



Squarespace Announces Second Quarter 2024 Financial Results

NEW YORK, August 2, 2024 — Squarespace, Inc. (NYSE: SQSP), the design-driven platform helping entrepreneurs build brands and businesses online, today announced results for the second quarter ended June 30, 2024.

Second Quarter 2024 Financial Highlights

- Total revenue grew 20% year over year to \$296.8 million in the second quarter, compared with \$247.5 million in the second quarter of 2023, and 20% in constant currency.
 - Presence revenue grew 25% year over year to \$215.4 million and 26% in constant currency.
 - Commerce revenue grew 8% year over year to \$81.4 million and 8% in constant currency.
- Net income totaled \$6.1 million, compared with a net income of \$3.7 million in the second quarter of 2023.
- Basic and diluted earnings per share was \$0.04 and \$0.03 for the second quarter of 2024 and 2023, respectively. Basic earnings per share was based upon 137,760,693 and 135,302,409 weighted average shares outstanding in the second quarter of 2024 and 2023, respectively. Diluted earnings per share was based upon 142,143,018 and 138,771,613 fully diluted weighted average shares outstanding in the second quarter of 2024 and 2023, respectively.
- Cash flow from operating activities increased 15% to \$60.6 million for the three months ended June 30, 2024, compared with \$52.5 million for the three months ended June 30, 2023.
- Cash and cash equivalents of \$270.4 million; investments in marketable securities of \$52.0 million; total debt of \$545.0 million, of which \$57.1 million is current, debt net of cash and investments totaled \$222.6 million.
- Total bookings grew 25% year over year to \$319.8 million in the second quarter, compared to \$256.1 million in the second quarter of 2023.
- Unlevered free cash flow increased 19% to \$65.4 million representing 22% of total revenue for the three months ended June 30, 2024, compared with \$54.8 million for the three months ended June 30, 2023.
- Adjusted EBITDA decreased to \$72.1 million in the second quarter, compared with \$73.4 million in the second quarter of 2023.
- Total unique subscriptions increased 21% year over year to over 5.2 million in 2024, compared to 4.3 million in 2023.
- Average revenue per unique subscription (“ARPU”) increased 3% year over year to \$225.45 in 2024, compared to \$219.42 in 2023.
- Annual run rate revenue (“ARR”) grew 20% year over year to \$1,179.5 million in 2024, compared to \$983.3 million in 2023.

A reconciliation of GAAP to non-GAAP financial measures has been provided in the tables included in this press release. An explanation of these measures is also included below under the heading “Non-GAAP Financial Measures.”

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except share and per share data)

(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Revenue	\$ 296,769	\$ 247,529	\$ 577,917	\$ 484,557
Cost of revenue (1)	82,939	43,167	163,713	86,117
Gross profit	213,830	204,362	414,204	398,440
Operating expenses:				
Research and product development (1)	69,805	61,412	136,651	119,982
Marketing and sales (1)	88,282	75,373	205,815	177,045
General and administrative (1)	38,873	30,909	69,696	63,249
Total operating expenses	196,960	167,694	412,162	360,276
Operating income	16,870	36,668	2,042	38,164
Interest expense	(10,157)	(8,635)	(20,538)	(16,729)
Other income, net	4,454	2,038	9,031	1,198
Income/(loss) before (provision for)/benefit from income taxes	11,167	30,071	(9,465)	22,633
(Provision for)/benefit from income taxes	(5,034)	(26,411)	15,742	(18,471)
Net income	\$ 6,133	\$ 3,660	\$ 6,277	\$ 4,162
Net income per share, basic	\$ 0.04	\$ 0.03	\$ 0.05	\$ 0.03
Net income per share, diluted	\$ 0.04	\$ 0.03	\$ 0.04	\$ 0.03
Weighted-average shares used in computing net income per share, basic	137,760,693	135,302,409	137,348,777	135,111,072
Weighted-average shares used in computing net income per share, diluted	142,143,018	138,771,613	141,419,521	138,013,454

