

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended: September 30, 2021

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 No. 001-40115



COUPANG, INC.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

27-2810505
(I.R.S. Employer
Identification Number)

Tower 730, 570, Songpa-daero, Songpa-gu, Seoul
Republic of Korea 05510
+82 (2) 6150-5422

(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Securities registered pursuant to Section 12(b) of the Act:		
Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Class A Common Stock, par value \$0.0001 per share	CPNG	New York Stock Exchange

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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Small reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

As of November 4, 2021, there were 1,576,638,517 shares of the registrant's Class A common stock and 174,802,990 shares of the registrant's Class B common stock, each with a par value of \$0.0001 per share, outstanding.

COUPANG, INC.
Form 10-Q
For the Quarterly Period Ended September 30, 2021
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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (“Form 10-Q”) contains forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, about us and our industry that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this Form 10-Q, including statements regarding our future results of operations or financial condition, business strategy and plans, and objectives of management for future operations are forward-looking statements. In some cases, you can identify forward-looking statements because they contain words such as “anticipate,” “believe,” “contemplate,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “should,” “target,” “toward,” “will,” or “would,” or the negative of these words or other similar terms or expressions. These forward-looking statements include, but are not limited to, statements concerning the following:

- the COVID-19 pandemic and its impact on our business, operations, and the markets and communities in which we, our customers, suppliers, and merchants operate;
- our expectations regarding our future operating and financial performance;
- the continued growth of the e-commerce market and the increased acceptance of online transactions by potential customers;
- the size of our addressable markets, market share, and market trends;
- our ability to compete in our industry;
- our ability to manage expansion into new markets and offerings;
- our ability to effectively manage the continued growth of our workforce and operations;
- the sufficiency of our cash and cash equivalents, and investments to meet our liquidity needs;
- our ability to retain existing suppliers and merchants and to add new suppliers and merchants;
- our suppliers’ and merchants’ ability to supply high-quality and compliant merchandise to our customers;
- our relationship with our employees and the status of our workers;
- our ability to maintain and improve our market position;
- our ability to operate and manage the expansion of our fulfillment and delivery infrastructure;
- the effects of seasonal trends on our results of operations;
- our ability to effectively manage our exposure to fluctuations in foreign currency exchange rates;
- our ability to attract, retain, and motivate skilled personnel, including key members of our senior management;
- our ability to stay in compliance with laws and regulations, including tax laws, that currently apply or may become applicable to our business both in Korea and internationally and our expectations regarding various laws and restrictions that relate to our business;
- the anticipated cost of food, energy, labor, and other costs associated with our business, including the losses and costs associated with the fire that damaged our Deokpyeong fulfillment center;
- the increased expenses associated with being a public company;
- the outcomes of any claims, litigation, governmental audits, inspections, and investigations;
- our intended use of the net proceeds from our initial public offering; and
- the other factors set forth under “Risk Factors” in this Form 10-Q.

We caution you that the foregoing list may not contain all of the forward-looking statements made in this Form 10-Q.

You should not rely on forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Form 10-Q primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition, and results of operations. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties, and other factors described in the section titled “Risk Factors” and elsewhere in this Form 10-Q. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Form 10-Q. The results, events, and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results, events, or circumstances could differ materially from those described in the forward-looking statements.

In addition, statements such as “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 Form 10-Q. While we believe 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 these statements.

The forward-looking statements made in this Form 10-Q relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this Form 10-Q to reflect events or circumstances after the date of this Form 10-Q or to reflect new information, actual results, revised expectations, or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions, or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures, or investments.

Investors and others should note that we may announce material business and financial information to our investors using our investor relations website (ir.aboutcoupang.com), our filings with the Securities and Exchange Commission, webcasts, press releases, conference calls, and social media. We use these mediums to communicate with investors and the general public about our company, our products, and other issues. It is possible that the information that we make available on our website may be deemed to be material information. We therefore encourage investors and others interested in our company to review the information that we make available on our website. Notwithstanding the foregoing, the information contained on our website as referenced in this paragraph is not incorporated by reference into this Form 10-Q or any other report or document we file with the SEC.

Part I. Financial Information

Item 1. Financial Statements (Unaudited)

COUPANG, INC. CONDENSED CONSOLIDATED BALANCE SHEETS (in thousands, except shares/units) (unaudited)

	September 30, 2021	December 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,928,568	\$ 1,251,455
Restricted cash	337,098	144,949
Accounts receivable, net	134,316	71,257
Inventories	1,212,198	1,161,205
Other current assets	299,153	211,848
Total current assets	5,911,333	2,840,714
Long-term restricted cash	4,341	4,898
Property and equipment, net	1,167,463	1,017,947
Operating lease right-of-use assets	1,259,962	1,011,255
Goodwill	3,900	4,247
Long-term lease deposits and other	240,271	188,271
Total assets	<u>\$ 8,587,270</u>	<u>\$ 5,067,332</u>
Liabilities, redeemable convertible preferred units and stockholders'/members' equity (deficit)		
Current liabilities:		
Accounts payable	\$ 3,216,880	\$ 2,907,918
Accrued expenses	164,678	115,606
Deferred revenue	80,450	65,259
Short-term borrowings	168,052	156,678
Current portion of long-term debt	385,888	67,576
Current portion of long-term operating lease obligations	260,395	207,196
Other current liabilities	300,525	212,477
Total current liabilities	4,576,868	3,732,710
Long-term debt	169,333	353,342
Long-term operating lease obligations	1,103,478	859,477
Convertible notes	—	589,851
Defined severance benefits and other	169,485	135,203
Total liabilities	<u>6,019,164</u>	<u>5,670,583</u>
Commitments and contingencies (Note 9)		
Redeemable convertible preferred units, no par value; no units authorized, issued or outstanding, and no liquidation preference as of September 30, 2021; 1,448,632,049 units authorized, 1,372,898,443 units issued, 1,329,464,982 units outstanding, and aggregate liquidation preference of \$3,584,028 as of December 31, 2020	—	3,465,611
Stockholders'/members' equity (deficit)		
Common units, no par value; no units authorized, issued or outstanding as of September 30, 2021; 264,166,544 units authorized, 114,566,705 units issued, and 105,822,205 units outstanding as of December 31, 2020	—	45,122
Class A common stock, \$0.0001 par value, 10,000,000,000 shares authorized and 1,575,551,659 shares issued and outstanding as of September 30, 2021; Class B common stock, \$0.0001 par value, 250,000,000 shares authorized and 174,802,990 shares issued and outstanding as of September 30, 2021; no shares of Class A and Class B common stock authorized, issued and outstanding as of December 31, 2020	174	—
Additional paid-in capital	7,813,384	25,036
Accumulated other comprehensive income (loss)	86	(31,093)
Accumulated deficit	(5,245,538)	(4,107,927)
Total stockholders'/members' equity (deficit)	<u>2,568,106</u>	<u>(4,068,862)</u>
Total liabilities, redeemable convertible preferred units and stockholders'/members' equity (deficit)	<u>\$ 8,587,270</u>	<u>\$ 5,067,332</u>

The accompanying notes are an integral part of these condensed consolidated financial statements

COUPANG, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(in thousands, except per share amounts)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net retail sales	\$ 4,137,136	\$ 2,897,682	\$ 11,938,685	\$ 7,555,592
Net other revenue	507,569	238,825	1,390,994	608,254
Total net revenues	4,644,705	3,136,507	13,329,679	8,163,846
Cost of sales	3,890,178	2,669,552	11,184,152	6,826,861
Operating, general and administrative	1,069,639	683,192	3,242,891	1,722,077
Total operating cost and expenses	4,959,817	3,352,744	14,427,043	8,548,938
Operating loss	(315,112)	(216,237)	(1,097,364)	(385,092)
Interest income	2,603	1,267	5,450	9,512
Interest expense	(7,376)	(25,712)	(38,047)	(78,423)
Other (expense) income, net	(4,026)	67,704	(7,479)	73,829
Loss before income taxes	(323,911)	(172,978)	(1,137,440)	(380,174)
Income tax expense	66	21	171	228
Net loss	(323,977)	(172,999)	(1,137,611)	(380,402)
Less: premium on repurchase of redeemable convertible preferred units	—	—	—	(92,734)
Net loss attributable to Class A and Class B common stockholders	\$ (323,977)	\$ (172,999)	\$ (1,137,611)	\$ (473,136)
Net loss attributable to Class A and Class B common stockholders per share, basic and diluted	\$ (0.19)	\$ (5.91)	\$ (0.87)	\$ (17.47)
Weighted-average shares used in computing net loss per share attributable to Class A and Class B common stockholders, basic and diluted	1,747,255	29,284	1,313,234	27,085
Other comprehensive income (loss):				
Foreign currency translation adjustments, net of tax	24,266	(2,956)	38,887	(4,641)
Actuarial gain (loss) on defined severance benefits, net of tax	1,266	36	(7,708)	109
Total other comprehensive income (loss)	25,532	(2,920)	31,179	(4,532)
Comprehensive loss	\$ (298,445)	\$ (175,919)	\$ (1,106,432)	\$ (384,934)

The accompanying notes are an integral part of these condensed consolidated financial statements

COUPANG, INC.
CONDENSED CONSOLIDATED STATEMENTS OF REDEEMABLE CONVERTIBLE PREFERRED UNITS AND STOCKHOLDERS'/MEMBERS' EQUITY
(DEFICIT)
(in thousands)
(unaudited)

	Redeemable Convertible Preferred Units		Common Units		Class A and Class B Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders'/Members' Equity (Deficit)
	Units	Amount	Units	Amount	Shares	Amount				
Balance as of December 31, 2020	1,329,465	\$ 3,465,611	105,822	\$ 45,122	—	\$ —	\$ 25,036	\$ (31,093)	\$ (4,107,927)	\$ (4,068,862)
Net loss	—	—	—	—	—	—	—	—	(295,033)	(295,033)
Foreign currency translation adjustments, net of tax	—	—	—	—	—	—	—	14,972	—	14,972
Actuarial gain on defined severance benefits, net of tax	—	—	—	—	—	—	—	918	—	918
Issuance of common units, equity-based compensation plan	—	—	22,901	38,968	—	—	—	—	—	38,968
Equity-based compensation	—	—	—	2,974	—	—	—	—	—	2,974
Impact of Corporate Conversion and IPO										
Conversion of common units into Class A and Class B common stock	—	—	(128,723)	(87,064)	128,648	13	87,051	—	—	—
Conversion of redeemable convertible preferred units into Class A and Class B common stock	(1,329,465)	(3,465,611)	—	—	1,329,465	133	3,465,478	—	—	3,465,611
Issuance of Class A common stock, net of underwriting discounts and offering costs	—	—	—	—	100,000	10	3,416,809	—	—	3,416,819
Conversion of convertible notes into Class A common stock	—	—	—	—	171,750	17	609,982	—	—	609,999
Issuance of common stock, equity-based compensation plan subsequent to Corporate Conversion and IPO	—	—	—	—	2,680	—	4,767	—	—	4,767
Equity-based compensation subsequent to Corporate Conversion and IPO	—	—	—	—	—	—	83,992	—	—	83,992
Balance as of March 31, 2021	—	\$ —	—	\$ —	1,732,543	\$ 173	\$ 7,693,115	\$ (15,203)	\$ (4,402,960)	\$ 3,275,125
Net loss	—	—	—	—	—	—	—	—	(518,601)	(518,601)
Foreign currency translation adjustments, net of tax	—	—	—	—	—	—	—	(351)	—	(351)
Actuarial loss on defined severance benefits, net of tax	—	—	—	—	—	—	—	(9,892)	—	(9,892)
Issuance of common stock, equity-based compensation plan	—	—	—	—	3,036	—	6,002	—	—	6,002
Equity-based compensation	—	—	—	—	—	—	50,346	—	—	50,346
Balance as of June 30, 2021	—	\$ —	—	\$ —	1,735,579	\$ 173	\$ 7,749,463	\$ (25,446)	\$ (4,921,561)	\$ 2,802,629
Net loss	—	—	—	—	—	—	—	—	(323,977)	(323,977)
Foreign currency translation adjustments, net of tax	—	—	—	—	—	—	—	24,266	—	24,266
Actuarial gain on defined severance benefits, net of tax	—	—	—	—	—	—	—	1,266	—	1,266
Issuance of common stock, equity-based compensation plan	—	—	—	—	14,776	1	7,783	—	—	7,784
Equity-based compensation	—	—	—	—	—	—	56,138	—	—	56,138
Balance as of September 30, 2021	—	\$ —	—	\$ —	1,750,355	\$ 174	\$ 7,813,384	\$ 86	\$ (5,245,538)	\$ 2,568,106

The accompanying notes are an integral part of these condensed consolidated financial statements

	Redeemable Convertible Preferred Units		Common Units		Class A and Class B Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Stockholders'/Members' Deficit
	Units	Amount	Units	Amount	Shares	Amount				
Balance as of December 31, 2019	1,348,313	\$ 3,468,554	70,702	\$ —	—	\$ —	\$ 25,036	\$ 7,642	\$ (3,565,590)	\$ (3,532,912)
Net loss	—	—	—	—	—	—	—	—	(105,353)	(105,353)
Foreign currency translation adjustments, net of tax	—	—	—	—	—	—	—	(2,288)	—	(2,288)
Actuarial gain on defined severance benefits, net of tax	—	—	—	—	—	—	—	38	—	38
Issuance of common units, equity-based compensation plans	—	—	5,193	5,193	—	—	—	—	—	5,193
Repurchase of common units	—	—	(680)	(1,366)	—	—	—	—	—	(1,366)
Repurchase of preferred units	(7,242)	(1,937)	—	(10,305)	—	—	—	—	(24,566)	(34,871)
Equity-based compensation	—	—	—	6,478	—	—	—	—	—	6,478
Balance as of March 31, 2020	1,341,071	\$ 3,466,617	75,215	\$ —	—	\$ —	\$ 25,036	\$ 5,392	\$ (3,695,509)	\$ (3,665,081)
Net loss	—	—	—	—	—	—	—	—	(102,050)	(102,050)
Foreign currency translation adjustments, net of tax	—	—	—	—	—	—	—	603	—	603
Actuarial gain on defined severance benefits, net of tax	—	—	—	—	—	—	—	35	—	35
Issuance of common units, equity-based compensation plans	—	—	18,618	2,869	—	—	—	—	—	2,869
Repurchase of preferred units	(11,606)	(1,006)	—	(3,249)	—	—	—	—	(54,614)	(57,863)
Equity-based compensation	—	—	—	10,345	—	—	—	—	—	10,345
Balance as of June 30, 2020	1,329,465	\$ 3,465,611	93,833	\$ 9,965	—	\$ —	\$ 25,036	\$ 6,030	\$ (3,852,173)	\$ (3,811,142)
Net loss	—	—	—	—	—	—	—	—	(172,999)	(172,999)
Foreign currency translation adjustments, net of tax	—	—	—	—	—	—	—	(2,956)	—	(2,956)
Actuarial gain on defined severance benefits, net of tax	—	—	—	—	—	—	—	36	—	36
Issuance of common units, equity-based compensation plans	—	—	1,936	3,161	—	—	—	—	—	3,161
Equity-based compensation	—	—	—	7,292	—	—	—	—	—	7,292
Balance as of September 30, 2020	1,329,465	\$ 3,465,611	95,769	\$ 20,418	—	\$ —	\$ 25,036	\$ 3,110	\$ (4,025,172)	\$ (3,976,608)

The accompanying notes are an integral part of these condensed consolidated financial statements

COUPANG, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Nine Months Ended September 30,	
	2021	2020
Operating activities:		
Net loss	\$ (1,137,611)	\$ (380,402)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation and amortization	145,866	85,551
Provision for severance benefits	100,649	48,856
Equity-based compensation	193,450	24,017
Paid-in-kind interest and accretion of discount on convertible notes	20,148	66,569
Revaluation of derivative instrument	—	(70,032)
Inventory and fixed asset losses due to fulfillment center fire	284,825	—
Non-cash operating lease expense	187,926	105,512
Non-cash others	32,786	40,352
Change in operating assets and liabilities:		
Accounts receivable, net	(75,958)	(41,234)
Inventories	(308,559)	(413,619)
Other assets	(182,375)	(153,416)
Accounts payable	561,528	948,051
Accrued expenses	50,604	41,145
Deferred revenue	13,015	8,037
Other liabilities	(94,126)	(24,299)
Net cash (used in) provided by operating activities	(207,832)	285,088
Investing activities:		
Purchases of property and equipment	(505,554)	(314,941)
Proceeds from sale of property and equipment	960	222
Other investing activities	(2,218)	(35,629)
Net cash used in investing activities	(506,812)	(350,348)
Financing activities:		
Repurchase of common units and preferred units	—	(97,043)
Proceeds from issuance of Class A common stock upon initial public offering, net of underwriting discounts	3,431,277	—
Deferred offering costs paid	(11,618)	—
Proceeds from issuance of common stock/units, equity-based compensation plan	57,521	11,223
Proceeds from short-term borrowings and long-term debt	308,772	220,649
Repayment of short-term borrowings and long-term debt	(111,472)	(24,913)
Other financing activities	(2,289)	(1,379)
Net cash provided by financing activities	3,672,191	108,537
Effect of exchange rate changes on cash and cash equivalents, and restricted cash	(88,842)	(6,236)
Net increase in cash and cash equivalents, and restricted cash	2,868,705	37,041
Cash and cash equivalents, and restricted cash, as of beginning of period	1,401,302	1,371,535
Cash and cash equivalents, and restricted cash, as of end of period	\$ 4,270,007	\$ 1,408,576
Supplemental disclosure of cash-flow information:		
Cash paid for income taxes	\$ 1,088	\$ 155
Cash paid for interest	\$ 14,175	\$ 16,744
Non-cash investing and financing activities:		
(Decrease) increase in property and equipment-related accounts payable and accrued expenses	\$ (5,516)	\$ 16,661
Conversion of common units into Class A and Class B common stock	\$ 87,064	\$ —
Conversion of redeemable convertible preferred units into Class A and Class B common stock	\$ 3,465,611	\$ —
Conversion of convertible notes into Class A common stock	\$ 609,999	\$ —

The accompanying notes are an integral part of these condensed consolidated financial statements

COUPANG, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. Basis of Presentation and Summary of Significant Accounting Policies

Description of Business

Coupang, Inc. ("Coupang"), together with its wholly-owned subsidiaries (collectively, the "Company," "we," "us," or "our"), is a Delaware corporation, which owns and operates an e-commerce business that primarily serves the Korean retail market. Through the Company's mobile applications and Internet websites, the Company offers products and services that span a wide range of categories, including home goods and décor, apparel and beauty products, fresh food and grocery, sporting goods, electronics, restaurant order and delivery, travel, content streaming, and everyday consumables, which are offered through a fully integrated technology, fulfillment and logistics infrastructure. The Company's main operations, including procurement, marketing, technology, administrative functions, and fulfillment and logistics infrastructure, are predominantly located in South Korea, with operations and support services performed in China, Singapore, Japan, Taiwan, and the United States.

Initial Public Offering

On March 15, 2021, the Company completed its initial public offering ("IPO") in which it issued and sold 100,000,000 shares of its Class A common stock at a price of \$35.00 per share. The Company received net proceeds of approximately \$3.4 billion from the IPO after deducting underwriting discounts of \$69 million and other offering costs.

Immediately prior to effectiveness of the Company's IPO registration statement on Form S-1, Coupang, LLC, a Delaware limited liability company, converted into a Delaware corporation pursuant to a statutory conversion, which changed the Company's name to Coupang, Inc. ("Corporate Conversion").

As a result of the Corporate Conversion and IPO, the Company's redeemable convertible preferred units ("preferred units") and common units (which included common units designated as profits interests ("PIUs")), in each case, automatically converted into an equal number of shares of Class A or Class B common stock, except with respect to a conversion adjustment to certain PIUs, which reduced the outstanding common units designated as PIUs that were converted into shares of Class A common stock. Also, the Company's convertible notes were automatically converted into shares of Class A common stock. For additional information related to the Company's Corporate Conversion and IPO, see Note 10 — "Redeemable Convertible Preferred Units and Stockholders'/Members' Equity (Deficit)" and Note 8 — "Convertible Notes and Derivative Instrument."

Fulfillment Center Fire

On June 17, 2021, a fire extensively damaged the Company's Deokpyeong fulfillment center (the "FC Fire") resulting in a loss of the inventory, building, equipment, and other assets at the site. Inventory and property and equipment losses from the FC Fire of \$158 million and \$127 million were recognized in "Cost of sales" and "Operating, general and administrative," respectively, during the second quarter of 2021. The Company is insured on property losses from the FC Fire, however, whether and to what extent the Company may recover insurance proceeds on these losses is currently unknown, and as such, no insurance recoveries have been recognized. During the second quarter of 2021, the Company also incurred or accrued for other costs directly related to the FC Fire of \$11 million. The FC Fire resulted in an increase to our net loss of \$296 million for the nine months ended September 30, 2021.

Basis of Presentation and Principles of Consolidation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and applicable rules and regulations of the Securities and Exchange Commission ("SEC") regarding interim financial reporting. The accompanying unaudited condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated.

The condensed consolidated balance sheet as of December 31, 2020 included herein was derived from the audited consolidated financial statements as of that date. The accompanying unaudited condensed consolidated financial statements have been prepared on the same basis as the annual consolidated financial statements and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary to state fairly the Company's financial position, results of operations and comprehensive loss, redeemable convertible preferred units and stockholders'/members' equity (deficit), and cash flows for the periods presented, but are not necessarily indicative of the results of operations to be anticipated for any future

annual or interim period. Certain information and note disclosures normally included in the annual consolidated financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. The unaudited condensed consolidated financial statements should be read in conjunction with the Company's consolidated financial statements and notes included in the final prospectus dated March 10, 2021, as filed with the SEC pursuant to Rule 424(b) under the Securities Act of 1933, as amended (File No. 333-253030) ("Final Prospectus").

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. On an ongoing basis, we evaluate our estimates, which include, but are not limited to, equity-based compensation, inventory valuation, income taxes, defined severance benefits, and revenue recognition. Actual results could differ materially from those estimates. We based our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Given the global economic climate and additional or unforeseen effects from the COVID-19 pandemic, these estimates become more challenging, and actual results could differ materially from these estimates.

Segment Information

The Company's Chief Operating Decision Maker ("CODM") is its Chief Executive Officer. The Company has determined that it operates in one operating segment and one reportable segment. The CODM reviews financial information presented on a consolidated basis for purposes of making operating decisions, allocating resources, and evaluating financial performance.

Equity-based Compensation

The Company accounts for equity-based employee compensation arrangements in accordance with U.S. GAAP, which requires compensation expense for the grant-date fair value of equity-based awards to be recognized over the requisite service period. The Company determines the fair value of equity-based awards granted or modified on the grant date or modification date using appropriate valuation techniques. Forfeitures are estimated using historical experience at the time of grant and revised in subsequent periods if actual forfeitures differ from initial estimates.

Prior to the IPO, the grant-date fair value of equity-based awards was primarily determined using the estimated fair value of the Company's previously issued common units. Common unit fair value estimates were developed by considering numerous objective and subjective factors that required judgment. Subsequent to the IPO, the Company determines the fair value of its Class A common stock using the market closing price on the grant date.

During the first quarter of 2021, the Company changed its policy for recognizing equity-based compensation expense from the graded vesting attribution method of accounting to the straight-line attribution method of accounting for its equity-based compensation arrangements with service only vesting conditions. For additional information, see Note 2 — "Change in Accounting Principle."

Restricted Stock Units

The Company had previously granted restricted equity units under its 2011 Equity Incentive Plan ("2011 Plan"), which vest upon the satisfaction of both a service-based condition and a performance-based condition. In connection with the Company's Corporate Conversion, the outstanding awards were converted into restricted stock units ("RSUs"). Following the IPO and Corporate Conversion, the Company has granted RSUs that vest upon the satisfaction of a service-based condition as defined in the Company's 2021 Equity Incentive Plan ("2021 Plan"). The grant-date fair value of each RSU, net of estimated forfeitures, is recognized as expense over the requisite service period.

Stock Options

The Company had previously granted unit options under the 2011 Plan, which vest over a service period of generally four years. In connection with the Company's Corporate Conversion, the outstanding awards were converted into stock options. The grant-date fair value of each stock option award, net of estimated forfeitures, is recognized as expense over the requisite service period. The Company estimates the fair value of stock options granted using the Black-Scholes option-pricing model, which requires the input of subjective assumptions, including the expected stock price volatility over the expected term of the award, actual and projected employee stock option exercise behaviors, the risk-free interest rate for the expected term of the award, and expected dividends. The risk-free interest rate is based on the yields of U.S. Treasury securities with maturities similar to the

expected term of the options for each option group. The assumptions used to determine the fair value of the option awards represent management's best estimates. These estimates involve inherent uncertainties and the application of management's judgment.

Profits Interests

Prior to the IPO, the Company granted common units designated as PIUs that vested upon the satisfaction of a service-based condition and with respect to certain awards, which vesting accelerated upon the occurrence of the IPO. The grant-date fair value of the PIUs, net of estimated forfeitures, were recognized as expense over the requisite service period.

Concentration of Credit Risk

Cash and cash equivalents, restricted cash and accounts receivable are potentially subject to concentration of credit risk. Cash and cash equivalents, and restricted cash are placed with several financial institutions that management believes are of high credit quality, of which 67% were held at three financial institutions as of September 30, 2021. The Company's gross accounts receivable include amounts concentrated with four payment processing companies representing 50% of gross accounts receivable at September 30, 2021.

Recent Accounting Pronouncements Adopted

In December 2019, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2019-12, "Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes," which removes certain exceptions for performing intraperiod allocation, recognizes deferred taxes for investments, and calculates income taxes in interim periods. The standard reduces complexity in certain areas, including franchise taxes that are partially based on income and accounting for tax law changes in interim periods. The ASU is effective for public companies for fiscal years beginning after December 15, 2020, with early adoption permitted. We adopted this ASU effective January 1, 2021. The adoption of the ASU did not have a material impact on our condensed consolidated financial statements.

Recent Accounting Pronouncements Yet To Be Adopted

In August 2020, the FASB issued ASU 2020-06, "Debt - Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40)." The standard reduces the number of models used to account for convertible instruments, amends diluted earnings per share ("EPS") calculations for convertible instruments, and amends the requirements for a contract (or embedded derivative) that is potentially settled in an entity's own shares to be classified in equity. The amendments add certain disclosure requirements to increase transparency and decision-usefulness about a convertible instrument's terms and features. Under the amendment, the Company must use the if-converted method for including convertible instruments in diluted EPS as opposed to the treasury stock method. The ASU is effective for public companies for fiscal years beginning after December 15, 2021. Early adoption is allowed under the standard with either a modified retrospective or full retrospective method. The Company does not expect a material impact from the adoption of the ASU on our condensed consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting." In January 2021, the FASB clarified the scope of this guidance with the issuance of ASU 2021-01, "Reference Rate Reform: Scope." ASU 2020-04 provides optional expedients and exceptions to account for contracts, hedging relationships and other transactions that reference the London Interbank Offered Rate ("LIBOR") or another reference rate if certain criteria are met. ASU 2020-04 may be applied prospectively to contract modifications made and hedging relationships entered into or evaluated on or before December 31, 2022. We expect to elect the optional expedients for eligible contract modifications, if any, as they occur through December 31, 2022. The application of these expedients is not expected to have a material impact on our condensed consolidated financial statements.

2. Change in Accounting Principle

In the first quarter of 2021, the Company changed its policy for recognizing equity-based compensation expense from the graded vesting attribution method of accounting to the straight-line attribution method of accounting for its equity-based compensation arrangements with service only vesting conditions.

The Company believes the straight-line attribution method of accounting for equity-based compensation expense for awards with service only vesting conditions is preferable because it more appropriately reflects how awards are earned over an employee's service period and is the predominant method used in its industry.

Comparative financial statements for prior periods have been adjusted to apply the straight-line attribution method retrospectively. The following table presents the comparative effect of the change in accounting method and its impact on the Company's condensed consolidated statements of operations and comprehensive loss:

(in thousands, except for per share amounts)	Three Months Ended September 30, 2020		Nine Months Ended September 30, 2020	
	As Reported	As Adjusted	As Reported	As Adjusted
Total net revenues	\$ 3,136,507	\$ 3,136,507	\$ 8,163,846	\$ 8,163,846
Cost of sales	2,669,479	2,669,552	6,826,847	6,826,861
Operating, general and administrative	684,893	683,192	1,728,585	1,722,077
Total operating cost and expenses	3,354,372	3,352,744	8,555,432	8,548,938
Operating loss	(217,865)	(216,237)	(391,586)	(385,092)
Loss before income taxes	(174,606)	(172,978)	(386,668)	(380,174)
Income tax expense	21	21	228	228
Net loss	(174,627)	(172,999)	(386,896)	(380,402)
Net loss attributable to Class A and Class B common stockholders	\$ (174,627)	\$ (172,999)	\$ (479,630)	\$ (473,136)
Net loss attributable to Class A and Class B common stockholders per share, basic and diluted ⁽¹⁾	\$ (5.96)	\$ (5.91)	\$ (17.71)	\$ (17.47)
Weighted-average number of Class A and Class B common shares outstanding used in computing per share amounts, basic and diluted ⁽¹⁾	29,284	29,284	27,085	27,085
Comprehensive loss	\$ (177,547)	\$ (175,919)	\$ (391,428)	\$ (384,934)

(1) As reported net loss per share reflects the retrospective adjustments from the Corporate Conversion described in Note 14 — "Net Loss per Share."

The following table presents the comparative effect of the change in accounting method and its impact on the Company's condensed consolidated balance sheets:

(in thousands)	As of December 31, 2020	
	As Reported	As Adjusted
Stockholders'/members' equity (deficit)		
Common units	\$ 54,950	\$ 45,122
Additional paid-in capital	25,036	25,036
Accumulated other comprehensive income (loss)	(31,093)	(31,093)
Accumulated deficit	(4,117,755)	(4,107,927)
Total stockholders'/members' equity (deficit)	\$ (4,068,862)	\$ (4,068,862)

There was no net impact to the amounts reported for net cash used in/provided by operating, investing or financing activities in the condensed consolidated statements of cash flows for prior periods as a result of the change in accounting method. However, for the nine months ended September 30, 2020, net loss and equity-based compensation expense in cash flows from operating activities each decreased \$6 million to reflect the change in accounting method. The cumulative effect of the change in accounting method had no net impact on stockholders'/members' equity (deficit) as of January 1, 2020, the beginning of the earliest year presented in the condensed consolidated financial statements.

3. Net Revenues

Details of total net revenues were as follows:

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net retail sales	\$ 4,137,136	\$ 2,897,682	\$ 11,938,685	\$ 7,555,592
Third-party merchant services	450,634	202,356	1,231,799	516,367
Other revenue	56,935	36,469	159,195	91,887
Total net revenues	\$ 4,644,705	\$ 3,136,507	\$ 13,329,679	\$ 8,163,846

This level of revenue disaggregation takes into consideration how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors. Net retail sales are recognized from online product sales to consumers. Third-party merchant services represent commissions, advertising, and delivery fees earned from merchants and restaurants that sell their products through the Company's online business. Other revenue includes revenue earned from our various other offerings.

Contract liabilities consist of deferred revenue and liabilities from customer loyalty credits, which are included in accrued expenses on the condensed consolidated balance sheets. The Company recognized revenue of \$60 million and \$27 million for the nine months ended September 30, 2021 and 2020, respectively, which were included in deferred revenue on the consolidated balance sheets as of December 31, 2020 and 2019, respectively. Revenue recognized from customer loyalty program liabilities as of December 31, 2020 and 2019 were not material for the nine months ended September 30, 2021 and 2020, respectively.

4. Property and Equipment, net

The following summarizes the Company's property and equipment, net:

(in thousands)	September 30, 2021	December 31, 2020
Land	\$ 140,857	\$ 142,403
Buildings	117,675	181,529
Equipment and furniture	506,119	473,775
Leasehold improvements	277,331	172,864
Vehicles	159,245	165,073
Software	33,362	48,136
Construction in progress	309,320	169,789
Property and equipment, gross	1,543,909	1,353,569
Less: Accumulated depreciation and amortization	(376,446)	(335,622)
Property and equipment, net	\$ 1,167,463	\$ 1,017,947

For the three months ended September 30, 2021 and 2020, depreciation and amortization expense on property and equipment was \$51 million and \$32 million, respectively. For the nine months ended September 30, 2021 and 2020, depreciation and amortization expense on property and equipment was \$145 million and \$85 million, respectively.

Property and equipment under construction, which primarily consists of construction of fulfillment centers, is recorded as construction in progress until it is ready for its intended use; thereafter, it is transferred to the related class of property and equipment and depreciated over its estimated useful life.

5. Leases

The Company is obligated under operating leases primarily for vehicles, equipment, warehouses, and facilities that expire over the next eleven years. These leases generally contain renewal options. Because the Company is not reasonably certain to exercise these renewal options, or the renewal options are not solely within the Company's discretion, the options are not considered in determining the lease term, and the associated potential option payments are excluded from expected minimum lease payments. The Company's leases generally do not include termination options for either party or restrictive financial or other covenants.

The Company's finance leases as of September 30, 2021 and December 31, 2020 were not material and are included in property and equipment, net, on the Company's condensed consolidated balance sheets.

The components of operating lease cost were as follows:

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Operating lease cost	\$ 87,814	\$ 55,629	\$ 247,566	\$ 132,957
Variable and short-term lease cost	9,895	6,380	26,784	16,360
Total operating lease cost	<u>\$ 97,709</u>	<u>\$ 62,009</u>	<u>\$ 274,350</u>	<u>\$ 149,317</u>

Supplemental disclosure of cash flow information related to leases were as follows:

(in thousands)	Nine Months Ended September 30,	
	2021	2020
Cash paid for the amount used to measure the operating lease liabilities	\$ 204,791	\$ 100,154
Operating lease assets obtained in exchange for lease obligations	\$ 485,788	\$ 486,570
Net increase (decrease) to operating lease ROU assets resulting from remeasurements of lease obligations	\$ 40,812	\$ (5,544)

The assumptions used to value leases for the periods presented were as follows:

	September 30, 2021	December 31, 2020
Operating leases weighted-average remaining lease term	6.0 years	6.2 years
Operating leases weighted-average discount rate	6.09 %	5.88 %

As of September 30, 2021, the Company had entered into operating leases that have not commenced with future minimum lease payments of \$346 million, that have not been recognized on the Company's condensed consolidated balance sheets. These leases have non-cancellable lease terms of 2 to 10 years.

6. Fair Value Measurement

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. U.S. GAAP established a hierarchy framework to classify the fair value based on the observability of significant inputs to the measurement. The levels of the fair value hierarchy are as follows:

Level 1: Observable inputs such as quoted prices in an active market for identical assets or liabilities.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities in active markets, quoted prices in markets that are not active or inputs other than the quoted prices that are observable either directly or indirectly for the full term of the assets or liabilities.

Level 3: Unobservable inputs in which there is little or no market data and that are significant to the fair value of the assets or liabilities.

The following table summarizes the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis:

(in thousands)	September 30, 2021			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash and cash equivalents				
Money market trust	\$ 392,605	\$ —	\$ —	\$ 392,605
Money market fund	35,295	—	—	35,295
Restricted cash				
Time deposit	270,667	—	—	270,667
Money market trust	66,431	—	—	66,431
Other current assets				
Time deposit	6,752	—	—	6,752
Long-term restricted cash				
Time deposit	1,840	—	—	1,840
Money market account	2,501	—	—	2,501
Total financial assets	<u>\$ 776,091</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 776,091</u>

(in thousands)	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash and cash equivalents				
Money market trust	\$ 629,393	\$ —	\$ —	\$ 629,393
Money market fund	35,641	—	—	35,641
Restricted cash				
Time deposit	144,949	—	—	144,949
Other current assets				
Time deposit	18,382	—	—	18,382
Long-term restricted cash				
Time deposit	4,898	—	—	4,898
Total financial assets	<u>\$ 833,263</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 833,263</u>
Financial liabilities:				
Derivative instrument	\$ —	\$ —	\$ —	\$ —
Total financial liabilities	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

The following table summarizes information about the significant unobservable inputs used in the fair value measurement of the Company's derivative instrument:

December 31, 2020				
	Fair Value	Valuation Technique	Unobservable Inputs	Input Amount
Derivative instrument	\$ —	Valuation of convertible notes with and without the derivative instrument. Incorporates a discounted cash flow model and option pricing model.	Discount rate Equity value: Long-term revenue growth rate Equity value: Revenue market multiple	14 % 3.5 % 1.3x - 1.5x

7. Short-Term Borrowings and Long-Term Debt

Details of carrying amounts of short-term borrowings were as follows:

(in thousands)

Maturity Date	Interest rate (%)	Borrowing Limit	September 30, 2021	December 31, 2020
January 7, 2022	CD interest rate (91 days) + 3.25	\$ 126,593	\$ 126,593	\$ 137,868
December 6, 2021 – June 25, 2022	3.20 – 4.00	41,649	41,649	19,117
Total principal short-term borrowings		\$ 168,242	\$ 168,242	\$ 156,985
Less: unamortized discounts			(190)	(307)
Total short-term borrowings			\$ 168,052	\$ 156,678

The Company's short-term borrowings generally include lines of credit with financial institutions to be drawn upon for general operating purposes.

In December 2019, the Company entered into a one-year revolving facility agreement, secured by the Company's inventories. As of September 30, 2021, this \$127 million revolving facility was secured by \$1.2 billion of the Company's inventories. Prior to the expiration of the original term of the revolving facility in January 2021, the Company exercised an option that allowed it to extend the maturity of the borrowing facility for an additional 364 days from the expiration date. The revolving facility bears interest at the average of final quotation yield rates for 91-day KRW-denominated bank certificate of deposit ("CD interest rate") plus 3.25%, and has a commitment fee of 0.75% on the undrawn portion. Under the facility agreement, Coupang Corp., one of the Company's wholly-owned subsidiaries, is restricted from loaning money to its parent, Coupang, Inc.

Details of carrying amounts of long-term debt were as follows:

(in thousands)

Maturity Date	Interest rate (%)	Borrowing Limit	September 30, 2021	December 31, 2020
February 27, 2024 ⁽¹⁾	(5)	\$ 1,000,000	\$ —	\$ —
October 21, 2021 – March 26, 2023 ⁽²⁾	3.10 – 5.10	36,595	24,596	50,713
November 28, 2021 ⁽³⁾	5.20	3,205	3,205	19,199
December 23, 2021 – August 12, 2024 ⁽⁴⁾	2.87 – 8.50	557,852	528,651	354,963
Total principal long-term debt		\$ 1,597,652	\$ 556,452	\$ 424,875
Less: current portion of long-term debt			(385,888)	(67,576)
Less: unamortized discounts			(1,231)	(3,957)
Total long-term debt			\$ 169,333	\$ 353,342

(1) Relates to the Company's new revolving credit facility as described below.

(2) The Company entered into various loan agreements with fixed interest rates for general operating purposes.

(3) In November 2019, the Company entered into a fixed-rate term loan facility agreement, secured by certain of the Company's accounts receivable. At September 30, 2021, the Company had \$3 million deposited in a trust account for repayment guarantee purposes, which is classified as short-term restricted cash on the condensed consolidated balance sheets. Principal and interest are to be paid on a monthly basis.

(4) In March 2017, the Company entered into a term loan facility agreement. The Company was required to pledge certain land, building, inventories, and short-term financial instruments as collateral. However, as a result of the FC Fire, the building and inventories were extensively damaged, and on August 4, 2021, the term loan facility agreement was amended to replace the original collateral with \$194 million in cash secured as collateral and to repay \$70 million of the outstanding principal balance. The amendment, which took place within the cure period, subsequently resulted in the Company being in compliance with its term loan facility agreement. Principal is to be paid at maturity and interest is paid on a quarterly basis. Later in August 2021, the Company entered into a new \$169 million three-year term loan agreement. The Company pledged \$203 million of certain land and buildings as collateral. The loan bears interest at a fixed rate of 3.155%. Principal is to be paid at maturity and interest is paid on a monthly basis.

(5) Borrowings under the new revolving credit facility bear interest, at the Company's option, at a rate per annum equal to (i) a base rate equal to the highest of (A) the prime rate, (B) the higher of the federal funds rate or a composite overnight bank borrowing rate plus 0.50%, or (C) an adjusted LIBOR for a one-month interest period plus 1.00% or (ii) an adjusted LIBOR plus a margin equal to 1.00%.

In February 2021, the Company entered into a new three-year senior unsecured credit facility (the "new revolving credit facility") providing for revolving loans in an aggregate principal amount of up to \$475 million (which automatically increased to an aggregate principal amount of \$950 million based on the Company receiving at least \$2.0 billion in net proceeds from its IPO). The new revolving credit facility provides the Company the right to request incremental commitments up to \$1.25 billion, subject to customary conditions. During March 2021, the aggregate principal amount of the Company's new revolving credit facility increased to an aggregate principal amount of \$1.0 billion as a result of its IPO. As of September 30, 2021, there was no balance outstanding on the new revolving credit facility.

