

## 2022 Compensation Program Overview

Our long-term success depends on our continued ability to innovate and create opportunities for our members to engage. We push forward the boundaries of our industry and do not believe success can be measured by any specific isolated performance metric. A combination of long-term financial, strategic and operational achievements has to occur for our stock price to appreciate meaningfully to deliver value to our executives. The current program design incentivizes the spirit of creativity and innovative achievements that are at the foundation of our long-term success.

The key elements of our compensation program for 2022, applicable to the majority of our employees, including our Named Executive Officers, and how they align with our compensation philosophy are as follows:

- **Salary and stock options.** Our compensation program in 2022 consisted of only base salary and stock options. It was the same program for our executive officers as it is for the majority of our employees. We used stock options as we believe that they correlate compensation with stockholder returns, and encourage a long-term perspective aligned with investors. Further, especially given how we've designed the stock option allocation portion of our program in which employees can allocate cash compensation toward stock options, we believe our compensation program encourages employees to take on an investor mindset. Importantly, as described below, our stock price needs to appreciate more than 40% before the employee is better off allocating cash to stock options.
- **Personal Choice.** We set a dollar-denominated annual compensation amount for each eligible employee ("allocatable compensation") who can then choose to allocate any portion of that compensation amount toward stock options. We believe that providing choice and flexibility helps us better compete for talent as the individual employee can customize their compensation to fit varying lifestyle needs. This approach is also consistent with our company culture of freedom and responsibility.
- **Monthly Grants.** We grant stock options on the first trading day of each month with the number of options granted based on the closing stock price on that trading day (see formula below). We believe granting options monthly produces a dollar cost averaging effect—unlike annual grants which are more subject to the vagaries of the market—which helps reduce the potential negative impacts with employee distraction and morale.
- **Objective and Transparent Stock Option Grant Formula.** The number of monthly stock options granted is determined by the following formula:

(the amount of an employee's total  
annual stock option allocation/12)

(the closing trading price of a share  
of our stock on the grant date x 0.40)

For example:

If our stock price is \$300 on the date of grant and the recipient allocated \$1,200 per month of their allocatable compensation to stock options, the recipient would receive 10 stock options with an exercise price of \$300.

$$\frac{\$1200}{\$300 \times 0.40} = \frac{1200}{120} = 10 \text{ options with an exercise price of } \$300$$

The stock price would need to rise to \$420 (40% appreciation from \$300) for the recipient to earn back the \$1,200 of cash they traded for the options:

$$\$420 - \$300 = \$120 \times 10 \text{ shares} = \$1,200$$

Anything below a 40% appreciation in the stock means that the employee would have been better off electing cash. We believe that this structure and the corresponding trade-off of current cash compensation for longer-term appreciation potential significantly aligns our employee interest with that of our stockholders.