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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2023

or

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

For the transition period from _____ to _____

Commission File Number: 001-40764

Wag! Group Co.

(Exact name of registrant as specified in its charter)

Delaware	**88-3590180**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
55 Francisco Street, Suite 360 San Francisco, California	**94133**
(Address of principal executive offices)	*(Zip Code)*

(707) 324-4219

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.0001 per share	PET	The Nasdaq Global Market
Warrants, each whole warrant exercisable for one share of Common Stock at an exercise price of $11.50 per share	PETWW	The Nasdaq Global Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☒

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

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

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

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates as of June 30, 2023, the last business day of the registrant's most recently completed second fiscal quarter, was $30.9 million based upon the last reported sales price for such date on the Nasdaq Global Market.

There were 40,384,273 shares of common stock outstanding as of March 13, 2024.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement for the registrant's 2024 Annual Meeting of Stockholders are incorporated by reference into Part III of this Annual Report on Form 10-K. Such Proxy Statement will be filed with the Securities and Exchange Commission within 120 days after the end of the registrant's fiscal year ended December 31, 2023.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which are statements that involve substantial risks and uncertainties. Forward-looking statements generally relate to future events or our future financial or operating performance. In some cases, you can identify forward-looking statements because they contain words such as "may," "will," "shall," "should," "expects," "plans," "anticipates," "could," "intends," "target," "projects," "contemplates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans or intentions. Forward-looking statements contained in this Annual Report on Form 10-K include, but are not limited to, statements about:

- *our ability to further develop and advance our pet service offerings and achieve scale;*
- *our ability to attract personnel;*
- *market opportunity, anticipated growth, and future financial performance, including management's financial outlook for the future;*
- *market adoption of our pet service offerings and solutions;*
- *our ability to protect our intellectual property;*
- *changes in the competitive industries in which we operate;*
- *changes in laws and regulations affecting our business;*
- *our ability to implement our business plans, forecasts, and other expectations, and identify and realize additional partnerships and opportunities; and*
- *the risk of downturns in the market and the technology industry.*

You should not rely upon forward-looking statements as predictions of future events. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties and other factors described in Part I, Item 1A, Risk Factors*, and elsewhere in this Annual Report on Form 10-K, as well as in our other filings with the Securities and Exchange Commission ("SEC"). 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 Annual Report on Form 10-K. 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.*

The forward-looking statements made in this Annual Report on Form 10-K 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 Annual Report on Form 10-K to reflect events or circumstances after the date of this Annual Report on Form 10-K or to reflect new information or the occurrence of unanticipated events, except as required by law.

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Unless otherwise indicated or unless the context requires otherwise, all references in this document to "Wag!", "the Company", "we", "us", "our", or similar references are to Wag! Group Co. and its consolidated subsidiaries.

PART I

Item 1. *Business*

Wag! strives to be the #1 platform to solve the service, product, and wellness needs for the modern U.S. pet household. Wag! today is comprised of category-leading businesses, including Wag Labs, Inc., a premier marketplace for offline pet services such as dog walking and overnight boarding; Petted.com, which aims to be the #1 online comparison marketplace for pet insurance and wellness plans; and Dog Food Advisor, a leading marketplace for pet food and treat advice, as well as others ranging from early-stage to established businesses.

Wag! exists to make pet ownership possible and to bring joy to pets and those who love them. We are committed to maximizing the happiness of pets and Pet Parents alike. Your furry family member deserves the best, and that is what we strive to deliver every day through thoughtful innovation. Our platform aims to disrupt the traditional pet care and wellness industry with technology that enables Pet Parents to manage the health and well-being of their furry family member seamlessly and efficiently.

Our Business

Our company was founded in 2014, born from a passion for the well-being of pets and an entrepreneurial spirit focused on making pet parenthood easier so that pets and their owners can share a fulfilling life full of joyful moments. Wag! develops and supports a proprietary marketplace technology platform available as a website and mobile app (“platform” or “marketplace”) that enables independent Pet Caregivers and vendors to connect with Pet Parents. We built a platform where Pet Parents can find Pet Caregivers who want to earn extra income, together with a marketplace of service providers and vendors who are able to provide support for pets. We believe that these connections not only enable better care for pets, but also create joy for both parties, and so we sought to radically simplify the logistics of pet care. Beyond providing key services to premium Pet Parents, Wag! expanded its reach to become the “button on the phone for the paw.” Wag! is a key player in the pet wellness market via the management and operation of Petted.com, a pet insurance comparison service and marketplace, as well as through the acquisition of Furmacy, Inc. (“Furmacy”) which builds innovative prescription management and digital e-prescribing software for our business-to-business (“B2B”) partners in the veterinary space. We have experienced consistent strong growth year over year, increasing annual revenue by over 318% from 2021 to 2023. Additionally, in 2023, Wag! expanded into the $63 billion pet food and treat market by acquiring Dog Food Advisor, one of the most visited and trusted dog food marketplaces in the US. Wag! believes that the addition of Dog Food Advisor will unlock tremendous value and insights for recurring and new customers alike; those to whom we already provide an innovative marketplace experience in the wellness space and longtime customers who rely on Dog Food Advisor for expert advice.

For Pet Caregivers, we have built tools enabling them to easily create a profile on the Wag! platform, along with simple tools for promoting their profile online, scheduling and booking service opportunities, communicating with Pet Parents, and receiving payment. To support both Pet Parents and Pet Caregivers, we invested in a dedicated customer service team. To be a brand dedicated to trust and safety, we vet and screen all Pet Caregivers, and provide property damage protection, subject to certain terms and conditions.

With over 500,000 Pet Caregivers approved through 2023, our network of caregivers enables us to facilitate connections between pet, parent, and caregiver to best meet the unique needs and preferences of all members of the community. Our results speak for themselves — Pet Parents love Wag!. Based on internal reporting, from inception through February 2024, Pet Parents have written over 12 million reviews, more than 96% of which have earned five stars. As a Company which understands the walking business, our Pet Caregivers having walked over 14 million miles on foot since our inception, we know that the experience is a two-way street.