The new revolving credit facility contains customary affirmative and negative covenants, including certain financial covenants. The new revolving credit facility is guaranteed on a senior unsecured basis by all material restricted subsidiaries of the Company, subject to customary exceptions. Borrowings under the new revolving credit facility are not permitted to the extent any amounts are drawn under our existing revolving credit facility.

The Company was in compliance with the covenants for each of its borrowings and debt agreements as of September 30, 2021.

In October 2021, the Company entered into a new two-year loan agreement to borrow up to \$139 million to finance the construction of a fulfillment center. The Company pledged up to \$167 million of certain existing land and a building to be constructed as collateral. The loan bears interest at a fixed rate of 3.45%.

The Company's long-term debt is recorded at amortized cost. The fair value is estimated using Level 2 inputs based on the Company's current interest rate for similar types of borrowing arrangements. The carrying amount of the long-term debt approximates its fair value as of September 30, 2021 and December 31, 2020 due primarily to the interest rates approximating market interest rates.

Future principal payments for long-term debt as of September 30, 2021 were as follows:

<i>(in thousands)</i>		Long-term debt
Remainder of 2021	\$	24,356
2022		363,083
2023		222
2024		168,791
2025		—
Thereafter		—
Total	\$	556,452

8. Convertible Notes and Derivative Instrument

From February 23, 2018 to May 16, 2018, the Company issued convertible notes in an aggregate principal amount of \$502 million (total proceeds of \$507 million, which included a total net funding premium at issuance), the majority of which were purchased by existing unitholders of the Company's preferred units, with a maturity equal to the earlier of (a) the fourth anniversary from the first issuance date, (b) the consummation of a liquidity event, or (c) upon an event of default, as defined in the LLC Agreement. In connection with the Company's IPO in March 2021, the principal balance and the accrued interest on the convertible notes were automatically converted into 171,750,446 shares of the Company's Class A common stock.

The convertible notes had an annual effective interest rate of 16.99%. The Company did not incur interest expense on the convertible notes for the three months ended September 30, 2021. The Company recorded interest expense from its convertible notes for the three months ended September 30, 2020 of \$24 million, consisting of \$15 million of contractual interest expense and \$9 million of debt discount amortization. The Company recorded interest expense from its convertible notes for the nine months ended September 30, 2021 and 2020 of \$20 million and \$67 million, respectively, consisting of \$15 million and \$42 million of contractual interest expense and \$5 million and \$25 million of debt discount amortization, respectively.

The convertible notes contained embedded derivatives that allowed or required the holders of the convertible notes to convert them into a variable number of the Company's equity securities for a value equal to a significant premium over the then principal and accrued interest balance. These embedded derivatives were bifurcated and accounted for separately as a single, compound derivative instrument. The convertible notes did not convert to common shares based on this embedded feature, rather they converted based on a price calculated by dividing \$6.3 billion with the number of common equity securities, on an as-converted and as-exercised basis, outstanding on the closing of the IPO. Following the convertible notes conversion to shares of Class A common stock, the embedded derivatives no longer exist. There was no change in fair value of the derivative instrument during the nine months ended September 30, 2021. The change in fair value of the derivative instrument resulted in a gain of \$70 million for the three and nine months ended September 30, 2020, which was recognized in the condensed consolidated statements of operations and comprehensive loss within "Other (expense) income, net."

9. Commitments and Contingencies

Commitments

The following summarizes the Company's minimum contractual commitments as of September 30, 2021:

<i>(in thousands)</i>	Unconditional purchase obligations (unrecognized)	Long-term debt (including interest)	Operating leases	Total
Remainder of 2021	\$ 53,165	\$ 30,320	\$ 81,192	\$ 164,677
2022	170,975	375,773	330,295	877,043
2023	143,106	5,534	294,860	443,500
2024	88,378	172,365	257,783	518,526
2025	84,758	—	203,864	288,622
Thereafter	28,253	—	487,320	515,573
Total undiscounted payments	\$ 568,635	\$ 583,992	\$ 1,655,314	\$ 2,807,941
Less: lease imputed interest			(291,441)	
Total lease commitments			\$ 1,363,873	

Unconditional purchase obligations include legally binding contracts with terms in excess of one year that are not reflected on the consolidated balance sheets. These contractual commitments primarily relate to technology related service contracts, fulfillment center construction contracts and software licenses. For contracts with variable terms, we do not estimate the total obligation beyond any minimum pricing as of the reporting date.

Legal Matters

From time to time, the Company may become party to litigation incidents and other legal proceedings, including regulatory proceedings, in the ordinary course of business. The Company assesses the likelihood of any adverse judgments or outcomes with respect to these matters and determines loss contingency assessments on a gross basis after assessing the probability of incurrence of a loss and whether a loss is reasonably estimable. In addition, the Company considers other relevant factors that could impact its ability to reasonably estimate a loss. A determination of the amount of reserves required, if any, for these contingencies is made after analyzing each matter. The Company's reserves may change in the future due to new developments or changes in strategy in handling these matters. Although the results of litigation and claims cannot be predicted with certainty, the Company currently believes that the final outcome of currently pending legal matters will not have a material adverse effect on its business, consolidated financial position, results of operations, or cash flows. Regardless of the outcome, litigation can have an adverse impact on the Company because of defense and settlement costs, diversion of management resources, and other factors.

10. Redeemable Convertible Preferred Units and Stockholders'/Members' Equity (Deficit)

Prior to the Corporate Conversion, the Company's Limited Liability Company Agreement ("LLC Agreement"), as amended and restated on April 11, 2019, authorized the issuance of 1,448,632,049 preferred units, which were convertible into the same number of common voting units issued upon conversion of the preferred units, as well as the issuance of 264,166,544 common units.

Pursuant to the Corporate Conversion and IPO:

- 1,196,605,432 preferred units and 85,579,584 common units (which include 22,443,220 PIUs), in each case, automatically converted into an equal number of shares of Class A common stock, except with respect to a conversion adjustment which reduced the outstanding common units designated as PIUs by 75,862 common units, and excluding any such preferred units and common units (including any PIUs) held by Mr. Bom Suk Kim; and
- 132,859,550 preferred units held by Mr. Kim and 43,143,440 common units (all of which were designated as PIUs) held by Mr. Kim, in each case, converted into an equal number of shares of Class B common stock.

On March 15, 2021, the Company completed its IPO, in which it issued and sold 100,000,000 shares of its Class A common stock at a price of \$35.00 per share. The Company received net proceeds of approximately \$3.4 billion from its IPO after deducting underwriting discounts of \$69 million and other offering costs. Also, the owner of our Class B common stock converted 1,200,000 shares of Class B common stock into Class A common stock, which were sold in the IPO.

Our certificate of incorporation provides for two classes of common stock, and authorizes shares of undesignated preferred stock, the rights, preferences, and privileges of which may be designated from time to time by our board of directors. Our authorized capital stock consists of 10,000,000,000 shares of Class A common stock, par value \$0.0001 per share; 250,000,000 shares of Class B common stock, par value \$0.0001 per share; and 2,000,000,000 shares of undesignated preferred stock, par value \$0.0001 per share. No preferred stock was issued and outstanding as of September 30, 2021 and December 31, 2020.

The shares of Class A common stock and Class B common stock are identical, except with respect to voting, conversion, and transfer rights. Each share of Class A common stock is entitled to one vote. Each share of Class B common stock is entitled to twenty-nine votes. In addition, each share of our Class B common stock will convert automatically into one share of our Class A common stock upon any transfer, whether or not for value, except certain transfers to entities, to the extent the transferor retains sole dispositive power and exclusive voting control with respect to the shares of Class B common stock.

Accumulated Other Comprehensive Loss

Accumulated other comprehensive income (loss) includes all changes in equity during a period that have yet to be recognized in income. The major components are foreign currency translation adjustments and actuarial gains (losses) on the Company's defined severance benefits. As of September 30, 2021 and December 31, 2020, the ending balance in accumulated other comprehensive loss related to foreign currency translation adjustments was \$35 million and \$(4) million, respectively, and the amount related to actuarial gains (losses) on defined severance benefits was \$(34) million and \$(27) million, respectively.

11. Equity-based Compensation Plans

Our board of directors adopted the 2021 Plan in February 2021, which was subsequently approved by our stockholders in February 2021. The 2021 Plan provides for the granting of incentive stock options, non-statutory stock options, stock appreciation rights, restricted stock awards, restricted stock unit awards, performance awards, and other equity-based awards (or the cash equivalent thereof). Initially, the maximum number of shares of the Company's Class A common stock that may be issued under the 2021 Plan is 215,103,732 shares. In addition, the number of shares of the Company's Class A common stock reserved for issuance under the 2021 Plan may be increased on January 1 of each calendar year, starting on January 1, 2022 through January 1, 2031, in an amount equal to 5% of the total number of shares of the Company's capital stock outstanding on the last day of the calendar month before the date of each automatic increase, or a lesser number of shares determined by the Company's board of directors.

Shares subject to stock awards granted under the 2021 Plan that expire or terminate without being exercised in full, or that are paid out in cash rather than in shares, do not reduce the number of shares available for issuance under the 2021 Plan. Additionally, shares become available for future grant under the 2021 Plan if they were issued under stock awards under the 2021 Plan and the Company repurchases them or they are forfeited.

RSUs

The Company had previously granted restricted equity units under the 2011 Plan, which vest upon the satisfaction of both a service-based condition and a performance-based condition. In connection with the Company's Corporate Conversion and IPO, the outstanding awards were converted into RSUs.

For the RSUs with the performance condition satisfied upon the completion of the Company's IPO, the Company recorded \$41 million in equity-based compensation expense for the nine months ended September 30, 2021, consisting primarily of a cumulative catch-up adjustment related to such awards based on the full or partial fulfillment of requisite service periods. Unrecognized equity-based compensation expense related to these awards will be recorded over the remaining requisite service period.

During the nine months ended September 30, 2021, the Company granted 15.0 million RSUs. The weighted-average grant-date fair value of these RSUs was \$32.93. RSUs generally vest over 2 to 4 years from the vesting start date, subject to the recipient remaining an employee of the Company at each vesting date.

As of September 30, 2021, the Company had \$439 million of unamortized compensation costs related to all unvested RSU awards. The unamortized compensation costs are expected to be recognized over a weighted-average period of approximately 3.0 years, net of estimated forfeitures.

Stock Options

The Company had previously granted unit options under the 2011 Plan, which vest upon the satisfaction of a service-based condition. In connection with the Company's Corporate Conversion and IPO, the outstanding awards were converted into stock options.

The Company's stock options are granted with exercise prices equal to the estimated fair value of the common shares at the date of grant. The stock options generally expire ten years from the grant date. During the nine months ended September 30, 2021, the Company granted 6.6 million options. The weighted-average grant-date fair value of these options was \$8.83. Outstanding vested stock options were 10.9 million and 31.2 million as of September 30, 2021 and December 31, 2020, respectively.

The total unrecognized compensation expense related to unvested stock options was \$48 million, which will be recognized over the weighted-average remaining service period of approximately 2.2 years, net of estimated forfeitures.

PIUs

Prior to the IPO, the Company granted common units designated as PIUs that vested upon the satisfaction of a service-based condition and with respect to certain awards, vesting accelerates upon the occurrence of an IPO. Holders of vested PIUs had similar rights to those of common unit holders. The PIUs (with the exception of those granted to the Company's Chief Executive Officer, which convert into an equal number of shares of Class B common stock) convert to shares of Class A common stock at a ratio based on the excess of the per common unit value of the Company at the time of a Corporate Conversion over the per common unit value designated at the grant date of the PIUs (the participation threshold), as specified in the underlying award agreements. All outstanding PIUs automatically converted into 22,367,358 shares of Class A common stock and 43,143,440 shares of Class B common stock at the time of the Corporate Conversion. Furthermore, the accelerated vesting condition of all unvested PIUs were satisfied upon the completion of the Company's IPO and thus, the Company recorded \$25 million in equity-based compensation related to the accelerated vesting of PIUs for the nine months ended September 30, 2021. The Company did not incur equity-based compensation related to PIUs for the three months ended September 30, 2021.

Equity-based Compensation Expense

Stock options and RSUs are measured at the estimated fair value on the measurement date, which is typically the grant date. In the first quarter of 2021, the Company changed its policy for recognizing equity-based compensation expense from the graded vesting attribution method of accounting to the straight-line attribution method of accounting for its equity-based compensation arrangements with service only vesting conditions. For additional information, see Note 2 — "Change in Accounting Principle."

The following table presents the effects of equity-based compensation, as retrospectively adjusted for the change in accounting principle described above, in the condensed consolidated statements of operations and comprehensive loss:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
(in thousands)				
Cost of sales	\$ 2,928	\$ 162	\$ 7,281	\$ 447
Operating, general and administrative	53,210	7,130	186,169	23,570
Total	\$ 56,138	\$ 7,292	\$ 193,450	\$ 24,017

12. Income Taxes

The Company's tax provision or benefit from income taxes for interim periods is determined using an estimate of our annual effective tax rate, adjusted for discrete items, if any, that are taken into account in the relevant period. Each quarter we update our estimate of the annual effective tax rate, and if our estimated tax rate changes, we make a cumulative adjustment. No income tax benefit was accrued for jurisdictions where the Company anticipates incurring a loss during the full fiscal year as the related deferred tax assets were fully offset by a valuation allowance. The Company's resulting effective tax rate differs from the applicable statutory rate, primarily due to the valuation allowance against its deferred tax assets.

The Company is subject to income taxation through certain of its subsidiaries predominantly in the United States, China, South Korea, Singapore, Japan, and Taiwan.

Significant judgment is required in evaluating the Company's tax positions and determining its provision for income taxes. The impacts of uncertain tax positions are recognized only after determining a more-likely-than-not probability that the uncertain tax positions will not withstand challenge, if any, from the relevant taxing authorities. The Company did not have any material uncertain tax positions as of September 30, 2021 and 2020.

13. Defined Severance Benefits

Defined severance benefits are for employees of the Company's Korean subsidiaries. The Korean subsidiaries offer defined benefits to provide severance payments to all employees that leave the Company based on employment length and pay rate.

The following table provides the components of net periodic benefit costs and the portion of these costs charged to expense:

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Current service costs	\$ 32,502	\$ 18,602	\$ 95,281	\$ 47,781
Interest expense	854	325	2,039	965
Amortization of:				
Prior service credit	23	—	69	—
Net actuarial loss	1,242	37	3,260	110
Net periodic benefit costs charged to expense	<u>\$ 34,621</u>	<u>\$ 18,964</u>	<u>\$ 100,649</u>	<u>\$ 48,856</u>

14. Net Loss per Share

The Company computes net loss per share using the two-class method required for multiple classes of common stock and participating securities. As the liquidation and dividend rights are identical, the undistributed earnings or loss are allocated on a proportionate basis to each class of common stock, and the resulting basic and diluted net loss per share attributable to common stockholders are therefore the same for Class A and Class B common stock on both an individual and a combined basis. Basic net loss per share is computed using the weighted-average number of shares of Class A and Class B common stock outstanding during the period. Diluted net loss per share is computed using the weighted-average number of shares of Class A and Class B common stock and potentially dilutive Class A and Class B potential common shares outstanding during the period. The Company's basic and diluted net loss per share are the same because the Company has generated net loss to common stockholders. During the nine months ended September 30, 2020, the Company repurchased certain preferred units at a premium over the carrying values, which increased net loss attributable to common stockholders.

As discussed in Note 1 — "Basis of Presentation and Summary of Significant Accounting Policies," immediately prior to the IPO, the Company completed the Corporate Conversion. The Corporate Conversion resulted in a change of equity interests from common units to shares of common stock, but no change in relative shareholder rights, rank, or value before and after this reorganization transaction. As such, the Corporate Conversion of common units was considered equivalent to a stock split and requires retrospective treatment for net loss per share purposes. All share and per share information has been retroactively adjusted to reflect the Corporate Conversion for all periods presented. PIUs outstanding prior to the Corporate Conversion were considered compensatory arrangements that were settled with shares of Class A or Class B common stock at the time of the Corporate Conversion and have been included as outstanding shares subsequent to that date. Similarly, any preferred units that were converted in accordance with their terms into shares of Class A or Class B common stock at the time of the Corporate Conversion have also been included as outstanding shares subsequent to that date.

The following table presents the calculation of basic and diluted net loss per share:

(in thousands, except per share amounts)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Numerator:				
Net loss	\$ (323,977)	\$ (172,999)	\$ (1,137,611)	\$ (380,402)
Less: premium on repurchase of redeemable convertible preferred units	—	—	—	(92,734)
Net loss attributable to Class A and Class B common stockholders	<u>\$ (323,977)</u>	<u>\$ (172,999)</u>	<u>\$ (1,137,611)</u>	<u>\$ (473,136)</u>
Denominator:				
Weighted-average shares used in computing net loss per share attributable to Class A and Class B common stockholders, basic and diluted	1,747,255	29,284	1,313,234	27,085
Net loss attributable to Class A and Class B common stockholders per share, basic and diluted	<u>\$ (0.19)</u>	<u>\$ (5.91)</u>	<u>\$ (0.87)</u>	<u>\$ (17.47)</u>

The following have been excluded from the computation of basic and diluted net loss per share attributable to Class A and Class B common stockholders as their effect would have been anti-dilutive:

(in thousands of equivalent common shares)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Convertible debt	—	168,207	—	168,207
Redeemable convertible preferred units	—	1,329,465	—	1,329,465
Equity compensation awards	41,702	82,634	49,835	68,946

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our condensed consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q ("Form 10-Q"), as well as our consolidated financial statements and related notes included in our final prospectus filed with the Securities and Exchange Commission (the "SEC") pursuant to Rule 424(b) under the Securities Act of 1933, as amended ("Securities Act"), (File No. 333-253030) on March 11, 2021 ("Final Prospectus"). This discussion, particularly information with respect to our future results of operations or financial condition, business strategy and plans, and objectives of management for future operations, includes forward-looking statements that involve risks and uncertainties as described under the heading "Special Note Regarding Forward-Looking Statements" in this Form 10-Q. You should review the disclosure in Part II—Item 1A. "Risk Factors" in this Form 10-Q for a discussion of important factors that could cause our actual results to differ materially from those anticipated in these forward-looking statements.

Overview

We are a leading e-commerce player in Korea. We believe that we are the preeminent online destination for e-commerce in the market because of our broad selection, low prices, and exceptional convenience across our owned inventory selection as well as products offered by third-party merchants. Our unique end-to-end fulfillment, logistics, and technology network enables Rocket Delivery, which provides free, next-day delivery for orders placed anytime of the day, even seconds before midnight—across millions of products. Our structural advantages from complete end-to-end integration, investments in technology, and scale economies generate higher efficiencies that allow us to pass savings to customers in the form of lower prices. The capabilities we have built provide us with opportunities to expand into other offerings and geographies.

Initial Public Offering

On March 15, 2021, we completed our initial public offering ("IPO") in which we issued and sold 100,000,000 shares of our Class A common stock at an IPO price of \$35.00 per share. We received net proceeds of \$3.4 billion after deducting underwriting discounts of \$69 million and other offering costs.

Immediately prior to effectiveness of the Company's IPO registration statement on Form S-1, Coupang, LLC, a Delaware limited liability company, converted into a Delaware corporation pursuant to a statutory conversion, which changed our name to Coupang, Inc. ("Corporate Conversion").

As a result of the Corporate Conversion and IPO, our redeemable convertible preferred units ("preferred units") and common units (which included common units designated as profits interests ("PIUs")), in each case, automatically converted into an equal number of shares of Class A or Class B common stock, except with respect to a conversion adjustment to certain PIUs, which reduced the outstanding common units designated as PIUs that converted into the shares of Class A common stock. Also, our convertible notes were automatically converted into 171,750,446 shares of our Class A common stock. For additional information related to the Corporate Conversion and IPO, see Note 10 — "Redeemable Convertible Preferred Units and Stockholders'/Members' Equity (Deficit)" and Note 8 — "Convertible Notes and Derivative Instrument."

Fulfillment Center Fire

On June 17, 2021, a fire extensively damaged our Deokpyeong fulfillment center (the "FC Fire"), resulting in a loss of the building, equipment, inventory, and other assets at the site. Inventory and property and equipment losses from the FC Fire of \$158 million and \$127 million were recognized in "Cost of sales" and "Operating, general and administrative," respectively, during the second quarter of 2021. Whether and to what extent we may recover insurance proceeds to cover these losses is currently unknown, and as such, no insurance recoveries have been recognized. During the second quarter of 2021, the Company also incurred or accrued for other costs directly related to the FC Fire of \$11 million. The FC Fire resulted in an increase to our net loss of \$296 million ("FC Fire Losses") for the nine months ended September 30, 2021.

Key Financial and Operating Highlights:

(in thousands)	Three Months Ended September 30,			% Change	Nine Months Ended September 30,			% Change
	2021	2020			2021	2020		
Total net revenues	\$ 4,644,705	\$ 3,136,507		48 %	\$ 13,329,679	\$ 8,163,846		63 %
Total net revenues, constant currency ⁽¹⁾	\$ 4,513,626	\$ 3,139,384		44 %	\$ 12,555,591	\$ 8,434,714		54 %
Gross profit ⁽²⁾	\$ 754,527	\$ 466,955		62 %	\$ 2,145,527	\$ 1,336,985		61 %
Net loss ⁽⁴⁾	\$ (323,977)	\$ (172,999)		87 %	\$ (1,137,611)	\$ (380,402)		199 %
Net loss margin	(7.0)%	(5.5)%			(8.5)%	(4.7)%		
Adjusted EBITDA ⁽¹⁾	\$ (207,434)	\$ (176,649)		17 %	\$ (462,547)	\$ (275,524)		68 %
Adjusted EBITDA margin ⁽¹⁾	(4.5)%	(5.6)%			(3.5)%	(3.4)%		
Net cash (used in) provided by operating activities	\$ (55,366)	\$ 210,378		(126)%	\$ (207,832)	\$ 285,088		(173)%
Free cash flow ⁽¹⁾	\$ (244,589)	\$ (3,440)		NM ⁽³⁾	\$ (712,426)	\$ (29,631)		NM ⁽³⁾

(in thousands)	Trailing twelve months ended September 30,			% Change
	2021	2020		
Net cash (used in) provided by operating activities	\$ (191,366)	\$ 340,729		(156)%
Free cash flow ⁽¹⁾	\$ (865,364)	\$ (61,104)		NM ⁽³⁾

- (1) Total net revenues, constant currency; total net revenues growth, constant currency; adjusted EBITDA; adjusted EBITDA margin; and free cash flow are non-GAAP measures. See “Non-GAAP Financial Measures and Reconciliations” below for the reconciliation of the Non-GAAP measures with their comparable amounts prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).
- (2) Gross profit is calculated as total net revenues minus cost of sales, and for the nine months ended September 30, 2021 includes \$158 million related to inventory losses recognized during the second quarter of 2021 from the FC Fire.
- (3) Non-meaningful.
- (4) Net loss for the nine months ended September 30, 2021 includes \$296 million in losses recognized during the second quarter of 2021 related to the FC Fire.

Key Business Metrics and Non-GAAP Financial Measures

We review the key business and financial metrics discussed below. We use these measures to evaluate our business, measure our performance, identify trends affecting our business, formulate business plans, and make strategic decisions.

Key Business Metrics

(in thousands, except net revenues per Active Customer)	Three Months Ended				
	September 30, 2020	December 31, 2020	March 31, 2021	June 30, 2021	September 30, 2021
Active Customers	13,987	14,850	16,037	17,022	16,823
Total net revenues per Active Customer	\$ 224	\$ 256	\$ 262	\$ 263	\$ 276

Active Customers

As of the last date of each reported period, we determine our number of Active Customers by counting the total number of individual customers who have ordered at least once directly from our apps or websites during the relevant period. A customer is anyone who has created an account on our apps or websites, identified by a unique email address. The change in Active Customers in a reported period captures both the inflow of new customers as well as the outflow of existing customers who have not made a purchase in the period. We view the number of Active Customers as a key indicator of our potential for growth in total net revenues, the reach of our network, the awareness of our brand, and the engagement of our customers.

Net Revenues per Active Customer

Net revenues per Active Customer is the total net revenues generated in a period divided by the total number of Active Customers in that period. A key driver of growth is increasing the frequency and the level of spend of Active Customers who are shopping on our apps or websites. We therefore view net revenues per Active Customer as a key indicator of engagement and retention of our customers and our success in increasing the share of wallet.

Non-GAAP Financial Measures and Reconciliations

We report our financial results in accordance with U.S. GAAP. However, management believes that certain non-GAAP financial measures provide investors with additional useful information in evaluating our performance. These non-GAAP financial measures may be different than similarly titled measures used by other companies.

Our non-GAAP financial measures should not be considered in isolation from, or as substitutes for, financial information prepared in accordance with U.S. GAAP. Non-GAAP measures have limitations in that they do not reflect all the amounts associated with our results of operations as determined in accordance with U.S. GAAP. These measures should only be used to evaluate our results of operations in conjunction with the corresponding U.S. GAAP measures.

Free Cash Flow

Free cash flow is defined as cash flow from operations less purchases of property and equipment, plus proceeds from sale of property and equipment. We believe that free cash flow is an additional and useful indicator of liquidity that provides information to management and investors about the amount of cash generated from our core operations that, after purchases of property and equipment, can be used for strategic initiatives, including investing in our business and strengthening our balance sheet. Free cash flow has limitations as an analytical tool and should not be considered in isolation or as substitutes for analysis of other U.S. GAAP financial measures, such as net cash provided by operating activities. A limitation of free cash flow is that it may be calculated differently by other companies in our industry, limiting its usefulness as a comparative measure. We expect our free cash flow to fluctuate in future periods as we invest in our business to support our plans for growth.

Adjusted EBITDA and Adjusted EBITDA Margin

During the first quarter of 2021, we began using adjusted EBITDA and adjusted EBITDA margin as non-GAAP financial measures. Adjusted EBITDA is defined as net income/(loss) for a period before depreciation and amortization, interest expense, interest income, income tax expense (benefit), other income (expense), net, equity-based compensation, impairments, and other items that we do not believe are reflective of our ongoing operations. Adjusted EBITDA margin is defined as adjusted EBITDA as a percentage of total net revenues. We use adjusted EBITDA and adjusted EBITDA margin as key measures to evaluate and assess our performance and allocate internal resources. We believe adjusted EBITDA and adjusted EBITDA margin are frequently used by investors and other interested parties in evaluating companies in the e-commerce industry for period-to-period comparisons as they remove the impact of certain items that are not representative of our core business, such as material non-cash items and certain variable charges. However, other companies may calculate adjusted EBITDA and adjusted EBITDA margin in a manner different from ours and therefore they may not be directly comparable to similar terms used by other companies. Adjusted EBITDA and adjusted EBITDA margin are not measures of financial performance under U.S. GAAP and should not be considered as alternatives to cash flow from operating activities or as measures of liquidity or alternatives to net income/(loss) as indicators of operating performance or any other measures of performance derived in accordance with U.S. GAAP. Adjusted EBITDA and adjusted EBITDA margin have limitations as analytical tools, and you should consider them in addition to, and not in isolation or as substitutes, for analysis of our results as reported under U.S. GAAP.

Constant Currency Revenue and Constant Currency Revenue Growth

The effect of currency exchange rates on our business is an important factor in understanding period-to-period comparisons. Our financial reporting currency is the U.S. dollar ("USD") and changes in foreign exchange rates can significantly affect our reported results and consolidated trends. For example, our business generates sales predominantly in Korean Won ("KRW"), which are favorably affected as the USD weakens relative to the KRW, and unfavorably affected as the USD strengthens relative to the KRW. We use constant currency revenue and constant currency revenue growth for financial and operational decision-making and as a means to evaluate comparisons between periods. We believe the presentation of our results on a constant currency basis in addition to U.S. GAAP results helps improve the ability to understand our performance because they exclude the effects of foreign currency volatility that are not indicative of our actual results of operations.

Constant currency information compares results between periods as if exchange rates had remained constant. We define constant currency revenue as total revenue excluding the effect of foreign exchange rate movements, and use it to determine the constant currency revenue growth on a comparative basis. Constant currency revenue is calculated by translating current period revenues using the prior period exchange rate. Constant currency revenue growth (as a percentage) is calculated by determining the increase in current period revenue over prior period revenue, where current period foreign currency revenue is translated using prior period exchange rates.

These results should be considered in addition to, not as a substitute for, results reported in accordance with U.S. GAAP. Results on a constant currency basis, as we present them, may not be comparable to similarly titled measures used by other companies and are not a measure of performance presented in accordance with U.S. GAAP.

The following tables present the reconciliations from each U.S. GAAP measure to its corresponding non-GAAP measure for the periods noted:

Free Cash Flow

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,		Trailing Twelve Months Ended September 30,	
	2021	2020	2021	2020	2021	2020
Net cash (used in) provided by operating activities	\$ (55,366)	\$ 210,378	\$ (207,832)	\$ 285,088	\$ (191,366)	\$ 340,729
Adjustments:						
Purchases of property and equipment	(190,058)	(213,818)	(505,554)	(314,941)	(675,243)	(405,458)
Proceeds from sale of property and equipment	835	—	960	222	1,245	3,625
Free cash flow	<u>\$ (244,589)</u>	<u>\$ (3,440)</u>	<u>\$ (712,426)</u>	<u>\$ (29,631)</u>	<u>\$ (865,364)</u>	<u>\$ (61,104)</u>
Net cash used in investing activities	\$ (201,231)	\$ (251,611)	\$ (506,812)	\$ (350,348)	\$ (677,118)	\$ (437,242)
Net cash provided by financing activities	\$ 115,833	\$ 54,757	\$ 3,672,191	\$ 108,537	\$ 3,742,156	\$ 34,449

Adjusted EBITDA and Adjusted EBITDA Margin

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Total net revenues	\$ 4,644,705	\$ 3,136,507	\$ 13,329,679	\$ 8,163,846
Net loss	(323,977)	(172,999)	(1,137,611)	(380,402)
Net loss margin	(7.0)%	(5.5)%	(8.5)%	(4.7)%
Adjustments:				
Depreciation and amortization	51,540	32,296	145,866	85,551
Interest expense	7,376	25,712	38,047	78,423
Interest income	(2,603)	(1,267)	(5,450)	(9,512)
Income tax expense	66	21	171	228
Other expense (income), net	4,026	(67,704)	7,479	(73,829)
Equity-based compensation	56,138	7,292	193,450	24,017
FC Fire Losses	—	—	295,501	—
Adjusted EBITDA	<u>\$ (207,434)</u>	<u>\$ (176,649)</u>	<u>\$ (462,547)</u>	<u>\$ (275,524)</u>
Adjusted EBITDA margin	(4.5)%	(5.6)%	(3.5)%	(3.4)%

Constant Currency Revenue and Constant Currency Revenue Growth

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Total net revenues	\$ 4,644,705	\$ 3,136,507	\$ 13,329,679	\$ 8,163,846
Total net revenues growth	48 %	95 %	63 %	87 %
Adjustment:				
Exchange rate effect	(131,079)	2,877	(774,088)	270,868
Total net revenues, constant currency	\$ 4,513,626	\$ 3,139,384	\$ 12,555,591	\$ 8,434,714
Total net revenues growth, constant currency	44 %	95 %	54 %	93 %

Impact of COVID-19

The COVID-19 pandemic and resulting global disruptions have affected our business, as well as those of our customers, merchants, and suppliers. To serve our customers while also providing for the safety of our employees, we have adapted numerous aspects of our logistics and infrastructure, transportation, supply chain, purchasing, and third-party merchant processes. We have experienced and may continue to experience a net positive impact on our sales and consumer demand for our products and services following changes in consumer purchasing behavior and the implementation of governmental orders to mitigate the spread of COVID-19, which has resulted in higher levels of customer engagement.

Since the initial outbreak of COVID-19, we have made numerous process updates across our operations and have adapted our fulfillment and delivery infrastructure to implement additional employee and customer safety measures, including enhanced cleaning and physical distancing, personal protective gear, disinfectant spraying, and temperature checks. These measures have been implemented to minimize the risk of spread of COVID-19 to our workers, our customers, and the communities in which we operate, and we may take further actions as may be required by government authorities or that we determine are in the best interests of our workers, customers, merchants, and suppliers.

The global impact of COVID-19 continues to rapidly evolve, and we will continue to monitor the situation and the effects on our business and operations closely. Further, we do not yet know the full extent of potential impacts of the pandemic on our business or operations, our industry, or on the global economy, including the impact of any future developments related to the duration and scope of the pandemic, any recurrence of the disease, the actions taken in response to the pandemic, the scale and rate of economic recovery from the pandemic, new variants that have emerged or may emerge in the future, subsequent waves of infection, along with the adoption and effectiveness of vaccines, any ongoing effects on consumer demand and spending patterns, logistics and fulfillment related labor constraints and costs including costs to attract and retain employees, or other impacts as a result of the pandemic, and whether these or other currently unanticipated consequences of the pandemic are reasonably likely to materially affect our results of operations, cash flows, or financial condition. These drivers make it challenging to reasonably quantify the direct impact the pandemic has had on our business versus those impacts that may have been indirectly related to the pandemic. For additional details, refer to Part II—Item 1A. “Risk Factors” contained elsewhere in this Form 10-Q.

Components of Results of Operations

Total Net Revenues

We categorize our revenue as (1) net retail sales and (2) net other revenue. Total net revenues incorporate reductions for estimated returns, promotional discounts, and earned loyalty rewards and exclude amounts collected on behalf of third parties, such as value added taxes. We periodically provide customers with promotional discounts to retail prices, such as percentage discounts and other similar offers, to incentivize increased customer spending and loyalty. These promotional discounts are discretionary and are reflected as reductions to the selling price and revenue recognized on each corresponding transaction. Loyalty rewards are offered as part of revenue transactions to all retail customers, whereby rewards are earned as a percentage of each purchase, for the customer to apply towards the purchase price of a future transaction. We defer a portion of revenue from each originating transaction, based on the estimated standalone selling price of the loyalty reward earned, and then recognize the revenue as the loyalty reward is redeemed in a future transaction, or when they expire. The amount of the deferred revenue related to these loyalty rewards is not material.

Net retail sales represent the majority of our total net revenues which we earn from online product sales of our owned inventory to customers. Net other revenue includes revenue from commissions earned from merchants that sell their products through our apps or websites. We are not the merchant of record in these transactions, nor do we take possession of the related inventory.

Net other revenue also includes consideration from online restaurant ordering and delivery services performed by us, as well as advertising services provided on our apps or websites. We also earn subscription revenue from memberships to our Rocket WOW membership program, which provides customers with access to benefits such as access to Rocket Fresh, no minimum spend for Rocket Delivery, and free shipping on returns, which is also included in net other revenue.

Cost of Sales

Cost of sales primarily consists of the purchase price of products sold directly to customers where we record revenue gross, and includes logistics costs. Inbound shipping and handling costs to receive products from suppliers are included in inventory and recognized in cost of sales as products are sold. Additionally, cost of sales includes outbound shipping and logistics related expenses, and depreciation and amortization expense.

Operating, General and Administrative Expenses

Operating, general and administrative expenses include all our operating costs excluding cost of sales, as described above. More specifically, these expenses include costs incurred in operating and staffing our fulfillment centers (including costs attributed to receiving, inspecting, picking, packaging, and preparing customer orders), customer service related costs, payment processing fees, costs related to the design, execution, and maintenance of our technology infrastructure and online offerings, advertising costs, general corporate function costs, and depreciation and amortization expense.

Interest Expense

Interest expense primarily consists of interest on our short-term borrowings and long-term debt, our convertible notes issued in our 2018 convertible note financing, and finance lease liabilities.

Income Tax Expense

The Company's tax expense or benefit from income taxes for interim periods is determined using an estimate of our annual effective tax rate, adjusted for discrete items, if any, that are taken into account in the relevant period. Each quarter we update our estimate of the annual effective tax rate, and if our estimated tax rate changes, we make a cumulative adjustment. We are subject to income taxes in the United States and foreign jurisdictions in which we do business. These foreign jurisdictions have different statutory tax rates than those in the United States. Additionally, certain of our foreign earnings may also be taxable in the United States. Accordingly, our effective tax rate will vary depending on the relative proportion of foreign to domestic income, use of foreign tax credits, changes in the valuation of our deferred tax assets and liabilities and changes in tax laws.

Results of Operations

<i>(in thousands)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net retail sales	\$ 4,137,136	\$ 2,897,682	\$ 11,938,685	\$ 7,555,592
Net other revenue	507,569	238,825	1,390,994	608,254
Total net revenues	4,644,705	3,136,507	13,329,679	8,163,846
Cost of sales	3,890,178	2,669,552	11,184,152	6,826,861
Operating, general and administrative	1,069,639	683,192	3,242,891	1,722,077
Total operating cost and expenses	4,959,817	3,352,744	14,427,043	8,548,938
Operating loss	(315,112)	(216,237)	(1,097,364)	(385,092)
Interest income	2,603	1,267	5,450	9,512
Interest expense	(7,376)	(25,712)	(38,047)	(78,423)
Other (expense) income, net	(4,026)	67,704	(7,479)	73,829
Loss before income taxes	(323,911)	(172,978)	(1,137,440)	(380,174)
Income tax expense	66	21	171	228
Net loss	<u>\$ (323,977)</u>	<u>\$ (172,999)</u>	<u>\$ (1,137,611)</u>	<u>\$ (380,402)</u>

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net retail sales	\$ 4,137,136	\$ 2,897,682	\$ 11,938,685	\$ 7,555,592
Net retail sales growth	43 %	96 %	58 %	87 %
Exchange rate effect	(115,707)	2,389	(693,310)	250,687
Net retail sales, constant currency	\$ 4,021,429	\$ 2,900,071	\$ 11,245,375	\$ 7,806,279
Net retail sales growth, constant currency	39 %	96 %	49 %	93 %
Net other revenue	\$ 507,569	\$ 238,825	\$ 1,390,994	\$ 608,254
Net other revenue growth	113 %	77 %	129 %	85 %
Exchange rate effect	(15,372)	488	(80,778)	20,181
Net other revenue, constant currency	\$ 492,197	\$ 239,313	\$ 1,310,216	\$ 628,435
Net other revenue growth, constant currency	106 %	77 %	115 %	91 %

Net Retail Sales

Net retail sales increased \$1.2 billion or 43% (39% on a constant currency basis), and \$4.4 billion, or 58% (49% on a constant currency basis), for the three and nine months ended September 30, 2021, respectively, when compared to the prior year periods. The increase was primarily due to continued growth in our Active Customers compared to the prior year periods, as well as in net retail sales per Active Customer, driven by increased product selection and customer engagement across more product categories. In addition, the year-over-year growth in net retail sales for the three and nine months ended September 30, 2021 was impacted by the comparison to the three and nine months ended September 30, 2020, which benefited from the increase in sales due to COVID-19 related changes in consumer behavior.

Net Other Revenue

Net other revenue for the three and nine months ended September 30, 2021 increased \$269 million or 113% (106% on a constant currency basis), and \$783 million or 129% (115% on a constant currency basis), respectively, compared to the prior year periods. The increase was primarily due to growth in our Active Customers compared to the prior year periods, as well as growth in our net other revenue per Active Customer during those same periods, driven by the continued expansion of newer offerings and increased merchants on our marketplace and related product selection.

Cost of Sales

Cost of sales for the three and nine months ended September 30, 2021 increased \$1.2 billion or 46%, and \$4.4 billion or 64%, respectively, compared to the prior year periods. The increase for the three months ended September 30, 2021, was primarily attributable to increased product and logistics costs resulting from increased sales and customer demand. Cost of sales as a percentage of revenue decreased from 85.1% to 83.8% for the three months ended September 30, 2021, primarily due to a shift to higher margin revenue categories, partially offset by higher labor and operations costs. The increase for the nine months ended September 30, 2021 was impacted by increased product and logistics costs resulting from increased sales and customer demand, as well as \$158 million in inventory losses related to the FC Fire which occurred in the second quarter of 2021. Cost of sales as a percentage of revenue increased from 83.6% to 83.9% for the nine months ended September 30, 2021, primarily due to costs related to the FC Fire and higher labor and operations costs, partially offset by a shift to higher margin revenue categories. The portion of the FC Fire loss that was recorded within cost of sales as a percentage of revenue was 1.2% for the nine months ended September 30, 2021.

Operating, General and Administrative Expenses

Operating, general and administrative expenses for the three and nine months ended September 30, 2021 increased \$386 million or 57%, and \$1.5 billion, or 88%, respectively, compared to the prior year periods. The increase for the three months ended September 30, 2021 primarily reflects higher labor costs to support growth and expansion of newer initiatives. The increase for the nine months ended September 30, 2021 primarily reflects higher labor costs to support growth and expansion of newer initiatives as well as property, equipment and other losses recognized related to the FC Fire which occurred in the second quarter of 2021. Operating, general and administrative expenses as a percentage of revenue increased from 21.8% to 23.0% for the three months ended September 30, 2021, and 21.1% to 24.3% for the nine months ended September 30, 2021, primarily related to higher labor costs. The increase for the nine months ended September 30, 2021 was also impacted by the FC Fire.

