and other data is subject to laws and obligations relating to privacy and data protection, and our failure to comply with such laws and obligations could harm our business.

Numerous state, federal and international laws, rules and regulations govern privacy, data protection and the collection, use and protection of personal information and other types of data we collect, use, disclose and otherwise process. These laws, rules and regulations are constantly evolving, and we expect that there will continue to be new proposed laws, regulations and industry standards concerning privacy, data protection and information security in the United States, the EU and other jurisdictions.

For example, California enacted legislation in June 2018, the California Consumer Privacy Act (the “CCPA”), which provides data privacy rights for California consumers and new operational requirements for covered companies. The CCPA provides that covered companies must provide new disclosures to California consumers and afford such consumers new data privacy rights, that include the right to request a copy from a covered company of the personal information collected about them, the right to request deletion of such personal information, and the right to request to opt-out of certain sales of such personal information. The California Privacy Rights Act (the “CPRA”), effective as of January 1, 2023, significantly modifies the CCPA, including by imposing additional obligations on covered companies and expanding consumers’ rights with respect to certain sensitive personal information and rights to object to sharing information for behavioral advertising purposes, potentially resulting in further uncertainty and requiring us to incur additional costs and expenses in an effort to comply. The CPRA also creates a new state agency that will be vested with authority to implement and enforce the CCPA and the CPRA. Additionally, the Virginia Consumer Data Protection Act, effective from January 1, 2023, the Colorado Privacy Act and the Connecticut Data Privacy Act, both effective from July 1, 2023, and the Utah Consumer Privacy Act, effective from December 31, 2023, each impose similar requirements on covered businesses. New privacy laws have also recently been passed in Indiana (Indiana Consumer Data Protection Act), Iowa (Iowa Consumer Data Protection Act), Montana (Montana Consumer Data Privacy Act), and Tennessee (Tennessee Information Protection Act), which will become effective between 2024 and 2026. There are a number of additional proposals for U.S. federal and state privacy laws that, if passed, could increase our potential liability, add layers of complexity to compliance in the U.S. market, increase our compliance costs, and adversely affect our business. In addition, all 50 states have laws, including obligations to provide notification of security breaches of computer databases that contain personal information to affected individuals, state officers, and others. Aspects of these U.S. state privacy laws and other laws and regulations relating to data protection, privacy, and information security, as well as their enforcement, remain unclear, and we may be required to modify our practices in an effort to comply with them.

Similarly, the European Commission adopted a General Data Protection Regulation that became fully effective on May 25, 2018, imposing stringent EU data protection requirements on businesses processing personal data of EU and UK data subjects, respectively.

The GDPR is wide-ranging in scope and imposes numerous additional requirements on companies that process personal data, including requiring that lawful bases exist for all processing of personal data, requiring disclosures to individuals

regarding data processing activities, requiring that safeguards are implemented to protect the security of personal data, creating mandatory data breach notification requirements in certain circumstances, and requiring that certain measures (including contractual obligations) are taken when engaging third-party processors or transferring data overseas. The GDPR also provides individuals with various rights in respect of their personal data, including rights of access, erasure, portability, rectification, restriction, and objection. Complying with the GDPR remains an onerous and potentially costly obligation as interpretations of the specific requirements emerge through the courts, enforcement decisions and regulatory guidance. In addition, where personal data subject to the GDPR is transferred to non-adequate jurisdictions (e.g., where an EU seller or buyer transfers personal data to us in the U.S.), there is still considerable uncertainty surrounding the future trajectory of the perception of such transfers by EU courts and data protection authorities following the decision on July 16, 2020 by the Court of Justice of the EU in its Case C-311/18 Data Protection Commissioner v Facebook Ireland and Maximillian Schrems and associated enforcement action by certain EU data protection authorities (such as the Irish Data Protection Commission in May 2023). The European Commission issued an adequacy decision in respect of the EU-U.S. Data Privacy Framework on July 10, 2023, permitting transfers of personal data from the EU to U.S. organizations certified under the Framework, without additional transfer mechanisms. However, legal challenges to the validity of this adequacy decision have already been lodged in the EU, with further challenges expected. Similar data privacy laws, rules, and regulations in other countries may also impact our business.

We cannot yet fully determine the impact these or future laws, rules, and regulations may have on our business or operations. These laws, rules and regulations may be inconsistent from one jurisdiction to another, subject to differing interpretations and may be interpreted to conflict with our practices. Additionally, we may be bound by contractual requirements applicable to our collection, use, processing and disclosure of various types of data, including personal information, and may be bound by, or voluntarily comply with, self-regulatory or other industry standards relating to these matters.

Any failure or perceived failure by us or any third parties with which we do business to comply with these laws, rules and regulations, or with other obligations to which we or such third parties are or may become subject, may result in actions against us by governmental entities, private claims and litigation, the expenditure of legal and other costs and of substantial time and resources, and fines, penalties or other liabilities. Any such action would be expensive to defend, may require the expenditure of substantial legal and other costs and substantial time and resources, and likely would damage our reputation and adversely affect our business and results of operations.

In many jurisdictions, enforcement actions and consequences for non-compliance with protection, privacy, and information security laws and regulations are rising. In the U.S., possible consequences for non-compliance include enforcement actions in response to rules and regulations promulgated under the authority of federal agencies and state attorneys general and legislatures and consumer protection agencies. In the EU, data protection authorities may impose large penalties for violations of the data protection laws, including potential fines of up to €20 million or 4% of annual global revenue, whichever is greater. The authorities have shown a willingness to impose significant fines and issue orders preventing the processing of personal data on non-compliant businesses. Data subjects also have a private right of action, as do consumer associations, to lodge complaints with supervisory authorities, seek judicial remedies, and obtain compensation for damages resulting from violations of applicable data protection laws. In addition, privacy advocates and industry groups have regularly proposed, and may propose in the future, self-regulatory standards that may legally or contractually apply to us. If we fail to follow these standards, even if no seller or buyer information is compromised, we may incur significant fines or experience a significant increase in costs.

Further, in view of new or modified federal, state or foreign laws and regulations, industry standards, contractual obligations and other legal obligations, or any changes in their interpretation, we may find it necessary or desirable to fundamentally change our business activities and practices or to expend significant resources to modify our product and otherwise adapt to these changes. We may be unable to make such changes and modifications in a commercially reasonable manner or at all, and our ability to develop new products and features could be limited. Privacy, data protection and information security concerns, whether valid or not valid, may inhibit the use and growth of our online marketplace, particularly in certain foreign countries.

Use of social media, emails, and push notifications may harm our reputation or subject us to fines or other penalties.

We use social media, emails, and push notifications as part of our omni-channel approach to marketing and communications with sellers and buyers. As laws and regulations evolve to govern the use of these channels, the failure by us, our employees or third parties acting at our direction to comply with applicable laws and regulations in the use of these channels could adversely affect our reputation or subject us to fines or other penalties. In addition, our employees or third parties acting at our direction may knowingly or inadvertently make use of social media in ways that could lead to the loss or infringement of intellectual property, as well as the public disclosure of proprietary, confidential, or sensitive personal information of our business, employees, consumers, or others. Information concerning us or our sellers and buyers, whether accurate or not, may be posted on social media platforms at any time and may have an adverse impact on our brand, reputation, or business. Additionally, we have been, and may in the future be, subject to negative press or public allegations, including on

social media, regarding the authenticity of our offerings. Any material failure or perceived failure in our authentication operating could cause buyers and sellers to lose confidence in our platform and adversely affect our revenue. The harm may be immediate without affording us an opportunity for redress or correction and could have a material adverse effect on our reputation, business, results of operations, financial condition, and prospects.

If we fail to successfully expand the features, services, and offerings on our online marketplace, our ability to grow our business may suffer.

Our industry is characterized by rapidly changing technology, new service and feature introductions, and changing seller and buyer demands. We spend substantial time and resources creating new features, services, and offerings to attract new constituents to our online marketplace and to open new sales channels for sellers. Our efforts to expand the features, services, and offerings on our online marketplace could fail for many reasons, including lack of acceptance by existing or new constituents, our failure to market these features, services, and offerings effectively to new constituents, or negative publicity related to our features, services, and offerings. For example, we launched 1stDibs Auctions to provide additional opportunities to optimize price discovery and leverage alternative payment methods. We may not be able to educate and/or commercialize buyers and sellers about how to use this new purchase format, which differs from our historical transaction models and may create confusion. Our new initiatives may not drive increases in revenue, may require substantial investment and planning, and may bring us more directly into competition with companies that are better established or have greater resources than we do. They may require additional investment of time and resources in the development and training of our personnel and our sellers and buyers. Further, our efforts to diversify and expand our features, services, and offerings involve significant technological risk, such as encountering software bugs, defects, or errors in connection with the introduction of new or enhanced features of our technology platform. If we are unable to cost-effectively expand our features, services, and offerings, then our growth prospects and competitive position may be harmed.

Any significant disruption in service provided by, or termination of our relationship with, third parties that host our website and mobile app and process payments made by buyers or to sellers on our online marketplace could damage our reputation and result in loss of sellers and buyers, which in turn would harm our business and results of operations.

Our brand and ability to attract and retain sellers and buyers depends in part on the reliable performance of our cloud-hosted servers, network infrastructure and content delivery process. If the services provided by third parties are disrupted or if we are unable to maintain and scale the technology underlying our platform, our operations and business could suffer. The volume of traffic and activity on our online marketplace spikes on certain days and during certain periods of the year, such as during the fourth quarter due to the seasonality of our business, and any interruption would be particularly problematic if it were to occur at such a high-volume time.

The software and operation of the technology underlying our platform is expensive and complex, and we could experience operational failures. If we fail to accurately predict the rate or timing of the growth of our platform, we may be required to incur significant additional costs to maintain reliability. These costs could include, but are not limited to, adding additional hosting capacity or platforms, additional network providers, web application firewalls or other bot-mitigation technologies or additional content distribution networks. Additionally, as we rely on a fast, secure, and stable Internet, we could be required to adapt to any changes to global standards.

We have experienced, and expect that in the future we will experience, interruptions, delays, and outages in service and availability from time to time due to a variety of factors, including infrastructure changes, human or software errors, website hosting disruptions, and capacity constraints, and lack of network connectivity in one or more regions, which could affect the availability of services on our platform and prevent or inhibit the ability of buyers to access our online marketplace or complete purchases on our online marketplace and app. Third-party providers host much of our technology infrastructure. Any disruption in their services, or any failure of our providers to handle the demands of our online marketplace could significantly harm our business and damage our reputation. Third-party providers also have systems that are constantly evolving, it is difficult to predict the challenges that we may encounter in developing our platform for use in conjunction with such third-party systems, and we may not be able to modify our integrations to assure its compatibility with the systems of other third parties following any of their changes to their systems. Further, if we experience failures in our technology infrastructure or do not expand our technology infrastructure successfully, then our ability to attract and retain sellers and buyers and our growth prospects and our business would suffer. We do not have control over the operations of the facilities of these third-party providers that we use. These facilities may be vulnerable to damage or interruption from natural disasters, cybersecurity attacks, terrorist attacks, power outages and similar events or acts of misconduct.

Our business depends on continued and unimpeded access to the Internet and mobile networks.

To access our online marketplace, our sellers and buyers rely on access to the Internet. Internet service providers may choose to disrupt or degrade access to our online marketplace or increase the cost of such access. Similarly, to download our mobile applications, application store providers must allow our applications to be listed. Internet service providers or

application store providers could also attempt to charge us for providing access to our online marketplace. The adoption of any laws or regulations that adversely affect the popularity or growth in use of the Internet or our services, including laws or regulations that undermine open and neutrally administered Internet access, could decrease user demand for our service offerings and increase our cost of doing business. In January 2018, the Federal Communications Commission (the “FCC”) released an order reclassifying broadband Internet access as an information service, subject to certain provisions of Title I of the Communications Act. Among other things, the order eliminates rules adopted in 2015 that prohibited broadband providers from blocking, impairing, or degrading access to legal content, applications, services, or non-harmful devices, or engaging in the practice of “paid prioritization” of content or services by Internet service providers (e.g., the favoring of some lawful internet traffic over other traffic in exchange for higher payments). The order was contested and affirmed in federal court, and the parties declined to appeal the decision to the Supreme Court. A number of states have also enacted or are considering legislation or executive actions that would regulate the conduct of broadband providers. On July 9, 2021, President Biden signed an executive order which, among other things, instructed the FCC to restore the net neutrality rules. We cannot predict whether the FCC order or state initiatives will be modified, overturned, or vacated by legal action of the court, federal or state legislation, or the FCC. If net neutrality rules are not implemented, or Internet service providers engage in blocking, throttling, or paid prioritization or similar practices, our business, financial condition, and results of operations could be materially and adversely affected. Outside of the United States, government regulation of the Internet, including the idea of network neutrality, may be developing or non-existent. As a result, we could face discriminatory or anti-competitive practices that could impede both our and sellers’ growth prospects, increase our costs and harm our business.

Climate change may have an adverse impact on our business.

Risks related to rapid climate change may have an increasingly adverse impact on our business, our sellers’ businesses, and our buyers in the longer term. Any of our primary locations and the locations of our buyers and sellers may be vulnerable to the adverse effects of climate change. For example, our New York headquarters has experienced, and is projected to continue to experience, climate-related events at an increasing frequency, including floods, severe storms, and heat waves. Furthermore, it is more difficult to mitigate the impact of these events on our employees in light of our flexible work model, which has allowed for a remote and dispersed work environment. Changing market dynamics, global policy developments, and the increasing frequency and impact of extreme weather events on critical infrastructure in the U.S. and elsewhere have the potential to disrupt our business and the transactions consummated between our sellers and buyers, which could have a material adverse effect on our financial condition and results of operations.

Risks Related to Regulatory Matters and Litigation

Our business is subject to a large number of U.S. and non-U.S. laws, many of which are evolving.

We are subject to a variety of laws and regulations in the United States and around the world, including those relating to traditional businesses, such as employment laws and taxation, and newer laws and regulations focused on the Internet, online commerce, and the resale market, such as payment systems, personal privacy, anti-spam, data security, electronic contracts, unfair and deceptive trade practices, and consumer protection. These laws and regulations are continuously evolving, and compliance is costly and can require changes to our business practices and significant management time and effort. Additionally, it is not always clear how existing laws apply to the Internet as many of these laws do not address the unique issues raised by the Internet or online commerce.

For example, laws relating to online privacy are evolving differently in different jurisdictions. Federal, state, and non-U.S. governmental authorities, as well as courts interpreting the laws, continue to evaluate the privacy implications of the use of third-party “cookies,” “web beacons,” and other methods of online tracking. The United States, the European Union, and other governments have enacted or are considering legislation that could significantly restrict the ability of companies and individuals to collect and store user information, such as by regulating the level of consumer notice and consent required before a company can employ cookies or other electronic tracking tools. In some cases, non-U.S. privacy, data protection, consumer protection and other laws and regulations are more restrictive than those in the United States. For example, the European Union traditionally has imposed stricter obligations under such laws than the United States. Consequently, the expansion of our operations internationally may require changes to the ways we collect and use consumer information.

Existing and future laws and regulations enacted by federal, state, or non-U.S. governments could impede the growth or use of the Internet or online commerce. It is also possible that governments of one or more countries may seek to censor content available on our online marketplace or may even attempt to block access to our online marketplace. If we are restricted from operating in one or more countries, our ability to attract or retain sellers and buyers may be adversely affected and we may not be able to grow our business as we anticipate.

Some providers of consumer devices and web browsers have implemented, or have announced plans to implement, ways to block tracking technologies which, if widely adopted, could also result in online tracking methods becoming significantly less effective. Any reduction in our ability to make effective use of such technologies could harm our ability to personalize the

experience of buyers, increase our costs and limit our ability to attract new, and retain existing, sellers and buyers on cost-effective terms. As a result, our business could be adversely affected.

We strive to comply with all applicable laws, but they may conflict with each other, and by complying with the laws or regulations of one jurisdiction, we may find that we are violating the laws or regulations of another jurisdiction. Despite our efforts, we may not have fully complied in the past and may not in the future. If we become liable under laws or regulations applicable to us, we could be required to pay significant fines and penalties, and we may be forced to change the way we operate. That could require us to incur significant expenses or to discontinue certain services, which could negatively affect our business. Additionally, if third parties with whom we work violate applicable laws or our policies, those violations could result in other liabilities for us and could harm our business.

If we fail to comply with applicable laws or regulations, including those relating to the sale of antique and vintage items, we may be subject to fines, penalties, loss of licensure, registration, and approval, or other governmental enforcement action.

The sale of certain items through our online marketplace is subject to regulation, including by regulatory bodies such as the U.S. Consumer Product Safety Commission, the Federal Trade Commission, the U.S. Fish and Wildlife Service and other international, federal, state, and local governments and regulatory authorities. These laws and regulations are complex, vary from state to state and change often. We monitor these laws and regulations and adjust our business practices as warranted to comply. We list luxury design products from numerous sellers located throughout the United States and from over 90 countries, and the items listed by our sellers may contain materials such as fur, python, ivory, and other exotic animal product components, that are subject to regulation or cultural patrimony considerations. Our standard seller terms and conditions require sellers to comply with applicable laws when listing their items. Failure of our sellers to comply with applicable laws, regulations and contractual requirements could lead to litigation or other claims against us, resulting in increased legal expenses and costs. Moreover, failure by us to effectively monitor the application of these laws and regulations to our business, and to comply with such laws and regulations, may negatively affect our brand and subject us to penalties and fines.

Numerous U.S. states and municipalities, including the States of California and New York, have regulations regarding the handling of antique and vintage items and licensing requirements of antique and vintage dealers. Such government regulations could require us to change the way we conduct business or our buyers conduct their purchases in ways that increase costs or reduce revenues, such as prohibiting or otherwise restricting the sale or shipment of certain items in some locations. We could also be subject to fines or other penalties which in the aggregate could harm our business.

Additionally, the luxury design products our sellers sell could be subject to recalls and other remedial actions and product safety, labeling, and licensing concerns may require us to voluntarily remove selected items from our online marketplace. Such recalls or voluntary removal of items can result in, among other things, lost sales, diverted resources, potential harm to our reputation, and increased customer service costs and legal expenses, which could harm our results of operations.

Some of the luxury design products sold through our online marketplace on behalf of our sellers may expose us to product liability claims and litigation or regulatory action relating to personal injury, environmental, or property damage. We cannot be certain that our insurance coverage will be adequate for liabilities actually incurred or that insurance will continue to be available to us on economically reasonable terms or at all. In addition, while all of our seller agreements contain a standard indemnification provision, certain sellers may not have sufficient resources or insurance to satisfy their indemnity and defense obligations which may harm our business.

We are subject to governmental export and import controls and anti-corruption laws and regulations that could impair our ability to compete in international markets and subject us to liability if we are not in full compliance with applicable laws.

Our business activities are subject to various restrictions under U.S. export and similar laws and regulations, including the U.S. Department of Commerce's Export Administration Regulations and various economic and trade sanctions administered by the OFAC. The U.S. export control laws and U.S. economic sanctions laws include restrictions or prohibitions on the provision of certain goods and services to U.S. embargoed or sanctioned countries and regions, governments, persons, and entities. In addition, various countries regulate the import of certain technology and have enacted or could enact laws that could limit our ability to provide sellers and buyers access to our online marketplace or could limit our sellers' and buyers' ability to access or use our services in those countries.

Our online marketplace could be utilized in violation of such laws, despite the precautions we take to prevent such violations. In the past, we may have facilitated transactions involving products or sellers that are the subject of U.S. sanctions or located in countries or regions subject to U.S. sanctions in apparent violation of U.S. economic sanction laws. In relation to certain compliance issues, we have submitted to OFAC an initial notification of voluntary self-disclosure concerning potential violations. If we fail to comply with these laws and regulations or are found to be in violation of U.S. sanctions or export control laws, including by facilitating unlawful transactions, we and certain of our employees could be subject to civil or

criminal penalties, including the possible loss of export privileges and fines. We may also be adversely affected through penalties, reputational harm, loss of access to certain markets, or otherwise. Actions to remediate past potential violations may include internal reviews, voluntary self-disclosures, or other measures.

In addition, various countries regulate the import and export of certain encryption and other technology, including import and export permitting and licensing requirements, and have enacted laws that could limit the sale of items through our online marketplace or could limit our sellers' and buyers' ability to access our online marketplace in those countries. Changes in our online marketplace, or future changes in export and import regulations, may prevent our international sellers and buyers from utilizing our online marketplace or, in some cases, prevent the export or import of our sellers' items to certain countries, governments, or persons. Any change in export or import regulations, economic sanctions, or related legislation or changes in the countries, governments, persons, or technologies targeted by such regulations, could result in decreased use of our online marketplace by, or in our decreased ability to facilitate transactions through our online marketplace among, existing or potential sellers and buyers internationally. Any decreased use of our online marketplace or limitation on our sellers' ability to export or sell items would adversely affect our business, results of operations, and financial results.

We are also subject to various domestic and international anti-corruption laws, such as the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act, as well as other similar anti-bribery and anti-kickback laws and regulations. These laws and regulations generally prohibit companies, their employees, and their intermediaries from authorizing, offering, providing, and/or accepting improper payments or other benefits for improper purposes. These laws also require that we keep accurate books and records and maintain compliance procedures designed to prevent any such actions. Although we take precautions to prevent violations of these laws, our exposure for violating these laws increases as our international presence expands and as we increase sales and operations in foreign jurisdictions.

The increasing impact of and focus on ESG matters could increase our costs, harm our reputation, harm our relationships with employees, and adversely affect our financial results.

There has been increased focus, including by consumers, investors, employees, and other stakeholders, as well as by governmental and non-governmental organizations, on ESG matters. We intend to operate in line with our guiding principles and focus on the long-term sustainability of our business. From time to time, we may announce certain initiatives, including goals, regarding our focus areas, which may include environmental and sustainability matters, responsible sourcing, social investments and inclusion and diversity. We aim to create more economic opportunity for sellers, greater diversity in our workforce, and build long-term resilience by reducing our carbon footprint. Any failure by us to meet our commitments with regard to environmental, sustainability, responsible sourcing, social, and inclusion and diversity matters could negatively affect our brand, including harming our relationship with our employees, employee engagement, and retention, the willingness of our sellers and buyers to do business with us, or investors' willingness to purchase or hold shares of our common stock, any of which could adversely affect our business, financial performance, and growth. Our reputation could be damaged if we, our sellers, and other relevant parties do not (or are perceived not to) act responsibly regarding ESG standards, or if we fail to appropriately respond to concerns raised by our consumers, investors, and other interested persons, which could have a material adverse effect on our business, financial condition, and results of operations. The costs to achieving our ESG goals, and the costs or potential impact from business decisions informed by ESG matters could have a material adverse effect on our business and financial condition. In addition, standards regarding ESG matters could develop and become more onerous for us to comply with, which could also result in costs that have a material adverse effect on our business and financial condition.

We may become involved in claims, lawsuits, government investigations, and other proceedings that could adversely affect our business, financial condition, and results of operations.

From time to time, we may become involved in litigation matters, such as matters incidental to the ordinary course of our business, including intellectual property, commercial, employment, class action, whistleblower, accessibility, and other litigation and claims, and governmental and other regulatory investigations and proceedings. Such matters can be time-consuming, divert management's attention and resources, cause us to incur significant expenses or liability, or require us to change our business practices. Further, our general liability insurance may not cover all potential claims made against us or be sufficient to indemnify us for all liability that may be imposed. In addition, the expense of litigation and the timing of these expenses from period to period are difficult to estimate, subject to change, and could adversely affect our financial condition and results of operations. Because of the potential risks, expenses, and uncertainties of litigation, we may, from time to time, settle disputes, even where we have meritorious claims or defenses, by agreeing to settlement agreements. Any of the foregoing could adversely affect our business, financial condition, and results of operations.

Expanding and evolving regulations in the areas of privacy and user data protection could create technological, economic and complex cross-border business impediments to our business and those of our sellers.

Data protection has become a significant issue in the United States, countries in the European Union, and in many other countries in which we operate. In addition to the actual and potential changes in data protection laws described elsewhere in

these Risk Factors, global developments in privacy and data security regulations have changed and may continue to change some of the ways we, our sellers, vendors, and other third parties collect, use, and share personal information and other proprietary or confidential information, and have created and will continue to create additional compliance obligations for us and our sellers, vendors, and other third parties.

In the European Union, the E.U. General Data Protection Regulation (“GDPR”) contains strict requirements for processing the personal data of individuals residing in E.U. member states, the European Economic Area (“EEA”), and certain additional territories. The GDPR contains numerous requirements, including robust obligations on data controllers and data processors, greater rights for data subjects, including, for example, the “right to be forgotten,” and increased data portability, access, and redress rights for E.U. data subjects, security and accountability obligations (including stringent data breach notification requirements), increased rules for online and email marketing, compliance requirements related to our sellers, vendors, and other third parties, stronger regulatory enforcement regimes, and significantly heavier documentation and record-keeping requirements. The GDPR is subject to changing interpretations due to decisions of data protection authorities, courts, and related legislative efforts both E.U.-wide and in particular jurisdictions. Due to the GDPR and the implementation following Brexit of the U.K. General Data Protection Regulation (“U.K. GDPR”) (i.e., a version of the GDPR as implemented into U.K. law that combines the GDPR and the U.K. Data Protection Act of 2018), we may experience difficulty retaining or obtaining new E.U. or U.K. sellers, or current and new sellers may limit their selling into the European Union, due to the legal requirements, compliance cost, potential risk exposure, and uncertainty for them about their own compliance obligations with respect to the GDPR and U.K. GDPR. Furthermore, while the GDPR and U.K. GDPR remain substantially similar for the time being, the U.K. GDPR is currently under review in the United Kingdom and there may be further changes made to it over the next few years, including in ways that may differ from the GDPR, which could result in further compliance obligations. In addition, although our sellers are independent businesses, it is possible that a privacy authority could deem us jointly and severally liable for actions of our sellers or vendors, which would increase our potential liability exposure and costs of compliance, which could negatively impact our business. We could face potential liability, regulatory investigation, and costly litigation, which may not be adequately covered by insurance.

In the United States, rules and regulations governing data privacy and security include those promulgated under the authority of the Federal Trade Commission Act, the Electronic Communications Privacy Act, the Computer Fraud and Abuse Act, California’s California Consumer Privacy Act of 2018 (“CCPA”) and California Privacy Rights Act of 2020 (“CPRA”), and other state and federal laws relating to privacy, consumer protection, and data security. The CCPA and CPRA, and other recent and/or proposed state privacy laws, include requirements regarding the handling of personal information of consumers and households, including compliance and record keeping obligations, the right to request access to and deletion of their personal information, and the right to opt out of the sale and other uses of their personal information. Certain states provide a private right of action and statutory damages for data breaches.

Aspects of certain newly enacted state privacy statutes remain unclear, resulting in further legal uncertainty and potentially requiring us to modify our data practices and policies and to incur substantial additional costs and expenses in an effort to comply. If more stringent privacy legislation arises in the United States, E.U., or other jurisdictions where we operate, it could increase our potential liability and adversely affect our business, results of operations, and financial condition.

GDPR, CPRA, CCPA, and similar laws in other jurisdictions, and future changes to or interpretations of any of these laws, may continue to change the data protection landscape globally, may be potentially inconsistent or incompatible, and could result in potentially significant operational costs for internal compliance and risk to our business. Some of these requirements introduce friction into the buying and selling experience on our platforms and may impact the scope and effectiveness of our marketing efforts, which could negatively impact our business and future outlook. Complying with these laws and contractual or other obligations relating to privacy, data protection, data transfers, data localization, or information security may require us to make changes to our services to enable us or our customers to meet new legal requirements, incur substantial operational costs, modify our data practices and policies, and restrict our business operations. Any actual or perceived failure by us to comply with these laws, regulations, or other obligations may lead to significant fines, penalties, regulatory investigations, lawsuits, significant costs for remediation, damage to our reputation, or other liabilities. For example, under the GDPR alone, noncompliance could result in fines of up to 20 million Euros or up to 4% of the annual global revenue of the noncompliant company, whichever is greater. We may not be entirely successful in our compliance efforts due to various factors either within our control (such as limited internal resource allocation) or outside our control (such as a lack of vendor cooperation, new regulatory interpretations, or lack of regulatory guidance in respect of certain requirements).

We also publish privacy policies and other documentation regarding our collection, processing, use, and disclosure of personal data. Although we endeavor to comply with our published policies and documentation, we may at times fail to do so or may be perceived to have failed to do so. Moreover, despite our efforts, we may not be successful in achieving compliance, such as if our employees or vendors fail to comply with our published policies and documentation. We are or may also be subject to the terms of our own and third-party external and internal privacy and security policies, codes, representations, certifications, industry standards, publications and frameworks and contractual obligations to third parties related to privacy,

information security, including contractual obligations to indemnify and hold harmless third parties from the costs or consequences of non-compliance with data protection laws, or other obligations.