We believe the demand for high-quality, personalized pet care exceeds the existing market due to the increase in pet adoption and return to office policies being implemented. As of the end of December 2023, although we saw a steady rise throughout the year, less than 50% of people were back in-office based on the Kastle “Back to Work Barometer” data study. Beyond the pet service sector of the addressable market, untapped potential coupled with the continued trend of the humanization of pets may lead to a spike in the pet insurance space. According to an industry report released by the North American Pet Health Insurance Association, there was an increase of approximately 22% from 2021 to 2022 of insured pets in North America. While this growth is exciting for Wag!, over 155 million pets in the United States still remain uninsured; leaving approximately 97% of pets in the United States as potential entrants into the market.

We are committed to improving the quality of life for all pets. To give back to our communities, we donate a portion of the proceeds from each walk to local shelters. From our inception through December 2023, we have donated over 17.7 million meals to pets in need through our partnership with the Greater Good Rescue Bank Program. We have also partnered with various pet rescue organizations both large and small across the United States, including pet adoption activation events.

In 2023, we derived revenue from the following distinct streams: (1) service fees charged to Pet Caregivers; (2) subscription fees for Wag! Premium and other fees paid by Pet Parents; (3) registration fees paid by Pet Caregivers to join and be listed on our platform; (4) wellness revenue through affiliate fees, prescription and over-the-counter sales; and (5) affiliate fees paid by third-party service partners based on 'revenue-per-action' or conversion activity due to the acquisition of Dog Food Advisor. Beginning in 2024, we expect to recognize additional revenue in the veterinary space pursuant to the implementation of our prescription management software with our B2B partners.

Our Strategy

We continue to grow and innovate our pet service and wellness offerings. When we look to the future, we believe that there are numerous opportunities to expand our premium pet platform. We remain committed to our long-term strategic initiatives of measured expansion, opportunistic mergers and acquisitions, and becoming an all-inclusive, trusted partner for Pet Parents.

As a leading supporter of Pet Parents and the health and well-being of their pets, it is our mission to continue to find ways to help Pet Parents and Pet Caregivers holistically. We aim to continue to help Pet Parents provide for their pet more efficiently and effectively, while making better and more informed decisions as quickly as they desire; the "button on the phone for the paw." For Pet Caregivers, we want to continue to provide them with an opportunity to earn income on their own schedule. Within our marketplace and platform, we leverage proprietary technology and data to empower both Pet Parents and Pet Caregivers to reach these goals.

To achieve these goals, we intend to continue to grow our business by pursuing the following key strategies:

- ***Accelerate growth in existing markets.*** We believe that immense growth remains within our existing offerings and geographies. With over 95% of the U.S. population having access to Wag!, as of December 2023, approximately 600,000 platform participants transacted on the Wag! platform for at least one service in the fourth quarter of 2023. One of the main drivers of our brand is word-of-mouth growth in local markets. We have over 500,000 Pet Caregivers approved throughout North America and we plan to continue to increase bookings and services.
- ***Expand subscription offerings.*** Wag! Premium is an annual or monthly subscription that offers 10% off all services booked as well as waived booking fees, free advice from licensed pet experts, priority access to top-rated Pet Caregivers, and VIP Pet Parent support. We plan to introduce additional service offerings in the Wag! marketplace to further support pets, parents, and Pet Caregivers and to drive significant revenue growth.
- ***Platform expansion.*** In addition to digitizing the facilitation of on demand pet services end-to-end, we have also reimagined the pet wellness model by consolidating facets of the market. For example, in the third quarter of 2021, we acquired Compare Pet Insurance Services, Inc. ("CPI") which expanded our platform into the wellness market via a pet insurance comparison marketplace. Petted.com, one of the nation's largest pet insurance comparison marketplaces, allows Pet Parents to compare top insurance providers for the best deal and perfect plan for their beloved pet. Additionally, in the fourth quarter of 2022, we acquired Furmacy.
- ***Opportunistic mergers and acquisitions.*** We believe that, over time, we can create value with strategic acquisitions in the pet industry to improve the efficiency and efficacy of the Wag! platform. In the first quarter of 2023, Wag! entered the pet food and treat category with the acquisition of Dog Food Advisor which helps Pet Parents make informed decisions about dog food. This is a key example of merger and acquisition activity that allows us to expand into other areas of the industry, while still remaining true to the core of what we do: bettering the pet ownership experience in a digital and data driven manner.

Our Market Opportunity

The total U.S. market for pet spending was $136.8 billion in 2022, including pet food and treats, veterinary care and product sales, pet supplies, and other non-medical services, according to the American Pet Products Association ("APPA"). This is an increase of 11% from the previous year, driven largely by the COVID-19 pandemic spike in pet population. The APPA breaks down the pet industry into four categories: (1) Pet Food & Treats; (2) Supplies, Live Animals & OTC Medicine; (3) Vet Care & Product Sales; and (4) Other Services (inclusive of insurance). Wag! enters into 2024 with product offerings in three of the aforementioned four markets; anchored by our premium subscription service Wag! Premium, which spans across market lines.

We believe that the commercial market for pet care represents an enormous expansion opportunity because the existing market is limited due to the challenges of traditional pet care service and wellness offerings.

Key Products and Services

Services

Through the Wag! platform, Pet Parents can connect with Pet Caregivers to schedule an appointment for a desired service. Our platform allows Pet Parents to request a multitude of preset services, including pre-scheduled and on-demand dog walking, drop-in visits at the Pet Parent's home, pet boarding at a caregiver's home, in-home pet sitting, and both in-home one-on-one dog training as well as remote dog training. Our platform allows Pet Parents to specify required parameters, such as length of walk or specific pet needs, and then receive real-time updates, photos or videos, and a complete report card from the Pet Caregiver. Following the service, Pet Parents have the ability to provide written reviews of the Pet Caregivers, helping Pet Caregivers build their profile and business with the Wag! platform.

Wag! Premium is an annual or monthly subscription that offers 10% off all services booked as well as other features, such as waived booking fees, free advice from licensed pet experts, priority access to top-rated Pet Caregivers, and VIP Pet Parent support.