Interest Expense

Interest expense for the three and nine months ended September 30, 2021 decreased \$18 million or (71)%, and \$40 million or (52)%, respectively, compared to the prior year periods. The decrease was primarily attributable to the conversion of our convertible notes into shares of our Class A common stock as a result of the Corporate Conversion and IPO during the first quarter of 2021.

Liquidity and Capital Resources

Liquidity

As of September 30, 2021 and December 31, 2020, we had stockholders' equity and members' (deficit) of \$2.6 billion and \$(4.1) billion, respectively. We anticipate that we will continue to incur losses for the next few years. We expect that our investment into our growth strategy will continue to be significant, including with respect to the expansion of our fulfillment, logistics, and technology capabilities. As part of this expansion to fulfill anticipated future customer demand, we plan to build several new fulfillment centers. We have entered into various new construction contracts which are expected to be completed over three years. These contracts have remaining capital expenditure commitments of \$133 million as of September 30, 2021. We expect that our future expenditures for both infrastructure and workforce-related costs will exceed several billion dollars over the next several years.

Our primary source of funds has been, and we expect it to continue to be, cash generated from our net revenues, supplemented through debt financing and sales of our equity securities. We had total cash and cash equivalents and restricted cash of \$4.3 billion as of September 30, 2021, compared to \$1.4 billion as of December 31, 2020.

During the first quarter of 2021, we completed our IPO, in which we issued and sold 100,000,000 shares of our Class A common stock at a price of \$35.00 per share. We received net proceeds of approximately \$3.4 billion from the IPO after deducting underwriting discounts of \$69 million and other offering costs.

(in thousands)	Nine Months Ended September 30,	
	2021	2020
Net cash (used in) provided by operating activities	\$ (207,832)	\$ 285,088
Net cash used in investing activities	(506,812)	(350,348)
Net cash provided by financing activities	3,672,191	108,537
Effect of exchange rate changes on cash and cash equivalents and restricted cash	(88,842)	(6,236)
Net increase in cash and cash equivalents, and restricted cash	\$ 2,868,705	\$ 37,041
Cash and cash equivalents, and restricted cash, as of beginning of period	\$ 1,401,302	\$ 1,371,535
Cash and cash equivalents, and restricted cash, as of end of period	\$ 4,270,007	\$ 1,408,576

Operating Activities

Our net cash used in operating activities was \$(208) million for the nine months ended September 30, 2021, representing a change of \$(493) million, compared to \$285 million of net cash from operations for the nine months ended September 30, 2020. The year-over-year change in operating cash flow was primarily driven by a \$(401) million reduction in cash flows due to changes in operating assets and liabilities, consisting of increases in accounts receivable of \$(35) million as a result of higher sales volume and expanded available selection for customers, decreases in accounts payable of \$(387) million impacted from timing of payments, and a decrease in other liabilities of \$(70) million from the timing of payments for employee withholdings and operating lease liabilities, partially offset by a decrease in purchases of inventory of \$105 million. Also contributing to the increase in cash used in operating activities was a \$(757) million increase in net loss partially offset by a \$665 million increase in our non-cash expenses contributing to the net loss for the nine months ended September 30, 2021.

Investing Activities

Our net cash used in investing activities was \$(507) million for the nine months ended September 30, 2021, representing an increase of \$156 million, or 45%, as compared to \$(350) million used in investing activities for the nine months ended September 30, 2020. This increase was mainly driven by a \$191 million increase in purchases of property and equipment, primarily related to investments in our fulfillment and logistics infrastructure, including purchases of buildings and land, as well as technology equipment and capabilities. For the nine months ended September 30, 2021, purchases of land and buildings comprised \$177 million of the \$506 million in total purchases of property and equipment. For the nine months ended

September 30, 2020, purchases of land and buildings comprised \$36 million of the \$315 million in total purchases of property and equipment.

Financing Activities

Our net cash provided by financing activities for the nine months ended September 30, 2021 increased \$3.6 billion, compared to the nine months ended September 30, 2020. This increase was primarily driven by \$3.4 billion of proceeds, net of underwriting discounts of \$69 million and other offering costs, from the issuance of 100,000,000 shares of our Class A common stock upon the completion of our IPO, a \$46 million increase in cash proceeds from the issuance of common stocks/units related to equity awards and \$97 million in repurchases of common units and preferred units in the prior period, partially offset by a \$(87) million increase in repayment of debt and short-term borrowings.

We believe that our sources of liquidity will be sufficient to meet our anticipated cash requirements for at least the next 12 months. However, we may need additional cash resources in the future if we find and pursue opportunities for investment, acquisition, strategic cooperation, or other similar actions, which may include investing in technology, our logistics and fulfillment infrastructure, or related talent. If we determine that our cash requirements exceed our amounts of cash on hand or if we decide to further optimize our capital structure, we may seek to issue additional debt or equity securities or obtain credit facilities or other sources of financing. This financing may not be available on favorable terms, or at all.

Capital Resources

Our short-term borrowings generally include lines of credit with financial institutions available to be drawn upon for general operating purposes.

In February 2021, we entered into a new three-year senior unsecured credit facility (the “new revolving credit facility”) providing for revolving loans in an aggregate principal amount of up to \$475 million (which automatically increased to an aggregate principal amount of \$950 million based on us receiving at least \$2.0 billion in net proceeds from our IPO). The new revolving credit facility provides us the right to request incremental commitments up to \$1.25 billion, subject to customary conditions. During March 2021, the aggregate principal amount of our new revolving credit facility increased to \$1.0 billion as a result of our IPO. As of September 30, 2021, there was no balance outstanding on the new revolving credit facility.

Borrowings under the new revolving credit facility bear interest, at our option, at a rate per annum equal to (i) a base rate equal to the highest of (A) the prime rate, (B) the higher of the federal funds rate or a composite overnight bank borrowing rate plus 0.50%, or (C) an adjusted London interbank offered rate (“LIBOR”) for a one-month interest period plus 1.00% or (ii) an adjusted LIBOR plus a margin equal to 1.00%. We are also required to pay other customary fees for a credit facility of this size and type, including letter of credit fees, an upfront fee, and an unused commitment fee. The new revolving credit facility contains a number of covenants that, among other things, restrict our ability to:

- incur or guarantee additional debt;
- make certain investments and acquisitions;
- make certain restricted payments and payments of certain indebtedness;
- incur certain liens or permit them to exist; and
- make fundamental changes and dispositions (including dispositions of the equity interests of subsidiary guarantors).

Each of these restrictions is subject to various exceptions.

The new revolving credit facility requires us to (i) maintain a ratio of secured indebtedness to total consolidated tangible assets of less than 35%, if we have \$1 or more of revolving loans or any unreimbursed drawn letters of credit outstanding under the new revolving credit facility at the end of each fiscal quarter and (ii) maintain a minimum amount of liquidity of at least \$625.0 million (or \$312.5 million to the extent the aggregate commitment of the new revolving credit facility is \$500 million).

The new revolving credit facility is guaranteed on a senior unsecured basis by certain material restricted subsidiaries of Coupang, Inc. (including Coupang Corp.), subject to customary exceptions. The new revolving credit facility also contains certain customary affirmative covenants and events of default for facilities of this type.

During August 2021, we entered into a new \$169 million three-year term loan. We have pledged \$203 million of certain land and buildings as collateral. The term loan bears interest at a fixed rate of 3.155%.

In October 2021, the Company entered into a new two-year loan agreement to borrow up to \$139 million to finance the construction of a fulfillment center. The Company pledged up to \$167 million of certain existing land and a building to be constructed as collateral. The loan bears interest at a fixed rate of 3.45%.

Off-Balance Sheet Arrangements

We did not have during the periods presented, and we do not currently have, any off-balance sheet financing arrangements or any relationships with unconsolidated entities or financial partnerships, including entities sometimes referred to as structured finance or special purpose entities, that were established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Critical Accounting Policies and Estimates

We prepare our financial statements in accordance with U.S. GAAP. Preparing these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses, and related disclosures. We evaluate our estimates and assumptions on an ongoing basis. Our estimates are based on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Our actual results could differ from these estimates.

Our significant accounting policies are discussed in Note 2 — “Significant Accounting Policies” to our consolidated financial statements included in the Final Prospectus. There have been no significant changes to these policies and estimates for the nine months ended September 30, 2021, except as described in Note 1 — “Basis of Presentation and Summary of Significant Accounting Policies” and Note 2 — “Change in Accounting Principle” to our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

Recently Adopted Accounting Pronouncements

See Note 1 — “Basis of Presentation and Summary of Significant Accounting Policies” to the condensed consolidated financial statements included elsewhere in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

In addition to the risks inherent in our operations, we are exposed to market risks in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily the result of fluctuations in interest rates, foreign currency, and credit.

Interest Rate Risk

As of September 30, 2021, we had cash, cash equivalents, and restricted cash of \$4.3 billion. Interest-earning instruments carry a degree of interest rate risk. We do not enter into investments for trading or speculative purposes and have not used any derivative financial instruments to manage our interest rate risk exposure. Our interest rate risk arises primarily from our short-term borrowings. Borrowings issued at variable rates expose us to variability in cash flows. Our policy, in the management of interest rate risk, is to strike a balance between fixed and floating rate financial instruments as well as our cash and cash equivalents and any short-term investments we may hold. The balance struck by our management is dependent on prevailing interest rate markets at any point in time.

Our borrowings generally include lines of credit with financial institutions, some of which carry variable interest rates. An assumed hypothetical 10% change in prevailing interest rates would not have a material impact on our results of operations for either the three or nine months ended September 30, 2021. Any future borrowings incurred under the new revolving credit facility would accrue interest at a floating rate based on a formula tied to certain market rates at the time of incurrence.

Foreign Currency Risk

We have accounts on our foreign subsidiaries’ ledgers, which are maintained in the respective subsidiary’s local currency and translated into USD for reporting of our consolidated financial statements. As a result, we are exposed to fluctuations in the exchange rates of various currencies against the USD and other currencies, including the KRW.

Transactional

We generate the majority of our revenue from customers within Korea. Typically, we aim to align costs with revenue denominated in the same currency, but we are not always able to do so. As a result of the geographic spread of our operations and

due to our reliance on certain products and services priced in currencies other than KRW, our business, results of operations, and financial condition have been and will continue to be impacted by the volatility of the KRW against foreign currencies.

Translational

Coupang, Inc.'s functional currency and reporting currency is the USD. The local and functional currency for our Korean subsidiary, Coupang Corp., which is our primary operating subsidiary, is the KRW. The other subsidiaries predominantly utilize their local currencies as their functional currencies. Assets and liabilities of each subsidiary are translated into USD at the exchange rate in effect at the end of each period. Revenue and expenses for these subsidiaries are translated into USD using average rates that approximate those in effect during the period. Consequently, increases or decreases in the value of the USD affect the value of these items with respect to the non-USD-denominated businesses in the consolidated financial statements, even if their value has not changed in their original currency. For example, a stronger USD will reduce the reported results of operations of non-USD-denominated businesses and conversely a weaker USD will increase the reported results of operations of non-USD-denominated businesses. An assumed hypothetical 10% adverse change in average exchange rates used to translate foreign currencies to USD would have resulted in a decline in total net revenues of \$417 million and \$1.2 billion and a decrease in net loss of \$20 million and \$72 million for the three and nine months ended September 30, 2021, respectively.

At this time, we do not, but we may in the future, enter into derivatives or other financial instruments in an attempt to hedge our foreign currency risk. It is difficult to predict the impact hedging activities would have on our results of operations.

Credit Risk

Our cash and cash equivalents, deposits, and loans with banks and financial institutions are potentially subject to concentration of credit risk. We place cash and cash equivalents with financial institutions that management believes are of high credit quality. The degree of credit risk will vary based on many factors, including the duration of the transaction and the contractual terms of the agreement. As appropriate, management evaluates and approves credit standards and oversees the credit risk management function related to investments.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of September 30, 2021, our disclosure controls and procedures were evaluated, under the supervision and with the participation of our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), to assess whether they are effective in providing reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934, as amended, is accumulated and communicated to our management, including our CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure and to provide reasonable assurance that such information is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

Based on this evaluation, our CEO and CFO concluded that our disclosure controls and procedures were not effective as of September 30, 2021, due to the material weaknesses in our internal control over financial reporting, as further described below. As a result, our management has performed additional analyses, reconciliations, and other post-closing procedures and has concluded that, notwithstanding the material weaknesses in our internal control over financial reporting, our condensed consolidated financial statements for the periods covered by and included in this Quarterly Report on Form 10-Q fairly state, in all material respects, our financial position, results of operations and cash flows for the periods presented in conformity with U.S. GAAP.

Previously Reported Material Weakness

As disclosed in Part II—Item 1A. "Risk Factors" contained elsewhere in this Quarterly Report on Form 10-Q, we previously identified material weaknesses in our internal control over financial reporting related to (i) the design and effectiveness of information technology general controls, (ii) inadequate segregation of duties, and (iii) inadequate internal control over the timely preparation and review of account reconciliations. We have concluded that these material weaknesses arose because we did not have sufficient qualified accounting resources, formalized processes, and policies necessary to satisfy the accounting and financial reporting requirements of a public company. We have determined that these control deficiencies constituted material weaknesses in our internal control over financial reporting. A material weakness is a deficiency or combination of deficiencies in our internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our consolidated financial statements would not be prevented or detected on a timely basis. These deficiencies could result in additional misstatements to our consolidated financial statements that would be material and would not be prevented or detected on a timely basis.

Remediation Plan

Management has developed and is executing a remediation plan to address the previously disclosed material weaknesses. We are actively engaged in the remediation of each of the outstanding material weaknesses, including utilizing the assistance of outside advisors where appropriate.

To remediate the existing material weaknesses, additional time is required to demonstrate the effectiveness of the remediation efforts. The material weaknesses cannot be considered remediated until the applicable remedial controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively.

Changes in Internal Control over Financial Reporting

We are taking actions to remediate the material weaknesses relating to our internal control over financial reporting. There was no change in our internal control over financial reporting that occurred during the quarter ended September 30, 2021 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Limitations on Effectiveness of Controls and Procedures

Our management, including our CEO and CFO, do 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 designed 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 collusion of two or more people or by management override of the 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. Due to inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Part II. Other Information

Item 1. Legal Proceedings

From time to time, we are subject to legal proceedings, claims, litigation, governmental audits, inspections, investigations, and other various proceedings in the ordinary course of business. We have received, and may in the future continue to receive, claims, litigation, governmental audits, inspections, and investigations relating to issues such as employment and labor, worker classification and assignment, worker pay, hours and benefits, labor relations including union and collective bargaining issues, employment authorization and immigration, worker safety, intellectual property (including patent, trademark, and copyright), product safety, personal injury, privacy, information security, tax compliance, import/export regulations, foreign exchange regulations, licenses and permits, food safety, medical products, drugs and devices, financial services, antitrust and fair trade matters, consumer protection, and environmental issues.

The results of any current or future claims, litigation, governmental audits, inspections, or investigations cannot be predicted with certainty. Regardless of the outcome, these claims and proceedings could have an adverse impact on us because of defense and settlement costs, diversion of management resources, harm to our brand and reputation, and other factors.

The most significant of our current legal proceedings are described below and risks relating to legal matters are described elsewhere in this Form 10-Q, see “Item 1A. Risk Factors.”

Korean Fair Trade Investigations

In 2019, LG Household & Healthcare (“LGHH”) filed a complaint with the Korean Fair Trade Commission (“KFTC”) alleging that we violated the Act on Fair Transactions in Large Retail Business and the Monopoly Regulation and Fair Trade Act of Korea. The complaint claimed, among other allegations, that we engaged in unfair returns of LGHH products, illegally requested that LGHH disclose confidential business information, and unfairly refused to do business with LGHH.

Following the complaint, the KFTC opened an investigation and conducted two probes at our office in July 2019 and October 2020. We provided documents and other evidence in cooperation with the investigation. In addition to LGHH’s allegations, the scope of the investigation included our negotiations and contracting with retail suppliers generally. The KFTC Commissioners conducted a full panel hearing on August 11, 2021 to determine whether any violations were committed and to decide on possible sanctions. During the third quarter of 2021, the Company received a decision from the KFTC imposing an administrative fine of approximately \$3 million on us, alleging violation of the Act on Fair Transactions in Large Retail Business and the Monopoly Regulation and Fair Trade Act. We intend to appeal by filing an administrative action.

Additionally, on June 28, 2021 the KFTC initiated a separate investigation (including an on-site probe on that date) into a potential violation of the Monopoly Regulation and Fair Trade Act, including alleged unfair trade practices in our dealings with suppliers or merchants and the providing of preferential treatment for private labelled products sold by our subsidiary, Coupang Private Label Business (“CPLB”). We are diligently cooperating with these investigations, and actively defending our practices as appropriate.

Under Korean law, the issues addressed in the investigation can be resolved through civil, administrative, or criminal proceedings. The ultimate case resolution could include fines, orders to alter our processes or procedures, and criminal investigations or charges against individuals or the Company.

Korean Employment & Labor Investigations

Current and former employees have raised and will likely raise allegations with the Korean Ministry of Employment and Labor or the Occupational Health Safety and Health Agency relating to employment and labor issues. Examples of such issues include (but are not limited to) pay, hours, breaks, time off, deductions from wages, unfair dismissal, workplace harassment, workplace sexual harassment, health and safety, and union activities. Under Korean law, labor-related allegations can be raised to or resolved by civil, administrative, or criminal proceedings.

We intend to vigorously defend these legal proceedings and believe we have meritorious defenses to each. While we do not currently believe that the outcome of these matters will have a material adverse effect on its business, financial position, results of operations, or cash flows, the Company can provide no assurance as to the scope and outcome of these matters and whether our business, financial position, results of operations, or cash flows will not be materially adversely affected.

Item 1A. Risk Factors

Investing in our securities involves a high degree of risk. You should consider and read carefully all of the risks and uncertainties described below, as well as other information included in this Form 10-Q, including the sections titled “Special Note Regarding Forward-Looking Statements” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our condensed consolidated financial statements and related notes appearing elsewhere in this Form 10-Q, before making an investment decision. The risks and uncertainties described below may not be the only ones we face. Our business operations could also be affected by additional factors that apply to all companies operating globally. The occurrence of any of the following risks or additional risks and uncertainties not presently known to us or that we currently believe to be immaterial could materially and adversely affect our business, financial condition, results of operations, and liquidity. In such case, the price per share of our Class A common stock could decline, and you could lose some or all of your original investment.

Summary Risk Factors

Investing in our Class A common stock involves a high degree of risk because our business is subject to numerous risks and uncertainties, as further described below. The occurrence of any such risks could adversely affect our business, financial condition, results of operations, and prospects. The principal factors and uncertainties that make investing in our Class A common stock speculative or risky include, among others:

- our results of operations may fluctuate significantly, which makes our future results of operations difficult to predict and could cause our results of operations to fall below expectations;
- we may be unable to effectively manage the continued growth of our workforce and operations, including the development and management of new business initiatives;
- our business is rapidly evolving, and we plan to continue to forgo short-term financial performance for long-term growth, which makes it difficult to evaluate our future prospects and predict our future results of operations, including our revenue growth rate;
- we have a history of net losses, including \$(1.1) billion and \$(380) million for the nine months ended September 30, 2021 and 2020, respectively, as well as an accumulated deficit of \$(5.2) billion as of September 30, 2021, and we may not be able to generate sufficient revenues to achieve or maintain profitability in future periods;
- if we were to lose the services of members of our senior management team, we may not be able to execute our business strategy;
- the COVID-19 pandemic may continue to adversely affect our business, operations, and the markets and communities in which we, our customers, suppliers, merchants, and advertisers operate;
- we face intense competition and could lose market share to our competitors if we do not innovate or compete effectively;
- because some of our operations are subject to Korean law, there are circumstances in which certain of our Korean affiliates’ executive officers may be held either directly or vicariously criminally liable for the actions of our Korean affiliates or our Korean affiliates’ executives and employees;
- some of our operations are subject to certain detailed and complex fair trade, labor, employment, and workplace safety laws and regulations, which continue to evolve and have and will continue to affect our operations and financial performance, could subject us to costs and penalties, and may affect our reputation;
- harm to our Coupang brand or our associated brands and marks (our “brand”) or reputation may occur if manufacturers and distributors from whom we buy products (“suppliers”) or the parties that sell their products on our marketplace (“merchants”) use unethical or illegal business practices, such as the sale of counterfeit or fraudulent products, or if our protocols with respect to such sales are perceived or found to be inadequate, which may also subject us to possible sanctions or penalties;
- any significant interruptions or delays in service on our apps or websites, or any undetected errors or design faults, could result in limited capacity, reduced demand, processing delays, and loss of customers, suppliers, or merchants;
- any failure to protect our apps, websites, networks, and systems against security breaches or otherwise protect our confidential information could damage our reputation and brand and may subject us to possible sanctions or penalties;

- any failure to comply with privacy laws or regulations, or to fulfill privacy-related customer expectations in the jurisdictions where we operate, could damage our reputation and brand and business and may subject us to possible sanctions or penalties;
- we rely on Coupang Pay to conduct a substantial amount of the payment processing. If Coupang Pay's services were limited, restricted, curtailed, or degraded in any way, or become unavailable to us or our customers for any reason, our business may be adversely affected;
- our expansion into new geographic markets and offerings and substantial increase in the number of our offerings may expose us to new and increased challenges and risks;
- international relations, including escalations in tensions with North Korea, could adversely affect the Korean or global economies and demand for our products and services; and
- the dual class structure of our common stock will have the effect of concentrating voting control with Mr. Bom Suk Kim. This voting control will limit your ability to influence the outcome of important transactions and to influence corporate governance matters.

Risks Related to Our Limited Operating History and Growth

We have a history of net losses, we anticipate increasing expenses in the future, and we may not be able to generate sufficient revenue to achieve or maintain profitability, which would materially and adversely affect our business, financial condition, and results of operations.

We have a history of net losses, including \$(1.1) billion and \$(380) million for the nine months ended September 30, 2021 and 2020, respectively, as well as an accumulated deficit of \$(5.2) billion as of September 30, 2021. While we have experienced significant revenue growth since our inception, we are not certain whether or when we will achieve or maintain profitability. We cannot assure you that we will be able to maintain or increase the revenue growth we have experienced during the COVID-19 pandemic. Our costs and expenses have increased, particularly during the COVID-19 pandemic, and such costs and expenses may continue to increase in future periods, which could negatively affect our future results of operations. In particular, we intend to continue to spend significant amounts to increase our customer base, increase the number and variety of merchandise and services we offer, expand our marketing channels, broaden our operations, develop additional fulfillment centers, hire additional employees and managers, and develop our technology and fulfillment infrastructure. These increased costs, including those related to the costs incurred due to COVID-19 safety and health measures and shipping and fulfillment costs, may adversely affect our operating expenses. Some of our initiatives to generate revenue are new and unproven, and any failure of these initiatives could adversely affect our results of operations.

In addition, we expect to invest in longer-term initiatives, which will likely impact our shorter-term results of operations. We may find that these efforts are more expensive than we currently anticipate, or we may encounter technological and other development delays. We will also face increased compliance costs associated with growth, the expansion of our customer base, and being a public company. Our efforts to grow our business may cost more than we expect, and we may not be able to increase our revenue enough to offset our increased operating expenses or to achieve or maintain profitability.

We may incur significant losses in the future for a number of reasons, including the other risks described in this "Risk Factors" section, and unforeseen expenses, difficulties, complications or delays, and other unknown events. If we are unable to achieve and sustain profitability, the value of our business and the price per share of our Class A common stock could decline.

Our limited operating history and evolving business make it difficult to evaluate our future prospects, including our revenue growth rate, as well as the risks and challenges we may encounter.

Our limited operating history and evolving business make it difficult to evaluate and assess our future prospects, as well as the risks and challenges that we may encounter. Although we launched our first website in 2010 and our first mobile application in 2011, our business has rapidly evolved over time. As a result, our ability to accurately forecast our future results of operations is limited and subject to a number of risks and uncertainties, including our ability to plan for and model future growth, and to expand our business in existing markets and enter new markets. In addition, we have experienced significant revenue growth in prior periods. You should not rely on the revenue growth of any prior quarterly or annual period as an indication of our future performance. Many factors may contribute to a decline in our growth rate, including market saturation, increased competition, slowing demand (especially once the COVID-19 pandemic tapers), the difficulty of capitalizing on growth opportunities, and the maturation of our business, among others. If our growth rate declines, investors' perceptions of our business could be adversely affected and the price per share of our Class A common stock could decline.

You should consider our business and prospects in light of the risks and difficulties we may encounter. These risks and difficulties include our ability to, among other things:

- attract, on a cost-effective basis, new customers who purchase merchandise and services from us at similar or higher rates and amounts as compared to existing customers;
- retain our existing customers and motivate their continued purchases from our apps and websites at rates and amounts consistent with or higher than their historical purchases;
- encourage customers to expand the categories of merchandise and services they purchase from us;
- retain and expand our network of suppliers and merchants;
- expand our fulfillment and logistics infrastructure and related operations;
- fulfill and deliver customer orders on time and in accordance with customer expectations, which may change over time;
- increase awareness of our brand;
- respond to changes in the way customers access and use the Internet and mobile devices;
- react to challenges from existing and new competitors;
- expand our business in new and existing markets;
- avoid interruptions or disruptions in our business;
- further develop our scalable, high-performance technology and fulfillment infrastructure that can efficiently and reliably handle increased usage, as well as the deployment of new features and the sale of new merchandise and services; and
- hire, integrate, and retain talented personnel.

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

In addition, because we have limited historical financial data and our business continues to evolve and expand, any predictions about our future revenue and expenses may not be as accurate as they would be if we had a longer operating history or operated a business that is not rapidly evolving and growing. We have encountered in the past, and will encounter in the future, risks and uncertainties frequently experienced by growing companies with limited operating histories and evolving businesses that operate in highly regulated and competitive industries. If our assumptions regarding these risks and uncertainties, which we use to plan and operate our business, are incorrect or change, or if we do not address these risks successfully, our results of operations could differ materially from our expectations, and our business, financial condition, and results of operations would be adversely affected.

We may experience significant fluctuations in our results of operations.

Our revenue and results of operations may fluctuate for a variety of reasons, many of which are beyond our control. These reasons include those described elsewhere in this “Risk Factors” section as well as the following:

- our ability to attract new and retain existing customers, increase sales to existing customers, and satisfy our customers’ demands;
- our ability to offer merchandise and services on favorable terms, manage inventory, and fulfill orders in a timely manner;
- the introduction or activities of competitive stores, apps, websites, merchandise, or services;
- the success of our growth and expansion efforts, including investments into new initiatives;
- variations in our level of merchandise and supplier returns;
- the extent to which we offer fast and free delivery through Rocket Delivery, continue to offer a compelling value proposition to our customers, and provide additional benefits to our customers;
- factors affecting our reputation or brand image;
- the impact of the COVID-19 pandemic or other epidemics on our supply chain, operations and facilities, and employees, as well as consumer perception of our response to COVID-19 or other epidemics;
- the extent to which we finance our current operations and future growth, and the terms of any such financing;
- the timing, effectiveness, and costs of expansion and upgrades of our systems and infrastructure;
- the outcomes of legal proceedings and claims, which may include significant monetary damages, injunctive relief, personal liability (including criminal liability), sanctions, and penalties;
- the extent to which we invest in technology and content, fulfillment, and other expense categories;
- increases in our temporary or long-term costs such as labor and energy sources, packing supplies, and other goods not for resale;
- changes in laws, regulations, or other regulatory practices and enforcement in the countries where we operate;
- the extent to which our services are affected by spyware, viruses, phishing, and other spam emails, denial of service attacks, data theft, computer intrusions, outages, and similar events; and
- disruptions from natural or man-made disasters, extreme weather, geopolitical events and security issues (including terrorist attacks and armed hostilities), labor or trade disputes, and similar events.

Fluctuations in our revenues and results of operations may result in their failure to meet the expectations of analysts or investors, which could cause the price per share of our Class A common stock to decline. In addition, our revenue growth may not be sustainable and our growth rates may decrease. Our revenue and results of operations depend in part on the continued growth of demand for the products and services offered by us or our merchants, and on general economic and business conditions worldwide. A softening of demand, whether caused by changes in customer preferences or a weakening of the Korean or global economies, may adversely affect our revenue or growth rate, which could also cause the price per share of our Class A common stock to decline.

We may be unable to accurately forecast our revenue and plan our expenses in the future.

Our results of operations are difficult to forecast because they generally depend on, among other things, the volume, timing, and type of purchases made by our customers, all of which are uncertain and subject to change. Additionally, many of our expenses, including those related to our fulfillment operations, are fixed and, as a result, we may be unable to adjust our spending in a timely manner to compensate for any unexpected shortfall in revenue. Any failure to accurately predict revenue or to adjust our expenses could adversely affect our results of operations in any given quarter, or a series of quarters, which could cause the price per share of our Class A common stock to decline.

Risks Related to Our Business and Our Industry

If we fail to timely identify or effectively respond to changing customer preferences and spending patterns, fail to expand the products being purchased by customers, or fail or are unable to obtain or offer appropriate categories of products, our relationship with our customers could be negatively affected, the demand for our products and services could decrease, and our revenue and results of operations may decline.

Our future revenue depends on continued demand for the types of goods that we and our merchants list on our apps and websites. The popularity of certain products, such as apparel, beauty, food, and consumer electronics may vary over time due to perceived availability, subjective value, and trends of customers and society in general. A decline in the demand for or popularity of certain products sold through our apps or websites without a corresponding increase in demand for different products that we or our merchants list on our apps or websites could reduce our revenue. In addition, short-lived demand for certain products may temporarily inflate the volume of those products listed on our apps and websites, placing a significant strain on our infrastructure and throughput capacity. These trends may also cause significant fluctuations in our results of operations from period to period. A failure to timely identify or effectively respond to changing consumer preferences and spending patterns, an inability to keep adequate inventory of the type of products being purchased by customers, failure to grow and retain the members of our Rocket WOW membership program, or a failure or inability to obtain or offer appropriate categories of products could negatively affect our relationship with customers and the demand for our products and services.

Our ability to locate qualified, economically stable suppliers and merchants who satisfy our requirements, and to acquire sufficient amounts of products in a timely and cost-efficient manner is critical to our business. Any failure to develop sourcing relationships with a broad and deep supplier base could adversely affect our business, financial condition, and results of operations.

Further, we offer our customers private-label products that are available through our apps and websites. The sale of private-label products subjects us to unique risks and heightens certain other risks, including potential product liability risks and mandatory or voluntary product recalls; potential liability with respect to our commercial relationships with subcontractors with whom we engage to manufacture certain of our private-label products; potential liability for incidents, including, but not limited to, the injuries of our subcontractors' employees at manufacturing sites that we do not control; our ability to successfully protect our intellectual property rights and the rights of applicable third parties; and other risks generally encountered by entities that source, market, and sell private-label products.

If we are unable to successfully implement some or all of our major strategic initiatives in a timely manner, our ability to maintain and improve our market position may be adversely affected.

Our strategy is to continue to build on our market position by continuing to implement certain key strategic initiatives, which include the following:

- building our brand and further expanding our customer base;
- providing high-quality merchandise and services at attractive prices;
- focusing on customer satisfaction and our customers' loyalty to our apps, websites, and programs, including our Rocket WOW membership program;
- expanding our product offerings; and
- enhancing our apps and websites and developing personalization tools to enhance our customers' experience with our apps and websites.

We may not be successful in implementing any or all of these key strategic initiatives. If we are unable to successfully implement some or all of our key strategic initiatives in an effective and timely manner, our ability to maintain and improve our market position, and our competitive position, brand, and reputation may be harmed, which may have an adverse effect on our business, financial condition, and results of operations.

If we fail to effectively manage our growth, our business, financial condition, and results of operations could be harmed.

We have experienced significant growth since our inception and expect our business to continue to grow if we are successful in implementing our key strategic initiatives. The growth of our business has required and will continue to require significant attention of our management and expenditure of resources. To effectively manage our growth, we must successfully implement our operational plans and strategies, improve and expand our infrastructure, and expand, train, and manage our employee and contractor base.

For example, we have rapidly increased our employee headcount to support the growth in our business, and we expect to continue to increase our headcount in the foreseeable future. To support our continued growth, we must effectively integrate, develop, and motivate a large number of new employees, while maintaining our corporate culture. In particular, we intend to continue to make substantial investments to expand our sales and technology personnel, which is challenging due to competition for such personnel.

In addition, the growth and expansion of our business and our variety of merchandise and services place significant demands on our management and other employees. For example, in an effort to increase customer engagement, we produce new versions of our apps and websites and communicate to our customers via email, mobile application push communications, and text messages. The continued growth of our business may require significant additional resources to continue these efforts, including increasing the size of our workforce, which may not scale in a cost-effective manner.

Similarly, we must effectively manage any retraction in parts of our business. Periodically, for reasons such as changing consumer preferences and other unforeseen circumstances, decisions may be made to discontinue investment in certain parts of our business. Such decisions require management effort to reorganize or reassign employees. In accordance with Korean law, employment contracts generally are not terminable at will unless an employee is deemed to be an “employer” (e.g., a registered director or an executive member-level employee), and employment and labor-related claims are common. If we fail to effectively manage retractions in our business or to successfully reorganize or reassign employees, our ability to meet our goals and our employee morale, productivity, and retention could suffer, which may have an adverse effect on our business, financial condition, and results of operations.

Our revenue depends on prompt and accurate billing processes. Our failure to grow our transaction-processing capabilities to accommodate the increasing number of transactions that must be billed on our apps and websites would materially harm our business and our ability to collect revenue.

Furthermore, we may need to enter into relationships with various strategic partners, websites, and other online service providers and other third parties necessary to support and grow our business. The increased complexity of managing multiple commercial relationships or entering into new relationships could lead to execution problems that could affect current and future revenue and operating margins.

Our current and planned systems, procedures and controls, personnel, and third-party relationships may not be adequate to support our future operations. Our failure to manage growth effectively or to enter into additional third-party relationships on a timely basis could have an adverse effect on our business, financial condition, and results of operations.

If we do not successfully operate and manage the expansion of our fulfillment and delivery infrastructure, our business, financial condition, and results of operations could be harmed.

We believe that our fulfillment and delivery infrastructure, including strategically located fulfillment centers, logistics centers, and delivery vehicles, coupled with our proprietary technology, is essential to our success. We operate our fulfillment and delivery infrastructure throughout Korea and maintain a single fulfillment center in the United States. We are in the process of obtaining and developing additional fulfillment and delivery infrastructure to increase our storage capacity, reduce delivery times, and further improve our workflow and processes.

If we do not expand and operate our fulfillment and delivery infrastructure successfully and efficiently, or there are delays in the expansion of our fulfillment and delivery operations, we could experience excess or insufficient fulfillment and delivery capacity in one or more locations, an increase in costs or impairment charges, or other adverse impacts. For example, we believe that our end-to-end delivery infrastructure, including the ability to control our last-mile delivery logistics, is a key competitive advantage. If our end-to-end delivery infrastructure, including last-mile delivery, is negatively affected in any manner, including, but not limited to, by the introduction of direct competitors with these capabilities or by legislation, legal rulings, or other regulation that may disrupt this service, our business, financial condition, and results of operations would be harmed.

In addition, if we do not have sufficient fulfillment and delivery capacity, or we experience problems fulfilling and delivering orders in a timely manner, our customers may experience delays in receiving their purchases, which could harm our reputation and our relationship with our customers. For example, in June 2021, there was a fire at our Deokpyeong fulfillment center which caused extensive damage to our fulfillment center and may impact our near-term order fulfillment capacity.

We have designed, built, purchased, and/or leased our own fulfillment and delivery infrastructure, in addition to utilizing some third-party delivery resources. Our fulfillment and delivery infrastructure was designed to meet the specific needs of our business. If we continue to add fulfillment and delivery capabilities, add new offerings with different fulfillment or delivery requirements, or change the mix of merchandise that we sell, our fulfillment and delivery infrastructure will become increasingly complex, and operating it will become more challenging. Failure to successfully address such challenges in a cost-effective and timely manner could impair our ability to timely deliver our customers' purchases and could harm our reputation and ultimately, our business, financial condition, and results of operations.

We anticipate the need to add additional fulfillment and delivery capacity as our business continues to grow. We cannot assure you that we will be able to locate suitable facilities on commercially acceptable terms in accordance with our expansion plans. If we are unable to secure new facilities for the expansion of our fulfillment operations or effectively control expansion-related expenses, our business, financial condition, and results of operations could be adversely affected.

If we grow faster than we anticipate, we may exceed our fulfillment and delivery capacity, we may experience problems fulfilling or delivering orders in a timely manner, or our customers may experience delays in receiving their purchases, which could harm our reputation and our relationship with our customers, and we may need to increase our capital expenditures more than anticipated and in a shorter time frame than we currently anticipate, which could represent a demand on, or drain of, our financial resources and require additional capital. See the risk factor titled "We may require additional capital to support the growth of our business, and this capital might not be available on acceptable terms, if at all." below.

Our ability to expand our fulfillment and delivery capacity is dependent upon our ability to secure suitable facilities and recruit and retain qualified employees, Coupang Flex partners (independent delivery partners who have signed up to deliver packages on days and times of their own choosing), Eats Delivery Partners or EDPs (independent food delivery partners), and other workers, and there is no assurance that we will be able to secure such facilities or procure such personnel. Our expansion has also been affected by the spread of COVID-19 and related governmental orders. There have been and there may be future delays or increased costs associated with the spread and impact of COVID-19.

Many of the expenses and investments with respect to our fulfillment and delivery capacity are fixed, and any expansion of such fulfillment and delivery infrastructure will require additional investment of capital. We expect to incur higher capital expenditures in the future for our fulfillment and delivery operations as our business continues to grow. We would incur such expenses and make such investments in advance of expected sales, and such expected sales may not occur. Any of these factors could materially and adversely affect our business, financial condition, and results of operations.

We are dependent on the performance of certain members of management and other highly qualified and skilled personnel, and if we are unable to attract, retain, and motivate these and other well-qualified employees, our business could be harmed.

Our success depends largely upon the continued services of our executive officers, other key management team members, and key employees. From time to time, there may be changes in our executive management team or other key employees resulting from the hiring or departure of these personnel. Any of our executive officers or other key employees could terminate their employment with us at any time, and we cannot be assured of having reasonable prior notice. The loss of one or more of our executive officers or other key employees or the failure by our executive team, including any new hires that we may make, to work together effectively and to execute our strategy in a timely manner, could adversely affect our business, financial condition, and results of operations. We do not maintain key man life insurance with respect to any members of management or other employees.

We intend to hire additional qualified employees to support our business operations and planned expansion. Our future success depends, to a significant extent, on our ability to recruit, train, and retain qualified personnel. Since our industry is characterized by high demand and intense worldwide competition for talent and labor, we cannot assure you that we will be able to attract or retain qualified staff or other highly skilled employees that we will need to achieve our strategic objectives. Accordingly, such efforts will require significant time, expense, and attention, and new hires require significant training and time before they achieve full productivity. In addition to hiring new employees, we must continue to focus on developing, motivating, and retaining our best employees, many of whom are at-will employees, which means they may terminate their employment relationship with us at any time. Further, even if qualified new employees are hired and achieve individual effectiveness, we may be adversely affected by undue turnover in our employees.

If we fail to identify, recruit, and integrate strategic personnel hires, our business, financial condition, and results of operations could be adversely affected. Any loss of members of our senior management team or key personnel could significantly delay or prevent the achievement of our business objectives and could harm our business and customer relationships. We may need to invest significant amounts of cash and equity to attract and retain new employees, and we may never realize returns on these investments. In addition, prospective and existing employees often consider the value of the equity awards they receive in connection with their employment. If the perceived value of our equity awards declines, experiences significant volatility, or increases such that prospective employees believe there is limited upside to the value of our equity awards, it may adversely affect our ability to recruit and retain key employees. If we are not able to retain and motivate our current personnel or effectively add and retain employees, our ability to achieve our strategic objectives, and our business, financial condition, and results of operations will be adversely affected.

Our culture has been critical to our success and if we cannot maintain this culture as we grow, our business could be harmed.

We believe that our culture, where the customer is at the beginning and the end in each decision we make, has been critical to our success. We may face a number of challenges that may affect our ability to sustain our corporate culture, including a potential failure to attract and retain employees who embrace and further our culture, any expansion into additional markets, competitive pressures that may divert us from our vision and values, and the integration of new personnel and businesses from acquisitions. If we are not able to maintain our culture as we continue to grow, our business, financial condition, and results of operations could be adversely affected.

Health epidemics, including the ongoing COVID-19 pandemic, have had, and could in the future have, an adverse impact on our business, operations, and the markets and communities in which we, our customers, suppliers, merchants, and advertisers operate.