Our sellers and vendors may have been and may now and in the future be subject to similar privacy requirements, which may significantly increase costs and resources dedicated to their compliance with such requirements. We have varying contractual and other legal obligations to notify relevant stakeholders of security breaches related to us or, in some cases, our third-party service providers. Many jurisdictions have enacted laws requiring companies to notify individuals, regulatory authorities, and others of security breaches involving certain types of data in some circumstances. In addition, our agreements with certain stakeholders may require us to notify them in the event of such a security breach. Such mandatory disclosures, even if only related to actions of a third-party vendor, are costly, could lead to negative publicity, may cause members of our communities to lose confidence in the effectiveness of our security measures and require us to expend significant capital and other resources to respond to and/or alleviate problems caused by the actual or perceived security breach, and may cause us to breach customer contracts. Our contracts, our representations or industry standards, to varying extents, require us to use industry-standard or reasonable measures to safeguard sensitive personal information or confidential information. A cyber incident or security breach could lead to claims by members of our communities, or other relevant stakeholders that we have failed to comply with such legal or contractual obligations. As a result, we could be subject to legal action or members of our communities could end their relationships with us. There can be no assurance that any indemnifications, limitations of liability or other remedies in our contracts would be enforceable or adequate or would otherwise protect us from liabilities or damages.

We may not have adequate insurance coverage for security incidents or data breaches, including fines, judgments, settlements, penalties, costs, attorneys' fees, and other impacts that arise out of incidents or breaches. If the impacts of a security incident or data breach, or the successful assertion of one or more large claims against us that exceeds our available insurance coverage, is of a type not subject to insurance, or results in changes to our insurance policies (including premium increases or the imposition of large deductible or co-insurance requirements), it could have an adverse effect on our business. In addition, we cannot be sure that our existing insurance coverage, cyber coverage, and coverage for errors and omissions will continue to be available on acceptable terms or that our insurers will not deny coverage as to all or part of any future claim or loss. Our risks are likely to increase as we continue to expand, grow our customer base.

Risks Related to Intellectual Property

If we cannot successfully protect our intellectual property, our business could suffer.

We rely on a combination of intellectual property rights, contractual protections, and other practices to protect our brand, proprietary information, technologies and processes. We primarily rely on copyright and trade secret laws to protect our proprietary technologies, and processes, including the algorithms we use throughout our business. Others may independently develop the same or similar technologies and processes, or may improperly acquire and use information about our technologies and processes, which may allow them to provide a service similar to ours, which could harm our competitive position. Our principal trademark assets include the registered trademark "1stDibs" and our logos and taglines. Our trademarks are valuable assets that support our brand and consumers' perception of our services and merchandise. We also hold the rights to the "1stDibs.com" Internet domain name and various related domain names, which are subject to Internet regulatory bodies and trademark and other related laws of each applicable jurisdiction. If we are unable to protect our trademarks or domain names, our brand recognition and reputation could suffer, we could incur significant expense establishing new brands and our results of operations could be adversely impacted. Although we do not currently have any issued patents, we may pursue patent protection for aspects of our technology in the future. We cannot predict whether any pending patent application will result in an issued patent that will effectively protect our intellectual property. Even if a patent issues, the patent may be circumvented or its validity may be challenged. In addition, we cannot provide assurance that every significant feature of technology and services will be protected by any patent or patent application. Further, to the extent we pursue patent protection for our innovations, patents applications may not result in issued patents, and patents that do issue or that we acquire may not provide us with any competitive advantages or may be challenged by third parties. There can be no assurance that any patents we obtain will adequately protect our inventions or survive a legal challenge, as the legal standards relating to the validity, enforceability, and scope of protection of patent and other intellectual property rights are uncertain.

Third parties may challenge any patents, copyrights, trademarks, and other intellectual property and proprietary rights owned or held by us or may knowingly or unknowingly infringe, misappropriate or otherwise violate our patents, copyrights, trademarks, and/or other proprietary rights. We may be required to spend significant resources to monitor and protect our intellectual property rights, and the efforts we take to protect our proprietary rights may not be sufficient. Even if we do detect violations, we may need to engage in litigation to enforce our intellectual property rights. Any enforcement efforts we undertake, including litigation, could be time-consuming and expensive and could divert our management's attention away from standard business operations. In addition, our efforts may be met with defenses and counterclaims challenging the validity and/or enforceability of our intellectual property rights or may result in a court determining that our intellectual property rights are unenforceable. If we are unable to cost-effectively protect our intellectual property rights, then our business could be

harmful. An adverse decision in any of these legal actions could limit our ability to assert our intellectual property or proprietary rights, limit the value of our intellectual property or proprietary rights or otherwise negatively impact our business, financial condition, and results of operations. If the protection of our intellectual property and proprietary rights is inadequate to prevent use or misappropriation by third parties, the value of our brand and other intangible assets may be diminished, competitors may be able to more effectively mimic our service and methods of operations, the perception of our business and service to existing or potential sellers and buyers may become confused in the marketplace and our ability to attract sellers and buyers may be adversely affected.

We may be subject to intellectual property claims, which are extremely costly to defend, could require us to pay significant damages and could limit our ability to use certain technologies in the future.

We may receive notices that claim we have infringed, misappropriated, or misused other parties' intellectual property rights. To the extent we gain greater public recognition, we may face a higher risk of being the subject of intellectual property claims. Third-party intellectual property rights may cover significant aspects of our technologies or business methods or block us from expanding our offerings. Any intellectual property claims against us, with or without merit, could be time consuming and expensive to settle or litigate and could divert the attention of our management. Litigation regarding intellectual property rights is inherently uncertain due to the complex issues involved, and we may not be successful in defending ourselves in such matters.

Many potential litigants, including some of our competitors and patent holding companies, have the ability to dedicate substantial resources to enforcing their intellectual property rights. Any claims successfully brought against us could subject us to significant liability for damages and we may be required to stop using technology or other intellectual property alleged to be in violation of a third party's rights. We also might be required to seek a license for third-party intellectual property. Even if a license is available, we could be required to pay significant royalties or submit to unreasonable terms, which would increase our operating expenses. We may also be required to develop alternative non-infringing technology, which could require significant time and expense. If we cannot license or develop technology for any allegedly infringing aspect of our business, we could be forced to limit our service and may be unable to compete effectively. Any of these results could harm our business.

We are subject to the terms of open source licenses because our platform incorporates open source software.

The software powering our online marketplace incorporates software covered by open source licenses. The terms of many open source licenses have not been interpreted by U.S. courts and there is a risk that the licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to operate our online marketplace. If we were to combine or connect our proprietary source code or software with open source software in a certain manner, we could, under certain of the open source licenses, be required to publicly release the source code of our software or to make our software available under open source licenses. To avoid the public release of the affected portions of our source code in the event of our inappropriate use of open source software, we could be required to expend substantial time and resources to re-engineer some or all of our software. In addition, use of open source software can lead to greater risks than use of third-party commercial software because open source licensors generally do not provide warranties or controls on the origin of the software. Use of open source software may also present additional security risks because the public availability of such software may make it easier for hackers and other third parties to determine how to compromise our platform. We have established processes to help alleviate these risks, but we cannot be sure that all of our use of open source software is in a manner that is consistent with our current policies and procedures or will not subject us to liability.

Risks Related to our Operations as a Public Company

If our internal control over financial reporting or our disclosure controls and procedures are not effective, we may not be able to accurately report our financial results, prevent fraud or file our periodic reports in a timely manner, which may cause investors to lose confidence in our reported financial information and may lead to a decline in our stock price.

We have been a private company and, as such, we have not been subject to the internal control and financial reporting requirements applicable to a publicly traded company. We are required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act following the later of the date we are deemed to be an "accelerated filer" or a "large accelerated filer," each as defined in the Exchange Act, or the date we are no longer an "emerging growth company," as defined in the JOBS Act. In addition, as a public company, we will be subject to Section 404(a), which requires us to include a report on our internal controls, including an assessment of the effectiveness of our internal controls and financial reporting procedures. Section 404 of the Sarbanes-Oxley Act ("Section 404") requires that we maintain effective internal control over financial reporting and disclosure controls and procedures. In particular, we must perform system and process evaluations, document our controls and perform testing of our key controls over financial reporting to allow management and our independent public accounting firm to report on the effectiveness of our internal control over financial reporting. Our testing, or the subsequent testing by our independent public accounting firm, may reveal deficiencies in our internal control over financial reporting that

are deemed to be material weaknesses. If we are not able to comply with the requirements of Section 404 in a timely manner, or if we or our accounting firm identify deficiencies in our internal control over financial reporting that are deemed to be material weaknesses, the market price of our stock would likely decline and we could be subject to lawsuits, sanctions, or investigations by regulatory authorities, which would require additional financial and management resources.

We may encounter difficulties in the timely and accurate reporting of our financial results, which would impact our ability to provide our investors with information in a timely manner. As a result, our investors could lose confidence in our reported financial information, and our stock price could decline.

We are an emerging growth company, and any decision on our part to comply only with certain reduced reporting and disclosure requirements applicable to emerging growth companies could make our common stock less attractive to investors.

We are an “emerging growth company,” as defined in the JOBS Act. We intend to take advantage of certain exemptions under the JOBS Act from various public company reporting requirements, including not being required to have our internal control over financial reporting audited by our independent registered public accounting firm pursuant to Section 404(b) of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and any golden parachute payments not previously approved. We may take advantage of these exemptions for up to five years or until we are no longer an “emerging growth company,” whichever is earlier.

In addition, Section 107 of the JOBS Act provides that an “emerging growth company” can take advantage of an extended transition period for complying with new or revised accounting standards. This provision allows an emerging growth company to delay the adoption of some accounting standards until those standards would otherwise apply to private companies. We have elected to use the extended transition period under the JOBS Act. Accordingly, our consolidated financial statements may not be comparable to the financial statements of public companies that comply with such new or revised accounting standards.

We cannot predict if investors will find our common stock less attractive if we choose to rely on any of the exemptions afforded to emerging growth companies. If some investors find our common stock less attractive because we rely on any of these exemptions, there may be a less active trading market for our common stock and the market price of our common stock may be more volatile.

We will remain an emerging growth company until the earlier of (1) the last day of the fiscal year (a) in which the fifth anniversary of the completion of our IPO, (b) in which we have total annual gross revenue of at least \$1.235 billion or (c) in which we become a large accelerated filer, which means that we have been public for at least 12 months, have filed at least one annual report and the market value of our common stock that is held by non-affiliates exceeds \$700 million as of the last day of our then-most recently completed second fiscal quarter, and (2) the date on which we have issued more than \$1.0 billion in non-convertible debt during the prior three-year period.

We may not be able to manage our transition effectively or efficiently to a public company.

We have incurred, and will continue to incur, significant legal, accounting, and other expenses that we did not incur as a private company. Our management team and other personnel will need to devote a substantial amount of time to, and we may not effectively or efficiently manage, our transition into a public company. For example, we are now subject to the reporting requirements of the Exchange Act, the applicable requirements of the Sarbanes-Oxley Act and the Dodd-Frank Wall Street Reform and Consumer Protection Act, and the rules and regulations of the SEC and Nasdaq. To comply with the various requirements applicable to public companies, we must maintain effective disclosure and financial controls and corporate governance practices. If, notwithstanding our efforts to comply with these laws, regulations, and standards, we fail to comply, regulatory authorities may initiate legal proceedings against us and our business may be harmed. Further, failure to comply with these rules might make it more difficult for us to obtain some types of insurance, including director and officer liability insurance, and we might be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. The impact of these events could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, on committees of our board of directors or as members of senior management. As such, we intend to continue to invest resources to comply with evolving laws, regulations and standards, and this investment has resulted, and may continue to result in, increased general and administrative expenses and a diversion of management’s time and attention from revenue-generating activities to compliance activities.

Many members of our management and other personnel have limited experience managing a public company and preparing public filings. In addition, our management and other personnel have had, and may in the future need to divert attention from other business matters, to devote substantial time to the reporting and other requirements applicable to a public company. In particular, we have incurred, and expect to continue to incur, significant expense and devote substantial management effort to complying with the requirements of Section 404. We have hired, and intend to hire, additional accounting and finance personnel with system implementation experience and expertise regarding compliance with the Sarbanes-Oxley Act. We may

be unable to locate and hire qualified professionals with requisite technical and public company experience when and as needed. In addition, new employees will require time and training to learn our business and operating processes and procedures. If we are unable to recruit and retain additional finance personnel or if our finance and accounting team is unable for any reason to respond adequately to the increased demands that will result from being a public company, the quality and timeliness of our financial reporting may suffer, which could result in the identification of material weaknesses in our internal controls. Any consequences resulting from inaccuracies or delays in our reported consolidated financial statements could cause our stock price to decline and could harm our business, financial condition, and results of operations.

If we fail to strengthen our financial reporting systems, infrastructure, and internal control over financial reporting to meet the demands that will be placed upon us as a public company, including the requirements of the Sarbanes-Oxley Act, we may be unable to report our financial results timely and accurately or prevent fraud. We expect to incur significant expense and devote substantial management effort toward ensuring compliance with Section 404.

As a result of becoming a public company, we are, and will become, subject to additional regulatory compliance requirements, including Section 404, and if we fail to maintain an effective system of internal controls, we may not be able to accurately report our financial results or prevent fraud.

The rules and regulations such as the Sarbanes-Oxley Act have increased our legal and finance compliance costs and made some activities more time-consuming and costly. For example, Section 404 requires that our management report on, and our independent auditors attest to, the effectiveness of our internal control structure and procedures for financial reporting. Beginning with our second annual report following our IPO, we will be required to provide a management report on internal control over financial reporting. However, our auditors will not be required to formally attest to the effectiveness of our internal control over financial reporting pursuant to Section 404 until we are no longer an “emerging growth company,” as defined in the JOBS Act.

Effective internal controls are necessary for us to provide reliable financial reports and effectively prevent fraud. Section 404 compliance may divert internal resources and will take a significant amount of time and effort to complete. We may not be able to successfully complete the procedures and certification and attestation requirements of Section 404 by the time we will be required to do so. Implementing these changes may take a significant amount of time and may require specific compliance training of our personnel. In the future, we may discover areas of our internal controls that need improvement. If our auditors or we discover a material weakness or significant deficiency, the disclosure of that fact, even if quickly remedied, could reduce the market’s confidence in our consolidated financial statements and harm our stock price. Any inability to provide reliable financial reports or prevent fraud would harm our business. We may not be able to effectively and timely implement necessary control changes and employee training to ensure continued compliance with the Sarbanes-Oxley Act and other regulatory and reporting requirements. If we fail to successfully complete the procedures and certification and attestation requirements of Section 404, or if in the future our Chief Executive Officer, Chief Financial Officer or independent registered public accounting firm determines that our internal controls over financial reporting are not effective as defined under Section 404, we could be subject to investigations or sanctions by Nasdaq, the SEC, FINRA or other regulatory authorities. Furthermore, investor perceptions of the Company may suffer, and this could cause a decline in the market price of our shares of common stock. We cannot assure you that we will be able to fully comply with the requirements of the Sarbanes-Oxley Act or that management or, when applicable, our auditors will conclude that our internal controls are effective in future periods. Irrespective of compliance with Section 404, any failure of our internal controls could have a material adverse effect on our stated results of operations and harm our reputation.

Risks Related to Tax and Accounting Matters

We could be required to pay or collect sales taxes in jurisdictions in which we do not currently do so, with respect to past or future sales. This could adversely affect our business and results of operations.

An increasing number of states have considered or adopted laws that impose tax collection obligations on out-of-state sellers of goods. Additionally, the Supreme Court of the United States ruled in *South Dakota v. Wayfair, Inc. et al* (“Wayfair”), that online sellers can be required to collect sales tax despite not having a physical presence in the state of the customer. In response to Wayfair, or otherwise, state or local governments and taxing authorities may adopt, or begin to enforce, laws requiring us to calculate, collect and remit taxes on sales in their jurisdictions. In addition, our transition to an almost fully remote work environment in response to the COVID-19 pandemic may result in an increased number of states in which we have employees, which may result in sales tax obligations that we did not previously have. While we believe that we collect and remit sales taxes in every state that requires sales taxes to be collected, including states where we do not have a physical presence, the adoption of new laws by, or a successful assertion by the taxing authorities of, one or more state or local governments requiring us to collect taxes where we presently do not do so, or to collect more taxes in a jurisdiction in which we currently do collect some taxes, could result in substantial tax liabilities, including taxes on past sales, as well as penalties and interest. The imposition by state governments and taxing authorities of sales tax collection obligations on out-of-state e-commerce businesses could also create additional administrative burdens for us, put us at a competitive disadvantage if they do

not impose similar obligations on our competitors, and decrease our future sales, which could harm our business and results of operations.

Our business and our sellers may be subject to sales tax, value-added tax (“VAT”), provincial taxes, goods and services tax, and other taxes.

The application of indirect taxes, such as sales and use tax, VAT, provincial taxes, goods and services tax, business tax and gross receipt tax, to businesses like ours and to our sellers and buyers is a complex and evolving issue. Significant judgment is required to evaluate applicable tax obligations and as a result amounts recorded are estimates and could change. In many cases, the ultimate tax determination is uncertain because it is not clear how existing statutes apply to our business or to sellers’ businesses. For example, it is unclear whether sales tax statutes on digital goods apply to NFTs. One or more states, the federal government or other countries may seek to impose additional reporting, record-keeping, or indirect tax collection obligations on businesses like ours that facilitate online commerce. For example, the U.S. Congress considered the “Marketplace Fairness Act,” which would have granted states the authority to require certain online merchants to collect sales tax on online sales at the time a transaction is completed. Although this legislation was not passed, there is no assurance that it, or similar legislation, will not be re-introduced or adopted in the future. In addition, EU reforms to the VAT obligations for business to consumer e-commerce sellers and marketplaces went into effect in July 2021. In connection with these reforms, certain marketplaces will become the deemed supplier when they facilitate certain cross-border business to consumer transactions of their third-party sellers. As a result, marketplaces may be liable to collect, report, and remit the VAT due from the consumer. The United Kingdom has implemented similar VAT marketplace rules, which went into effect in January 2021 and, in certain situations, may make facilitating marketplaces liable for the VAT collections for their overseas sellers. We continually monitor changes, such as these, which could materially affect our business operations. New taxes, both domestically and internationally, could also require us or sellers to incur substantial costs to capture data and collect and remit taxes. If such obligations were imposed, the additional costs associated with tax collection, remittance, and audit requirements could make selling through our online marketplace less attractive and more costly for sellers, which could harm our business.

Our facilitation of transactions in cryptocurrencies such as Ether on our NFT platform exposes us to risks under U.S. and foreign tax laws.

Although under U.S. federal tax laws, cryptocurrencies are currently considered property versus currency, we are obligated to report transactions involving cryptocurrencies in U.S. dollars and must determine their fair market value on each transaction date. The U.S. federal taxing authorities have issued limited guidance on cryptocurrency transactions. The current guidance treats the use of cryptocurrency to purchase a NFT as a taxable disposition of the cryptocurrency, which subjects the holder to taxable gain that such holder must report for federal and state tax purposes. Similarly, a seller of a NFT is subject to tax on the sale of the NFT. Congress is currently proposing legislation that could require us to report such transactions to the IRS. Our failure to accurately record or report the cryptocurrency and NFT sales transacted through our NFT platform, or held by us, would expose us to adverse tax consequences, penalties, and interest. Moreover, the IRS, in connection with audits of cryptocurrency exchanges, has successfully sued to obtain account holder transaction and tax information. The applicability of tax laws in the United States and foreign jurisdictions with respect to cryptocurrency and NFTs will continue to evolve. This uncertainty increases the risk of non-compliance with tax laws, which in turn could result in adverse tax consequences, penalties, investigations or audits, litigation, account holder lawsuits, or the need to revise or restate our financial statements and associated consequences therewith, among other things. We ceased further investment in our NFT platform in January 2023. However, because previously-minted NFTs remain available for sale on our platform, any of the foregoing could adversely affect our business and reputation.

Application of existing tax laws, rules or regulations are subject to interpretation by taxing authorities.

The application of income and other tax laws is subject to interpretation. Although we believe our tax methodologies are compliant, a taxing authority’s final determination in the event of a tax audit could materially differ from our past or current methods for determining and complying with our tax obligations, including the calculation of our tax provisions and accruals, in which case we may be subject to additional tax liabilities, possibly including interest and penalties. Furthermore, taxing authorities have become more aggressive in their interpretation and enforcement of such laws, rules and regulations over time, as governments are increasingly focused on ways to increase revenues. This focus has contributed to an increase in audit activity and stricter enforcement by taxing authorities. As such, additional taxes or other assessments may be in excess of our current tax reserves or may require us to modify our business practices to reduce our exposure to additional taxes going forward, any of which may have a material adverse effect on our business, results of operations, financial condition, and prospects.

We may experience fluctuations in our tax obligations and effective tax rate.

We are subject to taxation in the United States and in numerous other jurisdictions. We record tax expense based on current tax payments and our estimates of future tax payments, which may include reserves for estimates of probable settlements of tax

audits. At any time, multiple tax years could be subject to audit by various taxing jurisdictions. As a result, we expect that throughout the year there could be ongoing variability in our quarterly tax rates as taxable events occur and exposures are re-evaluated. Further, our effective tax rate in a given financial statement period may be adversely impacted by changes in tax laws, changes in the mix of revenue among different jurisdictions, changes to accounting rules, and changes to our ownership or capital structure. Fluctuations in our tax obligations and effective tax rate could adversely affect our business.

Amendments to existing tax laws, rules, or regulations or enactment of new unfavorable tax laws, rules, or regulations could have an adverse effect on our business and results of operations.

Many of the underlying laws, rules, and regulations imposing taxes and other obligations were established before the growth of the Internet and e-commerce. U.S. federal, state, and local taxing authorities are currently reviewing the appropriate treatment of companies engaged in Internet commerce and considering changes to existing tax or other laws that could levy sales, income, consumption, use, or other taxes relating to our activities, and/or impose obligations on us to collect such taxes. If such tax or other laws, rules, or regulations are amended, or if new unfavorable laws, rules or regulations are enacted, the results could increase our tax payments or other obligations, prospectively or retrospectively, subject us to interest and penalties, decrease the demand for our services if we pass on such costs to our sellers or buyers, result in increased costs to update or expand our technical or administrative infrastructure, or effectively limit the scope of our business activities if we decided not to conduct business in particular jurisdictions. As a result, these changes may have a material adverse effect on our business, results of operations, financial condition, and prospects.

The Tax Cuts and Jobs Act of 2017 made a number of significant changes to the current U.S. federal income tax rules, including the reduction of the generally applicable corporate tax rate from 35% to 21%, the limitation of the tax deduction for net interest expense to 30% of adjusted taxable income (except for certain small businesses), the limitation of the deduction for net operating losses from taxable years beginning after December 31, 2017 to 80% of current year taxable income and the elimination of net operating loss carrybacks generated in taxable years ending after December 31, 2017 (though any such net operating losses may be carried forward indefinitely), and the modification or repeal of many business deductions and credits. Additionally, the Coronavirus Aid, Relief, and Economic Security Act, which, among other things, suspends the 80% limitation on the deduction for net operating losses in taxable years beginning before January 1, 2021, permits a five-year carryback of net operating losses arising in taxable years beginning after December 31, 2017 and before January 1, 2021, and generally caps the limitation on the deduction for net interest expense at 50% of adjusted taxable income for taxable years beginning in 2019 and 2020. It cannot be predicted whether, when, in what form, or with what effective dates, tax laws, regulations and rulings may be enacted, promulgated or issued, which could result in an increase in our or our stockholders' tax liability or require changes in the manner in which we operate in order to minimize or mitigate any adverse effects of changes in tax law.

Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.

We have incurred substantial net operating losses ("NOLs"), during our history. Unused NOLs may carry forward to offset future taxable income if we achieve profitability in the future, unless such NOLs expire under applicable tax laws. However, under the rules of Sections 382 and 383 of the Internal Revenue Code of 1986, as amended (the "Code"), if a corporation undergoes an "ownership change," generally defined as a greater than 50 percentage point change (by value) in its equity ownership over a three-year period, the corporation's ability to use its NOLs and other pre-change tax attributes to offset its post-change taxable income or other taxes may be limited. The applicable rules generally operate by focusing on changes in ownership among stockholders considered by the rules as owning, directly or indirectly, 5% or more of the stock of a company, as well as changes in ownership arising from new issuances of stock by the company. We completed formal studies through December 31, 2022 to determine if any ownership changes within the meaning of Sections 382 and 383 of the Code have occurred. As a result of the studies, we determined that although we experienced an ownership change on July 28, 2015, the limitation from the ownership change will not result in any of the NOLs or tax credits expiring unutilized. No additional ownership changes have occurred through the date of the most recent study. It is possible that we may experience an ownership change as a result of this study. In the event that we experience an ownership change within the meaning of Sections 382 and 383 of the Code as a result of the study or any future transactions in our stock, then we may be limited in our ability to use our NOL carryforwards to offset our future taxable income, if any.

Our reported results of operations may be adversely affected by changes in generally accepted accounting principles.

Generally accepted accounting principles are subject to interpretation by the Financial Accounting Standards Board ("FASB"), the SEC and various bodies formed to promulgate and interpret appropriate accounting principles. A change in these principles or interpretations could have a significant effect on our reported results of operations and could affect the reporting of transactions completed before the announcement of a change. It is difficult to predict the impact of future changes to accounting principles or our accounting policies, any of which could negatively affect our reported results of operations.

Risks Related to Our Common Stock

An active trading market for our common stock may not develop or be sustained and the price of our common stock could be volatile. Declines in the price of our common stock could subject us to litigation.

Prior to our IPO, there was no public market for our common stock. An active market in our common stock may not develop or, if it does develop, it may not be sustainable or liquid enough for investors to sell their shares.

The market prices of the securities of other newly public companies have historically been highly volatile and markets in general have been highly volatile in light of the impacts from global adverse economic, political, or market conditions, including changes resulting from increases in inflation or interest rates, consumer credit conditions, consumer debt levels, consumer confidence, supply chain disruptions, and geopolitical instability. Our stock price may be volatile and may decline, resulting in a loss of some or all of your investment. For example, our common stock has traded both above and below our initial public offering (“IPO”) price. The trading price and volume of our common stock could fluctuate significantly in response to numerous factors, many of which are beyond our control, including:

- variations in our results of operations and other financial and operational metrics, including the key financial and operating metrics, as well as how those results and metrics disclosed in this Annual Report on Form 10-K compare to analyst and investor expectations;
- speculation about our results of operations;
- the financial projections we may provide to the public, if any, any changes in these projections, or our failure to meet these projections;
- failure of securities analysts to initiate or maintain coverage of us, changes in financial estimates or ratings by any securities analysts who follow us, or our failure to meet these estimates or the expectations of investors;
- events or factors resulting from war or other outbreak of hostilities, geopolitical tensions, acts of terrorism, global health crises, such as the COVID-19 pandemic, responses to these events, or the perception that any such factors or events may occur;
- announcements of new services or offerings, strategic alliances, or significant agreements or other developments by us or our competitors;
- announcements by us or our competitors of mergers or acquisitions or rumors of such transactions involving us or our competitors;
- changes in our board of directors, management, or other key personnel;
- disruptions in our online marketplace due to hardware, software or network problems, security breaches, or other issues;
- global economic conditions or economic conditions in the jurisdictions in which we operate, and market conditions in our industry and those affecting our sellers and buyers;
- trading activity by our principal stockholders and other market participants, in whom ownership of our common stock may be concentrated;
- market perception of, or reaction to, our share repurchase program;
- price and volume fluctuations, and general volatility, in the overall stock market;
- the performance of the equity markets in general and in our industry;
- the operating performance of other similar companies;
- actual or anticipated developments in our business or our competitors’ businesses or the competitive landscape generally;
- new laws or regulations, new interpretations of existing laws, or regulations applicable to our business;
- litigation or other claims against us;
- the number of shares of our common stock that are available for public trading; and
- any other factors discussed in this Annual Report on Form 10-K.

In addition, if the market for technology stocks or the stock market in general experiences a loss of investor confidence, the price of our common stock, whether due to any of the foregoing factors or otherwise, could decline for reasons unrelated to our

business, results of operations, or financial condition. The price of our common stock might also decline in reaction to events that affect other companies, even if those events do not directly affect us. Some companies that have experienced volatility in the trading price of their stock have been the subject of securities class action litigation. If we are the subject of such litigation, it could result in substantial costs and could divert our management's attention and resources, which could adversely affect our business.