Wellness

Our suite of wellness services includes Vet Chat, wellness plans, pet insurance comparison, and pet prescription Rx. Vet Chat enables Pet Parents to connect with a licensed pet expert around the clock for real-time advice on their pets' behavior, health and other needs. Pet wellness plans enable Pet Parents to obtain insurance coverage for their pets to cover every day wellness items. Pet insurance comparison enables Pet Parents to instantly compare insurance quotes and coverage from top-rated pet insurance providers, including Lemonade, Pets Best, Embrace, Trupanion, Petplan, and Prudent Pet. Through Furmacy we provide prescription management software for our B2B partners in the veterinary space.

By offering Pet Parents the opportunity to consult a licensed pet expert 24/7, obtain pet wellness plans, and compare pet insurance plans, Wag! has proven its ability to diversify the total addressable market ("TAM") and unlock new spending in pet wellness.

Pet Food and Treats

With our acquisition of Dog Food Advisor in the first quarter of 2023 and the subsequent launch of Cat Food Advisor in the third quarter of 2023, Pet Parents now have access to some of the most visited and trusted pet food marketplaces in the United States. We believe our entrance into this category will unlock tremendous value and insights for recurring and new customers alike; those to whom we already provide an unparalleled marketplace experience in the wellness space and longtime customers who rely on Dog Food Advisor for expert advice to make informed decisions about pet food and treats.

Our Customers

Pets and Pet Parents

According to the 2023-2024 APPA National Pet Owners Survey, 66% of U.S. households own a pet, which equates to 86.9 million homes. According to the American Veterinary Medical Association, almost 90% of Pet Parents consider their pet a member of the family. This has led to increases in pet spending by necessity and desire to provide for their pet as any other member of the family. In light of these trends, marketplaces, such as Dog Food Advisor and Petted.com, can provide Pet Parents with both knowledge and power to execute on that desire with a few simple clicks.

Pet Parent's Wants and Needs

Wag! was founded to make pet ownership possible because we believe that being busy should not prevent an individual from owning or caring for his or her pet. We believed a platform like ours could better address Pet Parents' basic pet care needs — and that doing so represented an enormous business opportunity. We wanted to offer exceptional quality, ease of use, and affordability. We believe Pet Parents are seeking:

- ***A positive stress-free experience for their pets.*** Pet Parents want regular reassurance that their pets feel as comfortable as they would at home. While some commercial providers try to address this need with innovations like pet webcams, Pet Parents often desire more peace of mind.
- ***Quality personalized care for their pets.*** Pet Parents want assurances that their pets' care is personalized to their needs and expectations. They also want to know that there are resources in place to handle problems that arise while they are away from their pets. Wag! platform pet data is frequently updated through the natural course of a service, which creates potential for personalized pet recommendations including but not limited to age, breed, average walk distance and photos.
- ***The availability of personalized on-demand pet services.*** Pet Parents want the ability to care and provide for their pets as soon as a need arises.
- ***Technology-enabled ease of access and management to pet services.*** Pet Parents expect to be able to use their mobile devices or computers to find available providers who will meet their pet's needs. They want to effortlessly contact and communicate, book and pay for a service, and stay connected so they can feel confident their pet is safe and happy in their absence.
- ***Pet care that suits their budget and their lifestyle.*** While many Pet Parents may find commercial solutions too expensive, they are willing to pay the right price for the right care. For other parents whose pets may have unique needs or requirements, cost is not a barrier in exchange for safe, trusted, loving care.

Pet Caregivers

Our success is built on the foundation of dedicated Pet Caregivers who have chosen to provide their services through us. Wag! provides Pet Caregivers with flexibility and empowerment, enabling their passion for pets to become a way to make money, exercise, and participate in their local community. Through our platform, Pet Caregivers can connect with a nationwide community of Pet Parents. Some Pet Caregivers view the provision of pet care services as their full-time job. We support them by providing an additional avenue to build their pet care business and achieve meaningful income. Other Pet Caregivers simply love and enjoy caring for pets in addition to other avenues of employment. We support these more casual Pet Caregivers by providing them access to Pet Parents looking for pet care services, a means to earn some additional supplemental income, an enjoyable gig involving time outdoors and healthy habits, and flexibility in when and how they perform services. We give both full-time and casual Pet Caregivers the ability to share their love of pets with the Wag! pet community.

Similar to Pet Parents, when prospective Pet Caregivers encounter Wag! for the first time, we aim to anticipate and address many of their needs in advance. We added features to allow Pet Caregivers the opportunity to view notes before a service so they can make a more informed decision before accepting a service request, the freedom to set their own prices, the option to withdraw earnings instantly for a small fee, ability to expand their reach to new Pet Parents and grow their business with social links to their profile and custom HTML Craigslist links, and the opportunity to access advice from seasoned veterans on the mobile app and tips to help them grow a successful pet care business.

Pet Caregivers who establish a profile on Wag! often find the approval process to be straightforward and simple. To build trust and transparency with Pet Parents, applicants are screened and required to pass a background check and a pet care test before they can be approved to offer services on the Wag! platform. All new Pet Caregivers also have the opportunity to complete a "test walk," which is a simulated service that allows the Pet Caregiver to become familiar with the Wag! platform. We also provide built-in community safety features, such as the ability for a Pet Caregiver to flag chat conversations with a Pet Parent, block a Pet Parent's service requests, and leave a review of a pet for other caregivers to consider. These measures reassure Pet Caregivers that they are joining a platform that cares about trust and reliability.

Wag! provides flexible, straightforward booking management tools. Our platform offers tools that allow Pet Caregivers to manage bookings and safely communicate to share photos, videos, and GPS mapping. Pet Caregivers receive safe, secure, and convenient online payments, set their availability with our calendar feature, and only book services that are a fit for their preferences and schedule. Our dedicated support team provides peace of mind for Pet Caregivers.