Our business and operations could be adversely affected by health epidemics, including the ongoing COVID-19 pandemic, impacting the markets and communities in which we and our customers, suppliers, merchants, and advertisers operate. The COVID-19 pandemic has caused and continues to cause significant disruption to business and financial markets worldwide and has impacted global macroeconomic conditions. The full extent to which the COVID-19 pandemic will directly or indirectly impact our business, financial condition, and results of operations will depend on future developments that are highly uncertain and cannot be accurately predicted, and we may be unable to accurately forecast our revenue or financial results, particularly in light of new variants that have emerged and may continue to emerge, subsequent waves of infection, the timing, distribution, rate of public acceptance, and efficacy of vaccines and other treatments, the related impact on consumer confidence and spending, and the effect of governmental regulations imposed in response to the pandemic. There is no guarantee that a future outbreak of this or any other widespread epidemics or pandemics will not occur, or that global economies will recover, all of which could harm our business.

As a result of the COVID-19 pandemic, we have experienced and may continue to experience disruptions to our operations, including but not limited to utilization of our offices and fulfillment and delivery infrastructure, which may negatively impact our ability to fulfill orders in a timely manner, increase costs, harm our reputation, and ultimately, our business, financial condition, and results of operations. Specifically, the severity of the COVID-19 pandemic has worsened in Korea during the course of 2021, and the country is currently in strict lockdown, which could result in increased fulfillment center closures and labor shortages. In addition, the FC Fire reduced our excess capacity, which may, in turn create capacity constraints when COVID-related shutdowns occur.

In response to the COVID-19 pandemic, we have had to modify our operations and adjust our services and technology. For example, our fulfillment and delivery operations now require implementation of social distancing measures as well as system-wide use of personal protective equipment. We have hired additional personnel and incurred additional costs to implement safety controls in response to the COVID-19 pandemic. We have also invested significant resources to design and implement technical and operational changes to date and may continue to do so for an indefinite period of time. Due to the size, scope, and geographically dispersed nature of our operations, the expenses we incur to protect the health and safety of our customers and employees may be higher than similar expenses incurred by companies in other industries. Measures taken across our business operations to address health and safety may not always be sufficient to prevent the spread of COVID-19. Certain employees in our offices, fulfillment centers, and logistics centers have tested positive for COVID-19 despite our best efforts to prevent the spread of COVID-19. We have received governmental inquiries and litigation in Korea with respect to these positive tests and the potential spread of COVID-19 at our locations. Beyond the preventative efforts against the transmission of COVID-19, we have incurred significant additional COVID-19-related costs to provide additional compensation to our employees and certain service providers and deliver products to customers. Therefore, if we were to face additional outbreaks, new variants, or transmission of COVID-19, we would face operational disruptions and incur additional expenses, including assisting customers and employees.

diagnosed with COVID-19 and further changing health and safety protocols and processes, which could adversely affect our business, financial condition, and results of operations.

While governmental restrictions imposed to limit the spread of COVID-19 and changing consumer behavior in light of the pandemic led to unprecedented demand for our products and services, demand may moderate over time as governmental restrictions are lifted and consumer mobility increases. We cannot assure you that we will be able to retain new suppliers, merchants, advertisers, and customers or maintain the current level of demand for our offerings over the long term, particularly after the effects of the pandemic taper. In addition, the growth in the demand for some products on our apps and websites during the COVID-19 pandemic has resulted in temporary shortages of certain products, which could negatively impact our reputation.

In response to the spread of COVID-19, we are requiring or have required substantially all of our sales, engineering, product, and general and administrative employees to work remotely on some or all work days to comply with applicable laws and to minimize the risk of transmission of COVID-19. We may take further actions as may be required by government authorities or that we determine are in the best interests of our employees and customers, including temporary closure of some of our facilities. We cannot guarantee that remote work arrangements will be effective. These arrangements could have a negative impact on our operations, the execution of our business plans, and the productivity and availability of key personnel and other employees necessary to conduct our business. Additionally, our business operations may be disrupted if a significant portion of our workforce is unable to work safely and effectively due to illness, quarantines, government actions, or other restrictions or measures responsive to the pandemic, or if members of senior management are unable to perform their duties for an extended period of time. If a natural disaster, power outage, connectivity issue, or other event were to occur that impacted our applicable employees' ability to work remotely, it could cause substantial disruption to our business. Decreased effectiveness and availability of our team could adversely affect our financial condition and results of operations due to slow-downs in our sales cycles and recruiting efforts, delays in addressing performance issues, delays in product or technology development, delays and inefficiencies among various operational aspects of our business, including our financial organization, or other decreases in productivity that could seriously harm our business.

In addition to the office closures, the COVID-19 pandemic and related restrictions could continue to result in certain of our suppliers, merchants, and advertisers experiencing downturns or uncertainty in their own business operations or revenue, including closure of their operations temporarily, and in some cases permanently, which in turn may cause reductions or delays in their spending and may result in decreased revenue for us. Further, we may decide to postpone, cancel, or modify planned investments in our business in response to changes in our business as a result of the COVID-19 pandemic, which may impact our ability to attract and retain customers and our rate of innovation, either of which could harm our business. In addition, our facilities needs could evolve based on continuing changes and impact on work environments as a result of the COVID-19 pandemic, and we may not be able to alter our contractual commitments to accommodate such changes, which could cause us to incur additional costs or otherwise harm our business. The COVID-19 pandemic has also resulted in, and may in the future result in, disruptions to the global financial markets, which could negatively affect our access to capital and ultimately, our liquidity. In addition, a recession or market correction resulting from the continued spread of COVID-19 could have a significant impact on our customers' disposable income, which would adversely affect our business.

The impacts of the COVID-19 pandemic continue to evolve, and we will continue to monitor the situation and the effects on our business and operations closely. We do not yet know the full extent of such impacts, particularly if the COVID-19 pandemic continues to persist, if new variants emerge, if there are subsequent waves of infection, along with the adoption and effectiveness of vaccines, and new public health measures are implemented. Given the uncertainty, we cannot reasonably estimate the impact on our future results of operations, cash flows, or financial condition. To the extent the COVID-19 pandemic adversely affects our business and financial results, it may also have the effect of heightening many of the other risks described in this "Risk Factors" section. Any of the foregoing factors, or other effects of the pandemic or any other epidemic that are not currently foreseeable, could adversely impact our business, financial condition, and results of operations.

Our expansion into new geographic markets and offerings and substantial increase in the number of our offerings may expose us to new and increased challenges and risks.

In recent years, we have expanded our offerings, including in consumer electronics, food and grocery, financial services, private-label brands, apparel, and travel, as well as expanded our reach into new geographic markets. Such expansion involves new risks and challenges and may require significant investments. Our lack of familiarity with new markets and new products and services and lack of relevant customer data relating to these new markets or offerings may make it more difficult for us to anticipate customer demand and preferences. We may misjudge customer demand and the potential profitability of a new market, product, or service. We may find it more difficult to inspect and control quality and ensure proper handling, storage, and delivery of new products. We may experience higher return rates on new products, customer complaints about new products and services, and costly liability claims as a result of selling such products and services, any of which would harm our brand and reputation as well as our results of operations. We may need to price aggressively to gain market share or remain competitive in new categories. It may be difficult for us to achieve profitability in the new product or service categories and our profit margin, if any, may be lower than we anticipate, which would adversely affect our results of operations. We cannot assure you that we will be able to recoup our investments in introducing any new product and service categories.

We operate in a highly competitive industry and we may be unsuccessful in competing against current and future competitors, which could have a negative impact on the success of our business.

The industry in which we operate is intensely competitive and we expect that competition will continue to increase. We currently and potentially compete with a wide variety of online and offline companies providing goods and services to customers and merchants, including traditional retailers and merchandisers, such as department stores, discount warehouses, direct retailers, and home-shopping channels. The Internet and mobile networks provide new, rapidly evolving, and intensely competitive channels for the sale of all types of goods and services. We compete in two-sided markets and must attract both customers as well as merchants to use our apps and websites. Customers who purchase goods and services through us have many alternatives, and merchants have other channels to reach customers. We expect competition to continue to intensify. Online and offline businesses compete with each other, and our competitors include a number of online and offline retailers with greater resources, large user communities, and well-established brands. As we respond to changes in the competitive environment, we may, from time to time, make pricing, service, or marketing decisions or acquisitions that may lead to dissatisfaction among customers and merchants, which could reduce activity on our apps or websites and adversely affect our results of operations.

We face increased competitive pressure online and offline. In particular, the competitive norm for, and the expected level of service from, retailers (including e-commerce retailers) and marketplaces has increased due to, among other factors, improved customer experience, greater ease of buying goods, lower (or no) shipping costs, faster shipping times, and more favorable return policies. In addition, certain online and offline businesses may offer goods and services to consumers and merchants that we do not offer. If we are unable to change our offerings in ways that reflect the changing demands of offline and online retailers and marketplaces, particularly at expected service levels, or compete effectively with and adapt to changes in larger retail businesses, our business, financial condition, and results of operations would be adversely affected.

Competitors may also be able to devote more resources to marketing and promotional campaigns, adopt more aggressive pricing policies, and devote more resources to offline shopping venues, websites, mobile applications, and systems development than we can. In addition, competitors may be able to innovate faster and more efficiently, and new technologies may increase the competitive pressures by enabling competitors to offer more efficient or lower-cost services.

Some of our competitors control other products and services that are important to our success, including credit card interchange, Internet search, and mobile operating systems. Such competitors could utilize complementary aspects of their businesses in order to provide a better shopping experience or make it difficult for customers to utilize our apps or websites, or change pricing, availability, or the terms or operation of service related to their products and services in a manner that impacts our competitive offerings. If we are unable to use or adapt to operational changes in such services, we may face higher costs for such services, encounter integration or technological barriers, or lose customers, which could cause our business, financial condition, and results of operations to be adversely affected.

In addition, certain manufacturers may limit or cease distribution of their products through online channels, such as our apps or websites. Manufacturers may attempt to use contractual obligations or existing or future government regulation to prohibit or limit e-commerce in certain categories of goods or services. Manufacturers may also attempt to enforce minimum resale price maintenance or minimum advertised price arrangements to prevent distributors and suppliers from selling on our apps, websites, or on the Internet generally, or drive distributors and suppliers to sell at prices that would make us less competitive. The adoption by manufacturers of policies, or their use of laws or regulations, in each case discouraging or restricting the sales of goods or

services over the Internet, could force merchants to limit or stop selling certain products on our apps or websites, which could adversely affect our results of operations and result in loss of market share and diminished value of our brand.

Many of our competitors have, and potential competitors may have, competitive advantages such as longer operating histories, more experience in implementing their business plan and strategy, better brand recognition, popular offline locations, greater negotiating leverage, established supply relationships, significantly greater financial, marketing, and other resources. Our competitors may undertake aggressive marketing campaigns to enhance their brand name and increase the volume of business conducted through their stores or websites and make extensive investments to improve their stores or network and system infrastructure, including website design and logistics network enhancements. Our inability to adequately address these and other competitive pressures may have an adverse effect on our business, financial condition, and results of operations.

Any harm to our brand or reputation may materially and adversely affect our business, financial condition, and results of operations.

We believe that the recognition and reputation of our brand among our customers, merchants, suppliers, and our workforce has contributed to the growth and success of our business. Maintaining and enhancing the recognition and reputation of our brand is critical to our business and competitiveness. Heightened regulatory and public concerns over operation of the business, labor and employment, consumer protection, and consumer safety issues, among other issues, may subject us to additional legal and reputational risks and increased scrutiny. Further, heightened public attention regarding worker safety and occupational health may subject us to regulatory and media scrutiny. In addition, changes in our services or policies have resulted, and could result, in objections by members of the public, the traditional, new, and social media, social network operators, suppliers, and merchants or others. From time to time, these objections or allegations, regardless of their veracity, may result in customer dissatisfaction, which could result in government inquiries or substantial harm to our brand, reputation, and prospects.

A public perception that non-authentic, counterfeit, or defective goods are sold on our apps and websites or that we or our merchants do not provide satisfactory customer service, even if factually incorrect or based on isolated incidents, could damage our reputation, diminish the value of our brand, undermine the trust and credibility we have established, and have a negative impact on our ability to attract new customers or retain our current customers. If we are unable to maintain our reputation, enhance our brand recognition, or increase positive awareness of our apps, websites, products, and services, as well as products sold by merchants through our online marketplace, it may be difficult to maintain and grow our customer base, and our business, financial condition, and results of operations may be adversely affected.

We are subject to risks associated with sourcing and manufacturing goods from countries outside of Korea.

A portion of our sales are dependent on our ability to import finished goods from other countries into Korea. Substantially all of our import operations are subject to customs requirements. The countries from which some of our products are manufactured or exported, or into which our products are imported, may from time to time impose quotas, duties, tariffs, or other restrictions on imports (including restrictions on manufacturing operations) or adversely modify existing restrictions. Changes in Korea, China, United States, and other foreign government policies regarding international trade, including import and export regulation and international trade agreements, may negatively impact our business. Imports are also subject to unpredictable foreign currency variation which may increase our cost of sales. Adverse changes in these import costs and restrictions, or failure by our suppliers to comply with customs regulations or similar laws, could harm our business.

Our operations are also subject to the effects of international trade agreements and regulations, which may impose requirements that adversely affect our business, such as setting quotas on products that may be imported from a particular country.

Our ability to import products in a timely and cost-effective manner may also be affected by conditions at ports or issues that otherwise affect transportation and warehousing providers, such as port and shipping capacity, labor disputes, severe weather, or increased security requirements in Korea and other countries. These issues could delay importation of products or require us to locate alternative ports or transportation or warehousing providers to avoid disruption to customers. These alternatives may not be available on short notice or could result in higher costs, which could have an adverse impact on our business and financial condition.

If our ability to import goods from overseas is negatively impacted by domestic or international trade regulations (including any future customs requirements, tariffs, and quotas implemented in Korea), our ability to maintain a diverse selection of products for our customers and to be able to timely deliver products consistent with our customers' expectations could be harmed, which could negatively impact our future revenue and growth.

We operate in a rapidly changing industry and our business model is continuing to evolve, which makes it difficult to evaluate our business and prospects.

The retail industry in which we operate is characterized by rapidly changing regulatory requirements and industry standards and shifting consumer demands. In addition, our business model continues to evolve and we are continuously evaluating our products and services. As a result of our evolving industry and business model, our future results are uncertain and subject to a number of risks and uncertainties, including our ability to plan for and model future growth, expand our business in existing markets, and enter new markets. In addition, we have experienced significant revenue growth in prior periods. You should not rely on the revenue growth of any prior period as an indication of our future performance. Many factors may lead to a decline in our growth rate, including increased competition, slowing demand, a failure by us to continue capitalizing on growth opportunities, higher market penetration, and the maturation of our business, and others, including as discussed elsewhere in this “Risk Factors” section. If we fail to continue to grow, our business could be adversely affected and the price per share of our Class A common stock could decline.

We have encountered in the past, and will encounter in the future, risks and uncertainties frequently experienced by growing companies that operate in evolving industries subject to increasing regulation. If our assumptions regarding these risks and uncertainties, which we use to plan and operate our business, are incorrect or change, or if we do not address these risks successfully, our results of operations could differ materially from our expectations and our business, financial condition, and results of operations would be adversely affected.

If we are unable to continue to innovate or if we fail to adapt to changes in our industry, our business, financial condition, and results of operations would be adversely affected.

Our industry is characterized by rapidly changing technology, new mobile applications and protocols, new products and services, new media and entertainment content, including user-generated content, and changing consumer demands and trends. Furthermore, our competitors are continuously developing innovations in personalized search and recommendation, online and offline shopping and marketing, communications, social networking, entertainment, logistics, and other services to enhance the customer experience. Our financial performance depends on our ability to identify, originate, and define retail trends, as well as to anticipate, gauge, and react to changing customer preferences in a timely manner, including seasonal trends in customer spending.

As a result, we continue to invest significant resources in our technology, infrastructure, research and development, and other areas in order to enhance our business and operations, as well as to explore new growth strategies and geographies and introduce new high-quality products and services. If we offer new merchandise or services that are not accepted by our customers, we may make fewer sales and our revenue may fall short of expectations, our brand and reputation could be adversely affected, and we may incur expenses that are not offset by revenue. We may make substantial investments in such new categories and new markets in anticipation of future revenue. If the launch of a new category or a new geography requires greater investment than we expect, if we are unable to attract suppliers and merchants that produce sufficient high-quality, value-oriented merchandise and services, or if the revenue generated from sales of a new item of merchandise or service grows more slowly or produces lower gross profit than we expect, our results of operations could be adversely impacted. Expansion of our offerings may also strain our management and operational resources. We may also face greater competition in specific categories from e-commerce and traditional retailers that are more focused on such categories. It may be difficult to differentiate our offering from other competitors as we offer additional categories of merchandise and services, and our customers may have additional considerations in deciding whether or not to purchase these additional offerings. In addition, the relative profitability, if any, of new categories of merchandise or services may be lower than we have experienced historically, and we may not generate sufficient revenue from sales of these new items to recoup our investments in them.

Our investments in innovations and new technologies, which may be significant, may not increase our competitiveness or generate financial returns in the short term, or at all, and we may not be successful in adopting and implementing new technologies. Our investments and endeavors to develop new growth initiatives and technologies may be hindered by regulatory scrutiny and limitations. The changes and developments taking place in our industry may also require us to re-evaluate our business model and adopt significant changes to our long-term strategies and business plans.

Any failure to innovate and adapt to these changes and developments would have an adverse effect on our business, financial condition, and results of operations. Even if we timely innovate and adopt changes in our strategies and plans, we may nevertheless fail to realize the intended benefits of these changes or even experience reduced revenue as a result.

If we fail to retain existing suppliers or merchants or to add new suppliers or merchants, or if our existing suppliers or merchants fail to supply high-quality and compliant merchandise in a timely manner, our business, financial condition, and results of operations will be adversely affected.

We depend on our ability to attract and retain merchants that offer high-quality merchandise and services to our customers at attractive prices and in a timely manner to attract new customers and to keep our existing customers engaged and purchasing from our apps and websites. Similarly, we also must attract and retain suppliers to supply merchandise to us for our owned-inventory selection. We must continue to attract and retain suppliers and merchants in order to increase revenue and achieve profitability.

We may experience supplier or merchant attrition in the ordinary course of business, which could lead to a decrease in the volume and/or selection of merchandise available to our customers, resulting in loss of customers to our competitors. Even if we identify new suppliers, we may not be able to purchase desired merchandise in sufficient quantities on terms acceptable to us, and merchandise from alternative sources may be of a lesser quality or more expensive than those from existing suppliers. Similarly, new merchants may not offer the same selection or value to our customers. In addition, we may have disputes with suppliers and merchants with respect to their compliance with our quality control or other policies and measures and the penalties imposed by us for violation of these policies or measures from time to time, which may cause them to cease doing business with us. Any complaints from merchants may in turn result in a negative impact on our brand and reputation. If we experience significant supplier or merchant attrition, or if we are unable to attract new suppliers or merchants, our revenue and results of operations may be materially and adversely affected. Our inability to purchase suitable merchandise on acceptable terms or to source new suppliers and merchants could have an adverse effect on our business, financial condition, and results of operations.

Efforts to increase advertising revenue may impact our sales or results of operations.

Growth in our advertising revenue depends on our ability to continue to develop and offer effective tools for advertisers. New advertising formats that take up more space on our apps and websites may impact customer satisfaction, which could impact our sales. As the advertising market generates and develops new concepts and technology, we may incur additional costs to implement more effective products and tools. Continuing to develop and improve these products and tools may require significant time and resources and additional investment. If we cannot continue to develop and improve our advertising products and tools in a timely fashion, or if our advertising products and tools are not well received by advertisers or customers, our revenue or sales could be adversely affected.

Inventory risks may adversely affect our results of operations.

We are exposed to inventory risks that may adversely affect our results of operations because of seasonality, new product launches, quick changes in product cycles and pricing, defective products, changes in customer demand and spending patterns, changes in customer tastes with respect to our products, spoilage, and other factors. We strive to predict these trends, as overstocking or understocking products we sell could lead to lower sales, missed opportunities, and excessive markdowns, each of which could have a material impact on our business and results of operations. Moreover, once we launch a new product, it may be difficult to determine appropriate product selection and accurately forecast demand, which could increase our inventory risk, resulting in an adverse effect on our business, financial condition, and results of operations.

The seasonality of our business affects our quarterly results and places an increased strain on our operations.

We have historically experienced seasonal fluctuations in our sales, with higher sales volumes associated with Christmas, New Year, Lunar New Year, and Chuseok. Some of these holidays are on the lunar calendar, and thus the associated sales do not always fall in the same quarterly period. We expect to continue to experience seasonal trends in our business, making results of operations variable from quarter to quarter. This variability makes it difficult to predict sales and can result in significant fluctuations in our revenue between periods. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Any failure to stock or restock popular products in sufficient amounts or to develop sufficient fulfillment and delivery capacity to meet customer demand could adversely affect our results of operations. When we overstock products, we may be required to take significant inventory markdowns or write-offs and incur commitment costs, which could result in lower margins and higher labor costs as a percentage of sales, which would harm our financial performance.

We may also experience increases in our fulfillment and logistics costs due to promotions, split-shipments, changes to our fulfillment and logistics network, and other arrangements necessary to ensure timely delivery during times of high order volume.

If too many customers access our apps or websites within a short period of time due to increased demand, we may experience system interruptions that make our apps or websites unavailable or prevent us from efficiently fulfilling orders, which may reduce the volume of goods we offer or sell and have an adverse effect on our results of operations. In addition, we may be unable to

adequately staff our fulfillment and delivery network, including our Coupang Flex partners, EDPs, and customer service centers during these peak periods, which may impact our ability to satisfy seasonal or peak demand. Risks related to our fulfillment and delivery infrastructure described above in the risk factor titled “If we do not successfully operate and manage the expansion of our fulfillment and delivery infrastructure, our business, financial condition, and results of operations could be harmed.” are magnified during the holiday seasons.

We may expand our operations into new geographic markets, which would present new challenges and which may prove unsuccessful and adversely affect our business.

We have recently expanded our operations into other Asia Pacific countries where we offer direct on-demand delivery for a limited selection of items. We may further expand our operations into new geographic markets, which would present new challenges and which may prove unsuccessful and adversely affect our business. Further expansion into additional markets would require significant management attention and resources and would require us to localize our offerings to conform to a wide variety of local cultures, business practices, laws, regulations, and policies. Such local cultures, business practices, laws, regulations, and policies in other countries may make it more difficult for us to replicate our business model. We may be competing with local and international companies that understand the local market better than we do, and we may not benefit from first-to-market advantages. If we are not successful in expanding into particular international markets or in generating revenue from such international operations, our business, financial condition, and results of operations may be adversely affected.

Acquisitions, strategic investments, partnerships, or alliances could be difficult to identify, pose integration challenges, divert the attention of management, disrupt our business, dilute stockholder value, and adversely affect our business, financial condition, and results of operations.

Our success will depend, in part, on our ability to expand our products and services and grow our business in response to changing technologies, customer demands, and competitive pressures. In some circumstances, we may choose to do so through the acquisition of complementary businesses and technologies rather than through organic growth. The identification of suitable acquisition candidates can be difficult, time-consuming, and costly, and we may not be able to successfully complete identified acquisitions. Further, proceeds from our IPO increase the likelihood that we will devote resources to exploring larger and more complex acquisitions and investments than we have previously attempted. Once we have completed an acquisition, we may not be able to successfully integrate the acquired business. We face additional risks in connection with acquisitions, including that:

- an acquisition may negatively affect our financial condition and results of operations 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 stockholders and 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;
- we may encounter difficulties or unforeseen expenditures in integrating the business, technologies, products, personnel, or operations of any company that we acquire, particularly if key personnel of the acquired company decide not to work for us;
- an acquisition may disrupt our ongoing business, divert resources, increase our expenses, and distract our management;
- an acquisition may result in a delay or reduction of customer purchases for both us and the company acquired due to customer uncertainty about continuity and effectiveness of service from us or the acquired company;
- we may encounter difficulties in selling or utilizing any acquired products or services, or we may be unable to do so successfully or at all;
- our use of cash to pay for acquisitions would limit other potential uses for our cash;
- if we incur debt to fund an acquisition, such debt may subject us to material restrictions on our ability to conduct our business, or require us to comply with certain financial maintenance covenants which may adversely affect our ability to conduct our business; and
- if we issue a significant amount of equity securities in connection with future acquisitions, existing stockholders may be diluted and earnings per share may decrease or losses per share may increase.

The occurrence of any of these foregoing risks could have an adverse effect on our business, financial condition, and results of operations.

Our business depends on the continued growth of online commerce and the increased acceptance of online transactions by potential customers.

Online commerce is still developing in the markets in which we operate. Our future revenue depends substantially on our customers, suppliers, merchants, and advertisers accepting the Internet as a way to conduct commerce, to purchase goods and services, and to carry out financial transactions. For us to grow our customer base successfully, more customers, merchants, and suppliers must accept and adopt new ways of conducting business and exchanging information, including through mobile devices. Further, service interruptions in Internet access could prevent customers from accessing our apps or websites and placing orders, and frequent interruptions could discourage customers from using our apps or websites, which could cause us to lose customers and harm our results of operations. In addition, we have no control over the costs of the services provided by the telecommunications operators. For more, see the risk factor titled “Our business depends on network and mobile infrastructure, third-party data center hosting facilities, other third-party providers, and our ability to maintain and scale our technology. Any significant interruptions or delays in service on our apps or websites or any undetected errors or design faults could result in limited capacity, reduced demand, processing delays, and loss of customers, suppliers, or merchants.”

Acceptance and use of the Internet are critical to our growth and the occurrence of any one or more of the above challenges could have an adverse effect on our business, financial condition, and results of operations.

If the mobile solutions available to our merchants and customers are not effective, the use of our apps, websites, and marketplaces could decline.

Purchases made on mobile devices by customers have increased significantly in recent years. Our suppliers and merchants are also increasingly using mobile devices to operate their businesses on our apps and websites. If we are unable to deliver a rewarding experience on mobile devices, our ability and the ability of our merchants to manage and scale our respective businesses may be harmed and, consequently, our business may suffer.

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

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

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

If merchants and customers encounter difficulty accessing or using our apps or websites on their mobile devices, or if they choose not to use our apps or websites on their mobile devices, our business, financial condition, and results of operations may be adversely affected.

Failure to deal effectively with fraudulent activities on our apps or websites would increase our fraud losses and harm our business and could severely diminish merchant and customer confidence in and use of our services.

We face risks with respect to fraudulent activities on our apps or websites and periodically receive complaints from customers who assert they have not received the goods they purchased or that goods they received were fraudulent, from merchants who may not have received payment for goods that were purchased, or from manufacturers or others who assert that their intellectual property is being infringed.

Although we have implemented measures to detect and reduce the occurrence of fraudulent activities, combat bad customer experiences, and increase customer satisfaction, including encouraging reporting of concerns, gating and monitoring higher-risk activities, evaluating merchants on the basis of their transaction history, and restricting or suspending some merchants, we cannot assure you that these measures will be effective in combating fraudulent transactions or improving overall satisfaction among merchants and customers. We will need to evolve to combat fraudulent activities as they develop. Any failure to so evolve could

result in loss of customer trust. At the same time, the implementation of additional measures to address fraud could negatively affect the attractiveness of our offerings to customers and merchants, or create friction in our customers' experience.

The nature of our food delivery services, including Coupang Eats and Rocket Fresh, could subject us to potential liability for foodborne illnesses experienced by our customers.

Our Coupang Eats service delivers food prepared by independent restaurants and our Rocket Fresh service delivers fresh food to customers. The business of delivering ready-to-eat and fresh food presents risks related to food freshness, cleanliness, and quality. Whether or not they are true, reports of food-borne illnesses could adversely impact our reputation and results of operations, regardless of whether our customers actually suffer such illnesses. Food-borne illnesses and other food safety issues have occurred in the global food industry in the past and could occur in the future. In addition, customer preferences could be affected by health concerns about the consumption of food provided on Coupang Eats and Rocket Fresh, even if those concerns do not directly relate to food items available on our Coupang Eats and Rocket Fresh websites. A negative report, whether related to a delivery under Coupang Eats or Rocket Fresh or to a competitor, may have an adverse impact on demand for food delivery and could result in decreased orders. A decrease in orders as a result of these health concerns could adversely affect our business, financial condition, and results of operations.

Furthermore, our reliance on third-party food suppliers and distributors increases the risk that food-borne illness incidents could be caused by factors outside of our control. If customers become ill from food-borne illnesses, we and/or merchants on Coupang Eats could be forced to temporarily suspend the Coupang Eats or Rocket Fresh businesses, in whole or in part. Furthermore, any instances of food contamination, whether or not they are related to us, could subject us or restaurants to additional regulations.

The nature of our delivery logistics, including those related to our own delivery services and our services that use independent delivery partners, exposes us to potential liability and expenses for legal claims that could adversely affect our business, financial condition, and results of operations.

We face risks relating to our delivery services. We use independent delivery partners to deliver prepared food and some packages. For example, tens of thousands of individuals have signed up as Coupang Flex partners. Similarly, our Coupang Eats service delivers food prepared by independent restaurants using the services of independent EDPs. Third parties have in the past and could in the future assert legal claims against us relating to safety incidents associated with delivery drivers. Orders made via Rocket Delivery and Coupang Eats are delivered by drivers of motor vehicles. Some drivers delivering orders via these services have been involved in motor vehicle accidents, and some drivers may be involved in motor vehicle accidents in the future.

We believe that our Coupang Flex partners and EDPs are independent contractors because, among other things, they choose whether, when, and where to provide these services, provide these services at days and times that are convenient for them (or not at all), are free to hold other jobs and provide services to our competitors, provide a vehicle to perform delivery services, decide for themselves how best to perform their services, and are under no long-term or exclusive commitment to us. However, if the classification of our Coupang Flex partners and EDPs as independent contractors were to be challenged by legislation, regulation or legal interpretation, the costs associated with defending, settling, or resolving these matters could be material to our business. Further, any such reclassification would require us to change our business model, including our Coupang Eats service, and consequently have an adverse effect on our business, financial condition, and results of operations.

We have incurred and may continue to incur expenses relating to legal claims on these matters. The frequency of such claims is unpredictable. We could experience diversion of attention by management to address these claims, and such claims can result in significant costs to investigate and defend, regardless of their merits. These claims could adversely affect our business, financial condition, and results of operations.

We rely on Coupang Pay to conduct a substantial amount of the payment processing across our business. If Coupang Pay's services were limited, restricted, curtailed, or degraded in any way, or become unavailable to us or our customers for any reason, our business may be adversely affected.

Coupang Pay provides our customers with convenient payment processing. These services are critical to our business. We rely on the convenience and ease of use that Coupang Pay provides to our customers and merchants. If the quality, utility, convenience, or attractiveness of Coupang Pay's services declines for any reason, the attractiveness of our offerings to customers and merchants could be harmed.

Coupang Pay is subject to a number of risks, if they were to materialize, that could materially and adversely affect its ability to provide payment processing services to us, including, but not limited to:

- dissatisfaction with Coupang Pay's services or lower use of Coupang Pay by customers and merchants;
- increasing competition, including from other established companies, payment service providers, and companies engaged in other financial technology services;
- changes to rules or practices applicable to payment systems that link to Coupang Pay;
- breach of customers' privacy and concerns over the use and security of information collected from customers and any related negative publicity or liability relating thereto;
- service outages, system failures, or failure to effectively scale the system to handle large and growing transaction volumes;
- increasing costs to Coupang Pay, including fees charged by banks to process transactions through Coupang Pay, which would also increase our cost of revenue;
- negative news about and social media coverage on Coupang Pay, its business, its service offerings, or matters relating to Coupang Pay's data security and privacy; and
- failure to manage customer funds accurately or loss of customer funds, whether due to employee fraud, security breaches, technical errors, or otherwise.

Coupang Pay's services are highly regulated. Coupang Pay is required to comply with numerous complex and evolving laws, rules, and regulations, particularly in the areas of online and mobile payment services. In addition, as Coupang Pay expands the type and reach of its services within Korea and into international markets, it will become subject to additional legal and regulatory risks and scrutiny.

Increases in food, energy, labor, and other costs could adversely affect our results of operations.

Factors such as inflation, increased food costs, increased labor and employee benefit costs, increased rental costs, and increased energy costs may increase our operating costs and those of our suppliers and independent contractors. Many of the factors affecting suppliers and independent contractors are beyond the control of these parties. In many cases, these increased costs may cause suppliers and independent contractors to spend less time providing services to our customers or to seek alternative sources of income. Likewise, these increased costs may cause suppliers and independent contractors to pass costs on to us and our customers by increasing prices, which would likely cause order volume to decline, and may cause suppliers or independent contractors to cease operations altogether.

We rely on our merchants to provide a fulfilling experience to our customers.

Our marketplace provides many small- and medium-sized businesses with access to customers across Korea. Aggregating their products in one convenient forum provides convenience to customers and an increased business opportunity to merchants. We have policies and procedures to protect both merchants and customers on our marketplace. However, we do not control the merchants, who are independent, third-party businesses. In most cases, the merchants provide fulfillment and arrange for third-party delivery of the orders placed by our customers.

A small portion of customers complain to us about their experience with our merchants. For example, customers may report that they have not received the items that they purchased, that the items received were not as represented by a merchant, or that a merchant has not been responsive to their questions or complaints. We have customer service resources to process such complaints, but we cannot guarantee that these resources have or will resolve all concerns. Similarly, we occasionally identify merchants who are unable to fulfill orders within a timeframe or in a manner consistent with customer expectations.

Negative publicity and sentiment generated as a result of these types of complaints or any associated enforcement action taken against merchants could reduce our ability to attract and retain our merchants and customers or damage our reputation. A perception that our levels of responsiveness and support for our merchants and customers are inadequate could have similar results. In some situations, we may choose to reimburse our customers for their purchases, but we may not be able to recover the funds we expend for those reimbursements. Although we focus on enhancing customer service, our efforts may be unsuccessful and our merchants and customers may be disappointed in their experience and not return.

Anything that prevents the timely processing of orders or delivery of goods to our customers could harm our merchants. Service interruptions and delivery delays may be caused by events that are beyond the control of our merchants, such as transportation disruptions, natural disasters, inclement weather, terrorism, public health crises, or political unrest. Additionally, disruptions in the operations of a substantial number of our merchants could also result in negative experiences for a substantial number of our customers, which could harm our reputation and brand. If our customers have a negative experience in the purchase of these products, whether due to quality or timing of delivery, our business, financial condition, and results of operations could be adversely affected.

Failure by our suppliers or merchants to comply with product safety, intellectual property, or other laws may subject us to liability, damage our reputation and brand, and harm our business.

Much of the merchandise we sell on our apps and websites are subject to regulation by Korean laws or administrative agencies. Failure of our suppliers to provide merchandise that complies with all applicable laws, including, without limitation, product safety and intellectual property regulations and statutes, could result in liability, damage to our reputation and brand, increased enforcement activity or litigation, and increased legal costs.

Certain merchandise in the past has been, and could in the future be, subject to recalls and other remedial actions. Such recalls and voluntary removal of merchandise could result in, among other things, lost sales, diverted resources, potential harm to our reputation, and increased customer service costs and legal expenses, which could have an adverse effect on our business, financial condition, and results of operations.

We have in the past become subject to fair trade claims and regulatory actions relating to allegedly false statements on our apps or websites about merchandise and their quality and have been fined by the KFTC.

Similarly, failure of our merchants to provide merchandise that complies with all applicable laws could result in liability relating to our marketplace, damage to our reputation and brand, increased enforcement activity or litigation, and increased legal costs.

We have in the past been subject to third-party lawsuits and complaints relating to some of our suppliers' and merchants' use of parallel importing, which allows them, other than those with exclusive sale rights in Korea, to also sell merchandise of a particular brand in Korea, so long as the merchandise is purchased from a valid source outside of Korea and the supply chain is documented. We cannot assure you that we will be successful in defending against these claims.

We have also received in the past, and we may receive in the future, communications alleging that certain items provided by suppliers or listed by merchants on our apps and/or websites infringe upon third-party copyrights, trademarks, and trade names or other intellectual property rights of others. Although we have sought to prevent and eliminate the listings of such goods, they may be listed on our apps or websites in the future and we may be held liable to those parties claiming an infringement of their intellectual property rights. Although we have a service quality management team that is responsible for monitoring reports of listing, display, and sales of pirated, counterfeited, prohibited, regulated, or faulty merchandise and services, such items may nevertheless be listed, displayed, or sold on our apps or websites and may subject us to potential lawsuits, sanctions, fines, or other penalties, which could adversely affect our business. For more, see "Risks Related to Intellectual Property—We may be accused of infringing intellectual property rights of third parties."

Changes to our customer satisfaction program could increase our expenses.

Our customer satisfaction program protects customers from fraudulent transactions, as well as if they do not receive the items ordered or if the items received are significantly different from their descriptions. The risk of loss from our customer satisfaction program is specific to individual customers and transactions, and may also be impacted by modifications to this program resulting from changes in regulatory requirements, or changes that we decide to implement, such as expanding the scope of transactions covered. Increases in our expenses, including as a result of changes to our customer satisfaction program, could negatively impact our business.

We are subject to payment-related risks, and if payment processors are unwilling or unable to provide us with payment processing services or impose onerous requirements on us in order to access their services, or if they increase the fees they charge us for these services, our business, financial condition, and results of operations could be adversely affected.

We accept payments using a variety of methods, including credit and debit cards, money transfers, and Coupang Pay. For certain payment methods, including credit and debit cards, we pay bank interchange and other fees. These fees may increase over time, which would increase our operating costs and adversely affect our results of operations. We use third parties to provide payment processing services, including the processing of credit and debit cards. Our business may be disrupted for an extended period of time if any of these companies becomes unwilling or unable to provide these services to us. We are also subject to payment card association operating rules, certification requirements, and rules governing electronic funds transfers, which could change or be reinterpreted to make it difficult or impossible for us to comply. If we fail to comply with these rules or requirements, we may be subject to fines and higher transaction fees and/or lose our ability to accept credit and debit card payments from customers or facilitate other types of online payments, and our business could be harmed. Moreover, although the payment gateways we use are contractually obligated to indemnify us with respect to liability arising from fraudulent payment transactions, if such fraudulent transactions are related to credit card transactions and become excessive, they could potentially result in our losing the right to accept credit cards for payment. If any of these events were to occur, our business, financial condition, and results of operations could be adversely affected.

Government regulation of the Internet, e-commerce, and mobile commerce is evolving, and unfavorable changes or failure by us to comply with these regulations could adversely affect our business, financial condition, and results of operations.

We are subject to general business regulations and laws as well as regulations and laws specifically governing the Internet, e-commerce, and mobile commerce (“m-commerce”). Existing, proposed, and future regulations and laws could change our liabilities and impede the growth of the Internet, e-commerce, or m-commerce. These regulations and laws may involve taxes, tariffs, consumer protection, privacy and data security, anti-spam, content protection, electronic contracts and communications, and gift cards, among other topics. It is not clear how existing laws governing issues such as property ownership, fair trade, sales and other taxes, and consumer privacy apply to the Internet as the vast majority of these laws were adopted prior to the advent of the Internet and do not contemplate or address the unique issues raised by the Internet, e-commerce, and m-commerce. Any failure, or perceived failure, by us to comply with any of these laws or regulations could result in damage to our reputation or our business or result in proceedings or actions against us by governmental entities or others. Any such proceeding or action could hurt our reputation, force us to spend significant amounts in defense of these proceedings, distract our management, increase our costs of doing business, decrease the use of our apps and websites by customers and merchants, and may result in the imposition of monetary liability. We may also be contractually liable to indemnify and hold harmless third parties from the costs or consequences of non-compliance with any such laws or regulations.

Any failure to protect our apps, websites, networks, and systems against security breaches or otherwise protect our confidential information could damage our reputation and brand and adversely affect our business, financial condition, and results of operations.