Moreover, because of these fluctuations, comparing our results of operations on a period-to-period basis may not be meaningful. You should not rely on our past results as an indication of our future performance. This variability and unpredictability could also result in our failing to meet the expectations of industry or financial analysts or investors for any period. If our net revenue or results of operations fall below the expectations of analysts or investors or below any forecasts we may provide to the market, or if the forecasts we provide to the market are below the expectations of analysts or investors, the price of our common stock could decline substantially. Such a stock price decline could occur even when we have met any previously publicly stated net revenue or earnings forecasts that we may provide.

Sales of a substantial number of shares of our common stock in the public market, such as the perception that sales might occur, could cause the price of our common stock to decline.

The market price of our common stock could decline as a result of substantial sales of our common stock, particularly sales by our directors, executive officers, and significant stockholders, a large number of shares of our common stock becoming available for sale, or the perception in the market that such sales could occur. All of the shares of common stock sold in our IPO are freely transferable without restriction or additional registration under the Securities Act of 1933, as amended (the "Securities Act").

We have registered all of the shares underlying outstanding options and any shares underlying other equity incentives we may grant in the future for public resale under the Securities Act. Accordingly, these shares will be able to be freely sold in the public market upon issuance to the extent permitted by any applicable vesting requirements. Sales of stock by these equity holders or the perception that such sales could occur could adversely affect the trading price of our common stock.

In addition, the registration of shares with existing registration rights would result in the shares becoming freely tradable without restriction under the Securities Act, except for shares held by our affiliates as defined in Rule 144 under the Securities Act, which are subject to the limitations of Rule 144. Sales of securities by any of these stockholders or the perception that such sales could occur could adversely affect the trading price of our common stock.

We cannot guarantee that our share repurchase program will be fully consummated or that it will enhance long-term stockholder value. Share repurchases could also increase the volatility of the trading price of our stock and will diminish our cash reserves.

Although our board of directors has authorized a share repurchase program that does not have an expiration date, the program does not obligate us to repurchase any specific dollar amount or to acquire any specific number of shares of our common stock. We cannot guarantee that the program will be fully consummated or that it will enhance long-term stockholder value. The program could affect the trading price of our stock and increase volatility, and any announcement of a termination of this program may result in a decrease in the trading price of our stock. In addition, this program will diminish our cash reserves.

Future sales and issuances of our common stock or rights to purchase common stock could result in additional dilution to our stockholders and could cause the price of our common stock to decline.

We may issue additional common stock, convertible securities, or other equity in the future. We also expect to issue common stock to our employees, directors, and other service providers pursuant to our equity incentive plans. Additionally, as part of our business strategy, we may acquire or make investments in complementary companies, products or technologies and issue equity securities to pay for any such acquisition or investment. Any such issuances could be dilutive to investors and could cause the price of our common stock to decline. New investors in such issuances could also receive rights senior to those of holders of our common stock.

Our actual results of operations may not meet our guidance and investor expectations, which would likely cause our stock price to decline.

From time to time, we may release guidance in our earnings releases, earnings conference calls, or otherwise, regarding our future performance that represent our management's estimates as of the date of release. If given, this guidance, which will include forward-looking statements, will be based on projections prepared by our management. Projections are based upon a number of assumptions and estimates that, while presented with numerical specificity, are inherently subject to significant business, economic, and competitive uncertainties and contingencies, many of which are beyond our control. The principal reason that we may release guidance is to provide a basis for our management to discuss our business outlook with analysts and investors. With or without our guidance, analysts, and other investors may publish expectations regarding our business, financial condition, and results of operations. We do not accept any responsibility for any projections or reports published by

any such third parties. Guidance is necessarily speculative in nature, and it can be expected that some or all of the assumptions of the guidance furnished by us will not materialize or will vary significantly from actual results. Any change in previously released guidance or in our practice of releasing guidance could materially and adversely affect the trading price of our common stock. Further, if our actual performance does not meet or exceed our guidance or investor expectations, the trading price of our common stock is likely to decline.

If securities analysts or industry analysts do not publish reports about our business, downgrade our common stock, or publish negative research or reports, our stock price and trading volume could decline.

The market price and trading market for our common stock will continue to be influenced by the research and reports that industry or securities analysts publish about us, our business, and our market. If one or more analysts adversely change their recommendation regarding our stock or change their recommendation about our competitors' stock, our stock price could decline. If one or more analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline or become volatile.

We do not intend to pay dividends on our common stock, so any returns on your investment will be limited to changes in the value of our common stock.

We have never declared or paid any dividends on our common stock. We currently anticipate that we will retain future earnings for the development, operation, and expansion of our business and do not anticipate declaring or paying any dividends for the foreseeable future. In addition, if we were to enter into loan or similar agreements in the future, these agreements may contain restrictions on our ability to pay dividends or make distributions. Any return to stockholders will therefore be limited to the increase, if any, in our stock price, which may never occur.

Our directors, executive officers and principal stockholders beneficially own a substantial percentage of our stock and will be able to exert significant control over matters subject to stockholder approval.

Our directors, executive officers, greater than 5% stockholders and their respective affiliates beneficially own a significant percentage of our outstanding common stock. Therefore, these stockholders will continue to have the ability to influence us through their ownership position. If these stockholders act together, they may be able to determine all matters requiring majority stockholder approval. For example, these stockholders will be able to control elections of directors, amendments of our charter documents or approval of any merger, sale of assets or other major corporate transaction. This may prevent or discourage unsolicited acquisition proposals or offers for our capital stock that other stockholders may feel are in their best interests.

Anti-takeover provisions in our charter documents and under Delaware law could make an acquisition of our company more difficult, limit attempts by our stockholders to replace or remove our current management, and limit the market price of our common stock.

Provisions in our amended and restated certificate of incorporation and bylaws may have the effect of delaying or preventing a change of control or changes in our management. Our amended and restated certificate of incorporation and bylaws include provisions that:

- authorize our board of directors to issue, without further action by the stockholders, shares of undesignated preferred stock with terms, rights, and preferences determined by our board of directors that may be senior to our common stock;
- require that any action to be taken by our stockholders be effected at a duly called annual or special meeting and not by written consent;
- specify that special meetings of our stockholders can be called only by our board of directors, the Chairperson of our board of directors ("Chairperson"), or our Chief Executive Officer;
- establish an advance notice procedure for stockholder proposals to be brought before an annual meeting, including proposed nominations of persons for election to our board of directors, which requires, without limitation, compliance with Rule 14a-19 under the Exchange Act, as applicable;
- establish that our board of directors is divided into three classes, with each class serving three-year staggered terms;
- prohibit cumulative voting in the election of directors;
- provide that our directors may be removed only for cause;
- provide that vacancies on our board of directors may be filled by a majority of directors then in office, even if less than a quorum; and

- require the approval of our board of directors or the holders of at least 66 2/3% of our outstanding shares of capital stock to amend our bylaws and certain provisions of our certificate of incorporation.

These provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors, which is responsible for appointing the members of our management. In addition, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which generally prohibits a Delaware corporation from engaging in a broad range of business combinations with any interested stockholder for a period of three years following the date on which such stockholder became an interested stockholder. Any delay or prevention of a change of control transaction or changes in our management could cause our stock price to decline or could prevent or deter a transaction that a shareholder might support.

Claims for indemnification by our directors and officers may reduce our available funds to satisfy successful third-party claims against us and may reduce cash resources.

Our directors and executive officers may be subject to litigation for a variety of claims or disputes. Delaware law provides that directors of a corporation will not be personally liable for monetary damages for any breach of fiduciary duties as directors, except liability for:

- any transaction from which the director derives an improper personal benefit;
- any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- any unlawful payment of dividends or redemption of shares; or
- any breach of a director's duty of loyalty to the corporation or its stockholders.

Such limitation of liability does not apply to liabilities arising under federal securities laws and does not affect the availability of equitable remedies such as injunctive relief or rescission. Our amended and restated bylaws provide that we are required to indemnify our directors and officers to the fullest extent permitted by Delaware law and may indemnify our other employees and agents. Our amended and restated bylaws also provide that, on satisfaction of certain conditions, we will advance expenses incurred by a director or officer in advance of the final disposition of any action or proceeding, and permit us to secure insurance on behalf of any officer, director, employee, or other agent for any liability arising out of his or her actions in that capacity regardless of whether we would otherwise be permitted to indemnify him or her under the provisions of Delaware law. We have entered into, and intend to enter into, agreements to indemnify our directors and executive officers. With certain exceptions, these agreements provide for indemnification for related expenses, including attorneys' fees, judgments, fines, and settlement amounts incurred by any of these individuals in connection with any action, proceeding, or investigation. Such provisions in our amended and restated bylaws and our indemnification agreements may discourage stockholders from bringing a lawsuit against our directors and executive officers for breach of their fiduciary duties. Such provisions may also reduce the likelihood of derivative litigation against our directors and executive officers, even though an action, if successful, might benefit us and other stockholders.

While we maintain directors' and officers' liability insurance, such insurance may not be adequate to cover all liabilities that we may incur, which may reduce our available funds to satisfy third-party claims and could harm our business, results of operations, and financial condition. Further, a stockholder's investment may be harmed to the extent that we pay the costs of settlement and damage awards against our directors and executive officers as required by these indemnification provisions.

Our amended and restated certificate of incorporation and amended and restated bylaws designate the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, and provides that federal district courts will be the sole and exclusive forum for Securities Act claims, which could limit our stockholders' ability to obtain what they believe to be a favorable judicial forum for disputes with us or our directors, officers, or other employees.

Our amended and restated certificate of incorporation and our amended and restated bylaws provide that, unless we consent in writing to the selection of an alternative forum, to the fullest extent permitted by law, the Court of Chancery of the State of Delaware (or, if that court lacks subject matter jurisdiction, another federal or state court situated in the State of Delaware) shall be the sole and exclusive forum for (a) any derivative action or proceeding brought on our behalf, (b) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, or other employees to us or our stockholders, (c) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law, our certificate of incorporation or our bylaws, or (d) any action asserting a claim against us governed by the internal affairs doctrine (collectively, the "Delaware Forum Provision"). Our amended and restated certificate of incorporation and our amended and restated bylaws further provide that, unless we consent in writing to the selection of an alternative forum, the federal district courts are the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act (the "Federal Forum Provision").

Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. As a result, the enforceability of this provision is uncertain, and a court may determine that such provision will not apply to suits brought to enforce any duty or liability created by the Securities Act or any other claim for which the federal and state courts have concurrent jurisdiction. Further, compliance with the federal securities laws and the rules and regulations thereunder cannot be waived by investors in our common stock.

Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. As a result, the exclusive forum provision will not apply to suits brought to enforce any duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. Accordingly, the Delaware Forum Provision does not designate the Court of Chancery as the exclusive forum for any derivative action arising under the Exchange Act, as there is exclusive federal jurisdiction in such instances.

Any person or entity purchasing or otherwise acquiring any interest in our capital stock shall be deemed to have notice of and consented to the Delaware Forum Provision and the Federal Forum Provision of our bylaws described above. These choice of forum provisions may impose additional litigation costs on stockholders in pursuing any such claims. Additionally, these choice of forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other employees, which may discourage such lawsuits against us and our directors, officers, or other employees. Alternatively, if a court were to find these provisions of our bylaws inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business, financial condition, and results of operations and result in a diversion of the time and resources of our management and board of directors.

In addition, while the Delaware Supreme Court ruled in March 2020 that federal forum selection provisions purporting to require claims under the Securities Act be brought in federal court are "facially valid" under Delaware law, there is uncertainty as to whether other courts will enforce our Federal Forum Provision. If the Federal Forum Provision is found to be unenforceable, we may incur additional costs associated with resolving such matters. The Federal Forum Provision may also impose additional litigation costs on stockholders who assert that the provision is not enforceable or invalid. The Court of Chancery of the State of Delaware and the federal district courts of the United States may also reach different judgments or results than would other courts, including courts where a stockholder considering an action may be located or would otherwise choose to bring the action, and such judgments may be more or less favorable to us than our stockholders.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

We are committed to protecting the security of our systems and the data we handle. We are currently designing a program to align with international best practices used in our industry, such as the Cyber Security Framework from the National Institute of Standards and Technology (“NIST”).

Our Board of Directors has ultimate oversight over cybersecurity risk assessment and management, which it administers through the Audit Committee. The Audit Committee oversees our cybersecurity policies and practices, internal controls regarding information security, and compliance with legal and regulatory requirements regarding cybersecurity risks. The Audit Committee receives periodic updates on cybersecurity matters from the leaders of our management team.

As part of our overall enterprise risk management processes and to better evaluate our cybersecurity risks, we are conducting a business impact analysis by leveraging what we anticipate being an annual company-wide enterprise risk management assessment to understand the relationship between our critical business operations and our information technology systems. We are partnering with third party service providers to assist us in achieving our cybersecurity goals. We also have a cyber risk insurance policy designed to help us mitigate risk exposure by offsetting costs involved with recovery and remediation after a cybersecurity breach or similar event.

As of the date of this Annual Report on Form 10-K, we are not aware of any material risks from cybersecurity threats that have materially affected us, including our business strategy, results of operations, or financial condition. For a discussion of how material risks from cybersecurity threats could materially affect us, see “Risk Factors—Risks Related to Privacy, Cybersecurity, and Infrastructure—If sensitive information about our sellers and buyers or other third parties with whom we transact business is disclosed, or if we or our third-party providers are subject to cyber-attacks, use of our online marketplace could be curtailed, we may be exposed to liability, and our reputation would suffer.”

Item 2. Properties

Our corporate headquarters are located in New York, New York. Effective January 2024, our corporate headquarters have been relocated to 300 Park Avenue South, New York, New York where we currently lease approximately 13,000 square feet under a lease agreement that expires in December 2028. We also lease approximately 42,000 square feet in New York, New York, which we are currently subleasing to a third party. See Note 10, “Leases” for further discussion.

We believe that our facilities are suitable to meet our current needs and that, if we require additional space, we will be able to obtain additional facilities.

Item 3. Legal Proceedings

From time to time, we are involved in legal proceedings and subject to claims arising in the ordinary course of business. Although the results of litigation and claims cannot be predicted with certainty, we believe that the resolution of current matters will not have a material adverse effect on our business, financial condition, or results of operations. Even if any particular litigation or claim is not resolved in a manner that is adverse to our interests, such litigation can have a negative impact on us because of defense and settlement costs, diversion of management resources from our business, and other factors.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information for Common Stock

Our common stock has been listed on the Nasdaq Stock Market under the symbol "DIBS" since June 10, 2021. Prior to that date, there was no public trading market for our common stock.

Holders of Record

As of the close of business on February 1, 2024, there were approximately 106 stockholders of record of our common stock. The actual number of holders of our common stock is greater than this number of record holders, and includes stockholders who are beneficial owners, but whose shares are held in street name by brokers or other nominees. This number of holders of record also does not include stockholders whose shares may be held in trust by other entities.

Dividend Policy

We have never declared or paid cash dividends on our capital stock. We intend to retain all available funds and future earnings and do not anticipate paying cash dividends in the foreseeable future. Any future decision to declare cash dividends will be made at the discretion of our Board of Directors, subject to applicable laws and will depend on a number of factors, including our financial condition, results of operations, capital requirements, contractual restrictions, general business conditions, and other factors that our Board of Directors think are relevant.

Use of Proceeds from Public Offering of Common Stock

On June 14, 2021, we completed our IPO, selling 6,612,500 shares of our common stock at a price of \$20.00 per share (including shares subject to the underwriters' over-allotment option) for net proceeds of \$123.0 million after deducting underwriters' discounts and commissions, before deducting offering costs. The offer and sale of the shares in the IPO was registered under the Securities Act pursuant to a registration statement on Form S-1 (File No. 333-256188), which was declared effective by the SEC on June 9, 2021.

There has been no material change in the planned use of the IPO proceeds as described in our final prospectus dated June 9, 2021 and filed with the SEC on June 10, 2021, pursuant to Rule 424(b) of the Securities Act. As of the date of this Annual Report on Form 10-K, we cannot predict with certainty all of the particular uses for the net proceeds, or the amounts that we will actually spend on the uses set forth in the prospectus.

Sales of Unregistered Equity Securities

None.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

In August 2023, the Board of Directors authorized a Stock Repurchase Program to repurchase up to an aggregate of \$20.0 million of our common stock. As of December 31, 2023, 823,483 shares have been purchased for a total cost of \$3.5 million since the commencement of the program and approximately \$16.5 million remains available for future purchases under the program.

The following table presents details of our monthly share repurchases for the three months ended December 31, 2023:

Period	Total Number of Shares Purchased	Average Price Paid per Share (a)	Total number of Shares Purchased as Part of Publicly Announced Plans or Programs (b)	Approximate Dollar Value of Shares that May Yet be Purchased under the Plans or Programs (in thousands)
October 1, 2023 - October 31, 2023	116,194	\$ 3.87	116,194	\$ 18,174
November 1, 2023 - November 30, 2023	167,263	\$ 4.44	167,263	\$ 17,431
December 1, 2023 - December 31, 2023	205,067	\$ 4.52	205,067	\$ 16,504
Total	488,524		488,524	

(a) Average price per share includes broker commissions.

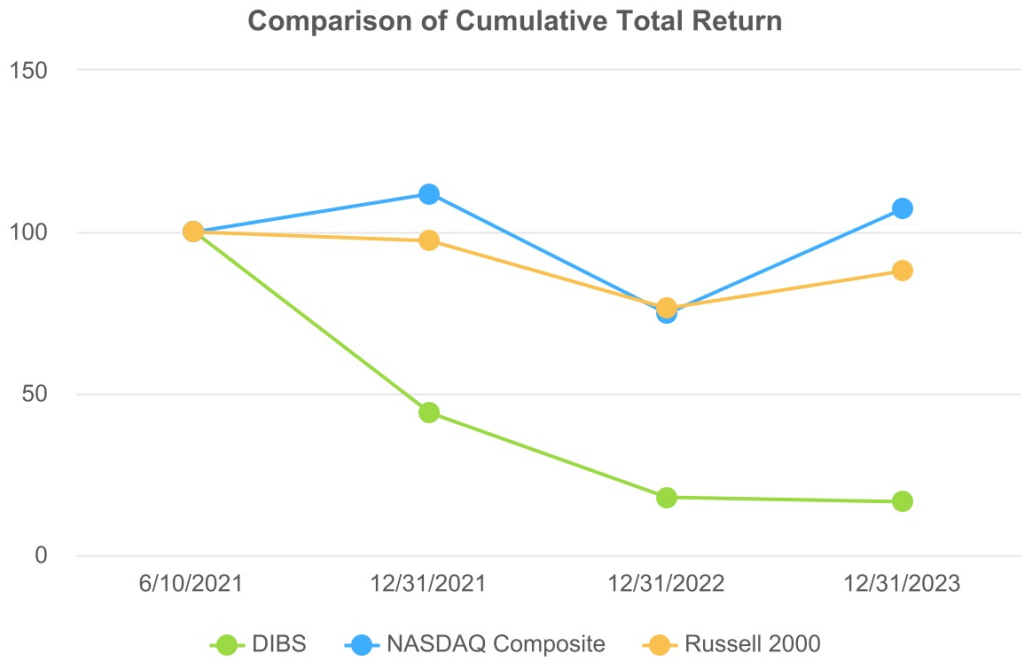
(b) On August 4, 2023, the Board of Directors authorized a Stock Repurchase Program to repurchase up to an aggregate of \$20.0 million of our common stock.

Securities Authorized for Issuance under Equity Compensation Plans

The information required by this item with respect to our equity compensation plans is incorporated by reference to our 2024 proxy statement set forth in the section titled “Securities Authorized for Issuance under Equity Compensation Plans” to be filed with the SEC within 120 days of the year ended December 31, 2023 (the “Proxy Statement”).

Performance Graph

We have presented below the cumulative total return to our stockholders in comparison to the Nasdaq Composite Index (Nasdaq Composite) and Russell 2000. All values assume a \$100 initial investment at the market close on June 10, 2021, the date our common stock began trading on the Nasdaq Stock Market, through December 31, 2023. The comparisons are based on historical data and are not indicative of, nor intended to forecast, the future performance of our common stock.



This performance graph shall not be deemed “filed” with the SEC for purposes of Section 18 of the Exchange Act, or incorporated by reference into any of our other filings under the Securities Act or the Exchange Act.

Item 6. [Reserved]

Item 7. Management's Discussion And Analysis of Financial Condition And Results of Operations

You should read the following discussion and analysis of our financial condition and results of operations together with the consolidated financial statements and related notes that are included elsewhere in this Annual Report on Form 10-K. This discussion contains forward-looking statements based upon current plans, expectations, and beliefs that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" under Part I, Item 1A in this Annual Report on Form 10-K. Our historical results are not necessarily indicative of the results that may be expected for any period in the future.

Company Overview

We are one of the world's leading online marketplaces for connecting design lovers with many of the best sellers and makers of vintage, antique, and contemporary furniture, home décor, jewelry, watches, art, and fashion. We believe we are a leading online marketplace for these luxury design products based on the aggregate number of such listings on our online marketplace and our Gross Merchandise Value ("GMV"). Our thoroughly vetted seller base, in-depth marketing content, and custom-built technology platform create trust in our brand and facilitate high-consideration purchases. By disrupting the way these items are bought and sold, we are both expanding access to, and growing the market for, luxury design products.

1stDibs began in 2000 with the vision of bringing the magic of the Paris flea market online by creating a listings site for top vintage and antique furniture sellers. Soon thereafter, we moved our headquarters to New York City and focused primarily on adding U.S.-based sellers to our site. The quality of our initial seller base enabled us to build a reputation in the design industry as a trusted source for unique luxury design products. In over two decades of operating history, we have strengthened our brand and deepened our seller relationships. We launched our e-commerce platform in 2013 and transitioned to a full e-commerce marketplace model in 2016. As of December 31, 2023, we operate an e-commerce marketplace with approximately 7,800 unique sellers, compared to approximately 5,600 as of December 31, 2022. As of December 31, 2023, we had 6.3 million users compared to 5.5 million as of December 31, 2022, and approximately 1.7 million listings, compared to 1.5 million as of December 31, 2022. Users represent non-seller visitors who register on our website, including both buyers and prospective buyers, and are identified by a unique email address. Our online marketplace seller stock value, the sum of the listed stock value of all available products listed on our online marketplace, was consistent year over year and exceeded \$10.0 billion as of both December 31, 2023 and 2022. An individual listing's stock value is calculated as the item's current price multiplied by its quantity available for sale.

GMV was \$362.3 million for the year ended December 31, 2023 compared to \$425.4 million for the year ended December 31, 2022, a decrease of 15%. Our net revenue was \$84.7 million for the year ended December 31, 2023, compared to \$96.8 million for the year ended December 31, 2022, a decrease of 13%. We believe our GMV and net revenue have been adversely impacted, both directly and indirectly, by macroeconomic factors, including significant capital market volatility, significant housing market volatility, rising interest rates, inflation, global economic and geopolitical developments, and changing consumer behavior in a post-COVID-19 environment; however, these impacts are difficult to isolate and quantify. In the year ended December 31, 2023, we generated a net loss of \$(22.7) million and Adjusted EBITDA of \$(13.3) million, compared to a net loss of \$(22.5) million and Adjusted EBITDA of \$(20.7) million for the year ended December 31, 2022. See "Non-GAAP Financial Measures" for more information and for a reconciliation of net loss to Adjusted EBITDA, the most directly comparable financial measure calculated and presented in accordance with GAAP.

Restructuring Charges

In June 2023, we announced a workforce reduction designed to reduce operating costs and realign investment priorities involving the reduction of approximately 20% of the Company's global workforce. As a result of the reduction, we incurred approximately \$2.0 million in restructuring charges during the year ended December 31, 2023, consisting primarily of employee severance and benefits costs. We do not expect to incur any significant additional charges related to restructuring in the fiscal year ended December 31, 2023. See Note 2, "Summary of Significant Accounting Policies" for further discussion of our accounting for the restructuring charges.

In September 2022, we announced and implemented a restructuring plan to reduce operational costs and realign investment priorities involving the reduction of approximately 10% of our workforce. As a result of the reduction, we incurred approximately \$0.7 million in restructuring charges in the year ended December 31, 2022, consisting primarily of employee severance and benefits costs. As of December 31, 2022, the restructuring plan was completed.

Sale of Design Manager

On June 29, 2022, we sold 100% of our equity interest in Design Manager for \$14.8 million. We recognized a net gain on the sale of \$9.7 million during the year ended December 31, 2022. See Note 3, "Acquisitions & Disposals" for further discussion of our accounting for the sale of Design Manager.

Our Business Model

We generate revenue primarily from fees from our seller marketplace services as well as other services, including advertisements and, prior to the sale of Design Manager, software services.

Seller Marketplace Services

Seller marketplace services consist of marketplace transactions, subscriptions, and listings, and accounted for substantially all of our net revenue in the years ended December 31, 2023, 2022, and 2021, respectively.

Marketplace Transaction Fees

Our sellers pay us a commission and processing fee for the successful sale of an item listed on our online marketplace. We have a commission fee structure that is a function of the item's category and price. Our commission fees range from 5% to 50% of GMV and processing fees are 3% of the buyer's total payment, net of expected refunds. Our marketplace transaction fees represent the majority of our net revenue and accounted for 71% of our net revenue in each of the years ended December 31, 2023, 2022, and 2021.

Subscription & Listing Fees

We offer our sellers various subscription pricing tiers which allows them to choose the plan that best fits their business, with choices of a higher monthly subscription fee and lower commission rates or a lower monthly subscription fee and higher commission rates. Additionally, some sellers have no monthly subscription fees and higher commission rates, however, we no longer offers this option to new sellers. Subscription fees accounted for 24%, 24%, and 23% of our net revenue in the years ended December 31, 2023, 2022, and 2021, respectively. Our ability to maintain the level of our annual subscription fee rates depends on our ability to continue to generate sales for our sellers, which in turn depends on our ability to drive GMV growth, as GMV increases the network effect on our online marketplace. We earn listing fees from sellers, on a per item basis, as directed by the seller to promote certain items at the seller's discretion. Sellers do not pay a listing fee for a basic listing on our online marketplace, but can choose to pay for other listing fees, which provide promotional advantages over the basic listing. Listing fees accounted for 4%, 2%, and 2% of our net revenue in the years ended December 31, 2023, 2022, and 2021, respectively.

Other Services

Other services consist of advertisements and, prior to the sale of Design Manager, software services and accounted for 1%, 3% and 4% of our net revenue in the years ended December 31, 2023, 2022, and 2021, respectively. Advertising revenue is generated when impression-based ads are displayed on our online marketplace on our sellers' behalf. Software services revenue consisted of monthly and annual subscriptions previously sold through our Design Manager subsidiary which allowed users, typically interior designers, to access our project management and accounting software. On June 29, 2022, we sold Design Manager and no revenue related to software services has been recognized since.

Key Operating and Financial Metrics

We use the following key metrics and non-GAAP measures to evaluate our performance, identify trends affecting our business, and make strategic decisions:

- GMV;
- Number of Orders;
- Active Buyers; and
- Adjusted EBITDA (see "Non-GAAP Financial Measures" for a discussion of Adjusted EBITDA and a reconciliation of net loss, the most directly comparable financial measure calculated and presented in accordance with GAAP, to Adjusted EBITDA).

For GMV, Number of Orders, and Active Buyers, these metrics are based on internal company data, assumptions, and estimates and are used in managing our business. We believe that these figures are reasonable estimates, and we actively take measures to improve their accuracy, such as eliminating known fictitious or duplicate accounts. There are, however, inherent challenges in gathering accurate data across large online and mobile populations. For example, individuals may have multiple email accounts in violation of our terms of service, which would result in an Active Buyer being counted more than once, thus impacting the accuracy of our number of Active Buyers. In addition, certain metrics, such as the number of Active Buyers, Number of Orders, and GMV are measured based on such numbers as reported in a given month, minus cancellations within that month. As we do not retroactively adjust such numbers for cancellations occurring after the month, the metrics presented do not reflect subsequent order cancellations. We regularly review and may adjust our processes for calculating these metrics to

improve their accuracy. These key operating and financial metrics may vary from period to period and should not be viewed as indicative of other metrics.

(dollars in thousands)	Year Ended December 31,		
	2023	2022	2021
GMV	\$ 362,316	\$ 425,375	\$ 447,471
Number of Orders	133,072	148,399	158,061
Active Buyers	60,716	67,598	72,420
Adjusted EBITDA (unaudited)	\$ (13,340)	\$ (20,670)	\$ (16,493)

Gross Merchandise Value

We define GMV as the total dollar value from items sold by our sellers through 1stDibs in a given month, minus cancellations within that month, and excluding shipping and sales taxes. GMV includes all sales reported to us by our sellers, whether transacted through the 1stDibs online marketplace or reported as an offline sale. We define “on-platform GMV” as GMV based only on sales placed or reported through the 1stDibs online marketplace, thus on-platform GMV is a subset of GMV. Offline sales consist of sales completed by a small number of sellers outside of our online marketplace and reported to us by these sellers in exchange for increased marketing exposure and/or slightly lower commission rates on both their on-platform and offline sales. We do not intend to add new sellers to this program and have not in the current year. On-platform GMV accounted for \$346.6 million, or 96%, \$409.4 million, or 96%, and \$432.6 million, or 97% of GMV in the years ended December 31, 2023, 2022 and 2021, respectively. We view GMV as a measure of the total economic activity generated by our online marketplace and as an indicator of the scale, growth, and health of our online marketplace. Our historical performance for GMV may not be indicative of future performance in GMV.