(1) Includes stock-based compensation as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Cost of revenue	\$ 2,026	\$ 1,549	\$ 3,795	\$ 2,601
Research and product development	19,025	15,650	34,675	26,337
Marketing and sales	3,590	3,045	6,801	4,916
General and administrative	8,157	9,235	15,694	17,751
Total stock-based compensation	\$ 32,798	\$ 29,479	\$ 60,965	\$ 51,605

CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)
(unaudited)

	June 30, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 270,363	\$ 257,702
Restricted cash	—	36,583
Investment in marketable securities	52,041	—
Accounts receivable	41,384	24,894
Due from vendors	—	6,089
Prepaid expenses and other current assets	83,016	48,947
Total current assets	446,804	374,215
Property and equipment, net	49,609	58,211
Operating lease right-of-use assets	61,016	77,764
Goodwill	196,522	210,438
Intangible assets, net	140,839	190,103
Other assets	11,560	11,028
Assets of business held for sale	94,529	—
Total assets	<u>\$ 1,000,879</u>	<u>\$ 921,759</u>
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable	\$ 21,933	\$ 12,863
Accrued liabilities	98,933	99,435
Deferred revenue	397,923	333,191
Funds payable to customers	—	42,672
Debt, current portion	57,140	48,977
Operating lease liabilities, current portion	11,281	12,640
Total current liabilities	587,210	549,778
Deferred income taxes, non-current portion	1,164	1,039
Debt, non-current portion	487,846	519,816
Operating lease liabilities, non-current portion	71,843	97,714
Other liabilities	18,940	13,764
Liabilities of business held for sale	76,745	—
Total liabilities	1,243,748	1,182,111
Commitments and contingencies		
Stockholders' deficit:		
Class A common stock, par value of \$0.0001; 1,000,000,000 shares authorized as of June 30, 2024 and December 31, 2023, respectively; 90,630,649 and 88,545,012 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively	9	9
Class B common stock, par value of \$0.0001; 100,000,000 shares authorized as of June 30, 2024 and December 31, 2023, respectively; 47,844,755 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively	5	5
Class C common stock (authorized May 10, 2021), par value of \$0.0001; 1,000,000,000 shares authorized as of June 30, 2024 and December 31, 2023, respectively; zero shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively	—	—
Additional paid in capital	936,277	924,634
Accumulated other comprehensive loss	(1,280)	(843)
Accumulated deficit	(1,177,880)	(1,184,157)
Total stockholders' deficit	(242,869)	(260,352)
Total liabilities and stockholders' deficit	<u>\$ 1,000,879</u>	<u>\$ 921,759</u>

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Revenue, as reported	\$ 296,769	\$ 247,529	\$ 577,917	\$ 484,557
Revenue year-over-year growth rate, as reported	19.9 %	16.4 %	19.3 %	15.2 %
Effect of foreign currency translation \$(1)	\$ (686)	\$ 685	\$ (218)	\$ (2,118)
Effect of foreign currency translation %(1)	(0.3)%	0.3 %	— %	(0.5)%
Revenue constant currency growth rate	20.2 %	16.1 %	19.3 %	15.7 %

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Commerce revenue, as reported	\$ 81,396	\$ 75,455	\$ 161,660	\$ 148,092
Revenue year-over-year growth rate, as reported	7.9 %	14.0 %	9.2 %	13.9 %
Effect of foreign currency translation \$(1)	\$ (107)	\$ 119	\$ (29)	\$ (369)
Effect of foreign currency translation %(1)	(0.1)%	0.2 %	— %	(0.3)%
Commerce revenue constant currency growth rate	8.0 %	13.8 %	9.2 %	14.2 %

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Presence revenue, as reported	\$ 215,373	\$ 172,074	\$ 416,257	\$ 336,465
Revenue year-over-year growth rate, as reported	25.2 %	17.4 %	23.7 %	15.8 %
Effect of foreign currency translation \$(1)	\$ (579)	\$ 565	\$ (188)	\$ (1,749)
Effect of foreign currency translation %(1)	(0.3)%	0.4 %	(0.1)%	(0.6)%
Presence revenue constant currency growth rate	25.5 %	17.0 %	23.8 %	16.4 %

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

Amounts may not sum due to rounding.