Our business employs websites, networks, and systems through which we collect, maintain, transmit, and store data about our customers, merchants, suppliers, advertisers, and others, including personally identifiable information, as well as other confidential and proprietary information. We rely on encryption and authentication technology in an effort to securely transmit confidential and sensitive information. However, security breaches or other security incidents have in the past and could in the future result in the inadvertent or unauthorized use or disclosure of confidential and sensitive information we collect, store, or transmit, or otherwise enable third parties to gain unauthorized access to this information such as our inadvertent exposure of limited customer information within our App that recently occurred during an upgrade and was remediated within an hour. In addition, our apps, websites, networks, and systems are subject to security threats, including hacking of our systems, denial-of-service attacks, viruses, malicious software, ransomware, break-ins, phishing attacks, social engineering, security breaches, or other attacks and similar disruptions that may jeopardize the security of information stored in or transmitted by our apps, websites, networks, and systems, or that we otherwise maintain. Moreover, techniques used to obtain unauthorized access to or sabotage systems change frequently and are becoming increasingly sophisticated and may not be known until launched against us or our third-party service providers, increasing the difficulty of detecting and defending against such threats. In addition, security breaches can also occur as a result of non-technical issues, including intentional or inadvertent breaches by our employees or by persons with whom we have commercial relationships. As a result of any security breach, our reputation and brand could be damaged, our business could suffer, we could be required to expend significant capital and other resources to alleviate problems caused by such breaches, and we could be exposed to a risk of loss, litigation, or regulatory action and possible liability. Actual or anticipated attacks may cause us to incur increasing costs, including costs to deploy additional personnel and protection technologies, train employees, and engage third-party experts and consultants. Any compromise or breach of our security

measures, or those of our third-party service providers, could violate applicable privacy, data security, and other laws, and cause significant legal and financial exposure, adverse publicity, and a loss of confidence in our security measures, which could have an adverse effect on our business, financial condition, and results of operations.

We are also subject to regulations relating to privacy and use of confidential information of our users, including, among others, the Personal Information Protection Act and related legislation, regulations and orders (the “PIPA”), the Act on the Promotion of Information and Communications Network Utilization and Protection of Information Act (Korea), and the Credit Information Act in Korea that specifically regulates certain sensitive personal information. PIPA requires consent by the consumer with respect to the use of his or her data and requires the persons responsible for management of personal data to take the necessary technological and managerial measures to prevent data breaches and, among other duties, to notify the Personal Information Protection Commission of any data breach incidents within 24 hours. Failure to comply with PIPA in any manner may subject these persons responsible to personal liability for not obtaining such consent in an appropriate manner or for such breaches, including even negligent breaches, and violators face varying penalties ranging from monetary penalties to imprisonment. We strive to take the necessary technological and managerial measures to comply with PIPA, including the implementation of privacy policies concerning the collection, use, and disclosure of subscriber data on our apps and websites, and we regularly review and update our policies and practices. Despite these efforts to comply with PIPA, these rules are complex and evolving, subject to interpretation by government regulators which may change over time and therefore we are subject to the risk of claims by regulators of failure to comply with PIPA. Any failure, or perceived failure, by us to comply with such policies, laws, regulations, and other legal obligations and regulatory guidance could adversely affect our reputation, brand, and business, and may result in claims, proceedings, or actions, including criminal proceedings, against us and certain of our executive officers by governmental entities or others or other liabilities. Any such claim, proceeding, or action, could hurt our reputation, brand, and business, force us to incur significant expenses in defense of such proceedings, distract our management, increase our costs of doing business, result in a loss of customers and merchants, and could have an adverse effect on our business, financial condition, and results of operations.

In addition, the California Consumer Privacy Act of 2018 (the “CCPA”), which came into effect in 2020, creates individual privacy rights for certain persons and increases the privacy and security obligations of entities handling certain personal data. For example, the CCPA gives California residents expanded rights to access and require deletion of their personal data, opt out of certain personal data sharing, and receive detailed information about how their personal data are used. Failure to comply with the CCPA creates additional risks including enforcement by the California attorney general, private rights of actions for certain data breaches, and damage to reputation. The CCPA may increase our compliance costs and potential liability with respect to our operations in California. Additionally, a new California ballot initiative, the California Privacy Rights Act, was voted into law in November 2020, which will impose additional data protection obligations on companies doing business in California and would create a new California data protection agency specifically tasked to enforce the law, which would likely result in increased regulatory scrutiny of California businesses in the areas of data protection and security.

In addition, the European Union adopted the General Data Protection Regulation (the “GDPR”), which became effective in May 2018. The GDPR may impose additional obligations and risk upon our business, and which may increase substantially the penalties to which we could be subject in the event of any non-compliance. We may incur substantial expense in complying with the obligations imposed by the governments of the foreign jurisdictions in which we do business or seek to do business and we may be required to make significant changes in our business operations, all of which may adversely impact our business.

We may also be contractually liable to indemnify and hold harmless third parties from the costs or consequences of non-compliance with any laws, regulations or other legal obligations relating to privacy or consumer protection or any inadvertent or unauthorized use or disclosure of data that we store or handle as part of operating our business. In addition, legislative and regulatory bodies, or self-regulatory organizations, may expand or change their interpretations of current laws or regulations, or enact new laws or regulations or issue revised rules or guidance regarding privacy, data protection, and consumer protection. Any such changes may force us to incur substantial costs or require us to change our business practices. This could compromise our ability to pursue our growth strategy effectively and may harm our ability to attract new customers or retain existing customers, or otherwise adversely affect our business, financial condition, and results of operations.

Additionally, some providers of consumer devices and web browsers have implemented, or announced plans to implement, means to make it easier for Internet users to prevent the placement of cookies or to block other tracking technologies, which could, if widely adopted, result in the use of third-party cookies and other methods of online tracking becoming significantly less effective. The regulation of the use of these cookies and other current online tracking and advertising practices or a loss in our ability to make effective use of services that employ such practices could adversely affect our business, financial condition, and results of operations.

Our business depends on network and mobile infrastructure, third-party data center hosting facilities, other third-party providers, and our ability to maintain and scale our technology. Any significant interruptions or delays in service on our apps or websites or any undetected errors or design faults could result in limited capacity, reduced demand, processing delays, and loss of customers, suppliers, or merchants.

A key element of our strategy is to generate a high volume of traffic on, and use of, our apps and websites. Our reputation and ability to attract, retain, and serve our customers are dependent upon the reliable performance of our apps and websites and the underlying network infrastructure. As our customer base and the amount of information shared on our apps and websites continue to grow, we will need an increasing amount of network capacity and computing power. We have spent and expect to continue to spend substantial amounts on data centers and equipment and related network infrastructure to handle the traffic on our apps and websites. The operation of these systems is complex and could result in operational failures. In the event that the volume of traffic of our customers exceeds the capacity of our current network infrastructure or in the event that our customer base or the amount of traffic on our apps and websites grows more quickly than anticipated, we may be required to incur significant additional costs to enhance the underlying network infrastructure. Interruptions or delays in these systems, whether due to system failures, computer viruses, physical or electronic break-ins, undetected errors, design faults, or other unexpected events or causes, could affect the security or availability of our apps and websites and prevent our customers from accessing our apps and websites. If sustained or repeated, these performance issues could reduce the attractiveness of our products and services. In addition, the costs and complexities involved in expanding and upgrading our systems may prevent us from doing so in a timely manner and may prevent us from adequately meeting the demand placed on our systems. Any interruption or inadequacy that causes performance issues or interruptions in the availability of our apps or websites could reduce customer satisfaction and result in a reduction in the number of customers purchasing our products and services.

We depend on the development and maintenance of the Internet and mobile infrastructure. This includes maintenance of reliable Internet and mobile infrastructure with the necessary speed, data capacity, and security, as well as timely development of complementary products, for providing reliable Internet and mobile access. We also use and rely on services from other third parties, such as our telecommunications services and credit card processors, and those services may be subject to outages and interruptions that are not within our control. Failures by our telecommunications providers may interrupt our ability to provide phone support to our customers and distributed denial-of-service attacks directed at our telecommunication service providers could prevent customers from accessing our apps or websites. In addition, we have in the past and may in the future experience down periods where our third-party credit card processors are unable to process the online payments of our customers, disrupting our ability to receive customer orders. Our business, financial condition, and results of operations could be adversely affected if for any reason the reliability of our Internet, telecommunications, payment systems, and mobile infrastructure is compromised.

We offer our products through our apps and websites using the data centers of Amazon Web Services ("AWS"), a provider of cloud infrastructure services. We rely on the Internet to communicate with our customers and merchants and, accordingly, depend on the continuous, reliable, and secure operation of Internet servers, related hardware and software, and network infrastructure. Our operations depend on protecting the virtual cloud infrastructure hosted in AWS and its configuration, architecture, and interconnection specifications, as well as the information stored in these virtual data centers and which third-party Internet service providers transmit. Furthermore, we have no physical access or control over the services provided by AWS and we cannot quickly or easily switch our operations to another third-party cloud infrastructure service provider. A prolonged AWS service disruption affecting our apps or websites could damage our reputation with current and potential customers, expose us to liability, cause us to lose customers, or otherwise harm our business. We may also incur significant costs in connection with switching to or using alternative cloud services or taking other actions in preparation for, or in reaction to, events that impact our ability to use AWS services. Damage or interruptions to these data centers could harm our business. Moreover, negative publicity arising from these types of disruptions could damage our reputation and may adversely impact use of our apps and websites.

AWS enables us to access and use its service offerings in varying amounts and sizes, and across multiple regions. AWS provides us with cloud infrastructure services pursuant to an agreement that continues until terminated by either party. AWS may terminate the agreement for any reason by providing us with at least two years' notice. AWS may also terminate the agreement for cause upon 30 days' notice, which, in certain instances, is subject to our right to issue an escalation notice, if (i) we are in material breach of the agreement and the material breach remains uncured for a period of 30 days from receipt of notice of such breach, (ii) our use of the service offerings under the agreement (a) poses a security risk to the AWS service offerings or any third party, (b) risks adversely impacting AWS' systems, the AWS service offerings, or the systems or content of any other AWS customer, or (c) risks subjecting AWS or its affiliates to liability, and in each case, such acts or omissions that are curable are not cured within such 30 day period, (iii) we or our end users are not in compliance with the AWS acceptable use policy or the licensing terms and restrictions set out in the agreement, and such acts or omissions that are curable are not cured within such 30 day period, (iv) we fail to resolve a dispute involving payment of fees, and the disputed amount is not paid within a defined escalation period, except that AWS must first use commercially reasonable efforts to complete a dispute resolution process before

terminating the agreement under such provision, and (v) in order to comply with applicable law or binding orders of governmental entities. AWS may also discontinue a service offering that it makes generally available to its customers by providing us with at least 12 months' prior notice, except that AWS is not obligated to provide such notice if the discontinuation is necessary to address an emergency or threat to the security or integrity of AWS, respond to claims, litigation, or loss of license rights related to third-party intellectual property rights, or to comply with law or the requests of a government entity. AWS agrees that it will not make any such discontinuation in a manner that applies only to us, and not to the other AWS customers generally or to a subset of AWS customers. Termination or suspension of the AWS agreement or the underlying service offerings may harm our ability to access data centers we need to host our apps and websites or to do so on similar terms as those we have with AWS.

We also rely on e-mail service providers, bandwidth providers, Internet service providers, and mobile networks to deliver e-mail and "push" communications to customers and to allow customers to access our apps and websites. Any damage to, or failure of, our systems or the systems of our third-party data centers or our other third-party providers could result in interruptions to the availability or functionality of our apps and websites. As a result, we could lose customer data and miss order fulfillment deadlines, which could result in decreased sales, increased overhead costs, excess inventory, and product shortages. If for any reason our arrangements with our data centers or third-party providers are terminated or interrupted, such termination or interruption could adversely affect our business, financial condition, and results of operations. We exercise little control over these providers, which increases our vulnerability to problems with the services they provide. We could experience additional expense in arranging for new facilities, technology, services, and support. In addition, the failure of our third-party data centers or any other third-party providers to meet our capacity requirements could result in interruption in the availability or functionality of our apps and websites.

The satisfactory performance, reliability, and availability of our apps, websites, transaction processing systems, and technology infrastructure are critical to our reputation and our ability to attract and retain customers, as well as to maintain adequate customer service levels. Our revenue depend on the number of customers who shop on our apps and websites and the volume of orders that we can handle. Unavailability of our apps or websites or reduced order fulfillment performance would reduce the volume of goods sold and could also materially and adversely affect customer perception of our brand. Any slowdown or failure of our apps, websites, or the underlying technology infrastructure could harm our business, reputation, and ability to attract, retain, and serve our customers.

The occurrence of a natural disaster, power loss, telecommunications failure, data loss, computer virus, an act of terrorism, cyberattack, vandalism or sabotage, act of war or any similar event, or a decision to close our third-party data centers on which we normally operate or the facilities of any other third-party provider without adequate notice or other unanticipated problems at these facilities could result in lengthy interruptions in the availability of our apps and websites. If a natural disaster, pandemic, such as the COVID-19 pandemic, blackout, or other unforeseen event were to occur that disrupted the ability to obtain an Internet connection, we may experience a slowdown or delay in our operations.

In addition, certain of our hardware, including data servers, are located at an offsite data center, and certain other equipment is located within our headquarters. Such infrastructure systems are vulnerable to damage or interruption as a result of war, floods, fires, power loss, telecommunications failures, human error, and other similar events. While we have some limited disaster recovery arrangements in place, our preparations may not be adequate to account for disasters or similar events that may occur in the future and may not effectively permit us to continue operating in the event of any problems with respect to our systems or those of our third-party data centers or any other third-party facilities. Our disaster recovery and data redundancy plans may be inadequate, and our business interruption insurance may not be sufficient to compensate us for the losses that could occur. If any such event were to occur, our business, financial condition, and results of operations may be adversely affected.

We are subject to claims, litigation, governmental audits, inspections, investigations, and various legal proceedings, and face potential liability, expenses for legal claims, and harm to our business.

From time to time, we are subject to claims, litigation, governmental audits, inspections, investigations, and other legal proceedings relating to issues such as employment and labor, worker classification and assignment, worker pay, hours and benefits, labor relations including union and collective bargaining issues, employment authorization and immigration, worker safety, intellectual property (including patent, trademark and copyright), product safety, personal injury, privacy, information security, tax compliance, import/export regulations, foreign exchange regulations, licenses and permits, food safety, medical products, drugs and devices, financial services, antitrust and fair trade matters, consumer protection, and environmental issues. See the section titled "Business—Legal Proceedings" for additional information about these types of legal proceedings.

We are also subject to investigations by Korean government authorities, including an investigation alleging that we violated the Act on Fair Transactions in Large Retail Business and the Monopoly Regulation and Fair Trade Act. The complaint claimed,

among other issues, that we engaged in unfair returns of LG Household & Healthcare (“LGHH”) products, illegally requested that LGHH disclose confidential business information, and unfairly refused to do business with LGHH. Recently, the KFTC initiated an investigation into a potential violation of the Monopoly Regulation Fair Trade Act, including alleged unfair trade practices in our dealings with suppliers or merchants and the providing of preferential treatment for private labelled products sold by CPLB. Following the complaint, the KFTC opened an investigation and conducted two probes at our office in July 2019 and October 2020. We provided documents and other evidence in cooperation with the investigation. In addition to LGHH’s allegations, the scope of the investigation included our negotiations and contracting with retail suppliers generally. The KFTC Commissioners conducted a full panel hearing on August 11, 2021 to determine whether any violations were committed and to decide on possible sanctions. During the third quarter of 2021, the Company received a decision from the KFTC imposing an administrative fine of approximately \$3 million on us, alleging violation of the Act on Fair Transactions in Large Retail Business and the Monopoly Regulation and Fair Trade Act. We intend to appeal by filing an administrative action. In addition, current and former employees have raised and may raise allegations with the Korean Ministry of Employment and Labor (“MOEL”) or the Occupational Health Safety and Health Agency relating to employment and labor issues. Examples of such issues include pay, hours, breaks, time off, unfair dismissal, workplace harassment, workplace sexual harassment, health and safety, and union activities.

We intend to vigorously defend each of the legal proceedings described above and believe we have meritorious defenses to each. However, legal proceedings are inherently uncertain, and any judgment, ruling, fine, penalty or injunctive relief entered against us or any adverse settlement in these or other future matters could result in harm to our reputation, sanctions, consent decrees, injunctions, or orders requiring a change in our business practices or otherwise negatively affect our business, results of operations, and financial condition. Any claims against us, whether meritorious or not, could be time-consuming, result in costly litigation, be harmful to our reputation, require significant management attention, and divert significant resources. Further, under certain circumstances, we have contractual and other legal obligations to indemnify and to incur legal expenses on behalf of our business and commercial partners and current and former directors and officers.

Our business could be disrupted by catastrophic occurrences and similar events.

Our business and the infrastructure on which our business relies is vulnerable to damage or interruption from catastrophic occurrences, such as earthquakes, floods, fires, power loss, telecommunication failures, terrorist attacks, criminal acts, sabotage, other intentional acts of vandalism and misconduct, geopolitical events, including those related to hostilities between North Korea and Korea, disease, such as the COVID-19 pandemic, and similar events. For example, in June 2021, there was a fire at our Deokpyeong fulfillment center which caused extensive damage to our fulfillment center. In this case, it took a total of six days for the fire to be extinguished, and the products stored at the fulfillment center were destroyed with the fire, which resulted in unexpected sudden damage to the facilities and equipment of the fulfillment center, damage to the inventory, and delay in delivery. Our Korean corporate offices and certain of the data centers in which we operate are located in regions known for seismic activity. Despite any precautions we may take, the occurrence of a natural disaster or other unanticipated problems at our facilities or the facilities of our cloud providers could result in disruptions, outages, and other performance and quality problems. If we are unable to develop adequate plans to ensure that our business functions continue to operate during and after a disaster and to execute successfully on those plans in the event of a disaster or emergency, our business would be seriously harmed.

We may require additional capital to support the growth of our business, and this capital might not be available on acceptable terms, if at all.

We have funded our operations since inception primarily through equity and debt financings and revenue generated from our business. We cannot be certain when or if our operations will generate sufficient cash to fully fund our ongoing operations or the growth of our business. We intend to continue to make investments to support the development of our various apps and websites and expansion of our commercial offerings, and will require additional funds for such development and expansion. We may need additional funding for marketing expenses and to develop and expand sales resources, develop new features or enhance our marketplace or other offerings, improve our operating infrastructure, or acquire complementary businesses and technologies. Accordingly, we might need or may want to engage in future equity or debt financings to secure additional funds. Additional financing may not be available on terms favorable to us, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us, our ability to develop our apps and websites, support our business growth and respond to business challenges could be significantly impaired, and our business, financial condition, and results of operations may be adversely affected.

The terms of any additional debt we may incur in the future could restrict our ability to effectively conduct our operations. Furthermore, if we raise capital through the issuance of additional equity securities, the new equity securities could have rights senior to those of our Class A common stock. Because our decision to raise additional capital will depend on numerous

considerations, including factors beyond our control, we cannot predict or estimate the amount, timing, or nature of any future debt or equity financings, or terms on which any such financings may be completed.

Restrictions in our new revolving credit facility could adversely affect our operating flexibility.

In February 2021, we entered into a new senior unsecured revolving credit facility. The new revolving credit facility limits our ability to, among other things:

- incur or guarantee additional debt;
- make certain investments and acquisitions;
- make certain restricted payments and prepayments of certain indebtedness;
- incur certain liens or permit them to exist; and
- make fundamental changes and dispositions (including dispositions of equity interests of any subsidiary guarantors).

The new revolving credit facility also contains covenants requiring us to maintain certain financial ratios. In addition, the new revolving credit facility is guaranteed on a senior unsecured basis by certain material restricted subsidiaries of Coupang, Inc. (including Coupang Corp.), subject to customary exceptions. The provisions of our new revolving credit facility may affect our ability to obtain future financing and to pursue attractive business opportunities and our flexibility in planning for, and reacting to, changes in business conditions. As a result, restrictions in our new revolving credit facility could adversely affect our business, financial condition, and results of operations. In addition, a failure to comply with the provisions of our new revolving credit facility could result in a default or an event of default that could enable our lenders to declare the outstanding principal of that debt, together with accrued and unpaid interest, to be immediately due and payable. If the payment of outstanding amounts under our new revolving credit facility is accelerated, our assets may be insufficient to repay such amounts in full, and our common stockholders could experience a partial or total loss of their investment. Please see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources.”

We have identified certain material weaknesses in our internal control over financial reporting, and if our remediation of such material weaknesses is not effective, or if we experience additional material weaknesses or otherwise fail to design and maintain effective internal control over financial reporting, our ability to timely and accurately report our financial condition and results of operations in compliance with reporting requirements applicable for public companies in the United States could be impaired, which may adversely affect investor confidence in us and, as a result, the value of our Class A common stock.

As a public company, we are required to maintain internal control over financial reporting and to evaluate and determine the effectiveness of our internal control over financial reporting. Beginning with our annual report on Form 10-K for the year ended December 31, 2022, we will be required to provide a management report on internal control over financial reporting, as well as an attestation of our independent registered public accounting firm to comply with the SEC’s rules implementing Section 404 of the Sarbanes-Oxley Act. In 2019, we identified certain material weaknesses in our internal control over financial reporting. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our consolidated financial statements will not be prevented or detected on a timely basis. In the course of preparing our consolidated financial statements for 2019, we identified material weaknesses in the design and effectiveness of our internal control over financial reporting related to a lack of appropriately designed inventory processes and systems, inadequate review controls over the classification of certain proceeds received from vendors, and inadequate review of the accounting conclusions relating to our convertible notes. These weaknesses resulted in material adjustments to our 2018 consolidated financial statements. During 2020, we completed our remediation efforts related to these material weaknesses and have concluded that these material weaknesses no longer exist as of December 31, 2020. Our completion of the remediation of these material weaknesses does not provide assurance that the remediation or other controls will continue to operate effectively in the future.

Additionally, as part of our readiness efforts in 2020 for future compliance with Section 404 of the Sarbanes-Oxley Act, we have also commenced the process of performing risk assessments, documenting our processes, performing evaluations, and enhancing our internal control where appropriate. In the course of this process, we also identified certain additional material weaknesses in our internal control over financial reporting relating to (i) the design and effectiveness of information technology general controls, (ii) inadequate segregation of duties, and (iii) inadequate internal control over the timely preparation and review of account reconciliations. We have concluded that these material weaknesses arose because we did not have sufficient qualified

accounting resources, formalized processes, and policies necessary to satisfy the accounting and financial reporting requirements of a public company. Following review of these issues and their effect on our consolidated financial statements, we have determined that these material weaknesses did not result in material adjustments to our 2019 consolidated financial statements.

We are actively engaged in the remediation of each of the outstanding material weaknesses, including utilizing the assistance of outside advisors where appropriate, through the performance of the following actions, including: (i) continuing to hire qualified finance and IT employees with appropriate skills and public company experience, (ii) providing additional training for our personnel on internal control over financial reporting, (iii) implementing new and enhancing existing processes and policies, (iv) implementing processes and controls to better identify and manage segregation of duties, and (v) implementing and enhancing information technology processes and internal control.

Our remediation efforts of these outstanding material weaknesses are ongoing. We cannot assure you that the measures we have taken to date, and actions we may take in the future, will be sufficient to remediate the internal control deficiencies that led to our material weaknesses, that the material weaknesses will be remediated on a timely basis, or that additional material weaknesses will not be identified in the future. If the steps we take do not remediate the outstanding material weaknesses in a timely manner, there could continue to be a possibility that these control deficiencies or others could result in a material misstatement of our annual or interim consolidated financial statements. Further, our current internal control over financial reporting and any additional internal control over financial reporting that we develop may become inadequate because of changes in conditions in our business. Additionally, weaknesses in our disclosure controls and procedures and internal control over financial reporting may be discovered in the future.

The process of designing and implementing internal control over financial reporting required to comply with the disclosure and attestation requirements of Section 404 of the Sarbanes-Oxley Act will be time consuming and costly. If during the evaluation and testing process we identify additional material weaknesses in our internal control over financial reporting or determine that these existing material weaknesses have not been remediated, our management will be unable to assert that our internal control over financial reporting is effective. Even if our management concludes that our internal control over financial reporting is effective, our independent registered public accounting firm may conclude that there are material weaknesses with respect to our internal control over financial reporting. If we are unable to assert that our internal control over financial reporting is effective, or when required in the future, if our independent registered public accounting firm is unable to express an unqualified opinion as to the effectiveness of our internal control over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports, the market price of our Class A common stock could be adversely affected, and we could become subject to litigation or investigations by the New York Stock Exchange (the "NYSE"), the SEC, Korean authorities, or other regulatory authorities, which could require additional financial and management resources.

As a public reporting company, we are subject to rules and regulations established from time to time by the SEC and the NYSE regarding our internal control over financial reporting. We may not complete needed improvements to our internal control over financial reporting in a timely manner, or these internal controls may not be determined to be effective, which may adversely affect investor confidence in us and, as a result, the price per share of our Class A common stock could decline.

We are a public reporting company subject to the rules and regulations established from time to time by the SEC and the NYSE. These rules and regulations will require, among other things, that we establish and periodically evaluate procedures with respect to our internal control over financial reporting. Reporting obligations as a public company are likely to place a considerable strain on our financial and management systems, processes, and controls, as well as on our personnel. In addition, as a public company we are required to document and test our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act so that our management can certify as to the effectiveness of our internal control over financial reporting for the year ended December 31, 2022. Likewise, our independent registered public accounting firm will be required to provide an attestation report on the effectiveness of our internal control over financial reporting. If our management is unable to certify the effectiveness of our internal control or if our independent registered public accounting firm cannot deliver a report attesting to the effectiveness of our internal control over financial reporting, or if we identify or fail to remediate any significant deficiencies or material weaknesses in our internal control such as those described more fully above, we could be subject to regulatory scrutiny and a loss of public confidence, which could seriously harm our reputation, and the price per share of our Class A common stock could decline. Further, if we do not maintain adequate financial and management personnel, processes, and controls, we may not be able to manage our business effectively or accurately report our financial performance on a timely basis, our business could be adversely affected and the price per share of our Class A common stock price could decline.

The requirements of being a public company may strain our resources, divert management's attention, and affect our ability to attract and retain executive management and qualified board members.

As a public company, we are subject to the reporting requirements of Exchange Act, the corporate governance requirements of the NYSE, and other applicable securities rules and regulations. We expect that the requirements of these rules and regulations will continue to increase our legal, accounting, and financial compliance costs, make some activities more difficult, time-consuming, and costly, and place significant strain on our personnel, systems, and resources. For example, the Exchange Act requires, among other things, that we file annual, quarterly, and current reports with respect to our business and results of operations. As a result of the complexity involved in complying with the rules and regulations applicable to public companies, our management's attention may be diverted from other business concerns, which could adversely affect our business, financial condition, and results of operations.

We may need to hire more employees in the future or engage outside consultants, which will increase our operating expenses. In addition, changing laws, regulations, and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs, and making some activities more time-consuming. These laws, regulations, and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We have invested and will continue to invest substantial resources to comply with evolving laws, regulations, and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from business operations to compliance activities.

In addition to changes in the legal landscape, we intend to innovate in our existing business and expand into new business opportunities. These new business opportunities could present new and unfamiliar legal risks. If our efforts to comply with new laws, regulations, and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us and our business may be harmed. We also expect that being a public company that is subject to these new rules and regulations will make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified members of our board of directors, particularly members who can serve on our audit committee and compensation committee, and qualified executive officers.

As a result of the disclosure obligations required of a public company, our business and financial condition are more visible, which may result in an increased risk of threatened or actual litigation, including by competitors and other third parties. If such claims are successful, our business, financial condition, and results of operations could be adversely affected, and even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, would divert the resources of our management and could adversely affect our business, financial condition, and results of operations. In addition, as a public company, we may be subject to heightened governmental scrutiny or actions or proceedings brought by governmental regulators, which may exacerbate some or all of the foregoing risks.

If our estimates or judgments relating to our critical accounting policies prove to be incorrect, our results of operations could be adversely affected.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. The results of these estimates form the basis for making judgments about the carrying values of assets, liabilities, and stockholders' equity/deficit, and the amount of revenue and expenses that are not readily apparent from other sources. Significant assumptions and estimates used in preparing our consolidated financial statements include those related to revenue recognition, inventories and cost of sales, leases, equity-based compensation expense and valuation of the underlying awards, fair value measurements including common unit valuations and embedded derivative instruments. Our results of operations may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our results of operations to fall below the expectations of securities analysts and investors, and cause the price per share of our Class A common stock to decline.

Failure to comply with anti-corruption and anti-money laundering laws, including the FCPA and similar laws, could subject us to penalties and other adverse consequences.

We operate a global business and may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities. We are subject to anti-bribery and anti-money laundering laws in countries in which we conduct activities. These laws prohibit companies and their employees and third-party intermediaries from corruptly promising, authorizing, offering, or providing, directly or indirectly, improper payments or anything of value to foreign government officials, political parties, and private-sector recipients for the purpose of obtaining or retaining business, directing business to any person, or securing any advantage. In addition, U.S. public companies are required to maintain records that accurately and fairly represent their transactions and have an adequate system of internal accounting controls. In many foreign countries, including countries in which we may conduct business, it may be a local custom that businesses engage in practices that are prohibited by applicable laws and regulations. We face significant risks if we or any of our directors, officers, employees, agents or other partners or representatives fail to comply with these laws and governmental authorities seek to impose substantial civil and/or criminal fines and penalties which could have a material adverse effect on our business, reputation, results of operations, and financial condition.

We have implemented an anti-corruption compliance program and policies, procedures, and training, however, our employees, consultants, contractors, and agents, and companies to which we outsource certain of our business operations, may take actions in violation of our policies or applicable law. Any such violation could have an adverse effect on our reputation, business, results of operations, and prospects.

Any violation of applicable anti-corruption laws or anti-money laundering laws could result in whistleblower complaints, adverse media coverage, investigations, loss of export privileges, and severe criminal or civil sanctions, any of which could have a materially adverse effect on our reputation, business, financial performance, and results of operations. In addition, responding to any enforcement action may result in a significant diversion of management's attention and resources and significant defense costs and other professional fees.

We are subject to governmental economic and trade sanctions laws and regulations and violations of such laws could subject us to liabilities, penalties, and other potential consequences.

We are subject to economic sanctions laws and regulations, which may restrict or prohibit transactions and dealings (including the sale, supply, or sourcing of products and services) with certain governments, persons, entities, countries, and territories, including those that are the target of comprehensive sanctions. While we have implemented policies, procedures, and controls designed to promote and achieve compliance with applicable economic sanctions laws, we may have inadvertently in the past, and could in the future, violate such laws despite the precautions we take. As such, we may from time to time submit as warranted voluntary disclosures concerning potential violations of economic sanctions laws to relevant governmental authorities.

If we are found to be in violation of economic sanctions laws, it could result in government investigations, fines and penalties. We may also be adversely affected through other penalties, business disruption, reputational harm, loss of access to certain markets and customers, or otherwise. In addition, any change to economic sanctions laws and regulations, shift in the enforcement or scope of existing regulations or change in the countries, government, or persons targeted by such regulations could impact our ability to engage in transactions and dealings with certain parties and countries and could harm our business.

A failure to comply with current laws, rules and regulations or changes to such laws, rules, and regulations and other legal uncertainties may adversely affect our business, financial performance, results of operations, or business growth.

Our business and financial performance could be adversely affected by unfavorable changes in or interpretations of existing laws, rules, and regulations or the promulgation of new laws, rules, and regulations applicable to us and our business, including those relating to the Internet and e-commerce, Internet advertising and price display, consumer protection, economic and trade sanctions, tax, payments, foreign exchange regulations, banking, data security, network and information systems security, data protection, and privacy. As a result, regulatory authorities could prevent or temporarily suspend us from carrying on some or all of our activities or otherwise penalize us if our practices were found not to comply with applicable regulatory or licensing requirements or any binding interpretation of such requirements. Unfavorable changes or interpretations could decrease demand for our offerings, limit marketing methods and capabilities, affect our margins, increase costs, or subject us to additional liabilities.

Additionally, there are, and will likely continue to be, an increasing number of laws and regulations pertaining to the Internet and e-commerce that may relate to liability for information retrieved from or transmitted over the Internet, display of certain taxes and fees, online editorial and user-generated content, user privacy, data security, network and information systems security,

behavioral and online advertising, taxation, liability for third-party activities, quality of services, and consumer protection. Further, the growth and development of e-commerce may prompt calls for more stringent consumer protection laws and more aggressive enforcement efforts, which may impose additional burdens on online businesses generally.

Additionally, the law relating to liability of online service providers is currently unsettled. Lawmakers and governmental agencies have in the past and could in the future require changes in the way our business is conducted that might create increased legal liability for online retailers and service providers. Unfavorable regulations, laws, decisions, or interpretations by government or regulatory authorities applying those laws and regulations, or inquiries, investigations, or enforcement actions threatened or initiated by them, could cause us to incur substantial costs, expose us to unanticipated civil and criminal liability or penalties (including substantial monetary fines), increase our cost of doing business, require us to change our business practices in a manner materially adverse to our business, damage our reputation, impede our growth, or otherwise have a material effect on our operations.

Our results of operations and financial condition may be adversely affected by governmental regulation and associated environmental and regulatory costs.

Our business is subject to a wide range of laws and regulations related to environmental and other matters. Such laws and regulations have become increasingly stringent over time. We may experience increased costs due to stricter pollution control requirements or liabilities resulting from noncompliance with operating or other regulatory standards. New regulations, such as those relating to the storage, transportation, and delivery of the products that we sell, might adversely impact operations or make them more costly. In addition, as an owner and operator of commercial real estate, we may be subject to liability under applicable environmental laws for clean-up of any contamination at our facilities. We cannot be sure that we have identified all such contamination, that we know the full extent of our obligations with respect to contamination of which we are aware, or that we will not become responsible for additional contamination not yet discovered. It is possible that material costs and liabilities will be incurred, including those relating to claims for damages to property and persons and the environment. Unfavorable changes in, failure to comply with, or increased costs to comply with environmental laws and regulations could adversely affect our results of operations and financial condition.

Risks Related to Labor and Employment

If we are unable to recruit, train, and retain qualified personnel or sufficient workforce while controlling our labor costs, our business may be materially and adversely affected.

Our future success depends, to a significant extent, on our ability to recruit, train, and retain qualified personnel, particularly technical, fulfillment, marketing, infrastructure, customer service center, and other back office functions and operational personnel. Since our industry is characterized by high demand and intense competition for talent and labor, we can provide no assurance that we will be able to attract or retain qualified staff or other highly skilled employees that we will need to achieve our strategic objectives.

Our fulfillment infrastructure requires a substantial number of workers, and these positions tend to have higher than average turnover. We have observed an overall tightening of the labor market and an emerging trend of shortage of labor supply. Failure to hire and retain capable fulfillment, delivery personnel, and other labor support may lead to underperformance of these functions and cause disruption to our business. Labor costs in Korea have increased in connection with heightened scrutiny of workplace conditions in connection with the COVID-19 pandemic. Therefore, to maintain and enhance our competitiveness, we may from time to time need to adjust certain elements of our operations in response to evolving economic conditions, political climate, and business needs. These adjustments, however, may not be sufficient to allow us to address the various challenges we face or improve our results of operations and financial performance as expected.

Any failure to address these fulfillment infrastructure risks and uncertainties could materially and adversely affect our financial conditions and results of operations.

We are subject to fair trade, labor, employment, and workplace health and safety laws and regulations in Korea and other jurisdictions, which continue to evolve and have and will continue to affect some of our operations and our financial performance.

We have a workforce consisting of thousands of employees and independent contractors. We are subject to laws and regulations relating to labor and employment, including requirements on how we recruit, hire, employ, manage, train, discipline, and separate employees and independent contractors in all jurisdictions where we do business, including Korea.

We have been and will continue to be subject to inspections, investigations, disputes, and litigation relating to these labor and employment laws and regulations.

Additional laws and regulations affecting our operations may be adopted in the future, including as a result of the COVID-19 pandemic. The impact of any new laws or regulations or our failure to comply with these laws and regulations may adversely affect our business, financial condition, and results of operations.

Union activities could affect our business.

The Constitution of the Republic of Korea provides workers with rights to collective bargaining and collective action. Currently, some of our workforce are members of a labor union, with which we are currently negotiating a collective bargaining agreement. Unionization of more of our employees or any of our EDPs or Coupang Flex partners may occur and could have an adverse impact on our business, financial condition, or results of operations.

Our business could be adversely affected from an accident, safety incident, or workforce disruption.

Our delivery and fulfillment processes and related activities, as well as our last mile delivery logistics activities are subject to significant regulation. For example, Korean laws and regulations specify very broad and technical safety and health obligations on the employer and service recipient company. Breach of such obligations could result in penalties, such as criminal sanctions, administrative fines, and corrective measure orders. The MOEL may also order work suspension or use suspension of machinery/equipment if it identifies harmful or dangerous conditions in the workplaces. A breach of the above obligations by the employer or the service recipient company may result in potential civil liability. If we are unable to timely adapt to changing norms and requirements around maintaining a safe workplace during the COVID-19 pandemic could cause employee illness, accidents, or worker discontent.

While we maintain liability insurance in amounts and of the type generally consistent with industry practice, the amount of such coverage may not be adequate to cover fully all claims, and we may be forced to bear substantial losses from an accident or safety incident resulting from our fulfillment or last mile delivery activities. For example, the June 2021 fire at our Deokpyeong fulfillment center which caused extensive damage to our property and inventories resulted in a material write-off of \$285 million for the nine months ended September 30, 2021. In addition, our business was negatively impacted by, but not limited to, delay in delivery, response to investigations in relation to the fire, and compensation for damages caused. Further, increased negative publicity related to workforce safety, including our continuing response to the COVID-19 pandemic could have an adverse effect on our business, prospects, financial condition, and results of operations.

Risks Related to Doing Business in Korea

There are special risks involved with investing in Korean companies, including the possibility of restrictions being imposed by the Korean government in emergency circumstances, accounting and corporate disclosure standards that differ from those in other jurisdictions, and the risk of direct or vicarious criminal liability for executive officers of our Korean affiliates.

Our wholly-owned subsidiary, Coupang Corp., is a Korean company, and Coupang Corp. and its Korean affiliates operate in a business and cultural environment that is different from that of other countries. For example, under the Foreign Exchange Transaction Act of Korea, if the Korean government determines that in certain emergency circumstances, including sudden fluctuations in interest rates or exchange rates, extreme difficulty in stabilizing the balance of payments or substantial disturbance in the Korean financial and capital markets are likely to occur, it may impose any necessary restriction such as requiring Korean or foreign investors to obtain prior approval from the Minister of Economy and Finance of Korea prior to entering into a capital markets transaction, repatriating interest, dividends or sales proceeds arising from Korean securities or from the disposition of such securities or other transactions involving foreign exchange. Although investors hold shares of our Class A common stock, Coupang Corp. may experience adverse risks and in turn could adversely impact our business, prospects, financial condition, and results of operations and could lead to a decline in the price per share of our Class A common stock.

We also have significant subsidiaries in Korea that have statutory financial statement filing requirements. They are subject to disclosure requirements by the Korean regulators, which will involve periodical public filings of financial information under local accounting standards. These local accounting standards may differ from those of U.S. GAAP.

In addition, under Korean law, there are circumstances in which certain executive officers of a company may be investigated or held criminally liable either directly or vicariously for the actions of the company and its executives and employees. For example, complaints alleging infringement of intellectual property rights, breaches of certain Korean laws (e.g., labor standards

laws and fair trade laws), and product-related claims may be investigated and prosecuted as criminal offenses with both the company and the company's executive officers being named as defendants in such proceedings. These risks change over time.

As a result of these current and changing risks, our Korean affiliates' executive officers have in the past been named, and may be named in the future, in criminal investigations or proceedings stemming from our operations. In Korea, company executive officers being named in such investigations or proceedings is a common occurrence, even though in practice many such cases result in no liability to the individual. If our executive officers were to be named in such criminal proceedings or held either directly or vicariously criminally liable for the actions of the company and its executives and employees, our business, financial condition, and results of operations may be harmed.

Coupang Corp.'s transactions with its subsidiaries and affiliates may be restricted under Korean fair trade regulations.

Coupang Corp. enters into business relationships and transactions with its subsidiaries and affiliates, which are subject to scrutiny by the KFTC as to, among other things, whether such relationships and transactions constitute undue financial support among companies in the same business group. If, in the future, the KFTC determines that Coupang Corp. has engaged in transactions that violate the fair trade laws and regulations, it may be subject to an administrative and/or criminal fine, surcharge or other actions, which may have an adverse effect on our business, financial condition, and results of operations.

As of May 1, 2021, our Korean subsidiary, Coupang Corp., and a group of companies affiliated with it have been designated an affiliated group under Korean law, which would require that group of companies to make certain disclosures and implement additional corporate governance requirements.

As of May 1, 2021, our Korean subsidiary, Coupang Corp., and a group of companies affiliated with it have been designated as a business group subject to disclosure under the Korean Monopoly Regulation and Fair Trade Act. Such a designation imposes additional corporate governance and public disclosure requirements on this group of affiliated companies. These requirements have and will create additional costs of compliance and will subject this group of affiliated companies to greater regulatory scrutiny and risk of penalties for any failure to comply with the additional obligations imposed.

Coupang Corp. is subject to certain requirements and restrictions under Korean law that may, in certain circumstances, require it to act in a manner that may not be in our or our stockholders' best interest.