Number of Orders

We define Number of Orders as the total number of orders placed or reported through the 1stDibs online marketplace in a given month, minus cancellations within that month. Our historical performance for Number of Orders may not be indicative of future performance in Number of Orders.

Active Buyers

We define Active Buyers as buyers who have made at least one purchase through our online marketplace during the 12 months ended on the last day of the period presented, net of cancellations. A buyer is identified by a unique email address; thus an Active Buyer could have more than one account if they were to use a separate unique email address to set up each account. We believe this metric reflects scale, engagement and brand awareness, and our ability to convert user activity on our online marketplace into transactions. Our historical performance for Active Buyers may not be indicative of future performance in new Active Buyers.

Adjusted EBITDA

We define Adjusted EBITDA as net loss excluding depreciation and amortization, stock-based compensation expense, other income, net, provision for income taxes, gain on sale of business, and strategic alternative expenses. Adjusted EBITDA is a key performance measure used by our management and board of directors to assess our operating performance and the operating leverage of our business. We believe that Adjusted EBITDA helps identify underlying trends in our business that could otherwise be masked by the effect of the income and expenses that we exclude from Adjusted EBITDA. Accordingly, we believe that Adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results, enhances the overall understanding of our past performance and future prospects, and allows for greater transparency with respect to key financial metrics used by our management in their financial and operational decision-making. See “Non-GAAP Financial Measures” for more information and for a reconciliation of net loss, the most directly comparable financial measure calculated and presented in accordance with GAAP, to Adjusted EBITDA.

Key Factors Affecting Our Performance

We believe that our performance and future success depend on a number of factors that present significant opportunities for us, including those discussed in Part I, Item 1, “Business,” but also pose risks and challenges, including those discussed in the section titled “Risk Factors,” and elsewhere in this Annual Report on Form 10-K.

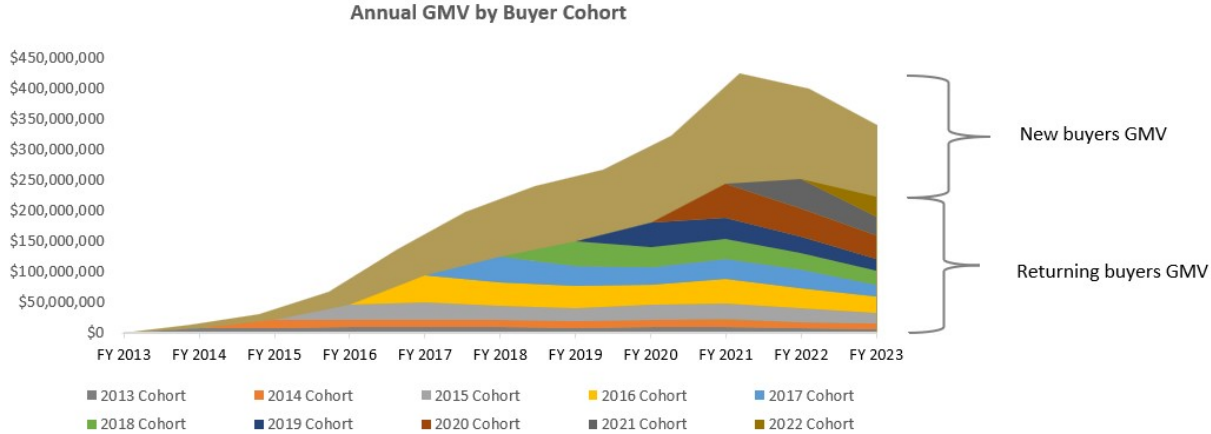
Growth and Retention of our Active Buyers

Our success depends in part on our ability to grow and retain our Active Buyer base. Our number of Active Buyers was 60,716 as of December 31, 2023 compared to 67,598 as of December 31, 2022. The total Number of Orders placed or reported through the 1stDibs online marketplace for the year ended December 31, 2023 was 133,072 compared to 148,399 for the year

ended December 31, 2022. Similar to GMV and net revenue, we believe these metrics have been negatively impacted, directly and indirectly, by macroeconomic factors. We had no Active Buyers who represented 5% or more of on-platform GMV for the years ended December 31, 2023 or 2022. Active Buyers drive our on-platform GMV and net revenue and contribute to the network effects that allow us to attract new sellers and exclusive inventory.

During the year ended December 31, 2023, we retained 23% of the 2022 on-platform GMV from buyers acquired in 2022; this is a decrease from the year ended December 31, 2022, where we retained 27% of the 2021 on-platform GMV from buyers acquired in 2021. We define new buyers as those who placed their first order on our online marketplace. We categorize buyers into cohorts based on the date of their first purchase on the 1stDibs platform. GMV attributed to a buyer cohort represents the total dollar value from items purchased by that buyer cohort in a given period, minus cancellations within that period and excluding shipping and sales taxes. To calculate the percentage of buyers retained, we divide total GMV in a specific period for a given cohort by the GMV of that cohort in the prior period. Similar to GMV and net revenue, we believe these metrics have been negatively impacted, directly and indirectly, by macroeconomic factors.

The figures below represent our on-platform GMV from our online marketplace by buyer cohort for the year ended December 31, 2023.



We expect the current macroeconomic factors to continue to negatively impact our operations into 2024. We plan to invest in strategic initiatives to drive supply growth through more sellers and listings. If and when macroeconomic conditions improve, we will look to increase retention in existing buyers and grow new buyers by further penetration of the luxury consumer market, including growing our business in non-U.S. markets and the growth of our supply.

Other Factors Affecting Our Performance

Our results of operations are impacted by a number of other factors, including, but not limited to, those discussed below. The extent to which these factors may positively or negatively impact our GMV and our results of operations, including our net revenue and gross profit, will depend in large part on the degree to which we are able to successfully achieve the following growth strategies.

International Growth

Our growth will depend in part on international sellers and buyers, both of which constitute an increasing portion of our online marketplace transactions. Currently, our sellers and buyers are based in over 175 countries. Our long-term strategy is to localize the user experience in other countries by providing technology solutions such as translation and payment capabilities, focus on local marketing efforts through organic search, email, performance-based marketing, and optimized public relations, and customize content and collections to suit regional tastes. We had 55% and 52% of unique sellers and 44% and 41% of the supply on our online marketplace come from outside the United States in the years ended December 31, 2023, and 2022, respectively.

On-platform GMV from buyers in non-U.S. markets constituted 17% in each of the years ended December 31, 2023, and 2022. We believe there is an opportunity to grow our GMV from non-U.S. markets.

Diversify Product Verticals

Historically, our largest vertical by GMV has been antique and vintage furniture. Our unique product offerings in this vertical have inspired brand loyalty and increased demand for other luxury design products on the 1stDibs online marketplace allowing us to expand into adjacent verticals, including new and custom furniture, jewelry, and art. Antique and vintage

furniture comprised less than 50% of our on-platform GMV in the years ended December 31, 2023 and 2022, respectively. We expect antique and vintage furniture to account for less than 50% of on-platform GMV for the foreseeable future. We anticipate these verticals will account for an increasing percentage of our on-platform GMV for the foreseeable future. Our new and custom furniture, jewelry, watches, art, and fashion verticals together comprised 52% of our on-platform GMV for each of the years ended December 31, 2023 and 2022. We believe our brand and operating track record in existing verticals allow us to unlock valuable supply across adjacent and new verticals, increasing the exclusive products available on our online marketplace, thereby increasing the Lifetime Value (“LTV”) of our new and existing buyer cohorts. We aim to continue to diversify into new verticals so that we can grow our future revenue streams.

Growth in Brand Awareness

While we rely on strong brand awareness from direct and organic channels such as word of mouth referrals, we have ample opportunity to drive further engagement with new and existing buyers. While a large portion of our advertising spend is dedicated to performance-based marketing, we have opportunities to explore relatively untapped channels, such as television, radio, podcasts, and online display, to bolster engagement on our online marketplace. As many users may continue to view 1stDibs primarily as a vintage and antique furniture marketplace, we have a substantial opportunity to educate our buyers on the breadth of our offerings and drive cross-vertical transactions.

Investment in Technology and Innovation

We have made, and will continue to make, strategic investments in our platform to drive seller success through new tools, convert users to buyers, grow our long-term revenue and operating results, drive technological innovation, and enhance the overall experience of our online marketplace. As we continue to scale, we plan to strategically invest in innovation to address the needs of our sellers and buyers and drive efficiencies in our business, localize our platform, and enter new verticals and geographies. Overall, investments in our platform are focused on maximizing traffic, increasing conversion rate, and improving the overall efficiency of our operations.

Components of Results of Operations

Net Revenue

Our net revenue consists principally of seller marketplace services, advertisements, and, prior to the sale of Design Manager, software services. Seller marketplace services primarily consist of marketplace transactions, subscriptions, and listing fees. Marketplace transaction fees are collected when sellers pay us commissions ranging from 5% to 50% of GMV and processing fees are 3% of the buyer’s total payment, net of expected refunds. If a seller accepts a return or refund of an on-platform purchase, the related commission and processing fees are refunded. Subscriptions provide access to our online marketplace, allowing sellers, who are our customers, to execute successful purchase transactions with buyers. We offer our sellers various subscription pricing tiers which allows them to choose the plan that best fits their business, with choices of a higher monthly subscription fee and lower commission rates or lower monthly subscription fee and higher commission rates. Additionally, some sellers have no monthly subscription fees and higher commission rates, however, we no longer offer this option to new sellers. Listing fee revenue is collected when sellers pay us for promoting certain products on their behalf and at their discretion through our online marketplace. Advertisements consist of impression-based ads displayed on our online marketplace on the seller’s behalf. Prior to the sale of Design Manager, software services revenue consisted of monthly and annual subscriptions allowing access to our Design Manager software, typically used by interior designers. We have not recognized any revenue related to software services since the sale of Design Manager on June 29, 2022, and we do not anticipate that any software services revenue will be included in net revenue in future periods.

Our revenue recognition policies are discussed under “Critical Accounting Policies” and Note 2, “Summary of Significant Accounting Policies,” to our consolidated financial statements.

Cost of Revenue

Cost of revenue includes payment processor fees and hosting expenses. Cost of revenue also includes expenses associated with payroll, employee benefits, stock-based compensation, other headcount-related expenses associated with operations personnel supporting revenue-related operations and logistics, consulting costs, and amortization expense related to our capitalized internal-use software.

In certain transactions where our shipping services are elected by sellers, we enable shipping of items purchased from the seller to the buyer. The difference between the amount collected for shipping and the amount charged by the shipping carrier is included in cost of revenue in our consolidated statements of operations. We enable fulfillment and shipping, but do not take ownership of or manage inventory.

Gross Profit and Gross Margin

Gross profit is net revenue less cost of revenue, and gross margin is gross profit as a percentage of net revenue. Gross profit has been, and will continue to be, affected by various factors, including leveraging economies of scale, the costs associated with hosting our platform, the level of amortization of our internal-use software, the fluctuations in shipping costs and our ability to pass these costs on to buyers, and the extent to which we expand our operations. We expect that our gross margin will fluctuate from period to period depending on the interplay of these various factors.

Sales and Marketing

Sales and marketing expenses include payroll, employee benefits, stock-based compensation, other headcount-related expenses associated with sales and marketing personnel, advertising expense, consulting costs, and promotional discounts offered to new and existing buyers. Advertising expenses consist primarily of costs incurred promoting and marketing our services, such as costs associated with acquiring new users through performance-based marketing, social media programs, email, and events. Promotional discounts and incentives represent incentives solely to end buyers and, therefore, are not considered payments made to our customers. Buyers are not our customers because access to the 1stDibs online marketplace is free for buyers, and we have no performance obligations with respect to buyers.

Technology Development

Technology development expenses include payroll, employee benefits, stock-based compensation, and other headcount-related expenses associated with engineering and product development personnel and consulting costs related to technology development. We expense all technology development expenses as incurred, except for those expenses that meet the criteria for capitalization as internal-use software.

General and Administrative

General and administrative expenses include payroll, employee benefits, stock-based compensation, other headcount-related expenses associated with finance, legal, facility and human resources related personnel, lease expense, net of sublease income, business liability insurance, accounting, professional fees, and depreciation and amortization of property and equipment. We expense all general and administrative expenses as incurred.

Provision for Transaction Losses

Provision for transaction losses primarily consists of transaction loss expense associated with our buyer protection program, including damages to products caused by shipping and transit, items that were not received or not as represented by the seller, and reimbursements to buyers at our discretion if they are dissatisfied with their experience. The provision for transaction losses also includes bad debt expense associated with our accounts receivable balance.

Results of Operations

The following table summarizes our results of operations for the periods indicated:

(in thousands)	Year Ended December 31,		
	2023	2022	2021
Net revenue	\$ 84,684	\$ 96,849	\$ 102,731
Cost of revenue	25,111	29,670	32,167
Gross profit	59,573	67,179	70,564
Operating expenses:			
Sales and marketing	36,640	44,776	47,414
Technology development	21,644	24,437	19,110
General and administrative	28,587	27,594	21,293
Provision for transaction losses	3,729	5,933	5,191
Gain on sale of Design Manager	—	(9,684)	—
Total operating expenses	90,600	93,056	93,008
Loss from operations	(31,027)	(25,877)	(22,444)
Other income, net:			
Interest income	6,639	1,606	146
Interest expense	—	(11)	(16)
Other, net	1,703	1,781	1,372
Total other income, net	8,342	3,376	1,502
Net loss before income taxes	(22,685)	(22,501)	(20,942)
Provision for income taxes	(14)	(37)	(21)
Net loss	\$ (22,699)	\$ (22,538)	\$ (20,963)

The following table summarizes our results of operations as a percentage of net revenue for the periods indicated:

	Year Ended December 31,		
	2023	2022	2021
Net revenue	100 %	100 %	100 %
Cost of revenue	30	31	31
Gross profit	70	69	69
Operating expenses:			
Sales and marketing	43	46	46
Technology development	26	25	19
General and administrative	34	29	21
Provision for transaction losses	4	6	5
Gain on sale of Design Manager	—	(10)	—
Total operating expenses	107	96	91
Loss from operations	(37)	(27)	(22)
Other income, net:			
Interest income	8	2	—
Interest expense	—	—	—
Other, net	2	2	2
Total other income, net	10	4	2
Net loss before income taxes	(27)	(23)	(20)
Provision for income taxes	—	—	—
Net loss	(27)%	(23)%	(20)%

Comparison of the Years Ended December 31, 2023 and 2022

Net Revenue

(in thousands)	Year Ended December 31,			
	2023	2022	\$ Change	% Change
Net revenue	\$ 84,684	\$ 96,849	\$ (12,165)	(13)%

Net revenue was \$84.7 million for the year ended December 31, 2023, as compared to \$96.8 million for the year ended December 31, 2022. The decrease of \$12.2 million, or 13%, was primarily due to a \$10.4 million decrease in seller marketplace services revenue, which was primarily due to a decrease in marketplace transaction fees as a result of the decrease in our GMV. We believe our GMV and net revenue have been adversely impacted, both directly and indirectly, by macroeconomic factors, including significant capital market volatility, significant housing market volatility, rising interest rates, inflation, global economic and geopolitical developments, and changing consumer behavior in a post-COVID-19 environment; however, these impacts are difficult to isolate and quantify. Additionally, there was a \$1.4 million decrease in software services revenue as a result of the sale of Design Manager in June 2022.

Our marketplace transaction fees represent the majority of our net revenue and accounted for 71% of our net revenue for each of the years ended December 31, 2023 and 2022. Subscription fees accounted for 24% of our net revenue for each of the years ended December 31, 2023 and 2022.

Cost of Revenue

(in thousands)	Year Ended December 31,			
	2023	2022	\$ Change	% Change
Cost of revenue	\$ 25,111	\$ 29,670	\$ (4,559)	(15)%

Cost of revenue was \$25.1 million for the year ended December 31, 2023, as compared to \$29.7 million for the year ended December 31, 2022. The decrease of \$4.6 million, or 15%, was primarily due to a \$1.5 million decrease in credit card processing fees due to the decrease in GMV, and a \$1.4 million decrease in salaries and benefits resulting from decreases in headcount, primarily related to our reduction in workforce in June 2023. There was also a \$1.1 million decrease in shipping expense resulting from more efficient pricing and better negotiated rates from our carriers, and a \$0.3 million decrease in costs associated with Design Manager due to the sale in June 2022.

Gross Profit and Gross Margin

Gross profit was \$59.6 million and gross margin was 70.3% for the year ended December 31, 2023, as compared to gross profit of \$67.2 million and gross margin of 69.4% for the year ended December 31, 2022. The decrease in gross profit was primarily driven by net revenue decreasing \$7.6 million more than cost of revenue, as outlined above. The increase in gross margin percentage was primarily driven by a decrease in our cost of revenue, as explained above, decreasing at a faster pace than the decrease in net revenue.

Operating Expenses

Sales and Marketing

(in thousands)	Year Ended December 31,			
	2023	2022	\$ Change	% Change
Sales and marketing	\$ 36,640	\$ 44,776	\$ (8,136)	(18)%

Sales and marketing expense was \$36.6 million for the year ended December 31, 2023, as compared to \$44.8 million for the year ended December 31, 2022. The decrease of \$8.1 million, or 18%, was primarily driven by a \$6.6 million decrease in discretionary expenses, including performance-based marketing and promotional campaigns. There was also a \$1.1 million decrease in salaries and benefits resulting from decreases in headcount, primarily related to our reduction in workforce in June 2023.

Technology Development

(in thousands)	Year Ended December 31,			
	2023	2022	\$ Change	% Change
Technology development	\$ 21,644	\$ 24,437	\$ (2,793)	(11)%

Technology development expense was \$21.6 million for the year ended December 31, 2023, as compared to \$24.4 million for the year ended December 31, 2022. The decrease of \$2.8 million, or 11%, was primarily due to a \$2.3 million decrease in salaries and benefits and a \$0.5 million decrease in stock-based compensation expense, both resulting from decreases in headcount, primarily related to our reduction in workforce in June 2023.

General and Administrative

(in thousands)	Year Ended December 31,			
	2023	2022	\$ Change	% Change
General and administrative	\$ 28,587	\$ 27,594	\$ 993	4 %

General and administrative expense was \$28.6 million for the year ended December 31, 2023, as compared to \$27.6 million for the year ended December 31, 2022. The increase of \$1.0 million, or 4%, was primarily driven by a \$1.5 million increase in stock-based compensation expense, and a \$1.1 million increase in salaries and benefits, primarily due to our annual equity grants and compensation increases which occur each March and included additional bonuses awarded during the year ended December 31, 2023. These increases were partially offset by lower rates negotiated with vendors, including lower liability insurance expense of \$1.7 million.

Provision for Transaction Losses

(in thousands)	Year Ended December 31,			
	2023	2022	\$ Change	% Change
Provision for transaction losses	\$ 3,729	\$ 5,933	\$ (2,204)	(37)%

Provision for transaction losses was \$3.7 million for the year ended December 31, 2023, as compared to \$5.9 million for the year ended December 31, 2022. The decrease of \$2.2 million, or 37%, was primarily driven by a decrease in damage claims as a result of the decrease in GMV as well as new policies implemented in partnership with our carriers.

Other Income, Net

(in thousands)	Year Ended December 31,			
	2023	2022	\$ Change	% Change
Total other income, net	\$ 8,342	\$ 3,376	\$ 4,966	147 %

Other income, net was \$8.3 million for the year ended December 31, 2023, as compared to \$3.4 million for the year ended December 31, 2022. The increase of \$5.0 million, or 147%, was primarily driven by an increase in interest income due to our shift in investment strategies in cash, cash equivalents and short-term investments providing higher rates of return.

Non-GAAP Financial Measures

We have included Adjusted EBITDA, which is a non-GAAP financial measure, because it is a key measure used by our management team to help us to assess our operating performance and the operating leverage in our business. We also use this measure to analyze our financial results, establish budgets and operational goals for managing our business, and make strategic decisions. We believe that Adjusted EBITDA helps identify underlying trends in our business that could otherwise be masked by the effect of the income and expenses that we exclude from Adjusted EBITDA. Accordingly, we believe that Adjusted EBITDA provides useful information to investors and others in understanding and evaluating our results of operations, enhances the overall understanding of our past performance and future prospects, and allows for greater transparency with respect to key financial metrics used by our management in their financial and operational decision-making. We also believe that the presentation of this non-GAAP financial measure provides an additional tool for investors to use in comparing our core business and results of operations over multiple periods with other companies in our industry, many of which present similar non-GAAP financial measures to investors, and to analyze our operating performance.

The non-GAAP financial measures presented may not be comparable to similarly titled measures reported by other companies due to differences in the way that these measures are calculated. The non-GAAP financial measures presented should not be considered as the sole measure of our performance and should not be considered in isolation from, or as a

substitute for, comparable financial measures calculated in accordance with GAAP. Further, these non-GAAP financial measures have certain limitations in that they do not include the impact of certain expenses that are reflected in our consolidated statements of operations. Accordingly, these non-GAAP financial measures should be considered as supplemental in nature, and are not intended, and should not be construed, as a substitute for the related financial information calculated in accordance with GAAP. These limitations of Adjusted EBITDA include the following:

- The exclusion of certain recurring, non-cash charges, such as depreciation of property and equipment and amortization of intangible assets. While these are non-cash charges, we may need to replace the assets being depreciated and amortized in the future and Adjusted EBITDA does not reflect cash requirements for these replacements or new capital expenditure requirements;
- The exclusion of stock-based compensation expense, which has been a significant recurring expense and will continue to constitute a significant recurring expense for the foreseeable future, as equity awards are expected to continue to be an important component of our compensation strategy;
- The exclusion of other income, net, which includes interest income related to our cash, cash equivalents and short-term investments, interest expense, and realized and unrealized gains and losses on foreign currency exchange;
- The exclusion of gain on sale of Design Manager, which is a one-time sale of our wholly owned subsidiary; and
- The exclusion of strategic alternative expenses in connection with capital return strategies, buy- and sell-side mergers, acquisitions and partnerships, sale of a business or subsidiary, business optimization costs related to revisions of operational objectives and priorities, cost saving initiatives related to restructuring charges and integration costs, in all cases outside the ordinary course.

Because of these limitations, you should consider Adjusted EBITDA alongside other financial performance measures, including net loss and our other GAAP results.

We define Adjusted EBITDA as our net loss, excluding: (1) depreciation and amortization; (2) stock-based compensation expense; (3) other income, net; (4) provision for income taxes; (5) gain on sale of business; and (6) strategic alternative expenses. The following table provides a reconciliation of net loss, the most directly comparable GAAP financial measure, to Adjusted EBITDA:

(in thousands)	Year Ended December 31,		
	2023	2022	2021
Net loss	\$ (22,699)	\$ (22,538)	\$ (20,963)
Depreciation and amortization	2,278	2,710	3,112
Stock-based compensation expense	12,363	11,214	2,839
Other income, net	(8,342)	(3,376)	(1,502)
Provision for income taxes	14	37	21
Gain on sale of Design Manager	—	(9,684)	—
Strategic alternative expenses	3,046	967	—
Adjusted EBITDA (unaudited)	<u>\$ (13,340)</u>	<u>\$ (20,670)</u>	<u>\$ (16,493)</u>

Seasonality

We have historically experienced increased sales during the fourth quarter holiday shopping season compared to the other quarters which has generally resulted in increased GMV and net revenue during the fourth quarter of each fiscal year. However, in the years ended December 31, 2023, and 2022 we have not experienced meaningful increases and in some recent periods we have seen decreases in GMV and net revenue in the fourth quarter, as we believe they have been adversely impacted, both directly and indirectly, by macroeconomic factors. Our cost of revenue and sales and marketing expenses generally follow this trend, with our highest costs being incurred in the fourth quarter; however, similar to net revenue and GMV, cost of revenue and sales and marketing expenses have not followed this trend for the years ended December 31, 2023 and 2022 due to macroeconomic factors. As our growth rates fluctuate or other unforeseen factors arise, the impact of these seasonality trends on our results of operations may become more or less pronounced.

We enable fulfillment and shipping, but do not own or manage inventory. If our growth rates change, the impact of these seasonality trends on our results of operations may become more pronounced. We anticipate that gross margin may fluctuate from quarter to quarter based on variability in the costs associated with hosting our online marketplace and supporting order processing.

We intend to continue making strategic investments in marketing to drive future net revenue growth. We also intend to continue strategically investing in our technology development efforts to improve and expand our platform. We expect the majority of our technology development expenses will result from consulting and/or headcount-related expenses. We expect provision for transaction losses to vary based on fluctuations in GMV.

Liquidity and Capital Resources

As of December 31, 2023, we had cash, cash equivalents and short-term investments of \$139.3 million and an accumulated deficit of \$313.7 million. Net cash used in operating activities was \$13.6 million in the year ended December 31, 2023. We expect operating losses and negative cash flows from operations to continue in the foreseeable future as we continue to strategically invest in growth activities. Our principal use of cash is to fund our operations including platform development to support our strategic initiatives and potential share repurchases under the Stock Repurchase Program.

Based on our current plans, we believe our existing cash, cash equivalents and short-term investments will be sufficient to fund our operations and capital expenditure requirements through at least the next 12 months. We expect to continue to incur substantial expenditures in the near term to support our ongoing activities. While management believes that our current cash, cash equivalents and short-term investments are sufficient to fund our operating expenses, capital expenditure requirements and any potential share repurchases under the Stock Repurchase Program for at least the next 12 months, we may need to borrow funds or raise additional equity to achieve our longer-term business objectives.

Our future capital requirements will depend on many factors, including:

- the emergence of competing online marketplaces and other adverse marketing developments;
- the timing and extent of our sales and marketing and technology development expenditures; and
- any investments, acquisitions or other similar strategic endeavors we may choose to pursue in the future.

A change in the outcome of any of these or other variables could significantly impact our operating plans, and we may need additional funds to meet operational needs and capital requirements associated with such plans. In addition, any future borrowings may result in additional restrictions on our business and any issuance of additional equity would result in dilution to investors. If we are unable to raise additional capital when we need it, it could harm our business, results of operations, and financial condition.

Stock Repurchase Program

In August 2023, the Board of Directors authorized a Stock Repurchase Program to repurchase up to an aggregate of \$20.0 million of our common stock. As of December 31, 2023, 823,483 shares have been purchased for a total cost of \$3.5 million since the commencement of the program and approximately \$16.5 million remains available for future purchases under the program.

Cash Flows

The following table summarizes our cash flows for the periods indicated:

(in thousands)	Year Ended December 31,	
	2023	2022
Net cash used in operating activities	\$ (13,556)	\$ (27,914)
Net cash (used in) provided by investing activities	(100,232)	12,641
Net cash (used in) provided by financing activities	(3,629)	2,035
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	349	(278)
Net (decrease) increase in cash, cash equivalents, and restricted cash	<u>\$ (117,068)</u>	<u>\$ (13,516)</u>

Cash Flows from Operating Activities

Net cash used in operating activities was \$13.6 million for the year ended December 31, 2023, and was driven primarily by net revenue decreasing at a faster pace than operating expenses as described in the “Results of Operations” section. Our changes in operating assets and liabilities were impacted by a negative change in operating lease liabilities of \$2.8 million due to the continued lease payments on our prior NYC headquarters, a \$1.5 million negative change in prepaid and other current assets primarily related to timing of prepayments including the current portion of a significant payment in the fourth quarter of 2023 relating to our platform hosting expense, and a \$2.1 million negative change in other assets, primarily related to the long-term portion of the prepayment referenced above and the broker fee paid in connection with our subleasing of our prior NYC headquarters, as discussed in Note 10 “Leases.”

Net cash used in operating activities of \$27.9 million for the year ended December 31, 2022, was driven primarily by the cash impact of net loss and negative changes in our operating assets and liabilities, including a \$5.2 million change in accounts payable and accrued expenses due to timing of invoices and payments, \$0.6 million of which relating to our September 2022 reduction in workforce, as well as a \$3.0 million change in payables due to sellers primarily due to the timing of payments, and a \$2.7 million change in operating lease liabilities due to the continued lease payments on our prior NYC headquarters.