Wellness Service Providers

Through digitalization of the pet wellness market, we have integrated subject matter experts from all corners of the wellness industry, such as veterinarians and insurance providers, into the Wag! community. Our insurance marketplace facilitates the ability for Pet Parents to connect with top insurance providers in order to select the best plan for their pet. Wag! acts as the trusted liaison between the two parties. Additionally, via the Furmacy business, we provide the prescription management software for our B2B partners in the veterinary space. The facilitation of pet wellness services places Wag! in a unique position of capturing both sides of the market: the business of either or both the Pet Parent and pet professional, depending on the wellness need.

Wag! is also positioning itself to provide routine and anticipated healthcare needs to pets. Through our wellness plan offerings, we facilitate connections between Pet Parents and providers who furnish customized packages of routine care that every pet needs such as wellness exams, routine blood work and other diagnostics, vaccines and boosters, flea and tick meds, dental cleaning and even spay/neuter procedures.

During the year ended December 31, 2023, two customers accounted for in aggregate approximately 36% of total revenues. For a discussion of risks related to customer concentration, see "*Risk Factors — We are substantially dependent on revenues from a small number of customers. The loss of or decrease in revenue from any one of these customers would materially adversely affect our business, results of operations, and financial condition."* and Note 2, *Significant Accounting Policies*, to the Consolidated Financial Statements included in Part II, Item 8, *Financial Statements and Supplementary Data*, of this Annual Report on Form 10-K.

Competitive Strengths

As we grow our online pet service, wellness, and dog food and treat platform, our competitive strengths relative to other online competitors include:

- ***Proprietary and innovative technology platform.*** Our technology platform was built to enable us to connect Pet Parents with Pet Caregivers, wellness providers, and dog food and treat providers. We own and operate all meaningful technology utilized in our business.
- ***Service offerings.*** Our platform offers access to many of the pet services across the spectrum of the pet services categories included in (1) Pet Food & Treats, (2) Supplies, Live Animals & Over-the-Counter Medicine, (3) Vet Care & Product Sales, and (4) Other Services.
- ***Large number of high-quality Pet Caregivers.*** Many Pet Caregivers are attracted to the Wag! platform. With the ability to make money on their own time, Pet Caregivers enjoy the flexibility of choosing how and when they want to work — claiming a last minute appointment or planning out an appointment weeks in advance. We currently have over 500,000 Pet Caregivers approved to provide services on Wag!.
- ***Industry best insurance comparison tool.*** Our proprietary insurance comparison tool allows Pet Parents to quickly and efficiently obtain and compare pet insurance coverage and fee quotes from leading pet insurance providers.
- ***High-quality pet service.*** With over 12 million Pet Parent reviews, more than 96% of which have earned five stars, we are a leader the industry for quality.
- ***Strong Pet Parent loyalty and word-of-mouth.*** Our continuous strength in facilitating connections between pet, parent, and Pet Caregiver translates directly into advantages in our ability to retain Pet Parents.
- ***Premier online destination for pet services.*** According to recent industry surveys conducted by Similarweb.com, Wag! was one of the top three online pets and animals websites in the United States in the fourth quarter of 2023 with more than 5 million monthly visitors.

Foundation of Trust and Safety

Safety on every booking is important to us, and we aim to reduce the number of incidents in the Wag! community. If an incident occurs, we are committed to improving our effectiveness in responding. To bring peace of mind for Pet Parents, all Pet Caregivers are screened, background checked, and approved prior to being approved to provide services on the Wag! platform. We also have a dedicated 24/7 support team to assist pets and their parents around the clock, and convenient tools for Pet Parents to obtain real-time information about their pets during a service. In the event there is damage to a Pet Parent's property, they may be protected with up to $1 million property damage protection (subject to applicable policy limitations and exclusions). We move quickly to correct behaviors that are not consistent with our Community Guidelines and do not hesitate to remove both Pet Parents and Pet Caregivers from our platform when they behave in ways that violate our standards.

Technology and Infrastructure

Our technology platform is designed to provide an efficient marketplace experience across our website and mobile apps. Our technology vision is to build and deliver secure, flexible, scalable systems, tools, and products that exceed expectations for Pet Parents, Pet Caregivers, and pet service providers, as well as accelerate growth and improve productivity.

Our booking platform connects to the front-end customer web and mobile clients, as well as to our support operations team. This platform also connects to our data science platform. We collect and secure information generated from user activity and use machine learning to continuously improve our booking systems. We have a common platform that allows us to seamlessly internationalize our product, integrate images and videos, use experiments to optimize user experience and test product improvements in real time, monitor our site reliability, and rapidly respond to incidents. Finally, our core booking platform connects to leading third-party vendors for communications, payment processing, IT operations management, as well as background checks.

We focus on user experience, quality, consistency, reliability, and efficiency when developing our software. We are also investing in continuously improving our data privacy, data protection, and security foundations, and we continually review and update our related policies and practices.

Marketing

Our marketing strategy is focused on attracting Pet Parents, Pet Caregivers, and pet service providers, to our marketplace. We depend on paid marketing, organic marketing and brand marketing strategies, along with creating virality and word-of-mouth acquisition through our product experience. Through our blog, "The Daily Wag!," we attract new users to our marketplace. Wag! is top-ranking in both the Travel and Local (Google Play) and Travel (iOS) categories for key search terms through App Store optimization and strong consumer rankings and reviews. In addition, our website saw more than five million visitors per month from direct or unpaid traffic sources in 2023, the majority of which came from our search engine optimization efforts. In 2023, we saw an average of 80% organic customer acquisition.

While we rely significantly on word-of-mouth, organic search, and other unpaid channels, we believe that a significant amount of the growth in the number of Pet Parents and Pet Caregivers that use the platform is also attributable to our paid marketing initiatives. Our marketing efforts include referrals, affiliate programs, free or discount trials, partnerships, display advertising, billboards, radio, video, television, direct mail, social media, email, podcasts, hiring and classified advertisement websites, mobile "push" communications, search engine optimization, and paid keyword search campaigns.