Under applicable Korean law, directors of a Korean company, such as Coupang Corp., owe a fiduciary duty to the company itself rather than to its stockholders. This fiduciary duty obligates directors of a Korean company to perform their duties faithfully for the good of the company as a whole. As a result, if circumstances arise in which the good of Coupang Corp., conflicts with the good of Coupang, Inc. or our stockholders, Coupang Corp. may not be permitted under applicable Korean law to act in a manner that is in the best interest of Coupang, Inc., as its parent, or our stockholders. For example, providing guarantees or collateral by Coupang Corp. in favor of Coupang, Inc., as its parent, without a justifiable cause and on other than arm's length terms may cause breach of a fiduciary duty of directors to Coupang Corp.

Approval by the board of directors of a Korean company is required for, among other things, all transactions between a director or major stockholder (including a 10% or more stockholder) and the company for the director's or the major stockholder's account. As a result, intercompany transactions between us and Coupang Corp. (or any other Korean subsidiary we may own, from time to time), could arise in the future in which the directors of the Korean subsidiary are not able to act in ours or our stockholders' best interest as a result of competing interests of the subsidiary. Since substantially all of our operations are conducted by Coupang Corp., any such occurrence with respect to Coupang Corp. could adversely affect our business, financial condition, and results of operations.

Coupang Corp.'s transactions with related parties are subject to close scrutiny by the Korean tax authorities, which may result in adverse tax consequences.

Under Korean tax law, there is an inherent risk that Coupang Corp.'s transactions with its subsidiaries, affiliates or any other person or company that is related to us may be challenged by the Korean tax authorities if such transactions are viewed as having been made on terms that were not on an arm's-length basis. If the Korean tax authorities determine that any of its transactions with related parties were on other than arm's-length terms, it may not be permitted to deduct as expenses, or may be required to include as taxable income, any amount which is found to be undue financial support between related parties in such transaction, which may have adverse tax consequences for us and, in turn, may adversely affect our business, financial condition, and results of operations.

A focus on regulating copyright and patent infringement by the Korean government subjects us to extra scrutiny in our operations and could subject us to sanctions, fines, or other penalties, which could adversely affect our business and operations in Korea.

The Korean government has recently focused on addressing copyright and patent infringement in Korea, particularly with respect to luxury and brand name merchandise. Despite measures we have taken to address copyright and patent infringement, the Korean government may subject us to sanctions, fines, or other penalties, which could adversely affect our business and operations in Korea.

Our business may be adversely affected by developments that negatively impact the Korean economy and uncertainties in economic conditions that impact spending patterns of our customers in Korea.

We have historically generated a substantial majority of our revenue from sales in Korea. Our future performance will depend in large part on Korea's future economic growth. Adverse developments in Korea's economy as a result of various factors, including economic, political, legal, regulatory, and social conditions in Korea may have an adverse effect on customer spending, which may not allow us to achieve our desired revenue growth. The economic indicators in Korea in recent years have shown mixed signs of growth and uncertainty, and in 2020, the Korean and global economies were affected as a result of the COVID-19 pandemic. As a result, future growth of the Korean economy is subject to many factors beyond our control, including developments in the global economy.

The Korean economy is closely tied to, and is affected by developments in, the global economy. In recent years, adverse conditions and volatility in the worldwide financial markets, fluctuations in oil and commodity prices, and the COVID-19 pandemic, have contributed to the uncertainty of global economic prospects in general and have adversely affected, and may continue to adversely affect, the Korean economy. Due to liquidity and credit concerns and volatility in the global financial markets, the value of the KRW relative to the USD and other foreign currencies and the stock prices of Korean companies have fluctuated significantly in recent years. Further declines in the Korea Composite Stock Price Index, large amounts of sales of Korean securities by foreign investors, and subsequent repatriation of the proceeds of such sales may adversely affect the value of the KRW, the foreign currency reserves held by financial institutions in Korea, and the ability of Korean companies to raise capital. Any future deterioration of the Korean economy or the global economy could adversely affect our business, financial condition, and results of operations.

Potential developments that could have an adverse impact on Korea's economy include:

- declines in customer confidence and a slowdown in customer spending;
- adverse conditions or developments in the economies of countries and regions that are important export markets for Korea, such as China, the United States, Europe, and Japan, or in emerging market economies in Asia or elsewhere, including as a result of deteriorating economic and trade relations between the United States and China and increased uncertainties resulting from the United Kingdom's exit from the European Union;
- adverse changes or volatility in foreign currency reserve levels, commodity prices (including oil prices), exchange rates (including fluctuation of the KRW, the USD, the euro or other exchange rates, or the revaluation of the Chinese Renminbi), interest rates, inflation rates, or stock markets;
- increased sovereign default risk of select countries and the resulting adverse effects on the global financial markets;
- investigations of large Korean business groups and their senior management for possible misconduct;
- a continuing rise in the level of household debt and increasing delinquencies and credit defaults by retail and small- and medium-sized enterprise borrowers in Korea;
- the continued emergence of the Chinese economy, to the extent its benefits (such as increased exports to China) are outweighed by its costs (such as competition in export markets or for foreign investment and the relocation of the manufacturing base from Korea to China), as well as a slowdown in the growth of China's economy, which is one of Korea's most important export markets;
- the economic impact of any pending or future free trade agreements or of any changes to existing free trade agreements;
- social or labor unrest;

- substantial changes in the market prices of Korean real estate;
- a decrease in tax revenue and a substantial increase in the Korean government's expenditures for fiscal stimulus measures, unemployment compensation, and other economic and social programs that, together, would lead to an increased government budget deficit;
- financial problems or lack of progress in the restructuring of certain Korean conglomerates, certain other large troubled companies, or their suppliers;
- loss of investor confidence arising from corporate accounting irregularities and corporate governance issues concerning certain Korean conglomerates;
- increases in social expenditures to support an aging population in Korea or decreases in economic productivity due to the declining population size in Korea;
- geopolitical uncertainty and risk of further attacks by terrorist groups around the world;
- the occurrence of severe health epidemics in Korea or other parts of the world, such as the COVID-19 pandemic;
- deterioration in economic or diplomatic relations between Korea and its trading partners or allies, including deterioration resulting from territorial or trade disputes or disagreements in foreign policy (such as the ongoing trade disputes with Japan);
- political uncertainty or increasing strife among or within political parties in Korea;
- hostilities or political or social tensions involving oil producing countries in the Middle East and North Africa and any material disruption in the global supply of oil or increase in the price of oil;
- an increase in the level of tensions or an outbreak of hostilities between North Korea and Korea or the United States;
- political or social tensions involving Russia and any resulting adverse effects on the global supply of oil or the global financial markets;
- natural or man-made disasters that have a significant adverse economic or other impact on Korea or its major trading partners; and
- changes in financial regulations in Korea.

Fluctuations in exchange rates could result in foreign currency exchange losses to us.

The value of the KRW and other currencies against the USD has fluctuated, and may continue to fluctuate and is affected by, among other things, changes in political and economic conditions. It is difficult to predict how market forces or Korean or U.S. government policy, including any interest rate increases by the Federal Reserve, may impact the exchange rate between the KRW and the USD in the future.

A substantial percentage of our revenue and costs are denominated in KRW and the Chinese Renminbi, and a significant portion of our financial assets are also denominated in KRW, while a substantial portion of our debt is denominated in USD. We are a holding company and we may receive dividends, loans and other distributions on equity paid by our operating subsidiaries in Korea. Any significant fluctuations in the value of the KRW may materially and adversely affect our liquidity and cash flows. For example, the depreciation of the KRW and other foreign currencies against the USD typically results in a material increase in the cost of fuel and equipment purchased from outside of Korea and the cost of servicing debt denominated in currencies other than the KRW. As a result, any significant depreciation of the KRW or other major foreign currencies against the USD may have a material adverse effect on our results of operations. If we decide to convert our KRW into USD for the purpose of repaying principal or interest expense on our outstanding USD-denominated debt, making payments for dividends on our Class A common stock, or other business purposes, depreciation of the KRW or other foreign currencies against the USD would have a negative effect on the USD amount we would receive. Conversely, to the extent that we need to convert USD into KRW for our operations, appreciation of the KRW against the USD would have an adverse effect on the KRW amount we would receive.

Tensions with North Korea could have an adverse effect on our business, financial condition, results of operations, and the price per share of our Class A common stock.

Relations between Korea and North Korea have fluctuated over the years. Tension between Korea and North Korea may increase or change abruptly as a result of current and future events. In particular, there have been heightened security concerns in recent years stemming from North Korea's nuclear weapon and ballistic missile programs as well as its hostile military actions against Korea.

North Korea's economy also faces severe challenges, which may further aggravate social and political pressures within North Korea. Since April 2018, North Korea has held a series of bilateral summit meetings with Korea and the United States to discuss peace and denuclearization of the Korean peninsula. However, North Korea has since resumed its missile testing, heightening tensions, and the outlook of such discussions remains uncertain.

Further tensions in North Korean relations could develop due to a leadership crisis, breakdown in high-level inter-Korea contacts or military hostilities. Alternatively, tensions may be resolved through reconciliatory efforts, which may include peace talks, alleviation of sanctions or reunification. We cannot assure you that future negotiations will result in a final agreement on North Korea's nuclear program, including critical details such as implementation and timing, or that the level of tensions between Korea and North Korea will not escalate. Any increase in the level of tension between Korea and North Korea, an outbreak in military hostilities or other actions or occurrences, could adversely affect our business, prospects, financial condition, and results of operations and could lead to a decline in the price per share of our Class A common stock.

New legislative proposals may expose our business to additional risks from litigation, regulation, and government investigations.

We are subject to changing laws and regulations everywhere we do business, including in Korea. For example, on September 28, 2020, the Korean Ministry of Justice announced (i) a proposed amendment to the Korean Commercial Code to adopt a punitive damages system that would apply generally to all areas of business, and (ii) a proposed bill to introduce a class action litigation system in Korea.

Previously, punitive or exemplary damages have been available in Korea only in specific business fields. The proposed legislation would broaden the potential availability of such damages. Similarly, the proposal relating to class actions would make such litigation applicable to a broader scope of cases, would allow for a Korean style discovery process, jury trials in many cases, and would apply to claims whose cause arose before the bill's enactment.

Additionally, on September 28, 2020, the KFTC introduced a proposed bill entitled the "Fair Online Platform Intermediary Transactions Act." This proposed act is intended to augment the existing legal framework under the Monopoly Regulation and Fair Trade Act of Korea to regulate competition and fairness issues arising in the business of online platforms. This proposed act would enhance liability of online platform operators to merchants, suppliers, and customers.

In addition, a draft amendment to the Act on the Consumer Protection in Electronic Commerce, etc. is pending at the National Assembly. This amendment has reclassified business operators to be regulated, modified the scope of application for transactions to sell in the adjacent areas, and added provisions that protect consumers in many different aspects by clarifying conditions for order cancellation while creating new obligations to account for hazard prevention, etc. The final amendment, once passed, could impact the Company's business in various ways.

Also, on January 8, 2021, the main session of the Korean National Assembly passed a draft Bill on Punishment for Serious Accidents, etc. (the "Serious Accidents Act"). The Serious Accidents Act will come into effect on January 27, 2022 for businesses (or places of work) with 50 or more employees. The Serious Accidents Act seeks to impose enhanced liability (including criminal liability) on businesses, managers, and individuals who are responsible for causing loss of life by failing to fulfill duties relating to workplace safety and health or risk prevention. The Serious Accidents Act provides the potential for criminal punishment, public disclosure of punishment, and monetary damages, including punitive damages up to five times the actual damages suffered. The Serious Accidents Act would extend potential liability to a wider group of persons than under existing law, including those who oversee safety and health matters for the business concerned and also general managers of the business.

These are just some examples of how our business could be affected by changing regulations. If these proposals are enacted and implemented, our Korean subsidiary, Coupang Corp. (and its Korean subsidiaries), could face substantial costs and management could be required to spend significant time and attention on these matters, which would divert our focus from our core business. This could adversely affect our business, financial condition, and results of operations.

As Coupang Corp. is incorporated in Korea, it may be more difficult to enforce judgments obtained in courts outside Korea.

Coupang Corp. is incorporated in Korea, most of its directors and executive officers reside in Korea, and a substantial majority of its assets and the personal assets of its directors and executive officers are located in Korea. As a result, it may be more difficult for investors to effect service of process in the United States upon it or its directors or executive officers or to enforce against it or its directors or executive officers judgments obtained in U.S. courts predicated upon civil liability provisions of the federal or state securities laws of the United States or similar judgments obtained in other courts outside Korea. There is doubt as to the enforceability in Korean courts, in original actions or in actions for enforcement of judgments of U.S. courts, of civil liabilities predicated solely upon the federal and state securities laws of the United States.

Risks Related to Intellectual Property

We may not be able to adequately protect our intellectual property rights.

The protection of our intellectual property rights may require the expenditure of significant financial, managerial, and operational resources. The steps we take to protect our intellectual property may not adequately protect our rights or prevent third parties from infringing or misappropriating our proprietary rights. Any of our current or future patents, trademarks or other intellectual property rights may be challenged by others or invalidated through administrative process or litigation. Our pending patent and trademark applications may never be granted. Additionally, the process of obtaining patent protection is expensive and time-consuming, and the amount of compensation for damages can be limited in certain jurisdictions. Further, we may not be able to prosecute or otherwise obtain all necessary or desirable patent or trademark applications at a reasonable cost or in a timely manner. Even if issued, these patents or trademarks may not adequately protect our intellectual property, as the legal standards relating to the validity, enforceability and scope of protection of patent, trademark and other intellectual property rights are applied on a case-by-case basis and it is generally difficult to predict the results of any litigation relating to such matters. Additionally, others may independently develop or otherwise acquire equivalent, “design-around” or superior technology or intellectual property rights. We may be unable to prevent third parties from infringing upon, misappropriating or otherwise violating our intellectual property rights and other proprietary rights. Any litigation, whether or not it is resolved in our favor, could result in significant expense to us and divert the efforts of our technical and management personnel, which may materially and adversely affect our business, financial condition, and results of operations.

We may be accused of infringing intellectual property rights of third parties.

Although our terms of use prohibit the sale of counterfeit items or any items infringing upon third parties’ intellectual property rights in our marketplace and we have implemented measures to exclude goods that have been determined to violate our terms of use, we may not be able to detect and remove every item that may infringe on the intellectual property rights of third parties. As a result, we have received in the past, and may receive in the future, complaints alleging that certain items listed or sold on our apps or websites infringe upon the intellectual property rights of third parties, which could lead to actual disputes and lawsuits relating to intellectual property infringement.

The e-commerce industry is characterized by vigorous protection and pursuit of intellectual property rights, which has resulted in protracted and expensive litigation or investigations for many companies. We are currently party to litigation or disputes related to intellectual property rights of third parties, and we expect we will continue to be subject to such litigation, disputes, and investigations in the future, some of which may be material. Any intellectual property litigation or investigations to which we might become a party, or for which we are required to provide indemnification, may require us to, among other things, (i) cease selling certain products, (ii) make substantial payments for legal fees, settlement payments, or other costs or damages, (iii) change our processes or technology, obtain license(s), which may not be available on reasonable terms or at all, to use the relevant technology or process, or (iv) redesign the allegedly infringing processes to avoid infringement, misappropriation or violation.

Whether or not these claims are resolved in our favor, they could divert the resources of our management and adversely affect our reputation, business, financial condition, and results of operations.

Some of our software and systems contain open source software, which may pose particular risks to our proprietary software and solutions.

We use, and expect to continue to use, open source software in our software and systems. The licenses applicable to open source software typically require that the source code subject to the license be made available to the public and that any modifications or derivative works to open source software continue to be licensed under open source licenses. From time to time, we may face claims from third parties of infringement of their intellectual property rights, or demanding the release or license of the open source software or derivative works that we developed using such software (which could include our proprietary source code) or otherwise seeking to enforce the terms of the applicable open source license. We have not conducted an open source license review and may inadvertently use open source software in a manner that exposes us to claims of non-compliance with the applicable terms of such license, including claims for infringement of intellectual property rights or for breach of contract. These claims could result in litigation and could require us to purchase a costly license, publicly release the affected portions of our source code, be limited in the licensing of our technologies or cease offering the implicated solutions unless and until we can re-engineer them to avoid infringement or change the use of the implicated open source software. In addition to risks related to license requirements, use of certain open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties, indemnities, or other contractual protections with respect to the software (for example, non-infringement or functionality). Our use of open source software may also present additional security risks because the source code for open source software is publicly available, which may make it easier for hackers and other third parties to determine how to breach our apps or websites and systems that rely on open source software. Any of these risks could be difficult to eliminate or manage, and, if not addressed, could have an adverse effect on our business, financial condition, and results of operations.

Risks Related to Taxes

Changes in the tax treatment of companies engaged in e-commerce may adversely affect the commercial use of our apps and websites and our financial results.

The Korean National Tax Service or the Korean Ministry of Economy and Finance may attempt to introduce new tax regimes in alignment with the Korean government's recent international-tax overhaul attempt to address the tax challenges arising from the digitalization of the economy including e-commerce. This may lead the Korean government to impose additional or new regulations on our business or levy additional or new sales, income or other taxes relating to our activities. New or revised tax regulations may subject us or our customers to additional sales, income, and other taxes. We cannot predict the effect of current attempts to impose sales, income, or other taxes on e-commerce. New or revised taxes could increase the cost of doing business online and decrease the attractiveness of advertising and selling merchandise and services over the Internet. New taxes could also create significant increases in internal costs necessary to capture data and collect and remit taxes. Any of these events could have a material and adverse effect on our business, financial condition, and results of operations.

Because of our organizational structure, we may be subject to U.S. federal income tax on our non-U.S. income as well as non-U.S. withholding taxes on distributions from non-U.S. affiliates.

We are a Delaware corporation that is treated as a domestic corporation for U.S. federal income tax purposes. Under the rules of the Internal Revenue Code of 1986, as amended (the "Code"), we may be subject to U.S. federal income tax on a substantial portion of any income earned by our non-U.S. affiliates, regardless of whether that income is distributed to us, although it may be possible to offset some or all of any U.S. tax liability with credits for non-U.S. income taxes paid by the non-U.S. affiliates. These rules are extremely complicated, and their impact on us will depend on the results of our future operations and cannot be predicted or quantified at this time. In addition, although we do not anticipate paying any cash dividends in the foreseeable future, in the event that we were to pay dividends we will likely require distributions from our non-U.S. affiliates, which distributions could be subject to withholding taxes imposed by their respective jurisdictions.

Future changes to tax laws could materially and adversely affect us and reduce net returns to our stockholders.

Our tax treatment is subject to changes in tax laws, regulations, and treaties, or the interpretation thereof, tax policy initiatives and reforms under consideration, and the practices of tax authorities in jurisdictions in which we operate. The income tax rules in the jurisdictions in which we operate are constantly under review by taxing authorities and other governmental bodies. Changes to tax laws (which changes may have retroactive application) could adversely affect us or our stockholders. We are unable to predict what tax proposals may be proposed or enacted in the future or what effect such changes would have on our business, but such changes, to the extent they are brought into tax legislation, regulations, policies or practices, could affect our financial position and overall or effective tax rates in the future in countries where we have operations and where we or our subsidiaries are organized or resident for tax purposes, and increase the complexity, burden and cost of tax compliance. We urge investors to consult with their legal and tax advisers regarding the implication of potential changes in tax laws on an investment in our Class A common stock.

We may experience fluctuations in our tax obligations and effective tax rate, which could materially and adversely affect our results of operations.

We are subject to taxes in the United States, Korea, China, Singapore, Japan, and Taiwan. We record tax expenses based on current tax payments and our estimates of future tax payments, which may include reserves for estimates on uncertain tax positions. We may be subject to audit and the results of these audits and negotiations with taxing authorities may affect the ultimate settlement of these issues. 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 materially impacted by changes in tax laws, changes to existing accounting rules or regulations or by changes to our ownership or capital structures. Fluctuations in our tax obligations and effective tax rate could materially and adversely affect our results of business, financial condition, and results of operations.

Our Korean and U.S. affiliates' ability to use net operating loss carryforwards may be limited.

Under the Korean tax law, net operating losses ("NOLs") can be carried forward and deducted from taxable income for up to 15 years from the year in which the tax losses were incurred. While the utilization of NOL carryforwards per year is generally limited to 60% of taxable income in the year of utilization (except for certain small and medium-sized enterprises), there is no annual limitation on the use of NOLs in the event of an ownership change. As of December 31, 2020, our Korean affiliates had accumulated NOL carryforwards of approximately \$3.1 billion. Our Korean affiliates' ability to utilize its NOLs depends on their ability to generate sufficient taxable income to absorb the tax benefits within the carry-forward period.

As of December 31, 2020, our U.S. affiliates had U.S. federal NOL carryforwards of approximately \$50 million due to prior period losses. Under the U.S. Tax Cuts and Jobs Act of 2017 as modified by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, U.S. federal NOLs incurred in taxable years beginning after December 31, 2017 may be carried forward indefinitely, but the deductibility of such federal NOLs will be limited to 80% of taxable income in taxable years beginning after December 31, 2020. In addition, under Sections 382 and 383 of the Code, if a corporation undergoes an "ownership change" (generally defined as a greater than 50 percentage-point cumulative change (by value) in the equity ownership of certain stockholders over a rolling three-year period), the corporation's ability to use its pre-change NOLs and other pre-change tax attributes, including credits, to offset its post-change taxable income or taxes may be limited. It is possible that we may experience ownership changes as a result of our initial public offering or in the future as a result of subsequent shifts in our stock ownership, some of which may be outside of our control. This could limit the amount of NOLs that we can utilize annually to offset future taxable income or tax liabilities. In addition, for U.S. federal income tax purposes, NOLs incurred in taxable years beginning prior to January 1, 2018 can be carried forward to the following twenty taxable years, and different periods may apply for U.S. state and local income tax purposes. We will be unable to use NOLs if we do not attain profitability sufficient to offset available NOLs prior to their expiration. For state and local income tax purposes in certain jurisdictions, there may be periods during which the use of NOLs is suspended or otherwise limited, which could accelerate or permanently increase state taxes owed. For example, on June 29, 2020, the Governor of California signed into law the 2020 Budget Act which imposed limits on the usability of California state net operating losses to offset taxable income and the utilization of research tax credits to \$5.0 million annually in tax years beginning after 2019 and before 2023.

Our international operations may subject us to greater than anticipated tax liabilities.

The amount of taxes we pay in different jurisdictions depends on the application of the tax laws of various jurisdictions, including the United States, to our international business activities, changes in tax rates, new or revised tax laws or interpretations of existing tax laws and policies, and our ability to operate our business in a manner consistent with our corporate structure and intercompany arrangements. The taxing authorities of the jurisdictions in which we operate may challenge our methodologies for pricing intercompany transactions pursuant to our intercompany arrangements or disagree with our determinations as to the income and expenses attributable to specific jurisdictions. If such a challenge or disagreement were to occur, and our position was not sustained, we could be required to pay additional taxes, interest, and penalties, which could result in one-time tax charges, higher effective tax rates, reduced cash flows, and lower overall profitability of our operations. Our consolidated financial statements could fail to reflect adequate reserves to cover such a contingency. Similarly, a taxing authority could assert that we are subject to tax in a jurisdiction where we believe we have not established a taxable connection, often referred to as a “permanent establishment” under international tax treaties, and such an assertion, if successful, could increase our expected tax liability in one or more jurisdictions.

Risks Related to Ownership of Our Class A Common Stock

The dual class structure of our common stock has the effect of concentrating voting control with Bom Suk Kim, who beneficially holds all of our Class B common stock representing in the aggregate 76.3% of the voting power of our capital stock.

All of our shares of Class B common stock, which has 29 votes per share, are beneficially held by Bom Suk Kim, our Founder and Chief Executive Officer. Our Class A common stock, which is the stock we list on the NYSE, has one vote per share. Our Class A common stock and Class B common stock vote together as a single class on all matters, except as otherwise required by applicable law or our certificate of incorporation. Each share of our Class B common stock is convertible at any time at the option of the holder into one share of our Class A common stock. In addition, each share of our Class B common stock will convert automatically into one share of our Class A common stock upon any transfer, whether or not for value, except certain transfers to entities, to the extent the transferor retains sole dispositive power and exclusive voting control with respect to the shares of Class B common stock, and certain other transfers described in our certificate of incorporation. Upon any conversion of shares of Class B common stock into shares of Class A common stock, the voting power of any existing holder of Class A common stock in any vote of the Class A common stock voting separately as a class will be diluted to the extent of the additional shares of Class A common stock issued as a result of the conversion, but because there will be fewer shares of Class B common stock outstanding as a result of such a conversion, the voting power of any existing holder of Class A common stock in any vote of all shares of capital stock voting together as a class will increase because there will be fewer shares of the higher vote Class B common stock outstanding. Because of the 29-to-one voting ratio between our Class B and Class A common stock, the Class B common stock held by Mr. Kim represent, in the aggregate, 76.3% of the combined voting power of our capital stock as of September 30, 2021. The control by Mr. Kim of a majority of the combined voting power will limit or preclude your ability to influence corporate matters for the foreseeable future, including the election of directors, amendments of our organizational documents, and any merger, consolidation, sale of all or substantially all of our assets, or other major corporate transaction requiring stockholder approval. In addition, this may defer, prevent, or discourage unsolicited acquisition proposals or offers for our capital stock that you may believe are in your best interest as one of our stockholders. Mr. Kim also has the ability to control our management and major strategic investments as a result of his position as our Chief Executive Officer. Although Mr. Kim owes a fiduciary duty to our stockholders as a board member and officer, as a stockholder, Mr. Kim is entitled to vote his shares in his own interest, which may not always be in the interest of our stockholders generally. Similarly, a reduction in Mr. Kim’s shareholdings could impact his ability to control corporate matters.

We cannot predict the effect our dual class structure may have on the price per share of our Class A common stock.

We cannot predict whether our dual class structure will result in a lower or more volatile price of our Class A common stock, in adverse publicity, or other adverse consequences. For example, certain index providers have announced restrictions on including companies with multiple-class share structures in certain of their indices. In July 2017, FTSE Russell announced that it plans to require new constituents of its indices to have greater than 5% of the company's voting rights in the hands of public stockholders, and S&P Dow Jones announced that it will no longer admit companies with multiple-class share structures to certain of its indices. Affected indices include the Russell 2000 and the S&P 500, S&P MidCap 400, and S&P SmallCap 600, which together make up the S&P Composite 1500. The dual class structure of our common stock would make us ineligible for inclusion in these and certain other indices and, as a result, mutual funds, exchange-traded funds, and other investment vehicles that attempt to passively track those indices would not invest in our Class A common stock. These policies are relatively new and it is unclear what effect, if any, they will have on the valuations of publicly-traded companies excluded from such indices, but it is possible that they may adversely affect our value compared to similar companies that are included in such indices. As a result, the price per share of our Class A common stock could decline or remain depressed.

In addition, several stockholder advisory firms have announced their opposition to the use of multiple class structures. As a result, the dual class structure of our common stock could cause stockholder advisory firms to publish negative commentary about our corporate governance practices or otherwise seek to cause us to change our capital structure. Any actions or publications by stockholder advisory firms critical of our corporate governance practices or capital structure could cause the price per share of our Class A common stock to decline.

The market price of shares of our Class A common stock may be volatile, which could cause the value of your investment to decline.

The stock market in general, and the market for stocks of technology companies in particular, has been highly volatile. As a result, the market price of shares of our Class A common stock is likely to be volatile, and investors in our Class A common stock may experience a decrease, which could be substantial, in the price of their Class A common stock or the loss of their entire investment for a number of reasons, including reasons unrelated to our operating performance or prospects. The market price of shares of our Class A common stock could be subject to wide fluctuations in response to a broad and diverse range of factors, including those described elsewhere in this "Risk Factors" section and this Form 10-Q and the following:

- actual or anticipated fluctuations in our results of operations;
- overall performance of the equity markets and the economy as a whole;
- changes in the financial projections we may provide to the public or our failure to meet these projections;
- failure of securities analysts to initiate or maintain coverage of us, changes in financial estimates by any securities analysts who follow us, or our failure to meet these estimates or the expectations of investors;
- actual or anticipated changes in our growth rate relative to that of our competitors;
- changes in the anticipated future size or growth rate of our addressable markets;
- announcements of new products, or of acquisitions, strategic partnerships, joint ventures, or capital-raising activities or commitments, by us or by our competitors;
- additions or departures of board members, management, or key personnel;
- rumors and market speculation involving us or other companies in our industry;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business, including those related to data privacy and cyber security in Korea or globally;
- lawsuits or investigations threatened or filed against us;
- other events or factors, including those resulting from war, incidents of terrorism, or responses to these events;
- health epidemics, such as the COVID-19 pandemic, influenza, and other highly communicable diseases or viruses; and
- sales or expectations with respect to sales of shares of our Class A common stock by us or our security holders.

In addition, stock markets with respect to newly public companies, particularly companies in the technology industry, have experienced significant price and volume fluctuations that have affected and continue to affect the stock prices of these companies. Stock prices of many companies, including technology companies, have fluctuated in a manner often unrelated to the operating performance of those companies. In the past, companies that have experienced volatility in the trading price for their stock have been subject to securities class action litigation. If we were to become involved in securities litigation, it could subject us to substantial costs, divert resources and the attention of management from our business, and adversely affect our business, financial condition, and results of operations.

An active public market for our Class A common stock may not be sustained, and you may not be able to resell your shares of Class A common stock.

An active trading market for our Class A common stock may not be sustained. The lack of an active market may impair your ability to sell your shares at the time you wish to sell them or at a price that you consider reasonable. An inactive market may also impair our ability to raise capital by selling shares and may impair our ability to acquire other businesses, applications, or technologies using our shares as consideration.

Future sales of our Class A common stock in the public market could cause the price per share of our Class A common stock to decline.

Sales of a substantial number of shares of Class A common stock into the public market, particularly sales by our directors, executive officers, or principal stockholders, or the perception that these sales might occur, could cause the price of our Class A common stock to decline. As of September 30, 2021, we had 1,575,551,659 shares of Class A common stock outstanding. We have also registered shares of Class A common stock that we may issue under our employee equity incentive plans. These shares will be able to be sold freely in the public market upon issuance, subject to applicable vesting requirements, compliance by affiliates with Rule 144, and other restrictions provided under the terms of the applicable plan and/or the award agreements entered into with participants.

The holders of approximately 914.2 million shares of our Class A and Class B common stock, or approximately 52% of our total outstanding Class A and Class B common stock (based upon the number of shares outstanding as of September 30, 2021), are entitled to rights with respect to the registration of their shares under the Securities Act. Registration of these shares under the Securities Act would result in the shares becoming freely tradable without restriction under the Securities Act, except for shares purchased by affiliates. Any sales of securities by these stockholders could cause the price per share of our Class A common stock to decline.

Our business and financial performance may differ from any projections that we disclose or any information that may be attributed to us by third parties.

From time to time, we may provide guidance via public disclosures regarding our projected business or financial performance. However, any such projections involve risks, assumptions, and uncertainties, and our actual results could differ materially from such projections. Factors that could cause or contribute to such differences include, but are not limited to, those identified in this “Risk Factors” section, some or all of which are not predictable or within our control. Other unknown or unpredictable factors also could adversely impact our performance, and we undertake no obligation to update or revise any projections, whether as a result of new information, future events, or otherwise. In addition, various news sources, bloggers, and other publishers often make statements regarding our historical or projected business or financial performance, and you should not rely on any such information even if it is attributed directly or indirectly to us.

If securities or industry analysts do not publish research or reports about our business, or if they change their recommendations regarding our stock adversely, our stock price and trading volume could decline.

The trading market for our Class A common stock may be influenced by the research and reports that industry or securities analysts publish about us or our business. If one or more of the analysts who cover us downgrade our stock or describe us or our business in a negative manner, our stock price would likely decline. If one or more of these analysts cease coverage of our company or fails 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. In addition, if we fail to meet the expectations and forecasts for our business provided by securities analysts, our stock price could decline.

We do not intend to pay dividends for the foreseeable future.

We have never declared or paid any cash dividends on our capital stock, and we do not intend to pay any cash dividends in the foreseeable future. We expect to retain future earnings, if any, to fund the development and growth of our business. Any future determination to pay dividends on our capital stock will be at the discretion of our board of directors, and could be restricted by regulatory capital requirements. In addition, the terms of our new revolving credit facility and our senior secured term loan facility contain restrictions on our ability to pay dividends. There are also certain regulations that restrict the ability of some of our subsidiaries to pay dividends to us. Accordingly, investors must rely on sales of their Class A common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investments.

Our certificate of incorporation designates the Court of Chancery of the State of Delaware and, to the extent enforceable, the federal district courts of the United States as the exclusive forums for certain disputes between us and our stockholders, which will restrict our stockholders' ability to choose the judicial forum for disputes with us or our directors, officers, or employees.

Our certificate of incorporation provides that the Court of Chancery of the State of Delaware is the exclusive forum for the following types of actions or proceedings under Delaware statutory or common law: any derivative action or proceeding brought on our behalf, any action asserting a breach of a fiduciary duty, any action asserting a claim against us arising pursuant to the Delaware General Corporation Law, our certificate of incorporation, or our bylaws, or any action asserting a claim against us that is governed by the internal affairs doctrine. The provisions would not apply to suits brought to enforce a duty or liability created by the Securities Act, the Exchange Act or any other claim for which the U.S. federal courts have exclusive jurisdiction. Furthermore, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all such Securities Act actions. Accordingly, both state and federal courts have jurisdiction to entertain such claims. To prevent having to litigate claims in multiple jurisdictions and the threat of inconsistent or contrary rulings by different courts, among other considerations, our certificate of incorporation provides that the federal district courts of the United States will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act.

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. While the Delaware courts have determined that such choice of forum provisions are facially valid, a stockholder may nevertheless seek to bring such a claim arising under the Securities Act against us, our directors, officers, or other employees in a venue other than in the federal district courts of the United States. In such instance, we would expect to vigorously assert the validity and enforceability of the exclusive forum provisions of our certificate of incorporation. This may require significant additional costs associated with resolving such action in other jurisdictions, and we cannot assure that the provisions will be enforced by a court in those other jurisdictions.

Claims for indemnification by our directors and officers may reduce our available funds to satisfy successful third-party claims against us and may reduce the amount of money available to us.

Our certificate of incorporation and bylaws provide that we will indemnify our directors, officers, and other agents, in each case to the fullest extent permitted by Delaware law.

In addition, as permitted by Section 145 of the DGCL, our bylaws and our indemnification agreements that we have entered into with our directors and officers provide that:

- we will indemnify our directors, officers, employees, agents, and other legal representatives (and persons serving in such capacities with other business enterprises at our request), to the fullest extent permitted by Delaware law. Delaware law provides that a corporation may indemnify such person if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the registrant and, with respect to any criminal proceeding, had no reasonable cause to believe such person's conduct was unlawful;
- we are required to advance expenses, as incurred, to our directors and officers in connection with defending a proceeding, except that, if required by Delaware law, such directors or officers will undertake to repay such advances if it is ultimately determined that such person is not entitled to indemnification;
- we will not be obligated pursuant to our bylaws to indemnify any director, officer, employee, or agent with respect to proceedings initiated by such person, except with respect to proceedings authorized by our board of directors;
- we may advance expenses, as incurred, to our other agents in connection with defending a proceeding, on such terms and conditions as our board of directors deems appropriate;

- the rights conferred in our bylaws are not exclusive, and we are authorized to enter into indemnification agreements with our directors, officers, employees, and agents and to obtain insurance to indemnify such persons; and
- we may not amend, repeal, or modify our bylaw provisions to reduce our indemnification obligations to directors, officers, employees, and agents without the prior written consent of such person.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Use of Proceeds

The Registration Statement on Form S-1 (File No. 333-253030) for our IPO of our Class A common stock was declared effective by the SEC on March 10, 2021. There has been no material change in the planned use of proceeds from our IPO as described in our final prospectus filed with the SEC pursuant to Rule 424(b) of the Securities Act and other periodic reports previously filed with the SEC.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Disclosure Pursuant to Section 13(r) of the Exchange Act

During this quarter, we processed five transactions for delivery to the Iranian Embassy in Seoul, South Korea that were successfully blocked from delivery and refunded. We do not plan to sell to individuals at this address in the future, and continue to take steps to prevent and block such sales and to enhance our policies and procedures to identify transactions associated with persons subject to U.S. sanctions against Iran.

Disclosure Pursuant to Rule 14a-8 of the Exchange Act

We intend to hold our 2022 Annual Meeting of Stockholders in June 2022 (the “2022 Annual Meeting”). In accordance with Rule 14a-8 under the Exchange Act (“Rule 14a-8”), and our Bylaws, the deadlines for the receipt of any stockholder proposals and director nominations to be considered at the 2022 Annual Meeting are set forth below.

Any stockholder proposal submitted pursuant to Rule 14a-8 for inclusion in our proxy materials for the 2022 Annual Meeting must be received by our Corporate Secretary at our principal executive offices no later than the close of business on December 29, 2021 (which we believe is a reasonable time before we begin to print and send our proxy materials). Such proposals also need to comply with the SEC’s stockholder proposal rules.

In addition, any stockholder seeking to nominate a director or to bring other business before the 2022 Annual Meeting outside of Rule 14a-8 under the advance notice provisions included in our Bylaws must provide timely notice, as set forth in the Bylaws. Specifically, written notice of any such proposed business or nomination must be received by our Corporate Secretary at our principal executive offices no earlier than the close of business on February 14, 2022 and no later than the close of business on March 16, 2022. Any notice of proposed business or nomination also must comply with the notice and other requirements set forth in our Bylaws and with any applicable law. For purposes of the above, the “close of business” shall mean 5:00 p.m. local time at the principal executive offices of the Company.

Item 6. Exhibits

Exhibit Number	Description of Exhibit
3.1	Certificate of Incorporation of the Registrant.
3.2	Bylaws of the Registrant.
31.1	Certification of the Chief 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 the Chief 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*	Certifications of the Chief 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*	Certifications of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	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	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

* Indicates furnished exhibit

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

COUPANG, INC. (REGISTRANT)

By: /s/ Michael Parker

Michael Parker

Chief Accounting Officer

(Principal Accounting Officer)

Dated: November 12, 2021

**CERTIFICATE OF INCORPORATION
OF
COUPANG, INC.**

The undersigned, a natural person (the “**Sole Incorporator**”), for the purpose of organizing a corporation to conduct the business and promote the purposes hereinafter stated, under the provisions and subject to the requirements of the laws of the State of Delaware hereby certifies that:

I.

The name of this corporation is Coupang, Inc. (the “**Company**”).

II.

The address of the registered office of the Company in the State of Delaware is 1209 Orange Street, Wilmington, Delaware, 19801, County of New Castle, and the name of the registered agent of the Company in the State of Delaware at such address is The Corporate Trust Company.

III.

The purpose of the Company is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of the State of Delaware (“**DGCL**”).

IV.

A. The Company is authorized to issue three classes of stock to be designated, respectively, “Class A Common Stock,” “Class B Common Stock” and “Preferred Stock.” The total number of shares that the Company is authorized to issue is 12,250,000,000 shares, 10,000,000,000 shares of which shall be Class A Common Stock (the “**Class A Common Stock**”), 250,000,000 shares of which shall be Class B Common Stock (the “**Class B Common Stock**” together with the Class A Common Stock, the “**Common Stock**”) and 2,000,000,000 shares of which shall be Preferred Stock (the “**Preferred Stock**”). The Preferred Stock shall have a par value of \$0.0001 per share and the Common Stock shall have a par value of \$0.0001 per share.

B. The Preferred Stock may be issued from time to time in one or more series. Subject to any limitations expressly set forth in this Article IV (including Section D.4(c) hereof) or Article V, or, to the extent permitted by applicable law and the Bylaws of the Company or a resolution of the Board of Directors, any committee of the Board of Directors, is hereby expressly authorized by resolution or resolutions to provide for the issue of all or any of the shares of the Preferred Stock in one or more series, and to fix the number of shares of such shares and to determine for each such series, such voting powers, full or limited, or no voting powers, and such designations, preferences, and relative, participating, optional, or other rights and such qualifications, limitations, or restrictions thereof, as shall be stated and expressed in the resolution or resolutions adopted by the Board of Directors or committee thereof providing for the issuance of such shares and as may be permitted by the DGCL. Subject to any limitations expressly set forth in this Article IV (including Section D.4(c) hereof) or Article V, the Board of Directors or, to the extent permitted by applicable law and the Bylaws of the Company or a resolution of the Board of Directors, any committee of the Board of Directors, is also expressly authorized to increase (but not above the authorized number of shares of Preferred Stock) or decrease (but not below the number of shares of such series then outstanding) the number of shares of any series subsequent to the issuance of shares of that series. If the number of shares of any series of Preferred Stock shall be

decreased in accordance with the foregoing sentence, then the shares constituting such decrease shall resume the status that they had prior to the adoption of the resolution originally fixing the number of shares of such series.

C. Subject to any limitations expressly set forth in this Article IV (including Section D.4(c) hereof) or Article V, the number of authorized shares of Preferred Stock or Class A Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the voting power of all of the outstanding shares of stock of the Company entitled to vote thereon, without a separate vote of the holders of the Preferred Stock, or of any series thereof, Class A Common Stock or Class B Common Stock irrespective of the provisions of Section 242(b)(2) of the DGCL unless a vote of any such holders is required pursuant to the terms of any certificate of designation filed with respect to any series of Preferred Stock (a “*Certificate of Designation*”).