Cash Flows from Investing Activities

Net cash used in investing activities was \$100.2 million for the year ended December 31, 2023, and was primarily due to \$191.1 million of purchases of short-term investments, offset by \$92.7 million of maturities of short-term investments.

Net cash provided by investing activities was \$12.6 million for the year ended December 31, 2022 and was driven primarily by the \$14.6 million of proceeds from the sale of Design Manager, partially offset by \$1.9 million of development of internal use software.

Cash Flows from Financing Activities

Net cash used in financing activities was \$3.6 million for the year ended December 31, 2023, due mainly to the purchase of \$3.4 million of our common stock as part of our Stock Repurchase Program.

Net Cash provided by financing activities was \$2.0 million for the year ended December 31, 2022 related to the proceeds from the exercise of stock options.

Off-Balance Sheet Arrangements

For the periods presented, we did not have any off-balance sheet arrangements, as defined in Item 303(a)(4)(ii) of SEC Regulation S-K.

Recent Accounting Pronouncements

See Note 2, “Summary of Significant Accounting Policies” to our consolidated financial statements, for a description of recently issued accounting pronouncements that may potentially impact our financial position, results of operations or cash flows.

Emerging Growth Company

We are an emerging growth company, as defined in the JOBS Act. Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that (i) we are no longer an emerging growth company or (ii) we affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, these financial statements may not be comparable to companies that comply with the new or revised accounting pronouncements as of public company effective dates. We may choose to early adopt any new or revised accounting standards whenever such early adoption is permitted for private companies.

Critical Accounting Policies and Estimates

Our consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States, or GAAP. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses, and related disclosures. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances. We evaluate our estimates and assumptions on an ongoing basis. Actual results may differ from these estimates. To the extent that there are material differences between these estimates and our actual results, our future financial statements will be affected.

While our significant accounting policies are described in greater detail in Note 2, “Summary of Significant Accounting Policies,” to our consolidated financial statements, we believe that the following policies are those most critical to the judgments and estimates used in the preparation of our consolidated financial statements.

Revenue Recognition

We generate revenue from seller marketplace services and other services. Seller marketplace services primarily consist of marketplace transactions, subscriptions, and listing fees. Other services primarily consist of advertising revenues generated from displaying ads on our online marketplace. Revenue is recognized as we transfer control of promised goods or services transfers to customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. We evaluate whether it is appropriate to recognize revenue on a gross or net basis based upon our evaluation of whether we obtain control of the specified goods or services by considering if we are primarily responsible for fulfillment of the promise, have inventory risk, or have latitude in establishing pricing and selecting suppliers, among other factors.

Property and Equipment, net

Property and equipment are stated at cost, net of accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line method over the estimated useful lives. The general range of useful lives of property and equipment is as follows:

	<u>Estimated Useful Life</u>
Leasehold improvements	Lesser of lease term or life of asset
Furniture and fixtures	3 years
Computer equipment and software	3 years
Internal-use software	Lesser of contract term or 3 years

We capitalize costs related to internal-use software during the application development stage, including consulting costs and compensation expenses related to employees who devote time to the development projects. We record software development costs in property and equipment, net. Costs incurred in the preliminary stages of development activities and post implementation activities are expensed in the period incurred and are included in technology development in the consolidated statements of operations. We also capitalize costs related to specific upgrades and enhancements when it is probable the expenditures will result in additional functionality. Once the project is available for general release, capitalization ceases, and asset amortization begins. Capitalized costs associated with internal-use software are amortized on a straight-line basis over their estimated useful life, which is generally three years, and are included in cost of revenue in the consolidated statements of operations.

Stock-Based Compensation

We measure all stock-based awards granted to employees, directors, and non-employees based on the fair value on the date of the grant and recognize compensation expense for those awards over the requisite service period, which is generally the vesting period of the respective award. The fair value of each stock option is estimated on the date of grant using the Black-Scholes option-pricing model, which requires inputs based on certain subjective assumptions, including the fair value of our common stock, expected stock price volatility, the expected term of the award, the risk-free interest rate for a period that approximates the expected term of the option, and our expected dividend yield. Expected volatility was calculated based on the implied volatilities from market comparisons of certain publicly traded companies and other factors. The expected option term was calculated based on the simplified method, which uses the midpoint between the vesting date and the contractual term, as we do not have sufficient historical data to develop an estimate based on participant behavior. The risk-free interest rate was based on the U.S. Treasury bond yield with an equivalent term. We have not paid dividends and have no foreseeable plans to pay dividends. The fair value of restricted stock units are estimated on the date of grant based on the fair value of our common stock.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

We have operations both within the United States and internationally, and we are exposed to market risks in the ordinary course of our business, including the effects of interest rate changes and foreign currency fluctuations. Information relating to quantitative and qualitative disclosures about these market risks are described below. At times, our cash balances with individual banking institutions are in excess of federally insured limits. We have not experienced any credit losses related to our cash, cash equivalents, and short-term investments balances.

Interest Rate Sensitivity

Interest rate risk relates to the loss we could incur in our cash portfolios due to a change in interest rates. As of December 31, 2023, we had cash, cash equivalents and short-term investments of \$139.3 million. We generally hold our cash for immediate operating needs in non-interest bearing checking accounts and the majority of the remaining cash and cash equivalents are held in interest bearing money market funds. Due to the nature of our cash, cash equivalents and short-term investments, we would expect a 100 basis point increase or decrease in interest rates would result in an approximate increase or decrease of \$0.8 million in our cash, cash equivalents and short-term investments. While these are our best estimates of the impact of the specified interest rate scenario, actual results could differ from those projected. The sensitivity analysis presented assumes interest rate changes are instantaneous, parallel shifts in the yield curve. In reality, interest rate changes of this magnitude are rarely instantaneous or parallel.

Our principal use of cash, cash equivalents and short-term investments is to fund our operations including platform development to support our strategic initiatives. Additionally, in August 2023, the Board of Directors authorized a Stock Repurchase Program to repurchase up to an aggregate of \$20.0 million of our common stock. The remainder of cash, cash equivalents and short-term investments are held for working capital purposes. We do not enter into investments for trading or speculative purposes.

Foreign Currency Risk

Our net revenue is primarily denominated in U.S. dollars, Euros, and British pounds, depending on the currency selection of the seller. Our cost of revenue and operating expenses are primarily denominated in U.S. dollars. As our online marketplace continues to grow globally, our results of operations and cash flows may be subject to fluctuations due to the change in foreign exchange rates. To date, fluctuations due to changes in the Euro and British pound have not been significant, but we may experience material foreign exchange gains and losses in our statement of operations in the future. As of December 31, 2023, we would expect an adverse 10% change in current exchange rates would result in no more than a \$2.9 million decrease in net revenue.

Credit Risk

We are exposed to credit risk on accounts receivable balances. This risk is mitigated by requiring upfront payment for many of our services and due to our diverse customer base, dispersed over various geographic regions and industrial sectors. For the years ended December 31, 2023 and 2022, no single customer accounted for more than 10% of our net revenue. We maintain provisions for potential credit losses and such losses to date have been within our expectations. We evaluate the solvency of our customers on an ongoing basis to determine if additional allowances for doubtful accounts need to be recorded.

Inflation Risk

Our results of operations and financial condition are presented based on historical cost. While it is difficult to accurately measure the impact of inflation due to the imprecise nature of the estimates required, we believe certain metrics, including our GMV and net revenue, have been negatively impacted, both directly and indirectly, by macroeconomic factors, including inflation and as a result significant capital market and housing market volatility. Additionally, if our costs were to become subject to inflationary pressures, we might not be able to fully offset such higher costs through net revenue and GMV increases. Our inability or failure to do so could harm our business, financial condition, and results of operations. We cannot assure you our business will not be affected in the future by inflation.

Item 8. Financial Statements and Supplementary Data

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Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of 1stdibs.com, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of 1stdibs.com, Inc. (the Company) as of December 31, 2023 and 2022, the related consolidated statements of operations, comprehensive loss, redeemable convertible preferred stock and stockholders' equity (deficit) and cash flows for each of the three years in the period ended December 31, 2023, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in conformity with U.S. generally accepted accounting principles.

Adoption of Accounting Standard Update (ASU) No. 2016-02, Leases (Topic 842)

As discussed in Note 2 to the consolidated financial statements, the Company changed its method of accounting for leases effective January 1, 2022 due to the adoption of Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842).

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2013.

New York, New York
February 29, 2024

1STDIBS.COM, INC.
CONSOLIDATED BALANCE SHEETS
(Amounts in thousands, except share and per share amounts)

	December 31,	
	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 37,395	\$ 153,209
Short-term investments	101,926	—
Restricted cash, current	—	1,500
Accounts receivable, net of allowance for doubtful accounts of \$188 and \$113 at December 31, 2023 and 2022, respectively	643	972
Prepaid expenses	3,032	3,506
Receivables from payment processors	2,670	2,476
Other current assets	2,214	800
Total current assets	147,880	162,463
Restricted cash, non-current	3,580	3,334
Property and equipment, net	3,384	3,685
Operating lease right-of-use assets	19,655	21,990
Goodwill	4,116	4,075
Other assets	2,200	249
Total assets	\$ 180,815	\$ 195,796
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 3,580	\$ 2,905
Payables due to sellers	6,521	7,185
Accrued expenses	10,883	10,761
Operating lease liabilities, current	3,107	2,770
Other current liabilities	3,618	2,429
Total current liabilities	27,709	26,050
Operating lease liabilities, non-current	18,812	21,678
Other liabilities	6	46
Total liabilities	46,527	47,774
Commitments and contingencies (Note 16)		
Stockholders' equity:		
Preferred stock, \$0.01 par value; 10,000,000 shares authorized as of December 31, 2023 and 2022; zero shares issued and outstanding as of December 31, 2023 and 2022	—	—
Common stock, \$0.01 par value; 400,000,000 shares authorized as of December 31, 2023 and 2022; 40,738,619 and 39,260,193 shares issued as of December 31, 2023 and 2022, respectively; and 39,915,136 and 39,260,193 shares outstanding as of December 31, 2023 and 2022, respectively	407	393
Treasury stock, at cost; 823,483 and zero shares as of December 31, 2023 and December 31, 2022, respectively	(3,496)	—
Additional paid-in capital	451,282	439,005
Accumulated deficit	(313,719)	(291,020)
Accumulated other comprehensive loss	(186)	(356)
Total stockholders' equity	134,288	148,022
Total liabilities and stockholders' equity	\$ 180,815	\$ 195,796

See accompanying notes to the consolidated financial statements

1STDIBS.COM, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts in thousands, except share and per share amounts)

	Year Ended December 31,		
	2023	2022	2021
Net revenue	\$ 84,684	\$ 96,849	\$ 102,731
Cost of revenue	25,111	29,670	32,167
Gross profit	59,573	67,179	70,564
Operating expenses:			
Sales and marketing	36,640	44,776	47,414
Technology development	21,644	24,437	19,110
General and administrative	28,587	27,594	21,293
Provision for transaction losses	3,729	5,933	5,191
Gain on sale of Design Manager	—	(9,684)	—
Total operating expenses	90,600	93,056	93,008
Loss from operations	(31,027)	(25,877)	(22,444)
Other income, net:			
Interest income	6,639	1,606	146
Interest expense	—	(11)	(16)
Other, net	1,703	1,781	1,372
Total other income, net	8,342	3,376	1,502
Net loss before income taxes	(22,685)	(22,501)	(20,942)
Provision for income taxes	(14)	(37)	(21)
Net loss	(22,699)	(22,538)	(20,963)
Accretion of redeemable convertible preferred stock to redemption value	—	—	(7,061)
Net loss attributable to common stockholders	\$ (22,699)	\$ (22,538)	\$ (28,024)
Net loss per share attributable to common stockholders—basic and diluted	\$ (0.57)	\$ (0.59)	\$ (1.08)
Weighted average common shares outstanding—basic and diluted	39,724,697	38,479,437	26,059,744

See accompanying notes to the consolidated financial statements

1STDIBS.COM, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Amounts in thousands)

	Year Ended December 31,		
	2023	2022	2021
Net loss	\$ (22,699)	\$ (22,538)	\$ (20,963)
Other comprehensive income (loss):			
Foreign currency translation adjustment, net of tax of \$0 for the years ended December 31, 2023, 2022, and 2021	75	(127)	(27)
Unrealized gains on marketable securities, net of tax of \$0 for the years ended December 31, 2023, 2022, and 2021	95	—	—
Comprehensive loss	<u>\$ (22,529)</u>	<u>\$ (22,665)</u>	<u>\$ (20,990)</u>

See accompanying notes to the consolidated financial statements

1STDIBS.COM, INC.
CONSOLIDATED STATEMENTS OF REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)
(Amounts in thousands, except share amounts)

	Redeemable Convertible Preferred Stock		Common Stock		Additional Paid - In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount				
Balances as of December 31, 2020	19,243,795	\$ 298,525	11,376,048	\$ 114	\$ —	\$ (243,858)	\$ (202)	\$ (243,946)
Conversion of redeemable convertible preferred stock to common stock in connection with initial public offering	(19,243,795)	(305,586)	19,243,795	192	305,394	—	—	305,586
Issuance of common stock in connection with initial public offering, net of issuance costs of \$14,762	—	—	6,612,500	66	117,422	—	—	117,488
Accretion of redeemable convertible preferred stock to redemption value	—	7,061	—	—	(3,400)	(3,661)	—	(7,061)
Issuance of common stock for acquisition of Design Manager	—	—	45,152	1	766	—	—	767
Issuance of common stock for exercise of stock options	—	—	677,569	7	2,722	—	—	2,729
Issuance of common stock for cashless exercise of warrants	—	—	35,665	—	—	—	—	—
Vested restricted stock units converted to common shares	—	—	800	—	—	—	—	—
Stock-based compensation	—	—	—	—	2,865	—	—	2,865
Foreign currency translation adjustment	—	—	—	—	—	—	(27)	(27)
Net loss	—	—	—	—	—	(20,963)	—	(20,963)
Balances as of December 31, 2021	—	\$ —	37,991,529	\$ 380	\$ 425,769	\$ (268,482)	\$ (229)	\$ 157,438

See accompanying notes to the consolidated financial statements

1STDIBS.COM, INC.
CONSOLIDATED STATEMENTS OF REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)
(Amounts in thousands, except share amounts)

	Common Stock		Additional Paid - In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Treasury Stock	Total Stockholders' Equity
	Shares	Amount					
Balances as of December 31, 2021	37,991,529	\$ 380	\$ 425,769	\$ (268,482)	\$ (229)	\$ —	\$ 157,438
Issuance of common stock for exercise of stock options	509,694	5	2,030	—	—	—	2,035
Vested restricted stock units converted to common shares	758,970	8	(8)	—	—	—	—
Stock-based compensation	—	—	11,214	—	—	—	11,214
Foreign currency translation adjustment	—	—	—	—	(127)	—	(127)
Net loss	—	—	—	(22,538)	—	—	(22,538)
Balances as of December 31, 2022	39,260,193	\$ 393	\$ 439,005	\$ (291,020)	\$ (356)	\$ —	\$ 148,022
Issuance of common stock for exercise of stock options	89,251	1	352	—	—	—	353
Vested restricted stock units converted to common shares, net of shares net settled for taxes	1,389,175	13	(621)	—	—	—	(608)
Stock-based compensation	—	—	12,546	—	—	—	12,546
Repurchase of common stock	(823,483)	—	—	—	—	(3,496)	(3,496)
Other comprehensive income	—	—	—	—	170	—	170
Net loss	—	—	—	(22,699)	—	—	(22,699)
Balances as of December 31, 2023	39,915,136	\$ 407	\$ 451,282	\$ (313,719)	\$ (186)	\$ (3,496)	\$ 134,288

See accompanying notes to the consolidated financial statements

1STDIBS.COM, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands)

	Year Ended December 31,		
	2023	2022	2021
Cash flows from operating activities:			
Net loss	\$ (22,699)	\$ (22,538)	\$ (20,963)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	2,278	2,710	3,112
Stock-based compensation expense	12,363	11,214	2,839
Change in fair value of deferred acquisition consideration	—	—	427
Provision for transaction losses, returns and refunds	875	781	701
Amortization of costs to obtain revenue contracts	326	310	447
Amortization of operating lease right-of-use assets	2,596	2,541	—
Deferred rent	—	—	(194)
Gain on sale of Design Manager	—	(9,684)	—
Accretion of discounts and amortization of premiums on marketable securities, net	(3,390)	—	—
Other, net	(318)	195	21
Changes in operating assets and liabilities:			
Accounts receivable	59	(497)	52
Prepaid expenses and other current assets	(1,469)	31	(1,418)
Receivables from payment processors	(194)	(323)	910
Other assets	(2,136)	(615)	(145)
Accounts payable and accrued expenses	578	(5,206)	5,055
Payables due to sellers	(662)	(3,041)	5,732
Operating lease liabilities	(2,790)	(2,735)	—
Other current liabilities and other liabilities	1,027	(1,057)	(977)
Net cash used in operating activities	(13,556)	(27,914)	(4,401)
Cash flows from investing activities:			
Purchase of short-term investments	(191,093)	—	—
Maturities of short-term investments	92,653	—	—
Development of internal-use software	(1,706)	(1,871)	(2,110)
Purchases of property and equipment	(88)	(93)	(129)
Proceeds from sale of Design Manager	—	14,611	—
Other, net	2	(6)	(30)
Net cash (used in) provided by investing activities	(100,232)	12,641	(2,269)
Cash flows from financing activities:			
Proceeds from issuance of common stock in initial public offering, net of underwriting discounts and commissions	—	—	122,993
Proceeds from exercise of stock options	353	2,035	2,729
Payments for repurchase of common stock	(3,374)	—	—
Payments for taxes related to net share settlement of stock-based compensation awards	(608)	—	—
Payment of deferred acquisition consideration	—	—	(640)
Payment of deferred offering costs	—	—	(5,032)
Net cash (used in) provided by financing activities	(3,629)	2,035	120,050
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	349	(278)	(16)
Net (decrease) increase in cash, cash equivalents, and restricted cash	(117,068)	(13,516)	113,364
Cash, cash equivalents, and restricted cash at beginning of the period	158,043	171,559	58,195

Cash, cash equivalents, and restricted cash at end of the period	\$ 40,975	\$ 158,043	\$ 171,559
Supplemental disclosure of cash flow information:			
Cash paid for income taxes	\$ 18	\$ 26	\$ 69
Cash paid for interest	—	10	16
Supplemental disclosure of non-cash activities:			
Accretion of redeemable convertible preferred stock to redemption value	\$ —	\$ —	\$ 7,061
Conversion of redeemable convertible preferred stock in connection with initial public offering	—	—	305,586
Change in deferred offering costs included in accounts payable and accrued expenses	—	—	(872)
Issuance of common stock for Design Manager acquisition	—	—	767

See accompanying notes to the consolidated financial statements

1STDIBS.COM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of the Business and Basis of Presentation

Nature of the Business

1stdibs.com, Inc. (“1stDibs” or the “Company”) is one of the world’s leading online marketplaces for connecting design lovers with many of the best sellers and makers of vintage & antique furniture, contemporary furniture, home décor, jewelry, watches, art, and fashion. The Company’s thoroughly vetted seller base, in-depth marketing content, and custom-built technology platform create trust in the Company’s brand and facilitate high-consideration purchases of luxury design products online. By disrupting the way these items are bought and sold, 1stDibs is both expanding access to, and growing the market for, luxury design products.

The Company was incorporated in the state of Delaware on March 10, 2000 and is headquartered in New York, NY.

Basis of Presentation

The accompanying consolidated financial statements are prepared in accordance with the accounting principles generally accepted in the United States of America (“GAAP”) and include the accounts of the Company and its wholly-owned subsidiaries, 1stdibs.com, Ltd. and 1stdibs Design Manager, Inc. (“Design Manager”). The Company sold its equity interest in Design Manager on June 29, 2022, therefore, the consolidated statements of operations for the year ended December 31, 2022 include activity relating to Design Manager through the sale date. The consolidated balance sheets as of December 31, 2023 and 2022 no longer includes the assets, liabilities, and equity amounts associated with Design Manager. See Note 3 “Acquisitions & Disposals” for further details. All intercompany accounts and transactions have been eliminated in consolidation.

Certain immaterial amounts in the financial statements of the prior years have been reclassified to conform to the current year presentation for comparative purposes.

2. Summary of Significant Accounting Policies

Initial Public Offering

The Company’s registration statement on Form S-1 (“IPO Registration Statement”) related to its initial public offering (“IPO”) was declared effective by the SEC on June 9, 2021, and the Company’s common stock began trading on the Nasdaq Global Select Market on June 10, 2021. On June 14, 2021, the Company completed its initial public offering of 6,612,500 shares of its common stock at a price to the public of \$20.00 per share, which includes the exercise in full by the underwriters of their option to purchase from the Company an additional 862,500 shares of the Company’s common stock. The Company received net proceeds of \$123.0 million after deducting underwriters’ discounts and commissions, before deducting offering costs.

Upon the closing of the IPO, all shares of the Company’s outstanding redeemable convertible preferred stock automatically converted into 19,243,795 shares of common stock.

Prior to the IPO, deferred offering costs, which consisted of direct incremental legal, accounting, and other third-party fees relating to the IPO, were capitalized in other current assets in the consolidated balance sheets. Upon completion of the IPO, the \$5.5 million of deferred offering costs were reclassified into additional paid-in capital and accounted for as a reduction of the IPO proceeds in the consolidated balance sheets.

Stock Split

On May 25, 2021, the Company’s Board of Directors approved an amended and restated certificate of incorporation of the Company effecting a 1-for-3 reverse stock split of the Company’s issued and outstanding shares of redeemable convertible preferred stock and common stock. This was approved by the stockholders on May 28, 2021, and the split was effected on May 28, 2021 without any change in the par value per share. All information related to the Company’s redeemable convertible preferred stock, common stock, common stock warrants, and stock options, as well as the per share amounts, have been retroactively adjusted to give effect to the 1-for-3 reverse stock split for all periods presented.

Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Significant estimates and assumptions reflected in these consolidated financial statements include, but are not limited to, revenue recognition, provision for transaction losses, impairment assessment of goodwill, capitalization of internal-use software and determination

1STDIBS.COM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

of useful lives, income taxes, and the valuation of stock-based compensation and leases. The Company evaluates its estimates and assumptions on an ongoing basis. Actual results could differ from those estimates and such differences may be material to the consolidated financial statements.

Foreign Currency and Currency Translation

The Company has determined that the functional currency for its foreign operation is the currency of the primary cash flow of the operation, which is generally the local currency in which the operation is located. All assets and liabilities are generally translated into U.S. dollars using exchange rates in effect at the balance sheet date. Income and expenses are translated at the average exchange rate in effect during the period. Unrealized translation gains and losses are recorded as a translation adjustment, which is included in the consolidated statements of redeemable convertible preferred stock and stockholders' equity (deficit) as a component of accumulated other comprehensive loss. Adjustments that arise from exchange rate changes on transactions denominated in a currency other than the local currency are included in foreign exchange gain (loss) in other, net in the consolidated statements of operations.

Segment Information

An operating segment is defined as a component of a business for which separate financial information is available that is evaluated regularly by the chief operating decision maker. The Company operates and manages its business as one reportable and operating segment. The Company's chief executive officer, who is the chief operating decision maker, reviews financial information on a consolidated basis for purposes of evaluating financial performance and allocating resources. The Company's single reportable and operating segment contains one reporting unit, which consists of the Company's online marketplace that enables commerce between sellers and buyers.

Business Combinations

The Company accounts for business combinations using the acquisition method of accounting. The Company measures the tangible and intangible identifiable assets acquired, liabilities assumed, any non-controlling interest in the acquiree, and contingent consideration at fair value as of the acquisition date. Any excess purchase price over the fair value of net assets acquired is recorded as goodwill. Measurement period adjustments, if any, to the preliminary estimated fair value of the intangibles assets as of the acquisition date are recorded in goodwill. The results of businesses acquired in a business combination are included in the Company's consolidated financial statements from the date of acquisition.

Acquisition-related expenses represent expenses incurred by the Company to effect a business combination, including expenses such as finder's fees and advisory, legal, accounting, valuation, and other professional or consulting fees, and are not included as a component of consideration transferred, but are accounted for as an expense in the period in which the costs are incurred or the services are rendered.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents. Cash and cash equivalents are placed with large financial institutions that management believes are of high credit quality. At times, the Company's cash balances with individual banking institutions are in excess of federally insured limits. The Company has not experienced any credit losses related to its cash and cash equivalents balance. As of December 31, 2023 and 2022, the Company had no single customer that represented more than 10% of its net revenue.

Cash, Cash Equivalents, and Restricted Cash

The following represents the Company's cash, cash equivalents, and restricted cash as of the periods presented:

(in thousands)	December 31,		
	2023	2022	2021
Cash and cash equivalents	\$ 37,395	\$ 153,209	\$ 168,226
Restricted cash, current	—	1,500	—
Restricted cash, non-current	3,580	3,334	3,333
Total cash, cash equivalents and restricted cash	\$ 40,975	\$ 158,043	\$ 171,559

The Company considers all short-term, highly liquid investments purchased with an original maturity of three months or less at the date of purchase to be cash equivalents. Certain cash equivalents consist of investments in debt securities that are classified as available-for-sale. During the year ended December 31, 2023, the Company purchased \$43.1 million of available-for-sale securities classified as cash equivalents. During the years ended December 31, 2022 and 2021, there were no purchases

1STDIBS.COM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

of available-for-sale securities. The Company's restricted cash relates to a \$3.3 million Letter of Credit for its office lease at 51 Astor Place, New York, NY, and a \$0.2 million Letter of Credit for its office lease at 300 Park Avenue South, New York, NY. Additionally, \$1.5 million was held in a joint escrow account in connection with the sale of Design Manager during the year ended December 31, 2022. During the year ended December 31, 2023 the restriction was lifted and the funds were released. The carrying value of the restricted cash approximates fair value.

Short-term Investments

Short-term investments designated as available-for-sale securities are carried at fair value, which is based on quoted market prices for such securities, if available, or is estimated on the basis of quoted market prices of financial instruments with similar characteristics. Investments with original maturities greater than 90 days and less than one year are classified within short-term investments on the Company's consolidated balance sheets. In addition, investments with maturities beyond one year at the time of purchase that are highly liquid in nature and represent the investment of cash that is available for current operations are classified as short-term investments. Any other investments with original maturities greater than one year would be classified within long-term investments. Additionally, the Company records accrued interest receivable within other current assets on its consolidated balance sheets. Accrued interest receivable was \$0.5 million as of December 31, 2023 and there was no accrued interest receivable as of December 31, 2022.

Unrealized gains and losses of available-for-sale securities are excluded from earnings and are reported as a component of other comprehensive income (loss) until the security is sold, has matured, or the Company determines that the fair value of the security has declined below its adjusted cost basis and the decline is not due to a credit loss. Realized gains and losses on short-term investments are calculated based on the specific identification method and are reclassified from accumulated other comprehensive loss to other, net in the Company's consolidated statements of operations.

Short-term investments are evaluated for impairment quarterly. The Company's portfolio of available-for-sale debt securities is required to incorporate forward-looking information to determine any credit losses. This risk is mitigated by the high quality nature of the investments. The Company evaluates the current expected credit loss by considering various factors in determining whether it should recognize an impairment charge, including the credit quality of the issuer, the duration that the fair value has been less than the adjusted cost basis, the severity and reason for the decline in value, and the Company's intent to sell and ability to hold the investment for a period of time sufficient to allow for any anticipated recovery in market value. If the Company concluded that an investment is impaired or a portion of the unrealized loss is a result of a credit loss, it recognizes the charge at that time in the consolidated statements of operations. Determining whether the decline in fair value is due to a credit loss requires management judgment based on the specific facts and circumstances of each security. The ultimate value realized on these securities is subject to market price volatility until they are sold. The Company did not recognize any credit losses related to available-for-sale debt securities during the year ended December 31, 2023.

Accounts Receivable, net

The Company's accounts receivable are recorded at amounts billed to sellers, generally for non-transactional revenue, which includes subscription, listing fees and advertising revenue, and are presented net of an estimated allowance for doubtful accounts on the Company's consolidated balance sheets. The Company's accounts receivable do not bear interest and do not require collateral or other security to support related receivables. The allowance for doubtful accounts considers forward-looking information to estimate expected credit losses using a number of factors, including age of the receivable, current economic conditions, historical losses, and management's assessment and judgment of the sellers. The evaluation is inherently subjective, as it requires estimates that are susceptible to significant revision as more information becomes available. Losses are charged against the allowance when management believes the un-collectability of a receivable is confirmed and subsequent recoveries, if any, are credited to the allowance. Account balances are written off after all means of collection are exhausted and the potential for non-recovery is determined to be probable. Adjustments to the allowance for doubtful accounts are recorded as a component of provision for transaction losses in the consolidated statements of operations.