Competitors

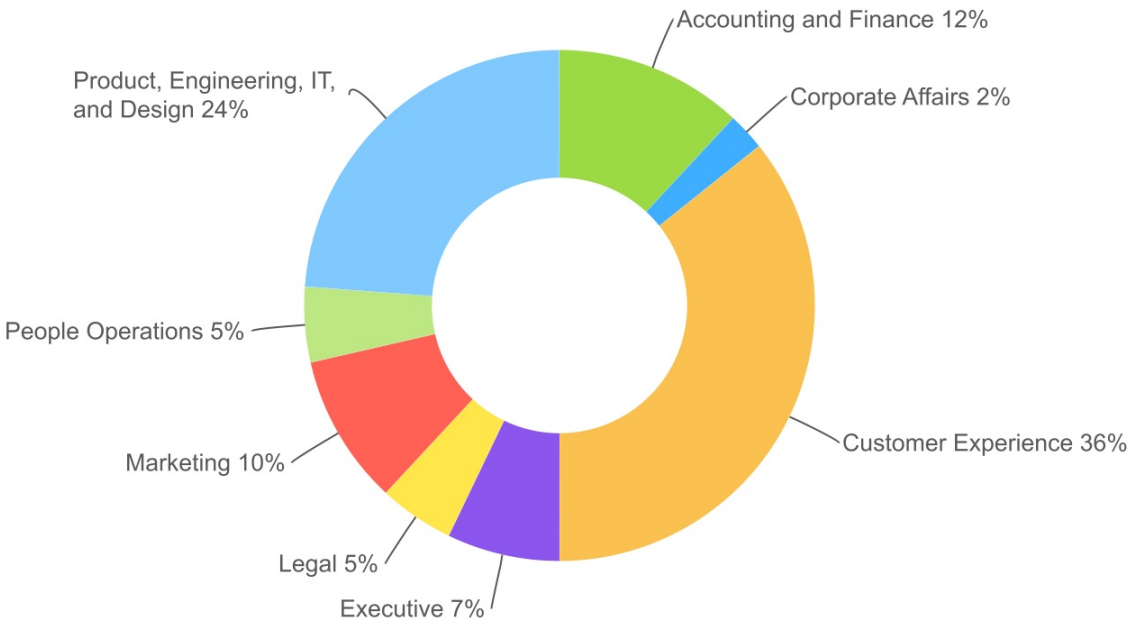
The markets in which we operate are highly fragmented. We face multiple competitors across different categories, and our competitors vary in both size and breadth of services. We expect competition to continue, both from current competitors, who may be well-established and enjoy greater resources or other strategic advantages, as well as new entrants into the market, some of which may become significant competitors in the future. Our main competitors include:

- ***Family, friends, and neighbors.*** Our largest competitive dynamic remains the people to whom Pet Parents go for pet care within their personal networks. This typically includes veterinarians, neighbors, family, and friends with whom the Pet Parent and pet are familiar and comfortable.

- ***Local independent professionals.*** Local small businesses and independent professionals often operate at small scale with little to no online presence, primarily relying on word of mouth and marketing solutions such as flyers and local ads.
- ***Large, commercial providers.*** Large commercial providers, such as kennels and daycares, often struggle to meet the individual needs of Pet Parents and their pets. Such providers can be expensive, and their facilities are often crowded, inducing stress in some pets and leading Pet Parents to question the quality of care their pets receive.
- ***Online aggregators and directories.*** Pet Parents can also access general purpose online aggregators and directories, such as Google, Wirecutter, Craigslist, Nextdoor, or Yelp, to find pet care providers and ratings and rankings for similar marketplace offerings. However, Pet Parents may lack trust in these directories, or find it difficult to find an available and appropriate pet care provider.
- ***Other digital marketplaces.*** We compete with companies such as Rover and the pet care offering on Care.com. We differentiate ourselves with the breadth of our pet service options and simplicity in booking. For example, Wag! is the only marketplace to offer on-demand booking for dog walking and drop-in visits at the Pet Parent's home, and which enables Pet Parents to find a local Pet Caregiver in less than 15 minutes. In addition, our monthly subscription offering, Wag! Premium, provides Pet Parents with a suite of platform features including discounts on additional services, such as boarding, sitting, and training. Finally, through our Wag! wellness suite of services, Pet Parents can chat with a licensed pet expert 24/7.

Human Capital Resources

As of December 31, 2023, we had 84 employees. The breakout of employees by department as of December 31, 2023 is as follows:



Run, Dig, Play & Catch

In 2023, as Wag!'s technology platform and overall business grew, we leaned on our values of “Run, Dig, Play and Catch” to help support employees and the Wag! Community. We continued our remote-first hybrid workplace strategy to provide employees with the flexibility for any caregiving responsibilities including for dependents or other family members. This meant creating and fostering an open and accepting work environment where leaders and managers supported flexible work schedules, paid family leave and/or paid time off. For those employees seeking community and social engagement, we hosted virtual and in-person events. Wag! also provides 360 feedback and role growth opportunities as part of our twice-yearly performance management program to assist employees with development. We integrate the aforementioned Wag! values into the performance management and feedback process to help recognize not only those who perform, but also to recognize and celebrate those who exhibit our values and contribute to the culture.

Diversity, Equity, Inclusion

Diversity, equity, and inclusion (“DEI”) are core to Wag!'s culture. We aim to build a workplace where people of all backgrounds and walks of life can thrive. We know that diverse and inclusive teams build more creative and innovative solutions that strengthen our business and reinforce our values. In 2023, we donated to several organizations that align with our values, including the Center of Policing Equity, which measures bias in policing and has goals to help stop such biases; one•n•ten which serves LGBTQ youth and young adults ages 11-24 by providing empowering social and service programs that promote self-expression, self-acceptance, leadership development, and healthy life choices; and K9s for Warriors, which matches service dogs with veterans to build an unwavering bond that facilitates their collective healing and recovery. Wag! also celebrates diversity events, for example LGBT Pride Month internally and externally on our social media channels each year, and recognizes Juneteenth as a company holiday. Wag! intends to maintain, iterate and add to our DEI initiatives and programs to broaden their impacts, as Wag! continues to grow.