D. Except as provided above, the rights, preferences, privileges, restrictions and other matters relating to the Class A Common Stock and Class B Common Stock are as follows:

1. Definitions.

(a) “*Acquisition*” means any consolidation or merger of the Company with or into any other Entity, other than any such consolidation or merger in which the stockholders of the Company immediately prior to such consolidation or merger continue to hold a majority of the voting power of the surviving Entity in substantially the same proportions (or, if the surviving Entity is a wholly owned subsidiary of another Entity, the surviving Entity’s Parent) immediately after such consolidation, merger or reorganization; or (B) any transaction or series of related transactions to which the Company is a party in which in excess of 50% of the Company’s voting power is transferred or issued; provided that an Acquisition shall not include any transaction or series of transactions principally for bona fide equity financing purposes.

(b) “*Approved Designee*” shall mean a person or persons who entitled to exercise Voting Control with respect to shares of Class B Common Stock only following the death or Incapacity of the Founder pursuant to an agreement entered into between the Founder and some person or persons, and who is approved by a majority of the Board of Directors.

(c) “*Asset Transfer*” means the sale, lease, exchange or other disposition (other than liens and encumbrances created in the ordinary course of business, including liens or encumbrances to secure indebtedness for borrowed money, so long as no foreclosure occurs in respect of any such lien or encumbrance) of all or substantially all of the assets of the Company.

(d) “*Certificate of Incorporation*” means the certificate of incorporation of the Company, as amended and/or restated from time to time, including the terms of any certificate of designations of any series of Preferred Stock.

(e) “*Entity*” means any corporation, partnership, limited liability company or other legal entity.

(f) “*Effective Time*” means the time this Certificate of Incorporation of the Company is filed with the Secretary of State of the State of Delaware immediately prior to the time shares of Class A Common Stock were first publicly traded became effective in accordance with the DGCL.

(g) “**Family Member**” means with respect to any natural person, the spouse, ex-spouse, domestic partner, ex-domestic partner, parents, grandparents, lineal descendants, siblings and lineal descendants of siblings (in each case whether by blood relation or adoption) of such person or the spouse or domestic partner or any member of the immediate household of such person.

(h) “**Final Conversion Date**” shall mean the earliest to occur of any of either: (i) 5:00 p.m. in New York City, New York on the Trading Day fixed by the Board of Directors that is no less than 120 days and no more than 180 days following the date that the number of shares of Class B Common Stock outstanding is less than 33% of the number of shares of Class B Common Stock outstanding immediately after the closing of the Company’s initial public offering covering the offer and sale of Class A Common Stock pursuant to an effective registration statement under the Securities Act of 1933, as amended; or (ii) 5:00 p.m. in New York City, New York on the first Trading Day following the six (6) month anniversary of the death or Incapacity of the Founder.

(i) “**Founder**” means Bom Suk Kim, an individual.

(j) “**Incapacity**” means, with respect to an individual, the permanent and total disability of such individual so that such individual is unable to engage in any substantial gainful activity by reason of any medically determinable mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than twelve (12) months as determined by a licensed medical practitioner. In the event of a dispute regarding whether an individual has suffered an Incapacity, no Incapacity of such individual will be deemed to have occurred unless and until an affirmative ruling regarding such Incapacity has been made by a court of competent jurisdiction, and such ruling has become final and non-appealable.

(k) “**Liquidation Event**” means (i) any Asset Transfer or Acquisition in which cash or other property is, pursuant to the express terms of the Asset Transfer or Acquisition, to be distributed to the stockholders in respect of their shares of capital stock in the Company or (ii) any liquidation, dissolution and winding up of the Company; *provided, however*, for the avoidance of doubt, compensation pursuant to any employment, consulting, severance or other compensatory arrangement to be paid to or received by a person who is also a holder of Class A Common Stock or Class B Common Stock does not constitute consideration or a “distribution to stockholders” in respect of the Class A Common Stock or Class B Common Stock.

(l) “**Parent**” of an Entity means any Entity that directly or indirectly owns or controls a majority of the voting power of the voting securities or interests of such Entity.

(m) “**Permitted Entity**” means, with respect to a Qualified Stockholder, any Entity in which such Qualified Stockholder, Family Member of such Qualified Stockholder, or Permitted Trust, as the case may be, directly, or indirectly through one or more Permitted Transferees, has sufficient shares, partnership interests, membership interests or other equity in such Entity, or otherwise has legally enforceable rights, such that the Qualified Stockholder, Family Member of such Qualified Stockholder or Permitted Trust, as the case may be, has Voting Control with respect to all shares of Class B Common Stock held of record by such Entity.

(n) “**Permitted Transfer**” means, and be restricted to, any Transfer of a share of Class B Common Stock:

(i) by the Founder, by the Founder’s Permitted Entities or by the Founder’s Permitted Transferees as a result of or in connection with the Founder’s death or Incapacity,

either (i) to the Founder's Family Members or any Qualified Stockholder, or (ii) or a Transfer of Voting Control to an Approved Designee;

(ii) by a Qualified Stockholder that is a natural person, to a Family Member or to the trustee of a Permitted Trust of such Qualified Stockholder or such Family Member;

(iii) by the trustee of a Permitted Trust of a Qualified Stockholder, to the Qualified Stockholder, a Family Member of such Qualified Stockholder or the trustee of any other Permitted Trust of such Qualified Stockholder or of a Family Member of such Qualified Stockholder or of any Permitted Entity of such Qualified Stockholder or of a Family Member of such Qualified Stockholder;

(iv) by a Qualified Stockholder to any Permitted Entity of such Qualified Stockholder or of a Family Member of such Qualified Stockholder; or

(v) by a Permitted Entity of a Qualified Stockholder to the Qualified Stockholder, any Family Member or any other Permitted Entity of such Qualified Stockholder or, if the Qualified Stockholder is a natural person, any Family Member or the trustee of any Permitted Trust of such Qualified Stockholder.

(o) "**Permitted Transferee**" means a transferee of shares of Class B Common Stock received in a Transfer that constitutes a Permitted Transfer.

(p) "**Permitted Trust**" means a bona fide trust for the benefit of a Qualified Stockholder or Family Members of the Qualified Stockholder or a Qualified Charity, in each case so long as the Qualified Stockholder or Family Member has Voting Control with respect to all shares of Class B Common Stock held of record by such trust.

(q) "**Qualified Charity**" shall mean a charitable organization, foundation or similar organization.

(r) "**Qualified Stockholder**" means (i) the record holder of a share of Class B Common Stock issued in accordance with the terms of that certain Agreement and Plan of Conversion dated on or about the date hereof by and among the members of Coupang, LLC (the "**Agreement and Plan of Conversion**"); and (ii) a Permitted Transferee of a Qualified Stockholder.

(s) "**Trading Day**" means any day on which The Nasdaq Stock Market and the New York Stock Exchange are open for trading.

(t) "**Transfer**" of a share of Class B Common Stock means any sale, assignment, transfer, conveyance, hypothecation or other transfer or disposition of such share or the entire legal or beneficial interest in such share, whether or not for value and whether voluntary or involuntary or by operation of law, including, without limitation, a transfer of a share of Class B Common Stock to a broker or other nominee (regardless of whether there is a corresponding change in beneficial ownership), or the transfer of, or entering into a binding agreement with respect to, exclusive Voting Control (as defined below) over such share by proxy or otherwise; provided, however, that the following shall not be considered a "Transfer" within the meaning of this Article IV:

(i) the granting of a revocable proxy to officers or directors of the Company in connection with actions to be taken at an annual or special meeting of stockholders;

(ii) the existence of any proxy granted prior to the Effective Time or the amendment or expiration of any such proxy;

(iii) entering into a voting trust, agreement or arrangement (with or without granting a proxy) solely with stockholders who are holders of Class B Common Stock that (A) is disclosed either in a Schedule 13D filed with the Securities and Exchange Commission or in writing to the Secretary of the Company, (B) either has a term not exceeding one year or is terminable by the holder of the shares subject thereto at any time and (C) does not involve any payment of cash, securities, property or other consideration to the holder of the shares subject thereto other than the mutual promise to vote shares in a designated manner;

(iv) the pledge of shares of Class B Common Stock by a stockholder that creates a mere security interest in such shares pursuant to a bona fide loan or indebtedness transaction for so long as such stockholder continues to exercise Voting Control over such pledged shares; provided, however, that a foreclosure on such shares or other similar action by the pledgee shall constitute a “Transfer” unless such foreclosure or similar action qualifies as a “Permitted Transfer”; or

(v) entering into, or reaching an agreement, arrangement or understanding regarding, a support or similar voting or tender agreement (with or without granting a proxy) in connection with a Liquidation Event, Asset Transfer or Acquisition that has been approved by the Board of Directors.

A “*Transfer*” shall also be deemed to have occurred with respect to a share of Class B Common Stock beneficially held by (i) an Entity that is a Permitted Entity, if there occurs any act or circumstance that causes such entity to no longer be a Permitted Entity; (ii) the trustee of a Permitted Trust, if there occurs any act or circumstance that causes such trust to no longer be a Permitted Trust; or (iii) an Entity that is a Permitted Transferee, if there occurs any act or circumstance that causes the transferring Qualified Stockholder to no longer have dispositive power and Voting Control with respect to the shares of Class B Common Stock held by such Permitted Transferee.

(u) “*Voting Control*” means, with respect to a share of Class B Common Stock, the power (whether exclusive or shared) to vote or direct the voting of such share by proxy, voting agreement or otherwise.

2. Rights Relating To Dividends, Subdivisions and Combinations.

(a) Subject to the prior rights of holders of any Preferred Stock at the time outstanding having prior rights as to dividends, the holders of the Class A Common Stock and Class B Common Stock shall be entitled to receive, when, as and if declared by the Board of Directors, out of any assets of the Company legally available therefor, such dividends as may be declared from time to time by the Board of Directors. Except as permitted in Section 2(b), any dividends paid to the holders of shares of Class A Common Stock and Class B Common Stock shall be paid pro rata, on an equal priority, pari passu basis, unless different treatment of the shares of each such class is approved by the affirmative vote of the holders of a majority of the outstanding shares of the applicable class of stock treated adversely, voting separately as a class.

(b) The Company shall not declare or pay any dividend or make any distribution to the holders of Class A Common Stock or Class B Common Stock payable in securities of the Company unless the same dividend or distribution with the same record date and payment date shall be declared and paid on all shares of Common Stock; provided, however, that (i) dividends or other

distributions payable in shares of Class A Common Stock or rights to acquire shares of Class A Common Stock may be declared and paid to the holders of Class A Common Stock without the same dividend or distribution being declared and paid to the holders of the Class B Common Stock if, and only if, a dividend payable in shares of Class B Common Stock, or rights to acquire shares of Class B Common Stock, as applicable, are declared and paid to the holders of Class B Common Stock at the same rate and with the same record date and payment date; and (ii) dividends or other distributions payable in shares of Class B Common Stock or rights to acquire shares of Class B Common Stock may be declared and paid to the holders of Class B Common Stock without the same dividend or distribution being declared and paid to the holders of the Class A Common Stock if, and only if, a dividend payable in shares of Class A Common Stock, or rights to acquire shares of Class A Common Stock, as applicable, are declared and paid to the holders of Class A Common Stock at the same rate and with the same record date and payment date.

(c) If the Company in any manner subdivides or combines (including by reclassification) the outstanding shares of Class A Common Stock or Class B Common Stock, then the outstanding shares of all Common Stock will be subdivided or combined in the same proportion and manner, unless different treatment of the shares of each such class is approved by the affirmative vote of the holders of a majority of the outstanding shares of Class A Common Stock and Class B Common Stock, each voting separately as a class.

3. Liquidation Rights. In the event of a Liquidation Event, upon the completion of the distributions required with respect to any Preferred Stock that may then be outstanding, the remaining assets of the Company legally available for distribution to stockholders, or consideration payable to the stockholders of the Company, in the case of an Acquisition constituting a Liquidation Event, shall be distributed on an equal priority, pro rata basis to the holders of Class A Common Stock and Class B Common Stock (and the holders of any Preferred Stock that may then be outstanding, to the extent required by the Certificate of Incorporation), unless different treatment of the shares of each such class is approved by the affirmative vote of the holders of a majority of the outstanding shares of Class A Common Stock and a majority of the outstanding shares of Class B Common Stock, each voting separately as a class; *provided, however*, for the avoidance of doubt, compensation pursuant to any employment, consulting, severance or other compensatory arrangement to be paid to or received by a person who is also a holder of Class A Common Stock or Class B Common Stock does not constitute consideration or a “distribution to stockholders” in respect of the Class A Common Stock or Class B Common Stock. Any merger, consolidation, business combination or other similar transaction of the Company with or into any other entity that is not a Liquidation Event shall require approval by the affirmative vote of the holders of a majority of the outstanding shares of Class A Common Stock and Class B Common Stock, each voting separately as a class, unless (i) the shares of Class A Common Stock and Class B Common Stock remain outstanding and no other consideration is received in respect thereof or (ii) such shares of Class A Common Stock are converted on a pro rata basis into shares of the surviving or ultimate parent entity in such transaction having identical rights to the shares of Class A Common Stock, and the shares of Class B Common Stock are converted on a pro rata basis into shares of the surviving or ultimate parent entity in such transaction having identical rights to the shares of Class B Common Stock.

4. Voting Rights.

(a) **Class A Common Stock.** Each holder of shares of Class A Common Stock shall be entitled to one (1) vote for each share thereof held.

(b) Class B Common Stock. Each holder of shares of Class B Common Stock shall be entitled to twenty-nine (29) votes for each share thereof held.

(c) Class B Common Stock Protective Provisions. In addition to any rights provided by applicable law or otherwise set forth in this Certificate of Incorporation, so long as any shares of Class B Common Stock remain outstanding, the Company shall not, without the approval by vote or written consent of the holders of a majority of the voting power of the Class B Common Stock then outstanding, voting together as a single class, directly or indirectly, or whether by amendment or through merger, recapitalization, consolidation or otherwise,

(i) issue any shares of Class B Common Stock or other securities convertible into shares of Class B Common Stock, except for (A) the issuance of shares of Class B Common Stock to the Founder or any Permitted Entity or Permitted Trust of the Founder in accordance with the terms of the Agreement and Plan of Conversion or (B) a distribution payable in accordance with Section D.2(b) of Article IV of this Certificate of Incorporation; or

(ii) authorize any series of Preferred Stock or issue any Preferred Stock.

(d) Voting Generally. Except as required by law or as otherwise provided in any Certificate of Designation, the entire voting power and all voting rights shall be exclusively vested in the Class A Common Stock and Class B Common Stock. Except as required by law or as otherwise provided in this Certificate of Incorporation, the Class A Common Stock and Class B Common Stock shall vote together and not as separate series or classes.

5. Optional Conversion.

(a) Optional Conversion of the Class B Common Stock.

(i) At the option of the holder thereof, each share of Class B Common Stock shall be convertible, at any time or from time to time, into one (1) fully paid and nonassessable share of Class A Common Stock as provided herein.

(ii) Each holder of Class B Common Stock who elects to convert the same into shares of Class A Common Stock shall surrender the certificate or certificates therefor (if any), duly endorsed, at the office of the Company or its transfer agent for the Company (or shall notify the Company or its transfer agent that such certificate or certificates (if any), have been lost, stolen or destroyed and execute an agreement reasonably satisfactory to the Company to indemnify the Company from any loss incurred by it in connection with such certificate or certificates (if any)), and shall give written notice to the Company at such office that such holder elects to convert the same and shall state therein the number of shares of Class B Common Stock being converted. As promptly as reasonably practicable thereafter, and in any event, within three (3) Trading Days, the Company shall, at its election, issue and deliver certificate(s) or register book-entry positions, in either case evidencing the number of shares of Class A Common Stock to which the converting holder is entitled upon such conversion. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the certificate or certificates representing the shares of Class B Common Stock to be converted, or, if the shares are uncertificated, immediately prior to the close of business on the date that the holder delivers notice of such conversion to the Company's transfer agent and the person entitled to receive the shares of Class A Common Stock issuable upon such conversion shall be treated for all

purposes as the record holder of such shares of Class A Common Stock at such time. If a conversion election made in accordance with this Section 5(a)(ii) is made in connection with an underwritten offering of the Company's securities pursuant to the Securities Act of 1933, as amended, such conversion election may, at the option of the holder tendering shares of Class B Common Stock for conversion, be conditioned upon the closing with the underwriters of the sale of the Company's securities pursuant to such offering, in which event the holder making such conversion election who is entitled to receive shares of Class A Common Stock upon conversion of their shares of Class B Common Stock shall not be deemed to have converted such shares of Class B Common Stock or be the record holder of such shares of Class A Common Stock until the consummation of the closing of such sale of the Company's securities in the underwritten offering.

6. Automatic Conversion.

(a) Automatic Conversion of the Class B Common Stock.

(i) Upon Transfer. Each share of Class B Common Stock shall automatically be converted into one fully paid and nonassessable share of Class A Common Stock upon a Transfer, other than a Permitted Transfer, of such share of Class B Common Stock. Such conversion shall occur automatically without the need for any further action by the holders of such shares and whether or not the certificates representing such shares (if any) are surrendered to the Company or its transfer agent; provided, however, that the Company shall not be obligated to issue certificates evidencing the shares of Class A Common Stock issuable upon such conversion unless the certificates evidencing such shares of Class B Common Stock are either delivered to the Company or its transfer agent as provided below, or the holder notifies the Company or its transfer agent that such certificates have been lost, stolen or destroyed and executes an agreement reasonably satisfactory to the Company to indemnify the Company from any loss incurred by it in connection with such certificates. Upon the occurrence of such automatic conversion of the Class B Common Stock, the holders of Class B Common Stock so converted shall surrender the certificates representing such shares (if any) at the office of the Company or its transfer agent.

(ii) Upon Final Conversion. On the Final Conversion Date, each issued share of Class B Common Stock shall automatically, without any further action, convert into one share of Class A Common Stock. Following the Final Conversion Date, the Company may no longer issue any additional shares of Class B Common Stock. Such conversion shall occur automatically without the need for any further action by the holders of such shares and whether or not the certificates representing such shares (if any) are surrendered to the Company or its transfer agent; provided, however, that the Company shall not be obligated to issue certificates evidencing the shares of Class A Common Stock issuable upon such conversion unless the certificates evidencing such shares of Class B Common Stock are either delivered to the Company or its transfer agent as provided below, or the holder notifies the Company or its transfer agent that such certificates have been lost, stolen or destroyed and executes an agreement satisfactory to the Company to indemnify the Company from any loss incurred by it in connection with such certificates. Upon the occurrence of such automatic conversion of the Class B Common Stock, the holders of Class B Common Stock so converted shall surrender the certificates representing such shares (if any) at the office of the Company or its transfer agent.

(b) Procedures. The Company may, from time to time, establish such policies and procedures relating to the conversion of Class B Common Stock to Class A Common Stock pursuant to this Section 6 and the general administration of this dual class stock structure, including the issuance of stock certificates (or the establishment of book-entry positions) with respect thereto, as it may

deem reasonably necessary or advisable, and may from time to time request that holders of shares of Class B Common Stock furnish certifications, affidavits or other proof to the Company as it deems necessary to verify the ownership of Class B Common Stock and to confirm that a conversion to Class A Common Stock has not occurred. A determination by the Company as to whether a Transfer results in a conversion to Class A Common Stock shall be conclusive and binding. In connection with the foregoing and an automatic conversion, as promptly as reasonably practicable after such conversion, and in any event, within three (3) Trading Days, the Company shall, at its election, issue and deliver certificate(s) or register book-entry positions, in either case evidencing the number of shares of Class A Common Stock to which the converting holder is entitled upon such conversion.

(c) **Immediate Effect.** In the event of a conversion of shares of Class B Common Stock to shares of Class A Common Stock pursuant to this Section 6, such conversion(s) shall be deemed to have been made at the time that the Transfer of shares occurred or immediately at the Final Conversion Date, as applicable. Upon any conversion of Class B Common Stock to Class A Common Stock, all rights of the holder of shares of Class B Common Stock shall cease and the person or persons in whose names or names the certificate or certificates (or book-entry position(s)) representing the shares of Class A Common Stock are to be issued shall be treated for all purposes as having become the record holder or holders of such shares of Class A Common Stock.

7. **Redemption.** The Common Stock is not redeemable.

8. **Reservation of Stock Issuable Upon Conversion.** The Company shall at all times reserve and keep available out of its authorized but unissued shares of Class A Common Stock, solely for the purpose of effecting the conversion of the shares of the Class B Common Stock, as applicable, such number of its shares of Class A Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of Class B Common Stock; and if at any time the number of authorized but unissued shares of Class A Common Stock shall not be sufficient to effect the conversion of all then-outstanding shares of Class B Common Stock, as applicable, the Company will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Class A Common Stock to such numbers of shares as shall be sufficient for such purpose.

V.

For the management of the business and for the conduct of the affairs of the Company, and in further definition, limitation and regulation of the powers of the Company, of its directors and of its stockholders or any class thereof, as the case may be, it is further provided that:

A. Board of Directors.

1. **Generally.** Except as otherwise provided in the Certificate of Incorporation or the DGCL, the business and affairs of the Company shall be managed by or under the direction of the Board of Directors.

2. Election of Directors; Removal of Directors; Vacancies.

(a) The holders of a majority of the voting power of the then-outstanding capital stock entitled to vote in an election of directors, voting together as a single class, shall be entitled to elect all members of the Board of Directors at each meeting or pursuant to each stockholder action by written consent of the Company's stockholders.

(b) No stockholder entitled to vote at an election for directors may cumulate votes.

(c) Notwithstanding the foregoing provisions of this section, each director shall serve until his or her successor is duly elected and qualified or until his or her earlier death, resignation or removal. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

(d) Election of directors need not be by written ballot unless the Bylaws so provide.

B. Stockholder Action by Written Consent. Any action required or permitted to be taken at an annual or special meeting of stockholders may be taken (i) upon the vote of the stockholders at such an annual or special meeting called in accordance with the Bylaws of the Company, or (ii) without any such meeting, without prior notice and without a vote, if one or more written consents, setting forth the action so taken, are signed by the holders of outstanding shares of the Company's capital stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and delivered to the Company.

C. Bylaws. The Board of Directors is expressly empowered to adopt, amend or repeal the Bylaws of the Company. The stockholders shall also have power to adopt, amend or repeal the Bylaws of the Company.

VI.

A. The liability of the directors of the Company for monetary damages shall be eliminated to the fullest extent permitted under applicable law. If applicable law is amended after approval by the stockholders of this Article VI to authorize corporate action further eliminating or limiting the liability of directors, then the liability of a director to the Company shall be eliminated or limited to the fullest extent permitted by applicable law, as so amended.

B. To the fullest extent permitted by applicable law, the Company may provide indemnification of (and advancement of expenses to) directors, officers, and other agents of the Company (and any other persons to which applicable law permits the Company to provide indemnification) through Bylaw provisions, agreements with such agents or other persons, vote of stockholders or disinterested directors or otherwise.

C. Any repeal or modification of this Article VI shall only be prospective and shall not affect the rights or protections or increase the liability of any director under this Article VI in effect at the time of the alleged occurrence of any act or omission to act giving rise to liability or indemnification.

D. Unless the Company consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for the following types of actions or proceedings under Delaware statutory or common law: (A) any derivative action or proceeding brought on behalf of the Company; (B) any action or proceeding asserting a claim of breach of a fiduciary duty owed by any current or former director, officer or other employee of the Company or any stockholder to the Company or the Company's stockholders; (C) any action or proceeding asserting a claim against the Company or any current or former director, officer or other employee of the Company or any stockholder arising pursuant to any provision of the DGCL, the Certificate of Incorporation or the Bylaws of the Company (as each may be amended from time to time); (D) any action or proceeding to

interpret, apply, enforce or determine the validity of the Certificate of Incorporation or the Bylaws of the Company (including any right, obligation or remedy thereunder); (E) any action or proceeding as to which the DGCL confers jurisdiction to the Court of Chancery of the State of Delaware; and (F) any action asserting a claim against the Company or any director, officer or other employee of the Company or any stockholder, governed by the internal affairs doctrine, in all cases to the fullest extent permitted by law and subject to the court's having personal jurisdiction over the indispensable parties named as defendants. This Article VI shall not apply to suits brought to enforce a duty or liability created by the Securities Exchange Act of 1934 or any other claim for which the federal courts have exclusive jurisdiction.

E. Unless the Company consents in writing to the selection of an alternative forum, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act of 1933, as amended.

F. Any person or Entity holding, owning or otherwise acquiring any interest in shares of capital stock of the Company shall be deemed to have notice of and to have consented to the provisions of this Article VI.

VII.

A. The Company reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon the stockholders herein are granted subject to this reservation.

VIII.

The name and mailing address of the Sole Incorporator is:

Gaurav Anand
c/o Coupang, Inc.
Tower 730, 570, Songpa-daero, Songpa-gu, Seoul
Republic of Korea
05510

* * * *

[Signature Page Follows]

This Certificate has been subscribed as of March 10, 2021 by the undersigned who affirms that the statements made herein are true and correct.

/s/ Gaurav Anand

Gaurav Anand

Sole Incorporator

BYLAWS
OF
COUPANG, INC.
(A DELAWARE CORPORATION)

ARTICLE I
OFFICES

Section 1. Registered Office. The registered office of the corporation in the State of Delaware shall be as set forth in the Certificate of Incorporation of Coupang, Inc. (as may be amended from time to time, the “*Certificate of Incorporation*”).

Section 2. Other Offices. The corporation shall also have and maintain an office or principal place of business at such place as may be fixed by the Board of Directors, and may also have offices at such other places, both within and without the State of Delaware, as the Board of Directors may from time to time determine or the business of the corporation may require.

ARTICLE II
CORPORATE SEAL

Section 3. Corporate Seal. The Board of Directors may adopt a corporate seal. If adopted, the corporate seal shall consist of a die bearing the name of the corporation and the inscription, “Corporate Seal-Delaware.” Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE III
STOCKHOLDERS’ MEETINGS

Section 4. Place of Meetings. Meetings of the stockholders of the corporation may be held at such place, either within or without the State of Delaware, as may be determined from time to time by the Board of Directors. The Board of Directors may, in its sole discretion, determine that the meeting shall not be held at any place, but may instead be held solely by means of remote communication as provided under the General Corporation Law of the State of Delaware (“*DGCL*”).

Section 5. Annual Meeting.

(a) The annual meeting of the stockholders of the corporation, for the purpose of election of directors and for such other business as may lawfully come before it, shall be held on such date and at such time as may be designated from time to time by the Board of Directors. Nominations of persons for election to the Board of Directors of the corporation and proposals of business to be considered by the stockholders may be made at an annual meeting of stockholders: (i) pursuant to the corporation’s notice of meeting of stockholders; (ii) brought specifically by or at the direction of the Board of Directors or a duly authorized committee thereof; or (iii) by any stockholder of the corporation who was a stockholder of record at the time of giving the stockholder’s notice provided for in Section 5(b) below, who is entitled to vote at the meeting and who complied with the notice procedures set forth in Section 5. For the avoidance of doubt, clause (iii) above shall be the exclusive means for a stockholder to make nominations and submit other business (other than matters properly included in the corporation’s notice of meeting of stockholders and proxy statement under Rule 14a-8 under the Securities Exchange Act of 1934, as

amended (the “*Exchange Act*”), and the rules and regulations thereunder before an annual meeting of stockholders).

(b) At an annual meeting of the stockholders, only such business shall be conducted as is a proper matter for stockholder action under Delaware law and as shall have been properly brought before the meeting in accordance with the procedures below.

(i) For nominations for the election to the Board of Directors to be properly brought before an annual meeting by a stockholder pursuant to clause (iii) of Section 5(a), the stockholder must deliver written notice to the Secretary at the principal executive offices of the corporation on a timely basis as set forth in Section 5(b)(iii) and must update and supplement such written notice on a timely basis as set forth in Section 5(c). Such stockholder’s notice shall set forth: (A) as to each nominee such stockholder proposes to nominate at the meeting: (1) the name, age, business address and residence address of such nominee; (2) the principal occupation or employment of such nominee; (3) the class or series and number of shares of each class or series of capital stock of the corporation that are owned or held beneficially and of record by such nominee and any Derivative Instruments (as defined below) owned or held beneficially and of record by such nominee; (4) the date or dates on which such shares were acquired and the investment intent of such acquisition; and (5) such other information concerning such nominee as would be required to be disclosed in a proxy statement soliciting proxies for the election of such nominee as a director in an election contest (even if an election contest is not involved), or that is otherwise required to be disclosed pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder (including such person’s written consent to being named in the corporation’s proxy statement and associated proxy card as a nominee of the stockholder and to serving as a director if elected); and (B) the information required by Section 5(b)(iv) (such written notice, together with the information required by Section 5(b)(iv), the “*Nomination Solicitation Notice*”). The corporation may require any proposed nominee to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve (i) as an independent director (as such term is used in any applicable stock exchange listing requirements or applicable law) of the corporation or (ii) on any committee or sub-committee of the Board of Directors under any applicable stock exchange listing requirements or applicable law, and that could be material to a reasonable stockholder’s understanding of the independence, or lack thereof, of such proposed nominee. In addition to any other applicable requirements for nomination to be properly brought before an annual meeting by a stockholder, the stockholder, the beneficial owner, if any, on whose behalf the nomination is made, and the nominee, must have acted in accordance with the representations set forth in the Nomination Solicitation Notice required by these Bylaws. A person shall not be eligible for election or re-election as a director if the nominating stockholder, the beneficial owner on whose behalf the nomination is made, or the nominee, takes action contrary to the representations made in the Nomination Solicitation Notice or if the Nomination Solicitation Notice contains an untrue statement of material fact or omits to state a material fact necessary to make the statements therein not misleading.

(ii) Other than proposals sought to be included in the corporation’s proxy materials pursuant to Rule 14a-8 under the Exchange Act, for business other than nominations for the election to the Board of Directors to be properly brought before an annual meeting by a stockholder pursuant to clause (iii) of Section 5(a), the stockholder must deliver written notice to the Secretary at the principal executive offices of the corporation on a timely basis as set forth in Section 5(b)(iii), and must update and supplement such written notice on a timely basis as set forth in Section 5(c). Such stockholder’s notice shall set forth: (A) as to each matter such stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the text of the proposal or business (including the text of any resolutions proposed for consideration and in the event that such business includes a proposal to amend these Bylaws, the language of the proposed amendment), the reasons for

conducting such business at the meeting, and any material interest (including any anticipated benefit of such business to any Proponent (as defined below) or Proponent Associated Person, other than solely as a result of its ownership of the corporation's capital stock, that is material to any Proponent(s) and/or Proponent Associated Person(s) individually or in the aggregate) in such business of any Proponent or Proponent Associated Person; and (B) the information required by Section 5(b)(iv) (such written notice, together with the information required by Section 5(b)(iv), the "**Business Solicitation Statement**").

(iii) To be timely, the written notice required by Section 5(b)(i) or 5(b)(ii) must be received by the Secretary at the principal executive offices of the corporation not later than the close of business on the 90th day nor earlier than the close of business on the 120th day prior to the first anniversary of the preceding year's annual meeting (which date shall, for purposes of the corporation's first annual meeting after its shares of Class A common stock are first publicly traded, be deemed to have occurred on March 11, 2021); *provided, however*, that, subject to the last sentence of this Section 5(b)(iii), in the event that the date of the annual meeting is advanced more than 30 days prior to or delayed by more than 30 days after the anniversary of the preceding year's annual meeting, notice by the stockholder to be timely must be so received (A) not earlier than the close of business on the 120th day prior to such annual meeting and (B) not later than the close of business on the later of the 90th day prior to such annual meeting or, if later than the 90th day prior to such annual meeting, the 10th day following the day on which public announcement of the date of such meeting is first made. In no event shall an adjournment of an annual meeting for which notice has been given, or the public announcement thereof has been made, commence a new time period for the giving of a stockholder's notice as described above.

(iv) The written notice required by Section 5(b)(i) or 5(b)(ii) shall also set forth, as of the date of the notice and as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (each, a "**Proponent**" and collectively, the "**Proponents**"): (A) the name and address of each Proponent, as they appear on the corporation's books; (B) the class or series and number of shares of each class of capital stock of the corporation that are held or owned of record and beneficially by each Proponent and any of its Proponent Associated Persons, if any; (C) a description of any agreement, arrangement or understanding (whether oral or in writing) with respect to such nomination or proposal between or among any Proponent and any of Proponent Associated Persons, if any; (D) a representation that the Proponents are holders of record or beneficial owners, as the case may be, of shares of the corporation entitled to vote at the meeting and intend to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice (with respect to a notice under Section 5(b)(i)) or to propose the business that is specified in the notice (with respect to a notice under Section 5(b)(ii)); (E) a representation as to whether the Proponents or any Proponent Associated Persons intend or is part of a group that intends to deliver a proxy statement or form of proxy to holders of a sufficient number of holders of the corporation's voting shares to elect such nominee or nominees (with respect to a notice under Section 5(b)(i)) or to carry such proposal (with respect to a notice under Section 5(b)(ii)); (F) to the extent known by any Proponent, the name and address of any other stockholder supporting the proposal on the date of such stockholder's notice; and (G) a description of all Derivative Instruments (as defined below) held by the Proponent and each Proponent Associated Person, and any Derivative Transactions (as defined below) entered into by each Proponent and each Proponent Associated Person during the previous 12-month period, including the date of the transactions and the class, series and number of securities involved in, and the material economic terms of, such Derivative Transactions. For purposes hereof, a "**Proponent Associated Person**" shall include all of a Proponent's affiliates or associates, and any others (including their names) acting in concert, or otherwise under the agreement, arrangement or understanding, with any of the foregoing, and any immediate family member of any of the foregoing sharing the same household as the Proponent or Proponent Associated Person.

(c) A stockholder providing the written notice required by Section 5(b)(i) or 5(b)(ii) shall update and supplement such notice in writing, if necessary, so that the information provided or required to be provided in such notice is true and correct in all material respects as of (i) the record date for the meeting and (ii) the date that is five Business Days (as defined below) prior to the meeting and, in the event of any adjournment thereof, five Business Days prior to such adjourned meeting. In the case of an update and supplement pursuant to clause (i) of this Section 5(c), such update and supplement shall be received by the Secretary at the principal executive offices of the corporation not later than five Business Days after the record date for the meeting. In the case of an update and supplement pursuant to clause (ii) of this Section 5(c), such update and supplement shall be received by the Secretary at the principal executive offices of the corporation not later than two Business Days prior to the date for the meeting, and, in the event of any adjournment thereof, two Business Days prior to such adjourned meeting.

(d) A person shall not be eligible for election or re-election as a director unless the person is nominated either in accordance with clause (ii) or clause (iii) of Section 5(a). Except as otherwise required by law, the Chairperson of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made, or proposed, as the case may be, in accordance with the procedures set forth in these Bylaws and, if any proposed nomination or business is not in compliance with these Bylaws, or if a nominating stockholder, beneficial holder, the nominee, Proponent or Proponent Associated Person has failed to comply with their respective obligations set forth in this Article V, to declare that such proposal or nomination shall not be presented for stockholder action at the meeting and shall be disregarded, notwithstanding that proxies in respect of such nomination or such business may have been solicited or received.

(e) Notwithstanding the foregoing provisions of this Section 5, in order to include information with respect to a stockholder proposal in the proxy statement and form of proxy for a stockholders' meeting, a stockholder must also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder. Nothing in these Bylaws shall be deemed to affect any rights of stockholders to request inclusion of proposals in the corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act; *provided, however*, that any references in these Bylaws to the Exchange Act or the rules and regulations thereunder are not intended to and shall not limit the requirements applicable to proposals and/or nominations to be considered pursuant to Section 5(a).

(f) Notwithstanding anything herein to the contrary, in the event that the number of directors to be elected to the Board of Directors of the corporation at the annual meeting is increased effective after the time period for which nominations would otherwise be due under Section 5(b)(iii) and there is no public announcement by the corporation naming the nominees for the additional directorships at least one hundred (100) days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this Section 5 shall also be considered timely, but only with respect to nominees for the additional directorships, if it shall be delivered to the Secretary at the principal executive offices of the corporation not later than the close of business on the tenth (10th) day following the day on which such public announcement is first made by the corporation.

(g) Notwithstanding anything in these Bylaws to the contrary, if the Proponent making a proposal or a qualified representative of such Proponent does not appear at the annual meeting to present a proposal submitted in compliance with this Article V (including without limitation any proposal included in the corporation's proxy statement under Rule 14a-8 under the Exchange Act), such proposal shall not be presented or voted upon at the annual meeting. For purposes of the foregoing sentence, to be considered a qualified representative of a Proponent, a person must be a duly authorized manager, officer or partner of such Proponent or must be authorized by such Proponent in writing to act as such. In the event a qualified representative of a Proponent will appear at a meeting and make a proposal in lieu of

such Proponent, the Proponent must provide the notice of such designation at least twenty-four hours prior to the meeting. If no such advance notice is provided only the Proponent may make the proposal and the proposal may be disregarded in the event the Proponent fails to appear and make the proposal. In addition, business proposed to be brought by a Proponent may not be brought before the annual meeting if such Proponent or Proponent Associated Person, as applicable, takes action contrary to the representations made in the Business Solicitation Statement applicable to such business or if the Business Solicitation Statement applicable to such business contains an untrue statement of material fact or omits to state a material fact necessary to make the statements therein not misleading.

(h) For purposes of Sections 5 and 6,

(i) “*affiliates*” and “*associates*” shall have the meanings set forth in Rule 405 under the Securities Act of 1933, as amended (the “*1933 Act*”);

(ii) “*Business Day*” means any day other than Saturday, Sunday or a day on which banks are closed in New York City, New York.

(iii) “*Derivative Instrument*” means any instrument representing a Derivative Transaction.

(iv) “*Derivative Transaction*” means any agreement, arrangement, interest or understanding entered into by, or on behalf or for the benefit of, any Proponent or any of its Proponent Associated Persons, whether record or beneficial: (A) the value of which is derived in whole or in part from the value of any class or series of shares or other securities of the corporation; (B) that otherwise provides any direct or indirect opportunity to gain or share in any gain derived from a change in the value of securities of the corporation; (C) the effect or intent of which is to mitigate loss, manage risk or benefit of security value or price changes; or (D) that provides the right to vote or increase or decrease the voting power of, such Proponent, or any of its Proponent Associated Persons, with respect to any securities of the corporation, which agreement, arrangement, interest or understanding may include, without limitation, any option, warrant, debt position, note, bond, convertible security, swap, stock appreciation right, short position, profit interest, hedge, right to dividends, voting agreement, proxy, performance-related fee or arrangement to borrow or lend shares (whether or not subject to payment, settlement, exercise or conversion in any such class or series), and any proportionate interest of such Proponent and Proponent Associated Persons in the securities of the corporation held by any general or limited partnership, or any limited liability company, of which such Proponent or Proponent Associated Persons is, directly or indirectly, a general partner or managing member; and

(v) “*public announcement*” shall mean disclosure in a press release reported by the Dow Jones Newswires, Associated Press or comparable national news service or in a document publicly filed by the corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act or by such other means reasonably designed to inform the public or security holders in general of such information including, without limitation, posting on the corporation’s investor relations website.

Section 6. Special Meetings.

(a) Special meetings of the stockholders of the corporation may be called, for any purpose as is a proper matter for stockholder action under Delaware law, by (i) the Chairperson of the Board of Directors, (ii) the Chief Executive Officer, (iii) any holder of shares of Class B common stock of the corporation (such holder, a “*Class B Holder*”), or (iv) the Board of Directors pursuant to a resolution adopted by the Board of Directors.

(b) For a special meeting called pursuant to Section 6(a), the person(s) calling the meeting shall determine the time and place, if any, of the meeting; provided, however, that only the Board of Directors or a duly authorized committee thereof may authorize a meeting solely by means of remote communication. Upon determination of the time and place, if any, of the meeting, the Secretary shall cause a notice of meeting to be given to the stockholders entitled to vote, in accordance with the provisions of Section 7. No business may be transacted at a special meeting otherwise than as specified in the notice of meeting.

(c) Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected (i) by or at the direction of the Board of Directors or a duly authorized committee thereof, or (ii) by any stockholder of the corporation who is a stockholder of record at the time of giving notice provided for in this paragraph, who is entitled to vote at the meeting and who delivers written notice to the Secretary of the corporation setting forth the information required by Section 5(b)(i) and the information required by Section 5(b)(iv). In the event the corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board of Directors, any such stockholder of record may nominate a person or persons (as the case may be), for election to such position(s) as specified in the corporation's notice of meeting, if written notice setting forth the information required by Section 5(b)(i) and the information required by Section 5(b)(iv) shall be received by the Secretary at the principal executive offices of the corporation not later than the close of business on the later of the 90th day prior to such meeting or the 10th day following the day on which the corporation first makes a public announcement of the date of the special meeting at which directors are to be elected. The stockholder shall also update and supplement such information as required under Section 5(c). In no event shall an adjournment of a special meeting for which notice has been given, or the public announcement thereof has been made, commence a new time period for the giving of a stockholder's notice as described above.