Receivables from Payment Processors and Payables Due to Sellers

Receivables from payment processors represent amounts received from buyers via third-party payment processors which will be deposited by the payment processors to 1stDibs' bank accounts for payment to sellers and shipping carriers. The Company also collects sales tax from buyers on behalf of sellers in certain jurisdictions as a marketplace facilitator and remits these collected taxes directly to the tax authorities.

The portion of the cash and related receivable remaining after deducting the Company's commission and processing fees represents the total payables due to third parties, which consists of payables due to sellers, payables due to shipping carriers in instances where 1stDibs' shipping services are elected by sellers, and payables due to tax authorities. The Company establishes

1STDIBS.COM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

an allowance for seller refunds for amounts that sellers owe the Company after a return is processed. The allowance for seller refunds was \$0.2 million and \$0.3 million at December 31, 2023 and 2022, respectively and included in other current assets on the Company's consolidated balance sheets.

Property and Equipment, net

Property and equipment are stated at cost, net of accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line method over the estimated useful lives.

The Company capitalizes costs related to internal-use software during the application development stage, including consulting costs and compensation expenses related to employees who devote time to the development projects. The Company records software development costs in property and equipment, net. Costs incurred in the preliminary stages of development activities and post implementation activities are expensed in the period incurred and are included in technology development in the consolidated statements of operations. The Company also capitalizes costs related to specific upgrades and enhancements when it is probable the expenditures will result in additional functionality. Once the project is available for general release, capitalization ceases, and asset amortization begins. Capitalized costs associated with internal-use software are amortized on a straight-line basis over their estimated useful life, which is generally three years, and are included in cost of revenue in the consolidated statements of operations.

The general range of useful lives of property and equipment is as follows:

	<u>Estimated Useful Life</u>
Leasehold improvements	Lesser of lease term or life of asset
Furniture and fixtures	3 years
Computer equipment and software	3 years
Internal-use software	Lesser of contract term or 3 years

When assets are sold or retired, the cost and related accumulated depreciation or amortization of assets disposed of are removed from the accounts, with any resulting gain or loss recorded in income from operations in the consolidated statements of operations and consolidated statements of comprehensive loss. Costs of repairs and maintenance are expensed as incurred.

When events occur or changes in circumstances require, the Company assesses the likelihood of recovering the cost of long-lived assets based on its expectations of future profitability, undiscounted cash flows, and management's plans with respect to operations to determine if the asset is impaired and subject to write-off. Measurement of any impairment loss is based on the excess of the carrying value of the asset over the fair value. For the years ended December 31, 2023, 2022 and 2021, there were no impairment losses recorded.

Goodwill

Goodwill represents the excess of cost over the fair value of the net tangible and identifiable intangible assets acquired in a business combination. Goodwill is not amortized but is tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset may be impaired. The Company's goodwill is evaluated at the entity level as it is determined there is one reporting unit, 1stDibs.

The Company performs its annual goodwill impairment test as of October 1st or more frequently if events or changes in circumstances indicate that the goodwill may be impaired. The Company has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of the reporting unit is less than its carrying amount. If the Company determines it is not more likely than not that the fair value of the reporting unit is less than its carrying amount, then additional impairment testing is not required. However, if the Company concludes otherwise, then it is required to perform a quantitative assessment for impairment.

The quantitative assessment involves comparing the estimated fair value of the reporting unit with its respective book value, including goodwill. If the estimated fair value exceeds book value, goodwill is not impaired. If the book value of the reporting unit exceeds the fair value, an impairment loss is recognized in an amount equal to the excess, not to exceed the total amount of goodwill allocated to the reporting unit.

Based on the Company's assessments, there were no impairment losses recorded during the years ended December 31, 2023, 2022 and 2021.

1STDIBS.COM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Leases

Effective January 1, 2022, the Company adopted ASU 2016-02, utilizing the modified retrospective adoption approach. The Company enters into contracts in the normal course of business and assesses whether any such contracts contain a lease. The Company determines if an arrangement is a lease at inception if it conveys the right to control the identified asset for a period of time in exchange for consideration. The Company classifies leases as operating or financing in nature, and records the associated right-of-use asset and lease liability on its consolidated balance sheet. The lease liability represents the present value of future lease payments, net of lease incentives, discounted using an incremental borrowing rate, which is a management estimate based on the information available at the commencement date of a lease arrangement.

Lease expense is recognized as a single lease cost on a straight-line basis over the lease term. The lease term consists of non-cancelable periods and may include options, including those to extend or terminate, if it is reasonably certain they will be exercised. The Company accounts for lease and non-lease components related to operating leases as a single lease component. The Company has elected that costs associated with leases having an initial term of 12 months or less ("short-term leases") are recognized in the consolidated statement of operations on a straight-line basis over the lease term and are not recorded on the balance sheet. Variable lease expense is recognized as incurred and consists primarily of real estate taxes, utilities, and other office space related expenses.

Prior to adoption, during the fiscal years ended December 31, 2021 and prior, the Company accounted for leases under ASC 840, whereby rent expense associated with operating leases was recognized on a straight-line basis over the lease term.

Contingencies

The Company has certain contingent liabilities that arise in the ordinary course of business activities. The Company accrues for loss contingencies when losses become probable and are reasonably estimable. If the reasonable estimate of the loss is a range and no amount within the range is a better estimate, the minimum amount of the range is recorded as a liability on the Company's consolidated balance sheets. The Company does not accrue for contingent losses that, in its judgment, are considered to be reasonably possible, but not probable.

Fair Value of Financial Instruments

Certain assets and liabilities are carried at fair value in accordance with GAAP. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

Valuation techniques used to measure fair value require the Company to maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Financial assets and liabilities carried at fair value are to be classified and disclosed in one of the following three levels of the fair value hierarchy, of which the first two are considered observable and the last is considered unobservable:

- Level 1—Quoted prices in active markets for identical assets or liabilities.
- Level 2—Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3—Unobservable inputs that are supported by little or no market activity that are significant to determining the fair value of the assets or liabilities, including pricing models, discounted cash flow methodologies, and similar techniques.

Short-term investments and certain cash equivalents consist of investments in debt securities that are available-for-sale. The table below segregates all assets that are measured at fair value on a recurring basis into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date:

1STDIBS.COM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands)	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Cash equivalents:				
Money market fund	\$ 5,797	\$ —	\$ —	\$ 5,797
U.S. Treasury securities	—	4,991	—	4,991
Total cash equivalents	\$ 5,797	\$ 4,991	\$ —	\$ 10,788
Short-term investments:				
Commercial paper	\$ —	\$ 18,112	\$ —	\$ 18,112
Corporate notes	—	7,641	—	7,641
U.S. Treasury securities	—	11,971	—	11,971
U.S. Government agency securities	—	64,202	—	64,202
Total short-term investments	\$ —	\$ 101,926	\$ —	\$ 101,926

There were no transfers between Level 1, Level 2 or Level 3 during the years ended December 31, 2023 and 2022. As of December 31, 2023, all other financial instruments not included in the table above were classified as Level 1. As of December 31, 2022, the carrying amounts of the Company's financial instruments, including cash and cash equivalents, restricted cash, accounts receivable, net, prepaid expenses, receivables from payment processors, other current assets, accounts payable, payables due to sellers, accrued expenses and other current liabilities, approximate fair value due to the short-term nature of these assets and liabilities, and therefore were all classified as Level 1. The Company's cash equivalents and short-term investments for the periods presented were valued using quoted market prices or alternative pricing sources and models utilizing observable market inputs and were classified as Level 1 or Level 2, accordingly.

Income Taxes

Income taxes are computed using the asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the Company's consolidated financial statements. In estimating future tax consequences, the Company considers all expected future events other than enactment of changes in tax laws or rates. A valuation allowance is recorded, if necessary, to reduce net deferred tax assets to their realizable values if management does not believe it is more likely than not that the net deferred tax assets will be realized.

The Company follows the provisions of the authoritative guidance from the Financial Accounting Standards Board ("FASB") on accounting for uncertainty in income taxes. These provisions provide a comprehensive model for the recognition, measurement, and disclosure in the financial statements of uncertain income tax positions that a company has taken or expects to take on a tax return. Under these provisions, a company can recognize the benefit of an income tax position only if it is more likely than not (greater than 50%) that the tax position will be sustained upon tax examination, based solely on the technical merits of the tax position. Otherwise, no benefit can be recognized. Assessing an uncertain tax position begins with the initial determination of the sustainability of the position and is measured at the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. As of each balance sheet date, unresolved uncertain tax positions must be reassessed. Additionally, the Company must accrue interest and related penalties, if applicable, on all tax exposures for which reserves have been established consistent with jurisdictional tax laws.

The Company's policy is to recognize interest and penalties related to uncertain tax positions in the provision for income taxes. As of December 31, 2023 and 2022, the Company had no accrued interest or penalties related to uncertain tax positions.

The Company assesses foreign investment levels periodically to determine if all or a portion of the Company's investments in its foreign subsidiary are indefinitely invested. Any required adjustment to the income tax provision (benefit) would be reflected in the period that the Company changes this assessment.

The Company recognizes the tax on global intangible low-taxed income ("GILTI") earned by foreign subsidiaries as a period expense in the period the tax is incurred.

Net Loss per Share Attributable to Common Stockholders

The Company applies the two-class method to compute basic and diluted net loss per share when shares meet the definition of participating securities. The two-class method determines net loss per share for each class of common and participating securities according to dividends declared or accumulated and participation rights in undistributed earnings. The two-

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class method requires income available to common stockholders for the period to be allocated between common and participating securities based upon their respective rights to receive dividends as if all income for the period has been distributed. During periods of loss, there is no allocation required under the two-class method.

Basic net loss per share attributable to common stockholders is computed by dividing the net loss attributable to common stockholders by the weighted average number of common shares outstanding for the period without consideration of potentially dilutive common stock. Diluted earnings per share attributable to common stockholders is computed by dividing the diluted earnings attributable to common stockholders by the weighted average number of common shares outstanding for the period, including potential dilutive common shares. For periods in which the Company reports net losses, diluted net loss per common share attributable to common stockholders is the same as basic net loss per common share attributable to common stockholders because potentially dilutive shares of common stock are not assumed to have been issued since their effect is anti-dilutive.

Treasury Stock

In August 2023, the Company's Board of Directors authorized the Company to repurchase up to an aggregate of \$20.0 million of the Company's common stock ("Stock Repurchase Program") traded on public markets. The repurchased common stock is classified as treasury stock on the consolidated balance sheets. The direct costs incurred to acquire treasury stock are treated like stock issue costs and added to the cost of the treasury stock, which includes applicable fees and taxes. Repurchased common stock is stated at cost, determined on an average cost basis and is presented as a reduction of stockholders' equity on the consolidated balance sheets.

Revenue Recognition

The Company's net revenue consists principally of seller marketplace services, advertisements, and prior to the sale of Design Manager, software services. Seller marketplace services primarily consist of marketplace transactions, subscriptions, and listing fees. Revenue is recognized as the Company transfers control of promised goods or services to customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. The Company evaluates whether it is appropriate to recognize revenue on a gross or net basis based upon its evaluation of whether the Company obtains control of the specified goods or services by considering if it is primarily responsible for fulfillment of the promise, has inventory risk, has the latitude in establishing pricing and selecting suppliers, among other factors. The Company does not have any remaining performance obligations associated with contracts with terms greater than one year.

Seller Marketplace Services (Marketplace Transactions, Subscriptions, and Listings)

The Company charges sellers commission and processing fees for successful purchases through its online marketplace. For the items purchased through the 1stDibs online marketplace, the Company collects the gross merchandise value from the buyer, and recognizes the associated revenue on a net basis, which equates to the commission and processing fees earned in exchange for the seller marketplace services. The commission fees range from 5% to 50% and processing fees are 3% of the buyer's total payment, net of expected refunds. If a seller accepts a return or refund of an on-platform purchase, the related commission and processing fees are refunded to the seller. The Company records discounts provided to the end buyer, to whom the Company has no performance obligation, such as promotional discounts, in sales and marketing expense since the discounts are not related directly to the Company's revenue source but rather used as a marketing tool, and the seller is not made aware of the discounts provided to the end buyer. The commission and processing fees are recognized net of estimated refunds when the corresponding transaction is confirmed by the buyer and seller. The Company does not take title to inventory sold or assume risk of loss at any point in time during the transaction and is authorized to collect consideration from the buyer and remit net consideration to the seller to facilitate the processing of the confirmed purchase transaction.

We offer our sellers various subscription pricing tiers which allows them to choose the plan that best fits their business, with choices of a higher monthly subscription fee and lower commission rates or a lower monthly subscription fee and higher commission rates. Additionally, some sellers have no monthly subscription fees and higher commission rates, however, the Company no longer offers this option to new sellers. Sellers receive the benefit of marketplace activities, including listing items for sale, completing sales transactions, and payments processing, which represents a single stand-ready performance obligation. The Company has determined that its customers are sellers on its online marketplace since sellers pay for the use of the platform to sell their inventory. For sellers that pay a subscription, it is on an annual basis, payable monthly, therefore the fee is recognized monthly. If during the annual subscription period a seller ceases to make its monthly payment, the Company is no longer obligated to provide the subscribed services and the seller can be terminated at the Company's sole discretion.

The Company earns listing fees from sellers on a per item basis as directed by the seller to promote certain items at the seller's discretion. Listing fees are recognized ratably over time when the listing is publicly posted.

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Advertisements

Advertising revenue is generated by displaying seller ads on the 1stDibs online marketplace. For advertising services, the Company enters into agreements with advertisers, or sellers, in the form of signed insertion orders, which specify the terms of services and fees, prior to advertising campaigns being run. The Company recognizes revenue from the display of impression-based ads in the period in which the impressions are delivered in accordance with the contractual terms of the insertion orders. Impressions are considered delivered when an ad is displayed to users.

Software Services

Through the Company's former subsidiary, Design Manager, the Company offered subscriptions to access software typically used by interior designers. Subscriptions did not provide customers with the right to take possession of the software supporting the applications and, as a result, were accounted for as service contracts. The Company offered both monthly and annual subscriptions. For software services, the Company offered subscriptions to customers that were tailored to design firms as an end-to-end business solution for project management and accounting and entered into agreements with the customers through their acceptance of online terms of service, which specified the terms of services and fees, prior to the customers receiving access to the software platform. On June 29, 2022, the Company sold Design Manager and no revenue related to software services has been recognized since the sale date.

Contract Costs

The Company capitalizes commission costs that are incremental and directly related to the acquisition of seller agreements. Commissions are earned by the Company's sales force when the seller's listings are publicly visible and available for purchase on the 1stDibs online marketplace. Commission costs are capitalized when earned and are amortized as expense over an estimated seller relationship period of three years. The Company determined the estimated seller relationship period by taking into consideration the contractual term of the seller agreements, the seller's lifetime expected value, and the fact that no additional commission is paid for renewed seller agreements. The Company periodically reviews the costs to obtain revenue contracts to determine whether events or changes in circumstances have occurred that could impact the period of benefit of these costs to obtain revenue contracts.

Contract Balances from Contracts with Customers

A contract liability is an obligation to transfer goods or services for which consideration has been received or is due to a customer. Contract liabilities consist of deferred revenue that is unearned related to advertising fees charged to sellers for which advertisements have not been delivered and to a lesser extent setup fees charged to new sellers at the inception of service. Prior to the sale of Design Manager deferred revenue also included software subscription fees. Deferred revenue for software and advertising fees is recognized as revenue in the periods in which our performance obligations are satisfied. Deferred revenue for setup fees is recognized as revenue over the expected life of the seller relationship, which the Company determined to be three years. As of December 31, 2023 and 2022, deferred revenue was \$0.1 million and \$0.2 million, respectively. The current portion of deferred revenue was \$0.1 million as of both December 31, 2023 and 2022, and are included in other current liabilities in the Company's consolidated balance sheets. The non-current portion of deferred revenue was less than \$0.1 million as of both December 31, 2023 and 2022, and is included in other liabilities in the Company's consolidated balance sheets.

Cost of Revenue

Cost of revenue includes payment processor fees, hosting expenses, and resold software usage and services. No resold software usage and services expense has been recognized after the sale of Design Manager. Cost of revenue also includes expenses associated with payroll, employee benefits, stock-based compensation, other headcount-related expenses associated with personnel supporting revenue-related operations, amortization of internal-use software, and consulting costs.

In certain transactions where 1stDibs shipping and logistics services are elected by sellers, the Company enables shipping of items purchased from the seller to the buyer. Any difference between the amount collected for shipping and the amount charged by the shipping carrier is included in cost of revenue in the consolidated statements of operations.

Sales and Marketing

Sales and marketing expenses include payroll, employee benefits, stock-based compensation, other headcount-related expenses associated with sales and marketing personnel, advertising expense, consulting costs, and promotional discounts offered to new and existing buyers. Advertising expenses consist primarily of costs incurred promoting and marketing the Company's online marketplace, such as costs associated with acquiring new users through performance-based marketing, social media, email, and events. Promotional discounts and incentives represent incentives solely to end buyers and, therefore, are not

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considered payments made to the Company's customers. Buyers are not customers because access to the 1stDibs online marketplace is free for buyers and the Company has no performance obligations with respect to buyers.

The Company expenses all advertising expenses as incurred. During the years ended December 31, 2023, 2022, and 2021, the Company incurred advertising expenses of approximately \$11.0 million, \$16.3 million, and \$21.2 million, respectively.

Technology Development

Technology development expenses include payroll, employee benefits, stock-based compensation, and other headcount-related expenses associated with engineering and product development personnel and consulting costs related to technology development. The Company expenses all technology development expenses as incurred. Expenses that meet the criteria for capitalization as internal-use software are capitalized to property and equipment, net on the consolidated balance sheets and amortized over their useful life. This amortization expense related to internal-use software is included in cost of revenue in the consolidated statements of operations.

General and Administrative

General and administrative expenses include payroll, employee benefits, stock-based compensation, other headcount-related expenses associated with finance, legal, facility and human resources related personnel, lease expense, net of sublease income, business liability insurance, accounting, professional fees, and depreciation and amortization of property and equipment. The Company expenses all general and administrative expenses as incurred.

Provision for Transaction Losses

Provision for transaction losses consists primarily of losses resulting from the Company's buyer protection program, including damages to products caused by shipping and transit, items that were not received or not as represented by the seller, and reimbursements to buyers at the Company's discretion if they are dissatisfied with their experience. The provision for transaction losses also includes bad debt expense associated with the Company's accounts receivable.

Restructuring Charges

In June 2023, the Company announced a workforce reduction designed to reduce operating costs and realign investment priorities involving the reduction of approximately 20% of the Company's global workforce. As a result of the reduction, the Company incurred approximately \$2.0 million in restructuring charges during the year ended December 31, 2023, consisting primarily of employee severance and benefits costs. During the year ended December 31, 2023, \$1.6 million has been paid in connection with the June 2023 restructuring and \$0.4 million is included in accrued expenses on the Company's consolidated balance sheet as of December 31, 2023. As of December 31, 2023, the restructuring plan was completed and no additional significant amounts are expected to be recognized.

In September 2022, the Company announced and implemented a restructuring plan to reduce operational costs and realign investment priorities involving the reduction of approximately 10% of the Company's workforce. As a result of the reduction, the Company incurred approximately \$0.7 million in restructuring charges, consisting primarily of employee severance and benefits costs. As of December 31, 2022, the restructuring plan was completed and no additional significant amounts are expected to be recognized.

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The following table displays a rollforward of the charges to the accrued balance as of December 31, 2023:

(in thousands)	Restructuring Charges
Balance, December 31, 2021	\$ —
Restructuring charges	660
Cash payments	(596)
Balance, December 31, 2022	\$ 64
Restructuring charges	2,004
Cash payments	(1,672)
Balance, December 31, 2023	\$ 396

The expense is included within the respective financial statement line items on the consolidated statement of operations as shown in the table below for the years ended December 31, 2023, and 2022. There was no expense included in the year ended December 31, 2021.

(in thousands)	Year Ended December 31,	
	2023	2022
Cost of revenue	\$ 135	\$ 58
Sales and marketing	789	333
Technology development	1,044	201
General and administrative	36	68
Total	\$ 2,004	\$ 660

Stock-Based Compensation

The Company measures all stock-based awards granted to employees, directors, and non-employees based on the fair value on the date of the grant and recognizes compensation expense for those awards over the requisite service period, which is generally the vesting period of the respective award, and recognizes forfeitures as they occur. The fair value of restricted stock units is estimated on the date of grant based on the fair value of the Company's common stock. The fair value of each stock option is estimated on the date of grant using the Black-Scholes option-pricing model, which requires inputs based on certain subjective assumptions, including the fair value of the Company's common stock, expected stock price volatility, the expected term of the award, the risk-free interest rate for a period that approximates the expected term of the option, and the Company's expected dividend yield. Expected volatility was calculated based on the implied volatilities from market comparisons of certain publicly traded companies and other factors. The expected option term was calculated based on the simplified method based on options that had been granted to date, which uses the midpoint between the vesting date and the contractual term, as the Company has not had sufficient historical data to develop an estimate based on participant behavior. The risk-free interest rate was based on the U.S. Treasury bond yield with an equivalent term. The Company has not paid dividends and has no foreseeable plans to pay dividends.

The Company classifies stock-based compensation expense in its consolidated statements of operations in the same manner in which the award recipient's payroll costs are classified or in which the award recipient's service payments are classified.

Recent Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the FASB under its ASC or other standard setting bodies. The Company is an emerging growth company, as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. The Company has elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that it (i) is no longer an emerging growth company or (ii) affirmatively and irrevocably opts out of the extended transition period provided in the JOBS Act. As a result, these financial statements may not be comparable to companies that comply with the new or revised accounting pronouncements as of public company effective dates.

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Recently Adopted Accounting Pronouncements

In June 2016, the FASB issued Accounting Standards Update (“ASU”) ASU 2016-13, Financial Instruments - Credit Losses, which replaces the incurred loss impairment methodology with a methodology that requires the reflection of expected credit losses and also requires consideration of a broader range of reasonable and supportable information to determine credit loss estimates. It also eliminates the concept of other-than-temporary impairment and requires credit losses related to available-for-sale debt securities to be recorded through an allowance for credit losses rather than as a reduction in the amortized cost basis of the securities. For most financial instruments, the standard requires the use of a forward-looking expected loss model rather than the incurred loss model for recognizing credit losses, which generally results in the earlier recognition of credit losses on financial instruments.

The Company adopted this standard effective January 1, 2023 under a modified retrospective basis and considers forward-looking information to estimate expected credit losses. No adjustment to accumulated deficit was recorded as the adoption of this standard did not have a material impact on the Company’s consolidated financial statements.

Recently Issued Accounting Pronouncements Not Yet Adopted

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which aims to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The standard will require all public entities, including those with a single reportable segment, to disclose significant segment expenses and other segment items on an annual and interim basis. The guidance requires a public entity to disclose the significant expense categories and amounts that are regularly provided to the chief operating decision-maker. This standard is effective for annual periods beginning January 1, 2024, and for interim periods beginning January 1, 2025, with early adoption permitted. The Company is currently evaluating the potential impact of adopting this new guidance on its consolidated financial statements and related disclosures.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which modifies the rules on income tax disclosures. The standard will require entities to disclose (1) specific categories in the rate reconciliation, (2) the income or loss from continuing operations before income tax expense or benefit (separated between domestic and foreign) and (3) income tax expense or benefit from continuing operations (separated by federal, state and foreign). ASU 2023-09 also requires entities to disclose their income tax payments to international, federal, state and local jurisdictions, among other changes. The new standard is effective for annual periods beginning after December 15, 2024. The Company is currently evaluating the potential impact of adopting this new guidance on its consolidated financial statements and related disclosures.

3. Acquisitions & Disposals

Design Manager

On May 2, 2019, the Company acquired 100% of the outstanding equity of Franklin Potter Associates, Inc. and its subsidiary, doing business as Design Manager, for a total purchase consideration of \$4.2 million. As a result, Design Manager became a wholly-owned subsidiary of the Company. On June 29, 2022, the Company sold 100% of its equity interest in Design Manager for a purchase price of \$14.8 million. The Company received net cash proceeds of \$14.6 million, of which \$1.5 million was held in a joint escrow account for 12 months from the date of the sale and was recorded as restricted cash, current in the Company’s 2022 consolidated balance sheet. Additionally, a net gain on the sale of \$9.7 million was recognized during the year ended December 31, 2022, and is included in loss from operations on the consolidated statement of operations.

4. Revenue Recognition

The following table summarizes the Company’s net revenue by type of service for the periods presented:

(in thousands)	Year Ended December 31,		
	2023	2022	2021
Seller marketplace services	\$ 83,925	\$ 94,333	\$ 98,984
Other services	759	2,516	3,747
Total net revenue	\$ 84,684	\$ 96,849	\$ 102,731

The Company generates revenue from seller marketplace services and other services. Seller marketplace services primarily consist of marketplace transaction, subscription, and listing fees. Other services primarily consist of advertising revenues generated from displaying ads on the Company’s online marketplace and software services revenue related to Design Manager.

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typically used by interior designers. Design Manager was sold on June 29, 2022; therefore, no related net revenue for software services was recognized after the sale date.

Contract Balances from Contracts with Customers

The following table provides a rollforward of the deferred revenue amounts as follows:

(in thousands)	Amount
Balance as of December 31, 2021	\$ 944
Billings	1,502
Revenue recognized	(1,661)
Reduction resulting from the sale of Design Manager	(602)
Balance as of December 31, 2022	\$ 183
Billings	40
Net revenue recognized	(160)
Balance as of December 31, 2023	\$ 63

The amount of revenue recognized during the year ended December 31, 2023 that was included in the deferred revenue balance at January 1, 2023 was \$0.1 million. As of December 31, 2023, the Company recorded \$0.5 million of costs to obtain revenue contracts, of which \$0.3 million was included in other current assets, and \$0.2 million was included in other assets. As of December 31, 2022, the Company recorded \$0.5 million of costs to obtain revenue contracts, of which \$0.3 million was included in other current assets, and \$0.2 million was included in other assets. Amortization of costs to obtain revenue contracts totaled \$0.3 million, \$0.3 million, and \$0.4 million for the years ended December 31, 2023, 2022, and 2021, respectively, and are included in sales and marketing in the Company's consolidated statements of operations.

5. Short-Term Investments

The following table summarizes the estimated value of the Company's short-term investments as of December 31, 2023:

(in thousands)	December 31, 2023			
	Amortized Cost	Unrealized Gain	Unrealized Loss	Fair Value
Commercial paper	\$ 18,101	\$ 14	\$ (3)	\$ 18,112
Corporate notes	7,621	20	—	7,641
U.S. Treasury securities	11,975	2	(6)	11,971
U.S. Government agency securities	64,134	89	(21)	64,202
Total short-term investments	\$ 101,831	\$ 125	\$ (30)	\$ 101,926

As of December 31, 2022, the Company had no short-term investments. The Company does not intend to sell the investments and it is not more likely than not that the company will be required to sell these before recovery. As of December 31, 2023, the fair value of short-term investments by remaining contractual maturity consisted of the following:

(in thousands)	Fair Value
Remaining maturity date one year or less	\$ 89,203
Remaining maturity date greater than one year	12,723
Total short-term investments	\$ 101,926

6. Accounts Receivable, net

Accounts receivable, net was \$0.6 million and \$1.0 million at December 31, 2023 and 2022, respectively. The Company recorded an allowance for doubtful accounts of \$0.2 million and \$0.1 million as of December 31, 2023 and 2022, respectively.

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Changes in the allowance for doubtful accounts for the periods presented were as follows:

(in thousands)	Amount
Balance as of January 1, 2022	\$ 29
Provisions charged to operating results	206
Account write-offs	(122)
Balance as of December 31, 2022	\$ 113
Provisions charged to operating results	256
Account write-offs	(181)
Balance as of December 31, 2023	\$ 188

7. Property and Equipment, net

As of December 31, 2023 and 2022, property and equipment, net consisted of the following:

(in thousands)	December 31,	
	2023	2022
Internal-use software	\$ 19,541	\$ 18,418
Leasehold improvements	3,605	3,594
Furniture and fixtures	1,131	1,114
Computer equipment and software	919	851
Software in progress	569	562
Total property and equipment, gross	\$ 25,765	\$ 24,539
Less: accumulated depreciation and amortization	(22,381)	(20,854)
Total property and equipment, net	\$ 3,384	\$ 3,685

As of December 31, 2023 and 2022, the net book value of internal-use software was \$2.7 million and \$3.0 million, respectively. Depreciation and amortization expense related to the Company's property and equipment totaled \$2.3 million, \$2.6 million, and \$2.9 million, for the years ended December 31, 2023, 2022, and 2021, respectively, which included amortization expense for internal-use software of \$2.2 million, \$2.5 million, and \$2.8 million, respectively.