Safety

Safety will always be Wag!'s top priority, and in 2023 we maintained an encouraged, yet fully optional, in-person work policy. We believe that our employees can excel and be productive wherever they choose to work, but recognize that certain employees seek to be around their co-workers and spend some time in the office. In order to attract and retain high performing employees while also being as inclusive as we can, we believe a remote-first hybrid approach to work is the best fit for our business, culture, and team. Our hybrid work policy allows employees and teams to select the work mode that best fits their personal needs. We do not anticipate any full-time in-person work requirements for our employees. In 2023, the sustainability of our working environment and employee well-being also remained a key priority. We retained our expanded sick and leave policies that were established in 2020, as well as periodic company-wide half-day Fridays to supplement Wag!'s paid time off policies.

Priorities

We aim to:

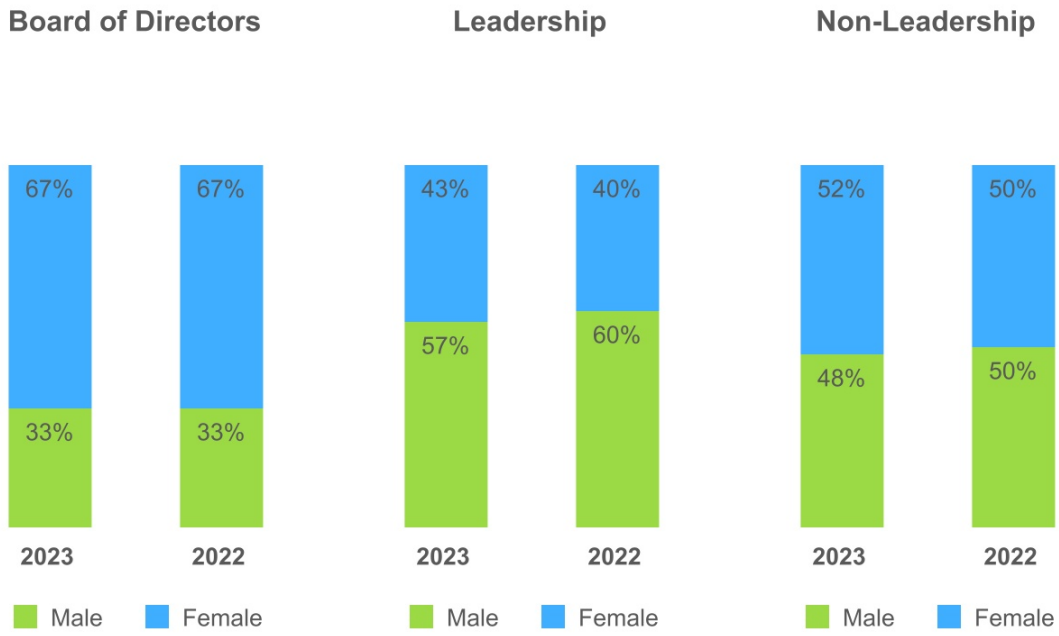
- Attract and retain world-class talent with diverse backgrounds and experiences;
- Offer equitable and inclusive pay, benefits and policies;
- Foster a safe workspace and requiring anti-discrimination and anti-harassment training;
- Fine-tune our recruiting efforts and procedures, including but not limited to reviewing job descriptions for inclusive language, sourcing from wide talent pools and a structured interview process; and
- Create an inclusive environment where employees feel welcome, valued, respected, supported, heard, and appreciated.

Furthermore, we are focused on employee engagement, which studies have shown is linked with high performance, retention, innovation, and growth. We also believe this helps us evaluate the effectiveness and inclusivity of our employment programs, practices and policies. Our employees have chosen to work at Wag! because they believe in our action-oriented, values-based, and purpose-driven work culture. In March 2023, Wag! conducted an engagement survey of all employees. 85% of employees submitted a response, and 86% of respondents reported favorable employee engagement, ahead of industry peers in the New Tech category according to research done by Culture Amp.

Workforce Diversity Metrics

We aim for our marketplace, products and services to be enjoyed by the diverse community of Pet Parents and Pet Caregivers. We are committed to transparent reporting on workforce diversity. All metrics below are as of December 31 of the stated year. Overall metrics include all employees. Leadership is defined as Director level and above.

Our Board of Directors (the "Board") also affirmed its dedication to diversity in 2021, when we began adding independent Board members. The Board and Management committed to actively seek out diverse director candidates to include in the pool from which nominees are chosen.



Race and Ethnicity Metrics

	Board		Leadership		Non-Leadership	
	2023	2022	2023	2022	2023	2022
American Indian or Alaska Native	— %	— %	— %	— %	2 %	2 %
Asian	33 %	33 %	9 %	5 %	14 %	16 %
Black or African American	17 %	17 %	5 %	5 %	8 %	6 %
Hispanic or Latino	— %	— %	— %	— %	19 %	16 %
Two or More Races	— %	— %	5 %	5 %	8 %	8 %
White	50 %	50 %	81 %	85 %	49 %	52 %

Age Metrics (excluding Board Members)

	2023	2022
24 years and younger	1 %	4 %
25-29 years	15 %	24 %
30-34 years	37 %	32 %
35-39 years	11 %	8 %
40-49 years	25 %	22 %
50+ years	11 %	10 %

Data Privacy, Data Protection and Security

Our privacy and cybersecurity program is designed and implemented, both within our internal systems and on our platform, to address the security and compliance requirements of personal and other regulated information related to Pet Parents, Pet Caregivers, and our employees.

We have a team of professionals that focuses on technical measures such as application, network, and system security, as well as policy measures related to privacy compliance, internal training and education, business continuity, and documented incident response protocols. Our cybersecurity protocols include periodic scans designed to identify security vulnerabilities on our servers, workstations, network equipment, production equipment, and applications, and we address remediation of any discovered vulnerabilities according to severity. We use various technical safeguards throughout our network, including but not limited to multi-factor authentication, permissioning software, audit logs, and other security controls to control access to internal systems that contain personal or other confidential information.