(d) A person shall not be eligible for election or re-election as a director unless the person is nominated either in accordance with clause (ii) or clause (iii) of Section 5(a). Except as otherwise required by law, the Chairperson of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures, and otherwise complied with the obligations, set forth in these Bylaws and, if any nomination or business is not in compliance with these Bylaws, to declare that such nomination shall not be presented for stockholder action at the meeting and shall be disregarded, notwithstanding that proxies in respect of such nomination may have been solicited or received.

(e) Notwithstanding the foregoing provisions of this Section 6, a stockholder must also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to matters set forth in this Section 6. Nothing in these Bylaws shall be deemed to affect any rights of stockholders to request inclusion of proposals in the corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act; *provided, however*, that any references in these Bylaws to the Exchange Act or the rules and regulations thereunder are not intended to and shall not limit the requirements applicable to nominations for the election to the Board of Directors or proposals of other businesses to be considered pursuant to Section 6(c).

Section 7. Notice of Meetings. Except as otherwise provided by law, notice, given in writing or by electronic transmission, of each meeting of stockholders shall be given not fewer than 10 nor more than 60 days before the date of the meeting to each stockholder entitled to vote at such meeting, such notice to specify the place, if any, date and hour, in the case of special meetings, the purpose or purposes of the meeting, and the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at any such meeting. If mailed, notice is given when

deposited in the mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the corporation. If sent via electronic transmission, notice is given when directed to such stockholder's electronic mail address. Notice of the time, place, if any, and purpose of any meeting of stockholders (to the extent required) may be waived in writing, signed by the person entitled to notice thereof or by electronic transmission by such person, either before or after such meeting, and will be waived by any stockholder by his or her attendance thereat in person, by remote communication, if applicable, or by proxy, except when the stockholder attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Any stockholder so waiving notice of such meeting shall be bound by the proceedings of any such meeting in all respects as if due notice thereof had been given.

Section 8. Quorum. At all meetings of stockholders, except where otherwise provided by statute or by the Certificate of Incorporation, or by these Bylaws, the presence, in person, by remote communication, if applicable, or by proxy duly authorized, of the holders of a majority of the voting power of the outstanding shares of stock entitled to vote at the meeting shall constitute a quorum for the transaction of business. In the absence of a quorum, any meeting of stockholders may be adjourned, from time to time, either by the Chairperson of the meeting or by vote of the holders of a majority of the voting power of the shares represented thereat and entitled to vote thereon, but no other business shall be transacted at such meeting. The stockholders present at a duly called or convened meeting, at which a quorum is present, may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum. Except as otherwise provided by statute or by applicable stock exchange rules, or by the Certificate of Incorporation or these Bylaws, in all matters other than the election of directors, the affirmative vote of the holders of a majority of the voting power of the shares present in person, by remote communication, if applicable, or represented by proxy duly authorized at the meeting and entitled to vote generally on the subject matter shall be the act of the stockholders. Except as otherwise provided by statute, the Certificate of Incorporation or these Bylaws, directors shall be elected by a plurality of the votes of the shares present in person, by remote communication, if applicable, or represented by proxy duly authorized at the meeting and entitled to vote generally on the election of directors. Where a separate vote by a class or classes or series is required, except where otherwise provided by statute, by applicable stock exchange rules or by the Certificate of Incorporation or these Bylaws, a majority of the voting power of the outstanding shares of such class or classes or series, present in person, by remote communication, if applicable, or represented by proxy duly authorized, shall constitute a quorum entitled to take action with respect to that vote on that matter. Except where otherwise provided by statute, by applicable stock exchange rules or by the Certificate of Incorporation or these Bylaws, the affirmative vote of the holders of a majority (plurality, in the case of the election of directors) of voting power of such class or classes or series present in person, by remote communication, if applicable, or represented by proxy at the meeting shall be the act of such class or classes or series.

Section 9. Adjournment and Notice of Adjourned Meetings. Any meeting of stockholders, whether annual or special, may be adjourned from time to time either by (i) the person(s) who called the meeting, (ii) the Chairperson of the meeting, or (iii) by the vote of the holders of a majority of the voting power of the shares present in person, by remote communication, if applicable, or represented by proxy duly authorized at the meeting and entitled to vote thereon (provided that no special meeting called by a Class B Holder may be adjourned pursuant to clauses (ii) or (iii), unless a quorum does not exist). When a meeting is adjourned to another time or place, if any, notice need not be given of the adjourned meeting if the time and place, if any, thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the corporation may transact any business that might have been transacted at the original meeting. If the adjournment is for more than 30 days, a notice of the adjourned meeting shall be

given to each stockholder of record entitled to vote at the meeting. If after the adjournment a new record date for determination of stockholders entitled to vote is fixed for the adjourned meeting, the Board of Directors shall fix as the record date for determining stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote at the adjourned meeting, and shall give notice of the adjourned meeting to each stockholder of record as of the record date so fixed for notice of such adjourned meeting.

Section 10. Voting Rights. For the purpose of determining those stockholders entitled to vote at any meeting of the stockholders, except as otherwise provided by law, only persons in whose names shares stand on the stock records of the corporation on the record date shall be entitled to vote at any meeting of stockholders. Every person entitled to vote shall have the right to do so either in person, by remote communication, if applicable, or by an agent or agents authorized by a proxy granted in accordance with Delaware law. An agent so appointed need not be a stockholder. No proxy shall be voted after three years from its date of creation unless the proxy provides for a longer period. A proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A stockholder may revoke any proxy which is not irrevocable by attending the meeting and voting in person or by delivering to the Secretary of the corporation a revocation of the proxy or a new proxy bearing a later date. Voting at meetings of stockholders need not be by written ballot.

Section 11. Joint Owners of Stock. If shares or other securities having voting power stand of record in the names of two or more persons, whether fiduciaries, members of a partnership, joint tenants, tenants in common, tenants by the entirety, or otherwise, or if two or more persons have the same fiduciary relationship respecting the same shares, unless the Secretary is given written notice to the contrary and is furnished with a copy of the instrument or order appointing them or creating the relationship wherein it is so provided, their acts with respect to voting shall have the following effect: (a) if only one votes, his or her act binds all; (b) if more than one votes, the act of the majority so voting binds all; (c) if more than one votes, but the vote is evenly split on any particular matter, each faction may vote the securities in question proportionally, or may apply to the Delaware Court of Chancery for relief as provided in DGCL Section 217(b). If the instrument filed with the Secretary shows that any such tenancy is held in unequal interests, a majority or even-split for the purpose of subsection (c) shall be a majority or even-split in interest.

Section 12. List of Stockholders. The corporation shall prepare, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at said meeting, arranged in alphabetical order, showing the address of each stockholder and the number and class of shares registered in the name of each stockholder. The corporation need not include electronic email addresses or other electronic contact information on such list. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, (a) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (b) during ordinary business hours, at the principal place of business of the corporation. In the event that the corporation determines to make the list available on an electronic network, the corporation may take reasonable steps to ensure that such information is available only to stockholders of the corporation. The list shall be open to examination of any stockholder during the time of the meeting as provided by law.

Section 13. Action without Meeting. Any action required or permitted to be taken at any annual or special meeting of stockholders of the corporation may be taken without a meeting, without prior notice and without a vote only to the extent permitted by and in the manner provided in the Certificate of Incorporation and in accordance with applicable law.

Section 14. Organization.

(a) At every meeting of stockholders, the Chairperson of the Board of Directors, or, if a Chairperson has not been appointed, is absent or refuses to act, the Chief Executive Officer, or, if no Chief Executive Officer is then serving, is absent or refuses to act, a Chairperson of the meeting designated by the Board of Directors, or, if the Board of Directors does not designate such Chairperson, a Chairperson chosen by a majority of the voting power of the stockholders entitled to vote, present in person or by proxy duly authorized, shall act as Chairperson. The Chairperson of the Board may appoint the Chief Executive Officer as Chairperson of the meeting. The Secretary, or, in his or her absence, an Assistant Secretary directed to do so by the Chairperson of the meeting, shall act as secretary of the meeting.

(b) The Board of Directors of the corporation shall be entitled to make such rules or regulations for the conduct of meetings of stockholders as it shall deem necessary, appropriate or convenient. Subject to such rules and regulations of the Board of Directors, if any, the Chairperson of the meeting shall have the right and authority to convene and (for any or no reason) to recess and/or adjourn the meeting, to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such Chairperson, are necessary, appropriate or convenient for the proper conduct of the meeting, including, without limitation, establishing an agenda or order of business for the meeting, rules and procedures for maintaining order at the meeting and the safety of those present, limitations on participation in such meeting to stockholders of record of the corporation and their duly authorized and constituted proxies and such other persons as the Chairperson shall permit, restrictions on entry to the meeting after the time fixed for the commencement thereof, limitations on the time allotted to questions or comments, rules for determining who may pose questions and comments during the meeting, and rules and regulations governing the opening and closing of the polls for balloting on matters which are to be voted on by ballot, and adopting procedures (if any) requiring attendees to provide advance notice to the corporation of their intent to attend the meeting. The date and time of the opening and closing of the polls for each matter upon which the stockholders will vote at the meeting shall be announced at the meeting. Unless and to the extent determined by the Board of Directors or the Chairperson of the meeting, meetings of stockholders shall not be required to be held in accordance with rules of parliamentary procedure.

ARTICLE IV

DIRECTORS

Section 15. Number and Term of Office. The Board of Directors shall consist of at least five and no more than nine directors. Subject to the preceding sentence, the exact number of Directors shall be fixed exclusively by resolutions adopted by the Board of Directors. Directors need not be stockholders.

Section 16. Powers. Except as otherwise provided in the Certificate of Incorporation or the DGCL, the business and affairs of the corporation shall be managed by or under the direction of the Board of Directors.

Section 17. Vacancies. Vacancies on the Board of Directors shall be filled as provided in the Certificate of Incorporation, except as otherwise required by applicable law.

Section 18. Resignation. Any director may resign at any time by delivering his or her notice in writing or by electronic transmission to the Secretary, such resignation to specify whether it will be effective at a particular time or upon the occurrence of a particular event. If no such specification is made, the resignation shall be effective at the time of delivery of the resignation to the Secretary.

Section 19. Removal. Subject to the rights of holders of any series of Preferred Stock to elect additional directors under specified circumstances, neither the Board of Directors nor any individual director(s) may be removed except in the manner specified in Section 141 of the DGCL.

Section 20. Meetings.

(a) Regular Meetings. Unless otherwise restricted by the Certificate of Incorporation, regular meetings of the Board of Directors may be held at any time or date and at any place within or without the State of Delaware which has been designated by the Board of Directors and publicized among all directors, either orally or in writing, by telephone, including a voice-messaging system or other system designed to record and communicate messages, facsimile, or by electronic mail or other electronic means. No further notice shall be required for regular meetings of the Board of Directors.

(b) Special Meetings. Unless otherwise restricted by the Certificate of Incorporation, special meetings of the Board of Directors may be held at any time and place within or without the State of Delaware whenever called by the Chairperson of the Board or the Chief Executive Officer.

(c) Meetings by Electronic Communications Equipment. Any member of the Board of Directors, or of any committee thereof, may participate in a meeting by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting by such means shall constitute presence in person at such meeting.

(d) Notice of Special Meetings. Notice of the time and place of all special meetings of the Board of Directors shall be given orally or in writing, by telephone, including a voice messaging system or other system or technology designed to record and communicate messages, facsimile, or by electronic mail or other electronic means, during normal business hours, at least twenty-four (24) hours before the date and time of the meeting. If notice is sent by mail, it shall be sent by first class mail, postage prepaid at least three days before the date of the meeting. Notice of any special meeting may be waived in writing or by electronic transmission at any time before or after the meeting and will be waived by any director by attendance thereat, except when the director attends the meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

(e) Waiver of Notice. The transaction of all business at any meeting of the Board of Directors, or any committee thereof, however called or noticed, or wherever held, shall be as valid as though it had been transacted at a meeting duly held after regular call and notice, if a quorum be present and if, either before or after the meeting, each of the directors not present who did not receive notice shall sign a written waiver of notice or shall waive notice by electronic transmission. All such waivers shall be filed with the corporate records or made a part of the minutes of the meeting. Notice of any meeting will be waived by any director by attendance thereat, except when the director attends the meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

Section 21. Quorum and Voting.

(a) A quorum of the Board of Directors shall consist of a majority of the directors currently serving on the Board of Directors in accordance with the Certificate of Incorporation (but in no event less than one third of the total authorized number of directors); *provided, however*, at any meeting whether a quorum be present or otherwise, a majority of the directors present may adjourn from time to time until

the time fixed for the next regular meeting of the Board of Directors, without notice other than by announcement at the meeting.

(b) At each meeting of the Board of Directors at which a quorum is present, all questions and business shall be determined by the affirmative vote of a majority of the directors present, unless a different vote be required by law, the Certificate of Incorporation or these Bylaws.

Section 22. Action without Meeting. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the Board of Directors or committee, as the case may be, consent thereto in writing or by electronic transmission. The consent or consents shall be filed with the minutes of proceedings of the Board of Directors or committee.

Section 23. Fees and Compensation. Directors shall be entitled to such compensation for their services as may be approved by the Board of Directors or a committee thereof to which the Board of Directors has delegated such responsibility and authority, including, if so approved, by resolution of the Board of Directors or a committee thereof to which the Board of Directors has delegated such responsibility and authority, a fixed sum and expenses of attendance, if any, for attendance at each regular or special meeting of the Board of Directors and at any meeting of a committee of the Board of Directors. Nothing herein contained shall be construed to preclude any director from serving the corporation in any other capacity as an officer, agent, employee, or otherwise and receiving compensation therefor.

Section 24. Committees.

(a) Executive Committee. The Board of Directors may appoint an Executive Committee to consist of one or more members of the Board of Directors. The Executive Committee, to the extent permitted by law and provided in the resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to (i) approving or adopting, or recommending to the stockholders, any action or matter (other than the election or removal of directors) expressly required by the DGCL to be submitted to stockholders for approval, or (ii) adopting, amending or repealing any Bylaw of the corporation.

(b) Other Committees. The Board of Directors may, from time to time, appoint such other committees as may be permitted by law. Such other committees appointed by the Board of Directors shall consist of one or more members of the Board of Directors and shall have such powers and perform such duties as may be prescribed by the resolution or resolutions creating such committees, but in no event shall any such committee have the powers denied to the Executive Committee in these Bylaws.

(c) Term. The Board of Directors, subject to any requirements of any outstanding series of Preferred Stock, the terms of the Certificate of Incorporation, and the terms of these Bylaws (including the provisions of subsections (a) or (b) of this Section 24), may at any time increase or decrease the number of members of a committee or terminate the existence of a committee. The membership of a committee member shall terminate on the date of his or her death or voluntary resignation from the committee or from the Board of Directors. The Board of Directors may at any time for any reason remove any individual committee member and the Board of Directors may fill any committee vacancy created by death, resignation, removal or increase in the number of members of the committee. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee, and, in addition, in the absence or disqualification of any member of a committee, the member or members thereof present at any

meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member.

(d) Meetings. Unless the Board of Directors shall otherwise provide, regular meetings of the Executive Committee or any other committee appointed pursuant to this Section 24 shall be held at such times and places as are determined by the Board of Directors or by any such committee, and when notice thereof has been given to each member of such committee, no further notice of such regular meetings need be given thereafter. Special meetings of any such committee may be held at any place which has been determined from time to time by such committee, and may be called by any director who is a member of such committee, upon notice to the members of such committee of the time and place of such special meeting given in the manner provided for the giving of notice to members of the Board of Directors of the time and place of special meetings of the Board of Directors. Notice of any regular or special meeting of any committee may be waived in writing or by electronic transmission at any time before or after the meeting and will be waived by any director by attendance thereat, except when the director attends such regular or special meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Unless otherwise provided by the Board of Directors in the resolutions authorizing the creation of the committee, a majority of the authorized number of members of any such committee shall constitute a quorum for the transaction of business, and the act of a majority of those present at any meeting at which a quorum is present shall be the act of such committee.

Section 25. Duties and Appointment of Chairperson of the Board of Directors. The Chairperson of the Board of Directors, if appointed and when present, shall preside at all meetings of the stockholders and the Board of Directors. The Chairperson of the Board of Directors shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers, as the Board of Directors shall designate from time to time. The Chairperson of the Board of Directors shall be appointed, and may be removed or replaced by, the Board of Directors.

Section 26. Organization. At every meeting of the directors, the Chairperson of the Board of Directors, or, if a Chairperson has not been appointed or is absent, the Chief Executive Officer (if a director), or, if the Chief Executive Officer is absent, the most senior Vice President (if a director), or, in the absence of any such person, a Chairperson of the meeting chosen by a majority of the directors present, shall preside over the meeting. The Secretary, or in his absence, any Assistant Secretary or other officer, director or other person directed to do so by the person presiding over the meeting, shall act as secretary of the meeting.

ARTICLE V

OFFICERS

Section 27. Officers Designated. The officers of the corporation shall include, if and when designated by the Board of Directors or the Chief Executive Officer, the Chief Executive Officer, one or more Vice Presidents, the Secretary and the Chief Financial Officer. The Board of Directors or the Chief Executive Officer may also appoint one or more Assistant Secretaries and Assistant Treasurers and such other officers and agents with such powers and duties as it, he or she shall deem necessary. The Board of Directors or the Chief Executive Officer may assign such additional titles to one or more of the officers as it, he or she shall deem appropriate. Any one person may hold any number of offices of the corporation at any one time unless specifically prohibited therefrom by law. Subject to any rights of an officer under any contract of employment, the salaries and other compensation of the officers of the corporation shall be

fixed by or in the manner designated by the Board of Directors or a committee thereof to which the Board of Directors has delegated such responsibility.

Section 28. Tenure and Duties of Officers.

(a) General. Subject to any rights of an officer under any contract of employment, all officers shall hold office at the pleasure of the Board of Directors and until their successors shall have been duly appointed and qualified, unless sooner removed. If the office of any officer becomes vacant for any reason, the vacancy may be filled by the Board of Directors or the Chief Executive Officer. Nothing in these Bylaws shall be construed as creating any kind of contractual right to employment with the corporation.

(b) Duties of Chief Executive Officer. The Chief Executive Officer shall preside at all meetings of the stockholders and at all meetings of the Board of Directors (if a director), unless the Chairperson of the Board of Directors has been appointed and is present. The Chief Executive Officer shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and officers of the corporation. The Chief Executive Officer shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers, as the Board of Directors shall designate from time to time.

(c) Duties of Vice Presidents. A Vice President shall perform duties commonly incident to their office and shall also perform such other duties and have such other powers as the Board of Directors or the Chief Executive Officer shall designate from time to time.

(d) Duties of Secretary. The Secretary shall attend all meetings of the stockholders and of the Board of Directors and shall record all acts and proceedings thereof in the minute book of the corporation. The Secretary shall give notice in conformity with these Bylaws of all meetings of the stockholders and of all meetings of the Board of Directors and any committee thereof requiring notice. The Secretary shall perform all other duties provided for in these Bylaws and other duties commonly incident to the office and shall also perform such other duties and have such other powers, as the Board of Directors shall designate from time to time. The Chief Executive Officer may direct any Assistant Secretary or other officer to assume and perform the duties of the Secretary in the absence or disability of the Secretary, and each Assistant Secretary shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers as the Board of Directors or the Chief Executive Officer shall designate from time to time.

(e) Duties of Chief Financial Officer. The Chief Financial Officer shall keep or cause to be kept the books of account of the corporation in a thorough and proper manner and shall render statements of the financial affairs of the corporation in such form and as often as required by the Board of Directors or the Chief Executive Officer. The Chief Financial Officer, subject to the order of the Board of Directors, shall have the custody of all funds and securities of the corporation. The Chief Financial Officer shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers as the Board of Directors or the Chief Executive Officer shall designate from time to time. The Chief Executive Officer may direct any Assistant Treasurer, or the controller or any assistant controller to assume and perform the duties of the Chief Financial Officer in the absence or disability of the Chief Financial Officer, each Assistant Treasurer and each controller and assistant controller shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers as the Board of Directors or the Chief Executive Officer shall designate from time to time.

Section 29. Delegation of Authority. The Board of Directors may from time to time delegate the powers or duties of any officer to any other officer or agent, notwithstanding any provision hereof.

Section 30. Resignations. Any officer may resign at any time by giving notice in writing or by electronic transmission to the Board of Directors or to the Chief Executive Officer, or if no Chief Executive Officer is then serving, to the Chairperson or to the Secretary. Any such resignation shall be effective when received by the person or persons to whom such notice is given, unless a later time or the occurrence of a particular event is specified therein, in which event the resignation shall become effective at such later time or upon occurrence of the particular event. Unless otherwise specified in such notice, the acceptance of any such resignation shall not be necessary to make it effective. Any resignation shall be without prejudice to the rights, if any, of the corporation under any contract with the resigning officer.

Section 31. Removal. Any officer may be removed from office at any time, either with or without cause, by the Board of Directors, by the Chief Executive Officer, or by any committee or other superior officer upon whom such power of removal may have been conferred by the Board of Directors (subject to any rights of any officers under any contract of employment).

ARTICLE VI

EXECUTION OF CORPORATE INSTRUMENTS AND VOTING OF SECURITIES OWNED BY THE CORPORATION

Section 32. Execution of Corporate Instruments. The Board of Directors may, in its discretion, determine the method and designate the signatory officer or officers, or other person or persons, to execute on behalf of the corporation any corporate instrument or document, or to sign on behalf of the corporation the corporate name without limitation, or to enter into contracts on behalf of the corporation, except where otherwise provided by applicable law or these Bylaws, and such execution or signature shall be binding upon the corporation. All checks and drafts drawn on banks or other depositories on funds to the credit of the corporation or in special accounts of the corporation shall be signed by such person or persons as the Board of Directors shall authorize so to do. Unless authorized or ratified by the Board of Directors or within the agency power of an officer, no officer, agent or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

Section 33. Voting of Securities Owned by the Corporation. All stock and other securities and interests of other corporations and entities owned or held by the corporation for itself, or for other parties in any capacity, shall be voted, and all proxies with respect thereto shall be executed, by the person authorized so to do by resolution of the Board of Directors, or, in the absence of such authorization, by the Chairperson of the Board of Directors, the Chief Executive Officer, or any Vice President.

ARTICLE VII

SHARES OF STOCK

Section 34. Form and Execution of Certificates. The shares of the corporation shall be represented by certificates, or shall be uncertificated if so provided by resolution or resolutions of the Board of Directors. Certificates for the shares of stock, if any, shall be in such form as is consistent with the Certificate of Incorporation and applicable law. Every holder of stock in the corporation represented by certificates shall be entitled to have a certificate signed by, or in the name of, the corporation by any two authorized officers of the corporation, certifying the number of shares owned by such holder in the corporation. Any or all of the signatures on the certificate may be facsimiles. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall

have ceased to be such officer, transfer agent, or registrar before such certificate is issued, it may be issued with the same effect as if he were such officer, transfer agent, or registrar at the date of issue. If the corporation shall be authorized to issue more than one class of stock or more than one series of any class, the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate which the corporation shall issue to represent such class or series of stock, provided that, except as otherwise provided in Section 202 of the DGCL, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate which the corporation shall issue to represent such class or series of stock, a statement that the corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

Section 35. Lost Certificates. A new certificate or certificates shall be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen, or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen, or destroyed. The corporation may require, as a condition precedent to the issuance of a new certificate or certificates, the owner of such lost, stolen, or destroyed certificate or certificates, or the owner's legal representative, to agree to indemnify the corporation in such manner as it shall require or to give the corporation a surety bond in such form and amount as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost, stolen, or destroyed.

Section 36. Transfers.

(a) Transfers of record of shares of stock of the corporation shall be made only upon its books by the holders thereof, in person or by attorney duly authorized, who shall furnish proper evidence of authority to transfer, and, in the case of stock represented by certificate, upon the surrender of a properly endorsed certificate or certificates for a like number of shares.

(b) The corporation shall have power to enter into and perform any agreement with any number of stockholders of any one or more classes of stock of the corporation to restrict the transfer of shares of stock of the corporation of any one or more classes owned by such stockholders in any manner not prohibited by the DGCL.

Section 37. Fixing Record Dates.

(a) In order that the corporation may determine the stockholders entitled to notice of any meeting of stockholders or any adjournment thereof, the Board of Directors may, except as otherwise required from time to time by law, fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall, subject to applicable law, not be more than 60 nor fewer than ten days before the date of such meeting. If the Board of Directors so fixes a date, such date shall also be the record date for determining the stockholders entitled to vote at such meeting unless the Board of Directors determines, at the time it fixes such record date, that a later date on or before the date of the meeting shall be the date for making such determination. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; *provided, however*, that the Board of Directors may fix a new record date for the adjourned

meeting, and in such case shall also fix as the record date for stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote in accordance herewith at the adjourned meeting.

(b) In order that the corporation may determine the stockholders entitled to consent to corporate action in writing or by electronic transmission without a meeting, the Board of Directors may, except as otherwise required by law, fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which date shall, subject to applicable law, not be more than ten days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. If no record date has been fixed by the Board of Directors, the record date for determining stockholders entitled to consent to corporate action in writing or by electronic transmission without a meeting, when no prior action by the Board of Directors is required by applicable law, shall be the first date on which a signed written consent or electronic transmission setting forth the action taken or proposed to be taken is delivered to the corporation by delivery to its registered office in Delaware, its principal place of business, or an officer or agent of the corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by law, the record date for determining stockholders entitled to consent to corporate action in writing or by electronic transmission without a meeting shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action.

(c) In order that the corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than 60 days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 38. Registered Stockholders. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

ARTICLE VIII

OTHER SECURITIES OF THE CORPORATION

Section 39. Execution of Other Securities. All bonds, debentures and other corporate securities of the corporation, other than stock certificates (covered in Section 34), may be signed by any executive officer (as defined in Article XI) or any other officer or person as may be authorized by the Board of Directors; *provided, however*, that where any such bond, debenture or other corporate security shall be authenticated by the manual signature, or where permissible facsimile signature, of a trustee under an indenture pursuant to which such bond, debenture or other corporate security shall be issued, the signatures of the persons signing and attesting the corporate seal on such bond, debenture or other corporate security may be the imprinted facsimile of the signatures of such persons. Interest coupons appertaining to any such bond, debenture or other corporate security, authenticated by a trustee as aforesaid, shall be signed by an executive officer of the corporation or such other officer or person as may

be authorized by the Board of Directors, or bear imprinted thereon the facsimile signature of such person. In case any officer who shall have signed or attested any bond, debenture or other corporate security, or whose facsimile signature shall appear thereon or on any such interest coupon, shall have ceased to be such officer before the bond, debenture or other corporate security so signed or attested shall have been delivered, such bond, debenture or other corporate security nevertheless may be adopted by the corporation and issued and delivered as though the person who signed the same or whose facsimile signature shall have been used thereon had not ceased to be such officer of the corporation.

ARTICLE IX

DIVIDENDS

Section 40. Declaration of Dividends. Dividends upon the capital stock of the corporation, subject to the provisions of the Certificate of Incorporation and applicable law, if any, may be declared by the Board of Directors. Dividends may be paid in cash, in property, or in shares of the corporation's capital stock, subject to the provisions of the Certificate of Incorporation and applicable law.

Section 41. Dividend Reserve. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the Board of Directors from time to time, in its absolute discretion, thinks proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the Board of Directors shall think conducive to the interests of the corporation, and the Board of Directors may modify or abolish any such reserve in the manner in which it was created.

ARTICLE X

FISCAL YEAR

Section 42. Fiscal Year. The fiscal year of the corporation shall end on December 31 or on such other date as may otherwise be fixed by resolution of the Board of Directors.

ARTICLE XI

INDEMNIFICATION

Section 43. Indemnification of Directors, Executive Officers, Employees and Other Agents.

(a) Directors and Executive Officers. The corporation shall indemnify its directors and executive officers (for the purposes of this Article XI, "*executive officers*" shall have the meaning defined in Rule 3b-7 promulgated under the Exchange Act) to the fullest extent permitted by the DGCL or any other applicable law as it presently exists or may hereafter be amended or interpreted (but, in the case of any such amendment or interpretation, only to the extent that such amendment or interpretation permits the corporation to provide broader indemnification rights than were permitted prior thereto), who was or is made or is threatened to be made a party or is otherwise involved in proceeding, by reason of the fact that he or she, or a person for whom he or she is the legal representative, is or was a director or officer of the corporation, against all liability and loss suffered and expenses (including attorneys' fees) incurred by such person; *provided, however*, that the corporation may modify the extent of such indemnification by individual contracts with its directors and executive officers, in which case such contract shall supersede and replace the provisions hereof; and, *provided, further*, that the corporation shall not be required to indemnify any director or executive officer in connection with any proceeding (or part thereof) initiated by such person unless (i) such indemnification is expressly required to be made by law, (ii) the proceeding was authorized by the Board of Directors of the corporation, (iii) such indemnification is

provided by the corporation, in its sole discretion, pursuant to the powers vested in the corporation under the DGCL or any other applicable law or (iv) such indemnification is required to be made under subsection (d) of this Section 43.

(b) Other Officers, Employees and Other Agents. The corporation shall have the power to indemnify (including the power to advance expenses in a manner consistent with subsection (c) of this Section 43) its other officers, employees and other agents as set forth in the DGCL or any other applicable law. The Board of Directors shall have the power to delegate the determination of whether indemnification shall be given to any such person except executive officers to such officers or other persons as the Board of Directors shall determine.

(c) Expenses. The corporation shall, to the fullest extent not prohibited by applicable law, advance to any person who was or is a party or is threatened to be made a party or is involved (as a witness or otherwise) to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was, or a person of whom he or she is the legal representative is or was, a director or executive officer of the corporation, or is or was serving at the request of the corporation as a director or executive officer of another corporation, partnership, joint venture, trust or other enterprise, prior to the final disposition of the proceeding, promptly following request therefor, all expenses incurred by any director or executive officer in connection with such proceeding provided, however, an advancement of expenses incurred by a director or executive officer in his or her capacity as a director or executive officer (and not in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the corporation of an undertaking (hereinafter an “*undertaking*”), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter a “*final adjudication*”) that such indemnitee is not entitled to be indemnified for such expenses under this section or otherwise, if so required by the DGCL. To the fullest extent authorized by the DGCL, as the same exists or may hereafter be amended, expenses incurred by other officers or employees or agents of the corporation may be advanced upon such terms and conditions as the Board of Directors deems appropriate.

Notwithstanding the foregoing, unless otherwise determined pursuant to paragraph (d) of this section 43, no advance shall be made by the corporation to an executive officer of the corporation (except by reason of the fact that such executive officer is or was a director of the corporation in which event this paragraph shall not apply) in any action, suit or proceeding, whether civil, criminal, administrative or investigative, if a determination is reasonably and promptly made (i) by a majority vote of directors who were not parties to the proceeding, even if not a quorum, or (ii) by a committee of such directors designated by a majority vote of such directors, even though less than a quorum, or (iii) if there are no such directors, or such directors so direct, by independent legal counsel in a written opinion, that the facts known to the decision-making party at the time such determination is made demonstrate clearly and convincingly that such person acted in bad faith or in a manner that such person did not believe to be in or not opposed to the best interests of the corporation.

(d) Enforcement. Without the necessity of entering into an express contract, all rights to indemnification and advances to directors and executive officers under this Section 43 shall be deemed to be contractual rights and be effective to the same extent and as if provided for in a contract between the corporation and the director or executive officer. Any right to indemnification or advances granted by this section to a director or executive officer shall be enforceable by or on behalf of the person holding such right in any court of competent jurisdiction if (i) the claim for indemnification or advances is denied, in whole or in part, or (ii) no disposition of such claim is made within 60 days of request therefor. To the

extent permitted by law, the claimant in such enforcement action, if successful in whole or in part, shall be entitled to be paid also the expense (including attorneys' fees) of prosecuting the claim to the fullest extent permitted by law. In connection with any claim for indemnification, the corporation shall be entitled to raise as a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending a Proceeding in advance of its final disposition where the required undertaking has been tendered to the corporation) that the claimant has not met the standards of conduct that make it permissible under the DGCL for the corporation to indemnify the claimant for the amount claimed. In connection with any claim by an executive officer of the corporation (except in any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such executive officer is or was a director of the corporation) for advances, the corporation shall be entitled to raise a defense as to any such action clear and convincing evidence that such person acted in bad faith or in a manner that such person did not believe to be in or not opposed to the best interests of the corporation, or with respect to any criminal action or proceeding that such person acted without reasonable cause to believe that his or her conduct was lawful. Neither the failure of the corporation (including its Board of Directors, independent legal counsel or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he has met the applicable standard of conduct set forth in the DGCL, nor an actual determination by the corporation (including its Board of Directors, independent legal counsel or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that claimant has not met the applicable standard of conduct. In any suit brought by a director or executive officer to enforce a right to indemnification or brought by the corporation to recover advancement of expenses pursuant to the terms of an undertaking provided hereunder, the burden of proving that the director or executive officer is not entitled to be indemnified, or to such advancement of expenses, under this section or otherwise shall be on the corporation.

(e) Non-Exclusivity of Rights. The rights conferred on any person by this Section 43 shall not be exclusive of any other right which such person may have or hereafter acquire under any applicable statute, provision of the Certificate of Incorporation, Bylaws, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding office. The corporation is specifically authorized to enter into individual contracts with any or all of its directors, officers, employees or agents respecting indemnification and advances (which may provide rights greater than those set forth in this Article 43), to the fullest extent not prohibited by the DGCL, or by any other applicable law.

(f) Survival of Rights. The rights conferred on any person by this Section 43 shall continue as to a person who has ceased to be a director or executive officer or officer, employee or other agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

(g) Insurance. To the fullest extent permitted by the DGCL or any other applicable law, the corporation, upon approval by the Board of Directors, may purchase insurance on behalf of any person required or permitted to be indemnified pursuant to this section.

(h) Amendments. Any repeal or modification of this section shall only be prospective and shall not affect the rights under this Section 43 in effect at the time of the alleged occurrence of any action or omission to act that is the cause of any proceeding against any agent of the corporation.

(i) Saving Clause. If this Section 43 or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the corporation shall nevertheless indemnify each director and executive officer to the full extent not prohibited by any applicable portion of this section that shall not have been invalidated, or by any other applicable law. If this section shall be invalid due to

the application of the indemnification provisions of another jurisdiction, then the corporation shall indemnify each director and executive officer to the full extent under any other applicable law.

(j) Certain Definitions. For the purposes of this Section 43, the following definitions shall apply:

(i) The term “*proceeding*” shall be broadly construed and shall include, without limitation, the investigation, preparation, prosecution, defense, settlement, arbitration and appeal of, and the giving of testimony in, any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative.

(ii) The term “*expenses*” shall be broadly construed and shall include, without limitation, court costs, attorneys’ fees, witness fees, fines, amounts paid in settlement or judgment and any other costs and expenses of any nature or kind incurred in connection with any proceeding.

(iii) The term the “*corporation*” shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this section with respect to the resulting or surviving corporation as he would have with respect to such constituent corporation if its separate existence had continued.

(iv) References to a “*director*,” “*executive officer*,” “*officer*,” “*employee*,” or “*agent*” of the corporation shall include, without limitation, situations where such person is serving at the request of the corporation as, respectively, a director, executive officer, officer, employee, trustee or agent of another corporation, partnership, joint venture, trust or other enterprise.

(v) References to “*other enterprises*” shall include employee benefit plans; references to “*fin*es” shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to “*serving at the request of the corporation*” shall include any service as a director, officer, employee or agent of the corporation which imposes duties on, or involves services by, such director, officer, employee, or agent with respect to an employee benefit plan, its participants, or beneficiaries; and a person who acted in good faith and in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner “*not opposed to the best interests of the corporation*” as referred to in this section.

ARTICLE XII

NOTICES

Section 44. Notices.

(a) Notice to Stockholders. Notice to stockholders of stockholder meetings shall be given as provided in Section 7 herein. Without limiting the manner by which notice may otherwise be given effectively to stockholders under any agreement or contract with such stockholder, and except as otherwise required by law, written notice to stockholders for purposes other than stockholder meetings may be sent by mail or internationally recognized overnight courier, or by facsimile or by electronic mail or other electronic means.

(b) Notice to Directors. Any notice required to be given to any director may be given by the method stated in subsection (a) or as otherwise provided in these Bylaws, with notice other than one which is delivered personally to be sent to such address as such director shall have filed in writing with the Secretary, or, in the absence of such filing, to the last known address of such director.

(c) Affidavit of Mailing. An affidavit of mailing, executed by a duly authorized and competent employee of the corporation or its transfer agent appointed with respect to the class of stock affected or other agent, specifying the name and address or the names and addresses of the stockholder or stockholders, or director or directors, to whom any such notice or notices was or were given, and the time and method of giving the same, shall in the absence of fraud, be prima facie evidence of the facts therein contained.

(d) Methods of Notice. It shall not be necessary that the same method of giving notice be employed in respect of all recipients of notice, but one permissible method may be employed in respect of any one or more, and any other permissible method or methods may be employed in respect of any other or others.

(e) Notice to Person with Whom Communication is Unlawful. Whenever notice is required to be given, under any provision of law or of the Certificate of Incorporation or Bylaws of the corporation, to any person with whom communication is unlawful, the giving of such notice to such person shall not be required and there shall be no duty to apply to any governmental authority or agency for a license or permit to give such notice to such person. Any action or meeting which shall be taken or held without notice to any such person with whom communication is unlawful shall have the same force and effect as if such notice had been duly given. In the event that the action taken by the corporation is such as to require the filing of a certificate under any provision of the DGCL, the certificate shall state, if such is the fact and if notice is required, that notice was given to all persons entitled to receive notice except such persons with whom communication is unlawful.

(f) Notice to Stockholders Sharing an Address. Except as otherwise prohibited under the DGCL, any notice given under the provisions of the DGCL, the Certificate of Incorporation or the Bylaws shall be effective if given by a single written notice to stockholders who share an address if consented to by the stockholders at that address to whom such notice is given. Such consent shall have been deemed to have been given if such stockholder fails to object in writing to the corporation within 60 days of having been given notice by the corporation of its intention to send the single notice. Any consent shall be revocable by the stockholder by written notice to the corporation.

ARTICLE XIII

AMENDMENTS

Section 45. Amendments. Subject to the limitations set forth in Section 43(h) of these Bylaws, this Section 45, and the provisions of the Certificate of Incorporation, the Board of Directors is expressly empowered to adopt, amend or repeal the Bylaws of the corporation. The stockholders also shall have power to adopt, amend or repeal the Bylaws of the corporation; provided, however, that in addition to any vote of the holders of any class or series of stock of the corporation required by law or by the Certificate of Incorporation, such action by stockholders shall require the affirmative vote of the holders of at least 66 2/3% of the voting power of all of the then-outstanding shares of the capital stock of the corporation entitled to vote generally in the election of directors, voting together as a single class. Notwithstanding the foregoing, prior to the Final Conversion Date, any amendments to the rights of the Class B Holders set forth in these Bylaws (including with respect to this sentence), or to the minimum or maximum number of authorized directors set forth in Section 15 shall further require the affirmative vote of the Class B

Holders holding a majority of the then-outstanding shares of the Class B common stock of the corporation, voting as a separate class.

ARTICLE XIV

LOANS TO OFFICES

Section 46. Loans to Officers. Except as otherwise prohibited by applicable law, the corporation may lend money to, or guarantee any obligation of, or otherwise assist any officer or other employee of the corporation or of its subsidiaries, including any officer or employee who is a director of the corporation or its subsidiaries, whenever, in the judgment of the Board of Directors, such loan, guarantee or assistance may reasonably be expected to benefit the corporation. The loan, guarantee or other assistance may be with or without interest and may be unsecured, or secured in such manner as the Board of Directors shall approve, including, without limitation, a pledge of shares of stock of the corporation. Nothing in these Bylaws shall be deemed to deny, limit or restrict the powers of guaranty or warranty of the corporation at common law or under any statute.

**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, Bom Suk Kim, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Coupang, 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)) 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) 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
 - (c) 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 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: November 12, 2021

COUPANG, INC.

By: /s/ Bom Suk Kim

Bom Suk Kim
Chief Executive Officer
(Principal Executive Officer)

Gaurav Anand
Chief Financial Officer
(Principal Financial Officer)

By: /s/ Bom Suk Kim
Bom Suk Kim
Chief Executive Officer
(Principal Executive Officer)

By: /s/ Gaurav Anand
Gaurav Anand
Chief Financial Officer
(Principal Financial Officer)