8. Goodwill

The changes in the carrying balance of goodwill for the periods presented were as follows (in thousands):

(in thousands)	Amount
Balance as of January 1, 2022	\$ 7,202
Reduction resulting from the sale of Design Manager	(3,036)
Foreign currency translation adjustment	(91)
Balance as of December 31, 2022	\$ 4,075
Foreign currency translation adjustment	41
Balance as of December 31, 2023	\$ 4,116

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9. Accrued Expenses

As of December 31, 2023 and 2022, accrued expenses consisted of the following:

(in thousands)	December 31,	
	2023	2022
Shipping	\$ 2,934	\$ 3,597
Compensation & benefits	3,164	1,862
Sales & use taxes payable	1,534	1,378
Allowance for transaction losses	1,172	1,327
Payment processor fees	557	970
Allowance for e-commerce returns	401	438
Other	1,121	1,189
Total accrued expenses	<u>\$ 10,883</u>	<u>\$ 10,761</u>

10. Leases

The Company's operating lease arrangements are principally for office spaces in New York City. As of December 31, 2023, the Company had \$19.7 million of operating lease right-of-use assets, \$3.1 million and \$18.8 million of current and non-current operating lease liabilities, respectively, and no finance leases on its consolidated balance sheet. These operating lease arrangements included in the measurement of lease liabilities had a weighted-average remaining lease term of 6.0 years, a weighted-average discount rate of 5.9%, and do not reflect options to extend or terminate, as management does not consider the exercise of these options to be reasonably certain. The Company paid \$4.1 million and \$4.2 million for amounts included in the measurement of lease liabilities during the years ended December 31, 2023 and 2022.

In August 2023, the Company entered into a sublease agreement as the sublessor for its office space in its former New York City headquarters (the "Sublease"). The Sublease commenced on October 1, 2023 for approximately 78% of the rentable square feet and expanded to 100% of the rentable square feet on January 15, 2024. The sublease ends on December 31, 2029, the expiration date of the Company's former New York City headquarter's lease, and contains an option for the lessee to terminate on the third anniversary of the commencement date. The Sublease contains a five-month rent abatement provision, with an additional abatement against fixed rent for the sixth calendar month. Beginning in April 2024 the Company will collect monthly lease payments of \$0.3 million with annual increases over the term. In addition, the subtenant will be responsible for its proportionate share of certain defined expenses, including increases in taxes after the base year, as well as certain electric, heating, ventilation, and air conditioning charges. The proportionate share will be 78% from the commencement of the Sublease until the January 15, 2024, at that time the proportionate share will be increased to 100%. Sublease income is recognized as an offset to lease expense on a straight-line basis over the lease term and is included in general and administrative expenses on the Company's consolidated statement of operations. During the year ended December 31, 2023, the Company capitalized its \$1.1 million broker fee paid which is included in other assets on the consolidated balance sheet, and will be amortized over the life of the Sublease in operating expenses in the consolidated statement of operations. The Company recognized \$0.9 million of sublease income during the year ended December 31, 2023. There was no sublease income recognized in the years ended December 31, 2022, and 2021.

In November 2023, the Company entered into a lease agreement, as the lessee, for approximately 13,000 square feet for a new office which is expected to be the Company's new corporate headquarters in New York City (the "Lease Agreement"). The Lease Agreement is expected to have a commencement date during the first quarter of 2024 with a five year term and an initial seven month rent abatement period. The lease agreement includes an option for the Company to extend the lease for an additional five years.

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The following table summarizes total lease expense, net for the years ended December 31, 2023 and 2022:

(in thousands)	December 31,	
	2023	2022
Operating lease expense	\$ 3,970	\$ 3,988
Short-term lease expense	120	111
Variable lease expense	1,124	1,058
Total lease expense	\$ 5,214	\$ 5,157
Sublease income	(912)	—
Total lease expense, net	\$ 4,302	\$ 5,157

Operating lease expense is recognized on a straight-line basis over the term of the arrangement beginning on the lease commencement date for lease arrangements that have an initial term greater than 12 months and therefore are recorded on the balance sheet. Short-term lease expense is recognized on a straight-line basis over the lease term for lease arrangements that have an initial term of 12 months or less and therefore are not recorded on the balance sheet. Variable lease expense is recognized as incurred and consists primarily of real estate taxes, utilities, and other office space related expenses. As of December 31, 2023, the total remaining operating lease payments included in the measurement of lease liabilities, and undiscounted remaining cash receipts from the Company's Sublease was as follows (in thousands):

Fiscal Year Ending December 31,	Operating Lease Payments	Sublease Cash Receipts
2024	\$ (4,255)	\$ 2,374
2025	(4,410)	3,435
2026	(4,292)	3,504
2027	(4,292)	3,574
2028	(4,292)	3,645
Thereafter	(4,292)	3,718
Total (payments) cash receipts	\$ (25,833)	\$ 20,250
Less: imputed interest	3,914	
Total lease liabilities	\$ (21,919)	

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11. Other Current Liabilities

As of December 31, 2023 and 2022, other current liabilities consisted of the following:

(in thousands)	December 31,	
	2023	2022
Sales and other non-income tax contingencies	\$ 2,462	\$ 1,863
Buyer deposits	377	318
Other	779	248
Total other current liabilities	<u>\$ 3,618</u>	<u>\$ 2,429</u>

12. Equity

As of December 31, 2023 and 2022, the Company had reserved shares of common stock for issuance in connection with the following:

	December 31,	
	2023	2022
Options to purchase common stock	3,831,710	4,034,287
Restricted stock units outstanding	3,400,489	2,807,981
Shares available for future grant under the 2021 Plan	3,119,122	3,151,824
Shares available for future grant under the ESPP	1,572,504	1,179,902
Total	<u>11,923,825</u>	<u>11,173,994</u>

Preferred Stock

Effective June 14, 2021, in connection with the closing of the Company's IPO, the Company's board of directors ("Board") is authorized to issue up to 10,000,000 shares of preferred stock, \$0.01 par value per share, in one or more series. The Company's Board has the discretion to determine the rights, preferences, privileges and restrictions, including voting rights, dividend rights, conversion rights, redemption privileges and liquidation preferences, of each series of preferred stock. As of December 31, 2023 and 2022, no shares of preferred stock were issued or outstanding.

Common Stock

As of December 31, 2023 and 2022, the Company had authorized 400,000,000 shares of voting common stock, \$0.01 par value per share. Each holder of the Company's common stock is entitled to one vote for each share on all matters to be voted upon by the stockholders and there are no cumulative rights. Subject to any preferential rights of any outstanding preferred stock, holders of the Company's common stock are entitled to receive ratably the dividends, if any, as may be declared from time to time by the Board out of legally available funds. If there is a liquidation, dissolution, or winding up of the Company, holders of the Company's common stock would be entitled to share in the Company's assets remaining after the payment of liabilities and any preferential rights of any outstanding preferred stock. The rights, preferences, and privileges of the holders of the Company's common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of preferred stock which the Company may designate and issue in the future.

Treasury Stock

As of December 31, 2023, the Company had 823,483 shares of treasury stock carried at its cost basis of \$3.5 million, which the Company purchased during the year ended December 31, 2023, and approximately \$16.5 million remains available for future purchases.

The repurchase may be affected, from time-to-time, through open market purchases, privately negotiated transactions, Rule 10b5-1 plans, accelerated stock repurchases, block trades, derivative contracts or otherwise in compliance with Rule 10b-18 of the Exchange Act. The repurchase program is not subject to a termination or expiration date, and it does not obligate the Company to acquire any specific number of shares. The timing, price and volume of repurchases will be based on a number of factors, including market conditions, relevant securities laws, and other considerations.

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13. Stock-based compensation

2011 Option Plan

The Company adopted the 2011 Stock Option and Grant Plan (the “2011 Plan”) on September 2, 2011 and amended and restated the plan on December 14, 2011. The 2011 Plan provided for the Company to grant incentive stock options (“ISOs”), or nonqualified stock options, restricted stock awards, and other stock-based awards to its employees, directors, officers, outside advisors, and non-employee consultants. At the time of grant, the options issued to new employees pursuant to the 2011 Plan expire ten years from the date of grant and generally vest over four years, with 25% vesting on the first anniversary and the balance vesting ratably over the remaining 36 months.

The 2011 Plan was administered by the Compensation Committee of the Board. The exercise prices, vesting, and other restrictions were determined at the discretion of Compensation Committee of the Board.

Following the completion of the Company’s IPO in June 2021, no additional awards and no shares of the Company’s common stock remain available for future issuance under the 2011 Plan. However, the 2011 Plan will continue to govern the terms and conditions of the outstanding awards previously granted thereunder.

2021 Stock Incentive Plan

In May 2021, the Company’s Board adopted, and its stockholders approved, the 2021 Stock Incentive Plan (the “2021 Plan”), which became effective upon the SEC declaring the Company’s IPO registration statement effective. The 2021 Plan provides for the grant of incentive stock options, nonstatutory stock options, restricted share awards, stock unit awards (“RSUs”), stock appreciation rights, cash-based awards, and performance-based stock awards, or collectively, stock awards. ISOs may be granted only to the Company’s employees, including officers, and the employees of its parent or subsidiaries. All other stock awards may be granted to the Company’s employees, officers, non-employee directors, consultants, and the employees and consultants of its parent, subsidiaries, and affiliates. The requisite service period for RSUs to vest is generally over four years from the grant date, with 25% vesting on the first anniversary and the balance vesting ratably on a quarterly basis over the remaining vesting period. Additional RSUs vest ratably on a quarterly basis over three or four years beginning on the three month anniversary from the grant date.

The aggregate number of shares of the Company’s common stock that may be issued pursuant to stock awards under the 2021 Plan will not exceed the sum of (x) 4,333,333 shares (as adjusted for stock splits, stock dividends, combinations, and the like), plus (y) the sum of (1) the number of reserved shares not issued or subject to outstanding awards under the 2011 Plan on the effective date of the 2021 Plan and (2) the number of shares subject to outstanding stock awards granted under the 2011 Plan and that, following the effective date of the 2021 Plan, (A) are subsequently forfeited or terminated for any reason before being exercised or settled, (B) are not issued because such stock award is settled in cash, (C) are subject to vesting restrictions and are subsequently forfeited, (D) are withheld or reacquired to satisfy the applicable exercise, strike, or purchase price, or (E) are withheld or reacquired to satisfy a tax withholding obligation, plus (z) an annual increase on the first day of each fiscal year, for a period of not more than 10 years, beginning on January 1, 2022 and ending on, and including, January 1, 2031, in an amount equal to the lesser of (i) 5% of the outstanding shares on the last day of the immediately preceding fiscal year or (ii) such lesser amount that the Compensation Committee of the Board determines for purposes of the annual increase for that fiscal year. On January 1, 2023, the number of shares of common stock available for issuance under the 2021 Plan was automatically increased according to its terms by 1,963,010 shares.

As of December 31, 2023, 3,119,122 shares were available for future grants of the Company’s common stock.

Stock Option Valuation

No stock options were granted during the year ended December 31, 2023. The following table presents, on a weighted-average basis, the assumptions used in the Black Scholes option-pricing model to determine the grant-date fair value for the years ended December 31, 2022 and 2021:

	Year Ended December 31,	
	2022	2021
Expected term in years	6.0	6.0
Expected stock price volatility	64.6%	67.5%
Risk-free interest rate	2.3%	1.1%
Expected dividend yield	—	—

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Stock Options

The following table summarizes the Company's stock option activity since December 31, 2022:

	Number of Options	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (in thousands)
Outstanding as of December 31, 2022	4,034,287	\$ 6.90	6.9	\$ 1,625
Granted	—	—		
Exercised	(89,251)	3.94		
Cancelled/Forfeited	(113,326)	6.90		
Outstanding as of December 31, 2023	<u>3,831,710</u>	\$ 6.97	5.8	\$ 826
Options exercisable as of December 31, 2023	2,868,616	\$ 6.43	5.1	\$ 826
Options vested and expected to vest as of December 31, 2023	3,831,710	\$ 6.97	5.8	\$ 826

The aggregate intrinsic value of stock options is calculated as the difference between the exercise price of the stock options and the fair value of the Company's common stock for all stock options that had exercise prices lower than the fair value of the Company's common stock.

The aggregate intrinsic value of stock options exercised was \$0.1 million, \$1.3 million, and \$4.8 million during the years ended December 31, 2023, 2022, and 2021 respectively. No stock options were granted during the year ended December 31, 2023. The weighted-average grant-date fair value per share of stock options granted was \$4.43, and \$6.20 during the years ended December 31, 2022 and 2021, respectively.

The total fair value of stock options vested was \$3.4 million, \$3.5 million, and \$1.5 million during the years ended December 31, 2023, 2022, and 2021, respectively.

The stock options granted during the year ended December 31, 2021 included 615,997 stock options granted to executive officers that include a performance condition related to a sale event or initial public offering occurring before December 31, 2021 in addition to the standard service condition. These options will vest over four years, with approximately 21% vesting on January 1, 2022, and the balance vesting ratably over the remaining 38 months. During each of the years ended December 31, 2023, 2022, and 2021 \$0.7 million of stock-based compensation expense was recognized for options having a performance condition.

Restricted Stock Units

The following table summarizes the activity related to the Company's restricted stock units:

	Outstanding Restricted Stock Units	Weighted- Average Grant Date Fair Value
Outstanding as of December 31, 2022	2,807,981	\$ 7.8
Granted	3,044,620	3.9
Vested	(1,516,530)	6.3
Cancelled/Forfeited	(935,582)	6.4
Outstanding as of December 31, 2023	<u>3,400,489</u>	\$ 5.4

The estimated weighted-average grant date fair value of restricted stock units granted was \$3.96, \$7.51, and \$15.32 per share for the years ended December 31, 2023, 2022, and 2021 respectively. The total grant date fair value of restricted stock units vested was \$9.7 million, \$6.7 million, and less than \$0.1 million for the years ended December 31, 2023, 2022, and 2021 respectively.

Employee Stock Purchase Plan

In May 2021, the Company's Board adopted, and its stockholders approved, the Company's 2021 Employee Stock Purchase Plan (the "ESPP"). A total of 1,572,504 shares of the Company's authorized but unissued or reacquired shares of its common stock (as adjusted for stock splits, stock dividends, combinations, and the like) are available for issuance under the ESPP. The

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number of shares of the Company's common stock that will be available for issuance under the ESPP also includes an annual increase on the first day of each fiscal year, for a period of not more than 10 years, beginning on January 1, 2022, equal to the least of: (i) 1% of the outstanding shares of the Company's common stock on such date, (ii) 400,000 shares (as adjusted for stock splits, stock dividends, combinations, and the like) or (iii) a lesser amount determined by the Compensation Committee or the Company's Board of Directors. On January 1, 2023, the number of shares of common stock available for issuance under the ESPP was automatically increased according to its terms by 392,602 shares.

During regularly scheduled "offerings" under the ESPP, participants may purchase the Company's common stock through payroll deductions, up to a maximum of 15% of their eligible compensation, or such lower limit as may be determined by the Compensation Committee from time to time. Participants will be able to withdraw their accumulated payroll deductions prior to the end of the offering period in accordance with the terms of the offering. Participation in the ESPP will end automatically on termination of employment. The purchase price will be specified pursuant to the offering, but cannot, under the terms of the ESPP, be less than 85% of the fair market value per share of the Company's common stock on either the offering date or on the purchase date, whichever is less. The fair market value of the Company's common stock for this purpose will generally be the closing price on Nasdaq (or such other exchange as the Company's common stock may be traded at the relevant time) for the date in question, or if such date is not a trading day, for the last trading day before the date in question. As of December 31, 2023, an initial offering period has not commenced, and for the year ended December 31, 2023, no shares of common stock were purchased under the ESPP.

Stock-Based Compensation Expense

The following table summarizes the classification of the Company's stock-based compensation expense in the consolidated statements of operations:

(in thousands)	Year Ended December 31,		
	2023	2022	2021
Cost of revenue	\$ 390	\$ 574	\$ 81
Sales and marketing	2,899	2,522	559
Technology development	3,609	4,118	707
General and administrative	5,465	4,000	1,492
Total stock-based compensation expense	<u>\$ 12,363</u>	<u>\$ 11,214</u>	<u>\$ 2,839</u>

Stock-based compensation capitalized in connection with the Company's internal-use software was \$0.2 million for the year ended December 31, 2023, and less than \$0.1 million for the year ended December 31, 2022. As of December 31, 2023, total unrecognized compensation expense related to unvested stock-based awards was \$21.9 million, which is expected to be recognized over a weighted-average period of 2.2 years.

14. Income Taxes

Net loss before income taxes for the years ended December 31, 2023, 2022, and 2021 was as follows:

(in thousands)	Year Ended December 31,		
	2023	2022	2021
United States	\$ (22,844)	\$ (22,651)	\$ (20,986)
Foreign	159	150	44
Total	<u>\$ (22,685)</u>	<u>\$ (22,501)</u>	<u>\$ (20,942)</u>

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For the years ended December 31, 2023, 2022, and 2021, the provision for income taxes consisted of the following:

(in thousands)	Year Ended December 31,		
	2023	2022	2021
Current			
U.S. Federal	\$ —	\$ —	\$ —
State	14	37	21
Foreign	—	—	—
Total current expense	\$ 14	\$ 37	\$ 21
Deferred			
U.S. Federal	—	—	—
State	—	—	—
Foreign	—	—	—
Total deferred expense	—	—	—
Total provision for income taxes	\$ 14	\$ 37	\$ 21

The reconciliation of the U.S. federal statutory rate to the Company's effective rate is as follows:

	Year Ended December 31,		
	2023	2022	2021
Income tax benefit using U.S. federal statutory rate	21.0%	21.0%	21.0%
State income taxes, net of federal benefit	4.1	5.0	4.7
Nondeductible expenses	(0.7)	(0.3)	(0.1)
Tax law change	—	—	0.2
Research credits	0.2	0.1	1.0
Sale of Design Manager	—	(2.2)	—
Stock-based compensation	(3.1)	(0.3)	0.4
Change in the valuation allowance	(21.2)	(23.5)	(27.2)
Other	(0.4)	—	(0.1)
Provision for income taxes	(0.1)%	(0.2)%	(0.1)%

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Deferred income taxes arise from temporary differences between the tax basis of assets and liabilities and their reported amounts in the consolidated financial statements. The significant components of the Company's deferred income tax assets and liabilities at December 31, 2023 and 2022 were comprised of the following:

(in thousands)	Year Ended December 31,	
	2023	2022
Deferred tax assets		
Net operating losses	\$ 31,710	\$ 32,508
Research credits	3,092	3,065
Property and equipment	363	422
Intangible assets and goodwill	1,074	1,293
Capitalized research and development expense	9,630	4,750
Operating lease liabilities	5,541	6,204
Stock-based compensation	2,295	1,716
Other	1,903	1,464
Total deferred tax assets	\$ 55,608	\$ 51,422
Valuation allowance	(49,814)	(44,951)
Net deferred tax assets	\$ 5,794	\$ 6,471
Deferred tax liabilities		
Capitalized internal-use software	(674)	(754)
Right-of-use assets	(4,968)	(5,580)
Other	(152)	(137)
Total deferred tax liabilities	\$ (5,794)	\$ (6,471)
Net deferred tax liabilities	\$ —	\$ —

A valuation allowance is required to be established when it is more likely than not that all or a portion of a deferred tax asset will not be realized. The Company considered the scheduled reversal of deferred tax liabilities and projected future taxable income in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, the Company believes it is more likely than not that the benefits of these deductible differences will not be fully realizable at December 31, 2023 and 2022. Accordingly, the Company has applied a valuation allowance against its net deferred tax assets. The net change in the total valuation allowance for the years ended December 31, 2023 and 2022 was an increase of approximately \$4.9 million and \$5.2 million, respectively.

The activity in the Company's deferred tax asset valuation allowance for the years ended December 31, 2023 and 2022, was as follows:

(in thousands)	Year Ended December 31,	
	2023	2022
Valuation allowance at beginning of year	\$ 44,951	\$ 39,725
Increases recorded to income tax provision	4,887	5,226
Decreases recorded to equity	(24)	—
Valuation allowance at end of year	\$ 49,814	\$ 44,951

At December 31, 2023, the Company had approximately \$112.8 million and \$119.2 million of federal and state net operating loss ("NOL") carryforwards, respectively. Approximately \$52.6 million of the federal NOL and \$80.0 million of the state NOL was generated prior to the 2018 tax year. As a result, these net operating loss carryforwards will expire, if not utilized, between 2031 and 2037 for federal and state income tax purposes. The post 2017 NOLs are subject to an indefinite carryforward period; therefore, \$60.2 million of federal NOLs generated after 2017 may be carried forward indefinitely. As it pertains to the approximately \$39.2 million of state NOLs generated after 2017, not all states have conformed to the Act; therefore, some state's NOLs are unlimited while some will expire based on the respective state. The Company also has federal and state tax credits relating to research and development credits of \$4.1 million and less than \$0.1 million, which begin to expire in 2031.

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The utilization of NOLs and tax credit carryforwards to offset future taxable income may be subject to an annual limitation as a result of ownership changes that have occurred previously or may occur in the future. Under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended (“IRC”), a corporation that undergoes an ownership change may be subject to limitations on its ability to utilize its pre-change NOLs and other tax attributes otherwise available to offset future taxable income and/or tax liability. An ownership change is defined as a cumulative change of 50% or more in the ownership positions of certain stockholders during a rolling three-year period. The Company completed formal studies through December 31, 2022 to determine if any ownership changes within the meaning of IRC Section 382 and 383 have occurred. As a result of the studies, the Company determined that although it experienced an ownership change on July 28, 2015, the limitation from the ownership change will not result in any of the NOLs or tax credits expiring unutilized. No additional ownership changes have occurred through the date of the most recent study.

The Tax Cuts and Jobs Act of 2017 (“TCJA”) requires taxpayers to capitalize and amortize research and development costs pursuant to IRC Section 174. This requirement was effective for the Company beginning on January 1, 2022.

The Company assesses foreign investment levels periodically to determine if all or a portion of the Company’s investments in its foreign subsidiary are indefinitely invested. The Company’s current intention is to permanently reinvest undistributed earnings of our foreign subsidiary. Any required adjustment to the income tax provision would be reflected in the period that the Company changes this assessment.

The calculation of the Company’s tax liabilities involves dealing with uncertainties in the application of complex tax laws and regulations for both federal taxes and the many states in which it operates or does business in. A tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, on the basis of the technical merits.

The Company records uncertain tax positions as liabilities in accordance with ASC 740-10 and adjusts these liabilities when the Company’s judgment changes as a result of the evaluation of new information not previously available. Because of the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from the Company’s current estimate of the unrecognized tax benefit liabilities. These differences will be reflected as increases or decreases to income tax expense in the period in which new information is available.

As of December 31, 2023 and 2022, the Company had liabilities for uncertain tax positions of \$1.0 million, which, if recognized, would not impact the Company’s tax provision and effective income tax rate due to a full valuation allowance. The Company’s policy is to record interest and penalties related to income taxes as part of its income tax provision. As of December 31, 2023 and 2022, the Company had not accrued interest or penalties related to uncertain tax positions. A reconciliation of the beginning and ending amounts of unrecognized tax benefits is as follows:

(in thousands)	Year Ended December 31,	
	2023	2022
Gross tax contingencies as of beginning of year	\$ 1,022	\$ 1,016
Increases in gross tax contingencies	9	6
Gross tax contingencies as of end of year	<u>\$ 1,031</u>	<u>\$ 1,022</u>

The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction, foreign jurisdictions, and various state and local jurisdictions. The Company’s federal and state tax returns for the tax years ended December 31, 2013 and forward generally remain subject to examination from the Internal Revenue Service and state tax authorities. However, the federal and state tax authorities can generally reduce a net operating loss (but not create taxable income) for a period outside the statutes of limitations in order to determine the correct amount of net operating loss which may be allowed as a deduction against income for a period within the statutes of limitations. Therefore, the Company’s tax years generally remain open to examination for all federal and state income tax matters until its net operating loss carryforwards are utilized and the respective statutes of limitations have lapsed. The returns in U.S. and state jurisdictions have varying statutes of limitations.

The Company’s income tax returns for December 31, 2015 through December 31, 2023 for their foreign subsidiary remain subject to examination by tax authorities in the United Kingdom.

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15. Net Loss Per Share

The following table summarizes the computation of basic and diluted net loss per share attributable to common stockholders for the years ended December 31, 2023, 2022, and 2021:

(in thousands, except share and per share amounts)	Year Ended December 31,		
	2023	2022	2021
Numerator:			
Net loss	\$ (22,699)	\$ (22,538)	\$ (20,963)
Accretion of redeemable convertible preferred stock to redemption value	—	—	(7,061)
Net loss attributable to common stockholders	<u>\$ (22,699)</u>	<u>\$ (22,538)</u>	<u>\$ (28,024)</u>
Denominator:			
Weighted average common shares outstanding—basic and diluted	39,724,697	38,479,437	26,059,744
Net loss per share attributable to common stockholders—basic and diluted	<u>\$ (0.57)</u>	<u>\$ (0.59)</u>	<u>\$ (1.08)</u>

The Company's potentially dilutive securities, which include outstanding stock options and restricted stock units, and in prior years redeemable convertible preferred stock, and warrants to purchase shares of common stock, have been excluded from the computation of diluted net loss per share from each period as including them would have had an anti-dilutive effect. Therefore, the weighted average number of common shares outstanding used to calculate both basic and diluted net loss per share attributable to common stockholders is the same. The Company excluded the following potentially dilutive securities for each period presented:

	Year Ended December 31,		
	2023	2022	2021
Options to purchase common stock	3,831,710	4,034,287	3,949,943
Restricted stock units	3,400,489	2,807,981	309,530
Total	<u>7,232,199</u>	<u>6,842,268</u>	<u>4,259,473</u>

16. Commitments and Contingencies

Contractual Obligations

The Company has \$33.3 million of non-cancelable contractual commitments as of December 31, 2023, primarily related to its operating lease agreements for both its current and former corporate headquarters in New York, NY, not including any offset for sublease income, as well as other software and support services. For those agreements with variable terms, the Company does not estimate what the total obligation may be beyond any minimum obligations. The following table represents the Company's commitments under its purchase obligations as of December 31, 2023 (in thousands):

Fiscal Year Ending December 31,	Lease Obligations	Other Obligations	Total Obligations
2024	\$ 4,659	\$ 1,784	\$ 6,443
2025	5,381	922	6,303
2026	5,263	376	5,639
2027	5,263	98	5,361
2028	5,263	14	5,277
Thereafter	4,292	—	4,292
Total	<u>\$ 30,121</u>	<u>\$ 3,194</u>	<u>\$ 33,315</u>

Legal Proceedings

The Company is subject to various claims and contingencies which are in the scope of ordinary and routine litigation incidental to its business, including those related to regulation, litigation, business transactions, employee-related matters, and taxes, among others. When the Company becomes aware of a claim or potential claim, the likelihood of any loss or exposure is assessed. If it is probable that a loss will result and the amount of the loss can be reasonably estimated, the Company records a liability for the loss. The liability recorded includes probable and estimable legal costs incurred to date and future legal costs to

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the point in the legal matter where the Company believes a conclusion to the matter will be reached. If the loss is not probable or the amount of the loss cannot be reasonably estimated, the Company discloses the claim if the likelihood of a potential loss is reasonably possible. The Company does not believe that it is a party to any pending legal proceedings that are likely to have a material effect on its business, financial condition or results of operations for the years ended December 31, 2023 and 2022.

Indemnification

In the ordinary course of business, the Company may provide indemnification of varying scope and terms to vendors, lessors, business partners and other parties with respect to certain matters including, but not limited to, losses arising out of breach of such agreements or from intellectual property infringement claims made by third parties. In addition, the Company has entered into indemnification agreements with members of its Board and officers that will require the Company, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors or officers. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is, in many cases, unlimited. To date, the Company has not incurred any material costs as a result of such indemnifications.

Sales and other non-income tax contingencies

The Company conducts operations in many tax jurisdictions for which non-income-based taxes, such as sales, use and other indirect taxes, are assessed on its operations. Although the Company is diligent in collecting and remitting such taxes, there is uncertainty as to what constitutes sufficient presence or responsibility for a jurisdiction to levy taxes, fees, and surcharges for sales made on an e-commerce platform. The Company recognized liabilities for contingencies related to sales and other non-income taxes deemed probable and estimable totaling \$2.5 million and \$1.9 million as of December 31, 2023 and 2022, respectively, which are included in other current liabilities in the Company's consolidated balance sheets.