We design and implement our platform, offerings, and policies to facilitate compliance with evolving privacy, data protection, and cybersecurity laws and regulations, as well as to demonstrate respect for the privacy and data protection rights of our users and employees. We publish our user-related privacy practices on our website, and we further maintain certain additional internal policies and practices relating to the collection, use, storage, and disclosure of personal information.

Publication of our Privacy Statement and other policies and notices regarding privacy, data protection, and cybersecurity may subject us to investigation or enforcement actions by state and federal regulators if those statements, notices, or policies are found to be deficient, lacking transparency, deceptive, unfair, or misrepresentative of our practices. We also may be bound from time to time by contractual obligations related to privacy, data protection, or cybersecurity. The laws and regulations to which we are subject relating to privacy, data protection, and cybersecurity, as well as their interpretation and enforcement, are evolving and we expect them to continue to change. For example, the California Consumer Privacy Act of 2018 ("CCPA"), among other things, requires covered companies to provide specified disclosures to California residents about such companies' collection, use, and sharing of their personal information, gives California residents expanded rights to access, correct and delete their personal information, and affords such residents abilities to opt out of certain "sales" or transfers of personal information, the processing of sensitive personal information for certain purposes and the use of personal information for cross context behavioral advertising. Guidance related to the CCPA continues to evolve and the CCPA has led some states, and will likely lead other states, to pass comparable legislation. Other privacy and cybersecurity laws and regulations to which we may be subject include, for example, the California Online Privacy Protection Act, the Personal Information Protection and Electronic Documents Act, the Controlling the Assault of Non-Solicited Pornography and Marketing Act, the Telephone Consumer Protection Act, and Section 5 of the Federal Trade Commission Act. More generally, the various legal obligations that apply to us relating to privacy, data protection, and cybersecurity may evolve in a manner that relates to our practices or the features of our mobile applications or website. We may need to take additional measures to comply with new and evolving legal obligations and to maintain and improve our cybersecurity posture in an effort to reduce cybersecurity incidents or avoid breaches affecting personal information or other sensitive or proprietary data. For additional information, see "*Risk Factors — Risks Related to Privacy and Technology — Changes in laws, regulations, or industry standards relating to privacy, data protection, or the transfer or processing of data relating to individuals, or any actual or perceived failure by us to comply with such laws and regulations or any other obligations, including contractual obligations, relating to privacy, data protection, or the transfer or processing of data relating to individuals, could adversely affect our business, results of operations and financial condition.*"

Government Regulation

We are subject to a wide variety of laws, regulations, and standards in the United States and other jurisdictions. These laws, regulations, and standards govern issues such as worker classification, labor and employment, anti-discrimination, payments, pricing, whistleblowing and worker confidentiality obligations, animal and human health and safety, text messaging, subscription services, intellectual property, insurance producer licensing and market conduct, consumer protection and warnings, marketing, product liability, environmental protection, taxation, privacy, data protection, cybersecurity, competition, unionizing and collective action, arbitration agreements and class action waiver provisions, terms of service, e-commerce, mobile application and website accessibility, money transmittal, and background checks. These laws, regulations, and standards are often complex and subject to varying interpretations, in many cases due to their lack of specificity or unclear applicability, and as a result, their application in practice may change or develop over time through judicial decisions or as new guidance or interpretations are provided by regulatory and governing bodies, such as federal, state, and local administrative agencies. Noncompliance with state insurance statutes or regulations may subject Wag! to regulatory action by the relevant state insurance regulator, and, in certain states, private litigation.

National, state, and local governmental authorities have enacted or pursued, and may in the future enact and pursue, measures designed to regulate the "gig economy." For example, in 2019, the California Assembly passed AB-5, which codified a narrow worker classification test that has had the effect of treating many "gig economy" workers as employees. AB-5 includes a referral agency exemption that specifically applies to animal services and dog walking and grooming, and we believe that Wag! falls within this exemption.

In addition, other jurisdictions could adopt similar laws that do not include such carve outs and which, if applied to Wag!'s platform, could adversely impact its availability and our business.

Other types of new laws and regulations, and changes to existing laws and regulations, continue to be adopted, implemented, and interpreted in response to our business and related technologies. For instance, state and local governments have in the past pursued, or may in the future pursue or enact, licensing, zoning, or other regulation that impacts the ability of individuals to provide home-based pet care.

One of our subsidiaries operates pet insurance comparison engine webpages. This subsidiary is not an underwriter of insurance risk nor does it act in the capacity of an insurance company. Rather, it is licensed and regulated as an insurance producer. On its website, the subsidiary may refer its customers to options for pet insurance plans provided and sold through unaffiliated third parties, including through unaffiliated insurance carriers. The subsidiary's insurance comparison search feature provides hyperlinks by which consumers are connected with a pet insurance provider's website to purchase an insurance plan. Each state has its own insurance statutes and regulations and applicable regulatory agency. Generally, each state requires insurers and insurance producers to be licensed in that state. Our subsidiary maintains insurance producer licenses in each state in which it operates. All insurance plans referred to by the subsidiary through its insurance comparison search feature are provided by third-party insurance companies. The subsidiary accepts neither premium payments from consumers nor responsibility for paying any amounts on claims.

For more information, *see "Risk Factors — Risks Related to Regulation and Taxation — Our business is subject to a variety of U.S. laws and regulations, many of which are unsettled and still developing and failure to comply with such laws and regulations could subject us to claims or otherwise adversely affect our business, financial condition, or operating results.*" and "*Risk Factors — Risks Related to Privacy and Technology — Changes in laws, regulations, or industry standards relating to privacy, data protection, or the transfer or processing of data relating to individuals, or any actual or perceived failure by us to comply with such laws and regulations or any other obligations, including contractual obligations, relating to privacy, data protection, or the transfer or processing of data relating to individuals, could adversely affect our business, results of operations and financial condition.*"

We are subject to audits by taxing authorities and other forms of investigation, audit, or inquiry conducted by federal, state, or local governmental agencies, none of which have resulted in a material assessment.