17. 401(K) Savings Plans

The Company established defined contribution savings plans under Section 401(k) of the Internal Revenue Code. For the Company's United States employees it maintains a 401(k) retirement savings plan, which is offered to all eligible employees, and participants may make voluntary contributions. Company contributions to the plan may be made at the discretion of the Company's board of directors. These contributions to date have been immaterial. The Company also has various pension plans for its non-U.S. employees, some of which are required by local laws, and allow or require employer contributions. These plans cover substantially all employees who meet minimum age and service requirements and allows participants to defer a portion of their annual compensation on a pre-tax basis.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosures

None.

Item 9A. Controls and Procedures**Evaluation of Disclosure Controls and Procedures**

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2023. “Disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is (i) recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms and (ii) accumulated and communicated to the Company’s management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure. Based on the evaluation of our disclosure controls and procedures, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2023 at the reasonable assurance level.

Our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving the desired control objectives. Our management recognizes that any control system, no matter how well designed and operated, is based upon certain judgments and assumptions and cannot provide absolute assurance that its objectives will be met. Similarly, an evaluation of controls cannot provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been detected.

Management’s Report on Internal Controls Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our management, including our Chief Executive Officer and our Chief Financial Officer, conducted an assessment of the effectiveness of our internal control over financial reporting based on the criteria set forth in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the assessment, our management has concluded that our internal control over financial reporting was effective as of December 31, 2023 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with GAAP.

Additionally, our auditors are not required to opine on the effectiveness of our internal control over financial reporting pursuant to Section 404 as we are considered an “emerging growth company” as defined in the JOBS Act.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified during the three months ended December 31, 2023 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our management, including our Chief Executive Officer and our Chief Financial Officer, believes that our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving their objectives and are effective at the reasonable assurance level. However, our management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by the collusion of two or more people or by management override of controls. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Item 9B. Other Information

Rule 10b5-1 Trading Arrangements

During the year ended December 31, 2023, the following officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted a Rule 10b5-1 trading arrangement, as defined in Item 408 of Regulation S-K, for the sale of our common stock. Shares in each 10b5-1 trading arrangement that are subject to restricted stock units ("RSUs") and stock options may only be traded following satisfaction of applicable vesting requirements. In addition, because of pricing (such as future share price targets) and timing conditions in each 10b5-1 trading arrangement, it is not yet determinable how many shares actually will be sold under each plan prior to its expiration date.

On September 11, 2023, Thomas Etergino, our Chief Financial Officer, entered into a Rule 10b5-1 trading arrangement that provides for the sale of up to 18,000 shares of our common stock. This trading arrangement is scheduled to expire on July 31, 2024.

On September 15, 2023, Nancy Hood, our Chief Marketing Officer, entered into a Rule 10b5-1 trading arrangement that provides for the sale of up to (i) 8,400 shares of our common stock and (ii) the net shares (not yet determinable) after shares are withheld to satisfy tax obligations subject to the vesting of up to 28,207 RSUs. This trading arrangement is scheduled to expire on December 13, 2024.

On September 15, 2023, Matthew Rubinger, our Chief Commercial Officer, entered into a Rule 10b5-1 trading arrangement that provides for the sale of up to the net shares (not yet determinable) after shares are withheld to satisfy tax obligations subject to the vesting of up to 48,434 RSUs. This trading arrangement is scheduled to expire on December 31, 2024.

These Rule 10b5-1 trading arrangements were entered into in writing during an open trading window and are intended to satisfy the affirmative defense of Rule 10b5-1(c) under the Securities Exchange Act of 1934, as amended, and our policies regarding transactions in our securities.

During the year ended December 31, 2023, no other directors or officers adopted, modified, or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," as defined in Item 408 of Regulation S-K.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item is incorporated by reference to our Proxy Statement for the 2024 Annual Meeting of Stockholders (“Proxy Statement”) to be filed with the SEC within 120 days of the fiscal year ended December 31, 2023.

Our Board of Directors has adopted a Code of Conduct applicable to all officers, directors, and employees, which is available on our website (investors.1stdibs.com) under “Governance—Documents & Charters.” We intend to make all required disclosures regarding any amendments to, or waivers from, any provisions of the code at the same location of our website.

Item 11. Executive Compensation

The information required by this item is incorporated by reference to our Proxy Statement to be filed with the SEC within 120 days of the fiscal year ended December 31, 2023.

Item 12. Security Ownership of Certain Beneficial Owner and Management and Related Stockholder Matters

The information required by this item is incorporated by reference to our Proxy Statement to be filed with the SEC within 120 days of the fiscal year ended December 31, 2023.

Item 13. Certain Relationships and Related Party Transactions

The information required by this item is incorporated by reference to our Proxy Statement to be filed with the SEC within 120 days of the fiscal year ended December 31, 2023.

Item 14. Principal Accounting Fees and Services

The information required by this item is incorporated by reference to our Proxy Statement to be filed with the SEC within 120 days of the fiscal year ended December 31, 2023.

Part IV

Item 15. Exhibits and Financial Statement Schedules

(a) Exhibits.

The list of exhibits is set forth under “Exhibit Index” at the end of this registration statement and is incorporated herein by reference.

(b) Financial Statement Schedules.

No financial statement schedules are provided because the information called for is not required or is shown either in the financial statements or the notes thereto.

EXHIBIT INDEX

Exhibit No.	Description
3.1	Amended and Restated Certificate of Incorporation (incorporated by reference from Exhibit 3.1 filed with the registrant's Current Report on Form 8-K filed June 14, 2021).
3.2	Amended and Restated Bylaws (incorporated by reference from Exhibit 3.1 filed with the registrant's Current Report on Form 8-K filed March 1, 2023).
4.1	Specimen Common Stock Certificate of the Registrant (incorporated by reference from Exhibit 4.1 to the registrant's registration statement on Form S-1 (File No. 333-256188), as declared effective by the SEC on June 9, 2021 (the "Form S-1")).
4.2	Description of Capital Stock (incorporated by reference from Exhibit 4.2 to the registrant's Annual Report on Form 10-K filed March 3, 2022).
10.1	Indenture of Lease Agreement by and between the Registrant and JSM Associates I LLC, dated as of October 8, 2013 (incorporated by reference from Exhibit 10.1 to the Form S-1).
10.2	Sixth Amended and Restated Registration Agreement, dated as of February 7, 2019, by and among the Registrant, the Persons listed on the Schedule of Investors attached thereto, David S. Rosenblatt, and the Persons listed on the Schedule of Other Stockholders attached thereto (incorporated by reference from Exhibit 10.2 to the Form S-1).
10.3	Form of Indemnification Agreement between the Registrant and its directors and officers (incorporated by reference from Exhibit 10.3 to the Form S-1).
10.4+	2011 Stock Option and Grant Plan, as amended, and Forms of Stock Option Agreement, Notice of Exercise and Stock Option Grant Notice (incorporated by reference from Exhibit 10.4 to the Form S-1).
10.5+	2021 Stock Incentive Plan and Forms of Stock Option Agreement, Notice of Exercise, Stock Option Grant Notice, Restricted Stock Unit Agreement, and Restricted Stock Agreement thereunder (incorporated by reference from Exhibit 10.5 to the registrant's Annual Report on Form 10-K filed March 3, 2022).
10.6+	2021 Employee Stock Purchase Plan (incorporated by reference from Exhibit 10.6 to the registrant's Annual Report on Form 10-K filed March 3, 2022).
10.7+	Offer Letter from the Registrant to Matthew Rubinger, dated July 30, 2021 (incorporated by reference from Exhibit 10.7 to the registrant's Annual Report on Form 10-K filed March 3, 2021).
10.8+	Offer Letter from the Registrant to David S. Rosenblatt, dated February 5, 2021 (incorporated by reference from Exhibit 10.7 to the Form S-1).
10.9+	Offer Letter from the Registrant to Thomas Etergino, dated February 25, 2022 (incorporated by reference from Exhibit 10.1 filed with the registrant's Current Report on Form 8-K filed March 1, 2022).
10.10+	Offer Letter from the Registrant to Ross A. Paul, dated February 5, 2021 (incorporated by reference from Exhibit 10.9 to the Form S-1).
10.11+	Form of Executive Bonus Plan (incorporated by reference from Exhibit 10.10 to the Form S-1).
10.12+	1stdibs.com, Inc. Executive Severance Plan (incorporated by reference from Exhibit 10.11 to the Form S-1).
10.13+*	Second Amended and Restated Non-Employee Director Compensation Policy of the Board of Directors of 1stdibs.com, Inc.
10.14	Sublease Agreement, dated as of August 16, 2023, by and between 1stdibs.com, Inc. and Intuit Inc. (incorporated by reference from Exhibit 10.1 filed with the registrant's Current Report on Form 8-K filed August 22, 2023).
10.15	Lease Agreement, dated as of November 3, 2023, by and between 300 Park Ave. So. L.L.C. and 1stdibs.com, Inc. (incorporated by reference from Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q filed on November 9, 2022).
21.1*	List of Subsidiaries.
23.1*	Consent of Ernst & Young LLP, an Independent Registered Public Accounting Firm.
24.1*	Power of Attorney (included on signature page).
31.1*	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1*#	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*#	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
97*	1stdibs.com, Inc. Incentive-Based Compensation Recoupment Policy, effective October 2, 2023.
101.INS*	Inline XBRL Instance Document: the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Inline XBRL for the cover page of this Annual Report on Form 10-K, included in the Exhibit 101 Inline XBRL Document Set

+ Indicates management contract or compensatory plan.

* Filed herewith.

In accordance with Item 601(b)(32)(ii) of Regulation S-K and SEC Release No. 34 47986, the certifications furnished in Exhibits 32.1 and 32.2 hereto are deemed to accompany this Annual Report on Form 10-K and will not be deemed “filed” for purposes of Section 18 of the Exchange Act or deemed to be incorporated by reference into any filing under the Exchange Act or the Securities Act of 1933 except to the extent that the Company specifically incorporates it by reference.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of New York, New York, on February 29, 2024.

1STDIBS.COM, INC.

/s/ Thomas Etergino

Thomas Etergino
Chief Financial Officer
(Principal Financial Officer)

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints David S. Rosenblatt and Thomas Etergino and each of them, his or her true and lawful attorneys-in-fact, each with full power of substitution, for him or her in any and all capacities, to sign any amendments to this report on Form 10-K and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact or their substitute or substitutes may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
_____ /s/ David S. Rosenblatt David S. Rosenblatt	Chief Executive Officer and Director <i>(Principal Executive Officer)</i>	February 29, 2024
_____ /s/ Thomas Etergino Thomas Etergino	Chief Financial Officer <i>(Principal Financial and Accounting Officer)</i>	February 29, 2024
_____ /s/ Matthew R. Cohler Matthew R. Cohler	Director	February 29, 2024
_____ /s/ Lori A. Hickok Lori A. Hickok	Director	February 29, 2024
_____ /s/ Andrew G. Robb Andrew G. Robb	Director	February 29, 2024
_____ /s/ Brian J. Schipper Brian J. Schipper	Director	February 29, 2024
_____ /s/ Everette Taylor Everette Taylor	Director	February 29, 2024
_____ /s/ Paula J. Volent Paula J. Volent	Director	February 29, 2024

**SECOND AMENDED AND RESTATED
NON-EMPLOYEE DIRECTOR COMPENSATION POLICY
OF THE BOARD OF DIRECTORS OF
1STDIBS.COM, INC.**

Effective Date: February 2, 2024

Non-employee members of the board of directors (the “**Board**”) of 1stdibs.com, Inc. (the “**Company**”) shall be eligible to receive cash and equity compensation as set forth in this Amended and Restated Non-Employee Director Compensation Policy (this “**Policy**”). This Policy shall become effective on the date set forth above (the “**Effective Date**”). The cash compensation and equity grants described in this Policy shall be paid or be made, as applicable, automatically and without further action of the Board, to each member of the Board who is not an employee of the Company or any parent or subsidiary of the Company (each, a “**Non-Employee Director**”), unless such Non-Employee Director declines the receipt of such cash compensation or equity grants by written notice to the Company. This Policy shall remain in effect until it is revised or rescinded by further action of the Board. The terms and conditions of this Policy shall supersede any prior cash or equity compensation arrangements between the Company and its directors.

Annual Cash Compensation

Each Non-Employee Director shall receive the cash compensation set forth below for service on the Board. The annual cash compensation amounts shall be payable in arrears following the end of each quarter in which the service occurred, pro-rated for any partial months of service. All annual cash fees are vested upon payment.

Annual Cash Retainer for Board Service

- All Non-Employee Directors: \$30,000
- Lead Director: \$50,000 (in lieu of above)

Annual Cash Retainer for Committee Service

In addition, a Non-Employee Director shall be eligible to receive the following additional annual cash retainers for service in the following roles:

Committee Chair:

- Audit: \$20,000
- Compensation: \$12,000
- Nominating and Corporate Governance: \$8,000

Committee Member:

- Audit: \$10,000
- Compensation: \$6,000
- Nominating and Corporate Governance: \$4,000

Equity Compensation

Each Non-Employee Director shall be granted the following awards under the Company's 2021 Stock Incentive Plan or its successor (the "**2021 Plan**"):

- **Annual Awards:** On the first business day following the conclusion of each regular annual meeting of the Company's stockholders, each Non-Employee Director who shall continue serving as a member of the Board thereafter shall receive a restricted stock unit award (each, an "**Annual Award**") under the 2021 Plan with a grant date fair value equal to \$150,000. The number of shares of each Annual Award shall be equal to \$150,000 divided by the ninety (90)-day trailing average closing price of the Company's common stock, as determined on the twentieth (20th) day of the last month of the quarter immediately preceding the quarter in which the Annual Award is granted.
 - In addition, if a Non-Employee Director is elected to the Board (the date of such election, the "**Election Date**") other than at an annual meeting of stockholders, the Non-Employee Director shall receive an Annual Award upon election to the Board that is prorated based upon the number of days between such Non-Employee Director's Election Date and the one-year anniversary of the most recent annual meeting of the Company's stockholders.

Each Annual Award shall become fully vested, subject to the applicable Non-Employee Director's continued service as a director, on the earlier of (i) the first occurring of March 8, June 8, September 8 and December 8 (each, a "**Company Vesting Date**") after the annual meeting of stockholders that immediately follows the grant date of such Annual Award and (ii) the consummation of a Change in Control (as defined in the 2021 Plan); provided, that, if a Non-Employee Director is not re-elected to serve on the Board (or decides not to stand for re-election) at the annual meeting of stockholders immediately following the grant date, such Non-Employee Director's Annual Award will vest on the date of such annual meeting.

- **Initial Awards:** Each Non-Employee Director who first joins the Board after the Effective Date shall, upon the Election Date, receive a restricted stock unit award (each, an "**Initial Award**") under the 2021 Plan with a grant date fair value equal to \$150,000. The number of shares of each Initial Award shall be equal to \$150,000 divided by the ninety (90)-day trailing average closing price of the Company's common stock, as determined on the twentieth (20th) day of the last month of the quarter immediately preceding the quarter in which the Initial Award is granted.

Each Initial Award shall vest, subject to the applicable Non-Employee Director's continued service as a director, in equal annual installments on each of the three (3) anniversaries of first Company Vesting Date after the date of grant. Notwithstanding the foregoing, the Initial Awards shall fully vest on the consummation of a Change in Control during the term of an applicable Non-Employee Director's service as a director.

The Annual Awards and the Initial Awards shall be subject to the terms and conditions of the 2021 Plan (including the annual limits on non-employee director grants set forth in the 2021 Plan) and a restricted stock unit agreement, including attached exhibits, in substantially the same form approved by the Board for employee grants subject to the terms specified above.

The Board may also approve other equity grants to the Non-Employee Directors under the 2021 Plan in addition to or lieu of grants described in this Policy.

Expenses

The Company shall reimburse the Non-Employee Directors for reasonable and customary out-of-pocket expenses incurred by the Non-Employee Directors in attending Board and committee meetings and otherwise performing their duties and obligations as directors.

Subsidiaries of 1stdibs.com, Inc.

Name	Jurisdiction of Incorporation
1stdibs.com, Ltd	United Kingdom

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form S-8 No. 333-256985) pertaining to the 1stdibs.com, Inc. 2011 Stock Option and Grant Plan, 1stdibs.com, Inc. 2021 Stock Incentive plan, and 1stdibs.com Inc. 2021 employee Stock Purchase Plan, and

(2) Registration Statement (Form S-8 No. 333-263267) pertaining to the 1stdibs.com, Inc. 2021 Stock Incentive Plan and 1stdibs.com Inc. 2021 Employee Stock Purchase Plan

(3) Registration Statement (Form S-8 No. 333-270275) pertaining to the 1stdibs.com, Inc. 2021 Stock Incentive Plan and 1stdibs.com, Inc. 2021 Employee Stock Purchase Plan

of our report dated February 29, 2024, with respect to the consolidated financial statements of 1stdibs.com, Inc. included in this Annual Report (Form 10-K) of 1stdibs.com, Inc. for the year ended December 31, 2023.

/s/ Ernst & Young LLP

New York, New York
February 29, 2024

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, David Rosenblatt, certify that:

1. I have reviewed this Annual Report on Form 10-K of 1stdibs.com, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 29, 2024

By: /s/ David S. Rosenblatt
David S. Rosenblatt
Chief Executive Officer

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Thomas Etergino, certify that:

1. I have reviewed this Annual Report on Form 10-K of 1stdibs.com, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 29, 2024

By: /s/ Thomas Etergino
Thomas Etergino
Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO,
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of 1stdibs.com, Inc. (the "Company") on Form 10-K for the period ending December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

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

Date: February 29, 2024

By: /s/ David S. Rosenblatt
David S. Rosenblatt
Chief Executive Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO,
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of 1stdibs.com, Inc. (the “Company”) on Form 10-K for the period ending December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

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

Date: February 29, 2024

By: /s/ Thomas Etergino
Thomas Etergino
Chief Financial Officer

1STDIBS.COM, INC

INCENTIVE-BASED COMPENSATION RECOUPMENT POLICY

1. Purpose

The Board of Directors (the “**Board**”) of 1stdibs.com, Inc., a Delaware corporation (the “**Company**”), has adopted this Incentive-Based Compensation Recoupment Policy (this “**Policy**”) to comply with Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, as codified by Section 10D of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), Rule 5608 of the listing rules of the Nasdaq Stock Market (the “**Exchange**”) and any related rules or regulations adopted by the Securities and Exchange Commission (the “**SEC**”) or the Exchange as well as any other applicable law (collectively, the “**Applicable Rules**”). This Policy provides for the Company’s recoupment of Incentive-Based Compensation paid erroneously to Covered Executives in the event of a Restatement. Capitalized terms not otherwise defined herein will have the meanings set forth in Section 11.

2. Administration

This Policy will be administered by the Board or, if so designated by the Board, the Compensation Committee of the Board, in which case references herein to the Board will be deemed references to the Compensation Committee of the Board.

The Board is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy. Subject to any limitation under applicable law, the Board may authorize and empower any officer or employee of the Company to take any and all actions necessary or appropriate to carry out the purpose and intent of this Policy (other than with respect to any recovery under this Policy involving such officer or employee). This Policy will be interpreted in a manner that is consistent with the requirements of Section 10D of the Exchange Act, any applicable rules or standards adopted by the SEC, any applicable listing requirements or standards adopted the Exchange, and any other Applicable Rules. Any determinations made by the Board will be final and binding on all affected individuals.

3. Recoupment of Incentive-Based Compensation

In the event the Company is required to prepare a Restatement, the Board will require that the Covered Executive forfeit, promptly repay to the Company, or offset, on a pre-tax basis, the full amount of the excess of: (a) the amount of any Incentive-Based Compensation received by the Covered Executive that was calculated based on the erroneous data in the original financial statements that were subsequently restated over (b) the amount of such Incentive-Based Compensation to which the Covered Executive would have been entitled to receive based on the restated financial statements (such excess amount, the “**Recoverable Incentive-Based Compensation**”).

In the case of compensation based on stock price or total shareholder return, the amount subject to recoupment will be based on a reasonable estimate of the effect of the Restatement on the Company’s stock price or total shareholder return upon which the Incentive-Based Compensation was received.

Such recoupment will apply on a “no-fault” basis—that is, regardless of whether any misconduct occurred or a Covered Executive’s responsibility for the Restatement. In addition,

the Company's obligation to recoup Recoverable Incentive-Based Compensation is not dependent on if or when restated financial statements are filed with the SEC.

4. Recoupment Methods

Subject to Section 3, the Board will determine, in its sole discretion, the timing and method or methods for recouping Recoverable Incentive-Based Compensation pursuant to this Policy. The Board will have no obligation to apply the same method of recoupment to each affected Covered Employee in connection with any Restatement.

5. Exceptions to Recovery for Impracticability

The Board will recover any Recoverable Incentive-Based Compensation unless such recovery would be impracticable, as determined in good faith by either the Compensation Committee of the Board or a majority of the independent directors serving on the Board in accordance with Rule 10D-1 of the Exchange Act and applicable securities exchange rules.

Specifically, no recovery will be required pursuant to this Policy if: (a) the direct expense paid to a third-party to assist in enforcing this Policy would exceed the amount of the Recoverable Incentive-Based Compensation and the Company (i) makes a reasonable attempt to recover the Recoverable Incentive-Based Compensation and (ii) documents such reasonable attempts, which documentation will be provided to the national securities exchange on which the Company's securities are then listed, (b) pursuing such recovery would violate the home country law of the jurisdiction of incorporation of the Company where that law was adopted prior to November 28, 2022, and the Company provides an opinion of counsel to that effect acceptable to the national securities exchange on which the Company's securities are then listed, or (c) recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees, to fail to meet the requirements of Section 401(a)(13) or Section 411(a) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder.

6. Notice and Acknowledgment

The Company will provide notice of this Policy to each Covered Executive and shall solicit from each Covered Executive signed acknowledgment of, and agreement to, this Policy in substantially the form attached hereto as Exhibit A. In addition, before the Company takes any action to seek recovery of Recoverable Incentive-Based Compensation pursuant to this Policy or any other action provided for hereunder against a Covered Executive, the Company will provide notice of such clawback or other action. Notwithstanding anything to the contrary contained herein, the Company's failure to provide notice to or receive acknowledgment from a Covered Executive will have no impact on the applicability or enforceability of this Policy against such Covered Executive.

7. Other Recoupment Rights

Any rights or remedies under this Policy are in addition to, and not in lieu of, any other rights or remedies that the Company may have pursuant to the terms of any other policy of the Company or any provision in any compensatory plan or arrangement, employment agreement, equity award agreement, or similar plan, agreement or arrangement, and any other legal rights and remedies available to the Company, including Section 304 of the Sarbanes-Oxley Act of 2002, or any actions that may be imposed by law enforcement agencies, regulators, administrative bodies, or other authorities.

8. Amendment

The Board may amend this Policy from time to time in its discretion, and will amend this Policy as it deems necessary to reflect the regulations adopted by the SEC under Section 10D of the Exchange Act and to comply with any rules or standards adopted by the Exchange.

9. No Indemnification or Reimbursement

Neither the Company nor any of its affiliates will: (a) indemnify any Covered Executive against the loss of any incorrectly awarded Incentive-Based Compensation or (b) pay or reimburse any Covered Executive for premiums incurred or paid for any insurance policy to fund such Covered Executive's potential recovery obligations.

10. Effective Date

This Policy was adopted by the Company on November 27, 2023, and applies to Incentive-Based Compensation that is granted, earned, or vested by Covered Executives on or after October 2, 2023 (the "**Effective Date**").

11. Definitions

For purposes of this Policy:

- (a) "**Covered Executive**" means current and former executive officers who are, or were at any time, during an applicable Covered Period, executive officers as defined in Rule 10D-1(d) of the Exchange Act. Subsequent changes in a Covered Executive's employment status, including retirement or termination of employment (including after serving in an interim capacity), do not affect the Company's rights to recover Incentive-Based Compensation pursuant to this Policy.
- (b) "**Covered Period**" means the three (3) completed fiscal years immediately preceding the Restatement Date. The Covered Period also includes any transition period that results from a change in the Company's fiscal year of less than nine (9) months within or immediately following such three (3) completed fiscal years.
- (c) A "**financial reporting measure**" means any measure that is determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures that are derived wholly or in part from such measures, including, but not limited to, stock price and total shareholder return. For the avoidance of doubt, (i) financial reporting measures include non-GAAP financial measures for purposes of Regulation G of the Exchange Act, as well other measures, metrics and ratios that are not non-GAAP measures, and (ii) financial reporting measures may or may not be included in a filing with the SEC, and may be presented outside the financial statements.
- (d) "**GAAP**" means U.S. Generally Accepted Accounting Principles.
- (e) "**Incentive-Based Compensation**" means any compensation that is granted, earned, or vested on or after the Effective Date based wholly or in part upon the attainment of a financial reporting measure based on or derived from financial information for any fiscal period ending on or after the Effective Date. For the avoidance of doubt, examples of compensation that is not Incentive-Based Compensation include, but are not limited to: (i) salary (except to the extent that a Covered Executive receives a salary increase earned wholly or in part based on the attainment of a financial reporting measure performance goal, such a salary

increase is Incentive-Based Compensation), (ii) bonuses paid solely at the discretion of the Board or the Compensation Committee of the Board that are not paid from a “bonus pool” that is determined by satisfying a financial reporting measure performance goal, (iii) bonuses awarded based solely on completion of a specified period of service, (iv) bonuses awarded based solely on subjective standards, strategic measures, or operational measures, or (v) equity awards for which the grant is not contingent upon achieving any financial reporting measure performance goal and vesting is contingent solely upon completion of a specified service period and/or attaining one or more nonfinancial reporting measures.

- (f) Incentive-Based Compensation will be deemed to have been “**received**” during the fiscal period during which the financial reporting measure specified in the compensation award is attained, even if the grant or payment of such Incentive-Based Compensation occurs after the end of such fiscal period.
- (g) “**Restatement**” means an accounting restatement of the Company’s financial statements due to the Company’s material non-compliance with any financial reporting requirement under the U.S. federal securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements (often referred to as a “Big R” restatement), or that would result in a material misstatement if the correction of the error was recognized in the current period or left uncorrected in the current period (often referred to as a “little r” restatement).
- (h) “**Restatement Date**” means earlier of: (i) the date the Board, a Board committee, or officer(s) authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that a Restatement is required, or (ii) the date a court, regulator, or other legally authorized body directs the Company to undertake a Restatement. For purposes of clause (ii), the date of the initial court order or other regulatory agency action would be the measurement date for the Covered Period, but the application of this Policy would occur only after such order is final and non-appealable.

EXHIBIT A

ACKNOWLEDGMENT OF AND AGREEMENT TO THE INCENTIVE-BASED COMPENSATION RECOUPMENT POLICY

THIS ACKNOWLEDGEMENT OF AND AGREEMENT TO THE INCENTIVE-BASED COMPENSATION RECOUPMENT POLICY is entered into between 1stdibs.com, Inc., a Delaware corporation (the “**Company**”), and the undersigned (the “**Executive**”) as of the date of the Executive’s signature below. Capitalized terms used herein but not defined shall have the meanings assigned to such terms in the Company’s Incentive-Based Compensation Recoupment Policy (the “**Policy**”).

The Executive acknowledges and agrees that the Company has provided the Executive with a copy of the Policy, attached hereto as Annex A, and that the Executive has had the opportunity to review the Policy. The Executive further acknowledges and agrees that the Executive accepts the provisions of the Policy and will abide by all of the terms of the Policy both during and after the Executive’s employment with the Company, including, without limitation, by forfeiting, promptly repaying to the Company and/or offsetting, on a pre-tax basis, any Recoverable Incentive-Based Compensation, and hereby agrees to waive the assertion or application of any rights under federal, state, local or foreign law or in contract or equity that would otherwise conflict with or narrow the Company’s authority to interpret, apply and enforce the Policy to its fullest extent, including but not limited to, the Company’s authority to withhold or divert the Executive’s wages pursuant to the Policy.

The Executive further acknowledges and agrees that all Incentive-Based Compensation granted, earned or vested on or after October 2, 2023 (the “**Effective Date**”) will be subject to the provisions of the Policy, and that agreement to the Policy is a condition to the receipt and retention of such compensation. The Executive acknowledges and agrees that the Executive’s acceptance of the Policy is in consideration of Incentive-Based Compensation that is granted, earned or vested on or after the later of the Effective Date or the date of the Executive’s signature below.

[Signature Page Follows]

AGREED AND ACKNOWLEDGED:

EXECUTIVE

Signature

Name

Date

*[Signature Page to Exhibit A – Acknowledgment of And Agreement – to the Istdibs.com, Inc. Incentive-Based Compensation
Recoupment Policy]*

ANNEX A
1stdibs.com, Inc. INCENTIVE-BASED COMPENSATION RECOUPMENT POLICY
[See attached]