Intellectual Property

We rely on a combination of state, federal, and common-law rights and trade secret, trademark, and copyright laws in the United States and other jurisdictions together with confidentiality agreements, contractual restrictions, and technical measures to protect the confidentiality of our proprietary rights. To protect our trade secrets, we control access to our proprietary systems and technology and enter into confidentiality and invention assignment agreements with our employees and consultants and confidentiality agreements with other third-parties in order to limit access to, and disclosure and use of, our confidential and proprietary technology and to preserve our rights thereto. We also have registered and unregistered trademarks for the names of many of our products and services, and we are the registrant of the domain registrations for all of our websites.

As of December 31, 2023, we hold 16 registered trademarks in the United States. In addition, we have registered domain names for websites that we use in our business, such as www.wagwalking.com and other variations. We intend to pursue additional intellectual property protection to the extent we believe it would be beneficial and cost-effective. We also utilize third-party content, software, technology and intellectual property in connection with our business.

We have been involved in intellectual property lawsuits and may continue to face allegations from third parties, including our competitors, that we have infringed or otherwise violated their intellectual property rights. Despite our efforts to protect our intellectual property rights, they may not be respected in the future or may be invalidated, circumvented, or challenged.

For additional information on risks relating to intellectual property, see the sections titled "*Risk Factors — Risks Related to Our Intellectual Property*" and "*Risk Factors — Risks Related to Regulation and Taxation*."

Available Information

The following filings are available through our investor relations website after we file them with the Securities and Exchange Commission (the "SEC"): Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and our Proxy Statement for our Annual Meeting of Stockholders. These filings are also available for download free of charge on our investor relations website. Our investor relations website is located at investors.wag.co. The SEC also maintains an Internet website that contains reports, proxy statements and other information about issuers, like us, that file electronically with the SEC. The address of that website is www.sec.gov.

We webcast our earnings calls and certain events we participate in or host with members of the investment community on our investor relations website. Additionally, we provide notifications of news or announcements regarding our financial performance, including SEC filings, investor events, press and earnings releases, and blogs as part of our investor relations website. We have used, and intend to continue to use, our investor relations website, our X (formerly Twitter) account (@wagwalking), our LinkedIn account (https://www.linkedin.com/company/wag-group-co) and our Chief Executive Officer and Chairman's LinkedIn account (https://www.linkedin.com/in/garrettsmallwood/), as means of disclosing material information to the public and for complying with our disclosure obligations under Regulation FD. Further corporate governance information, including our corporate governance guidelines, composition of our Board and its committees, and our Code of Conduct, is also available on our investor relations website under the heading "Corporate Governance." The contents of our websites are not intended to be incorporated by reference into this Annual Report on Form 10-K or in any other report or document we file with the SEC, and any references to our websites are intended to be inactive textual references only.

Item 1A. *Risk Factors*

Investing in our common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Annual Report on Form 10-K, including the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes, before deciding to invest in our common stock. Our business, results of operations, financial condition, and prospects could also be harmed by risks and uncertainties not currently known to us or that we currently do not believe to be material. If any of the risks actually occur, our business, results of operations, financial condition and prospects could be harmed. In that event, the market price of our common stock could decline, and you could lose part or all of your investment.

Risk Factor Summary

Our business is subject to numerous risks and uncertainties, including those highlighted in this section titled “Risk Factors” and summarized below. We have various categories of risks, including risks relating to our business and industry, risks relating to information technology, intellectual property, cybersecurity and privacy, risks relating to legal, regulatory, accounting and tax matters, risks relating to our indebtedness and liquidity and risks relating to ownership of our common stock, which are discussed more fully below. This risk factor summary does not contain all of the information that may be important to you, and you should read this risk factor summary together with the more detailed discussion of risks and uncertainties set forth following this section under the heading “Risk Factors,” as well as elsewhere in this Annual Report on Form 10-K. Additional risks, beyond those summarized below or discussed elsewhere in this Annual Report on Form 10-K, may apply to our business, activities or operations as currently conducted or as we may conduct them in the future or in the markets in which we operate or may in the future operate. These risks include, but are not limited to, the following:

- The businesses and industries in which we operate are highly competitive and we may be unable to compete successfully with our current or future competitors;;
- We have incurred net losses in each year since inception. If we fail to manage certain risks and challenges as our business evolves, we may not produce expected long-term benefits and this may adversely affect our business, operating results, and financial condition;
- Online marketplaces for pet care services are still in relatively early stages of growth and if demand for them does not continue to grow, grows slower than expected, or fails to grow as large as expected, our business, financial condition, and operating results could be materially adversely affected;
- Our marketing efforts to help grow the business may not be effective;
- We are substantially dependent on revenues from a small number of customers. The loss of or decrease in revenue from any one of these customers would materially adversely affect our business, results of operations, and financial condition;
- If we fail to retain existing users or attract new users, or if users fail to receive high-quality offerings or fail to provide high-quality offerings, our business, operating results, and financial condition would be materially adversely affected;
- Our fee structure is impacted by a number of factors and ultimately may not be successful in attracting and retaining Pet Parents and Pet Caregivers;
- Actions by Pet Caregivers or Pet Parents that are criminal, violent, inappropriate, or dangerous, or fraudulent activity, may undermine the safety or the perception of safety of our platform and materially adversely affect our reputation, business, operating results and financial conditions;
- If Pet Caregivers are reclassified as employees under applicable law or new laws are passed that reclassify Pet Caregivers as employees, our business would be materially adversely affected;
- Our business is subject to a variety of U.S. laws and regulations, many of which are unsettled and still developing and failure to comply with such laws and regulations could subject us to claims or otherwise adversely affect our business, financial condition, or operating results;
- We We have been subject to cybersecurity attacks in the past and may be the target of future attacks. Any actual or perceived breach of security or cybersecurity incident or privacy or data protection breach or violation, including via cyberattacks, data breaches, hacks, ransomware attacks, data loss, unauthorized access to or use of data (including personal information) and other breaches of our information technology systems, could interrupt our operations, harm our brand, and adversely affect our reputation, business, financial condition, and operating results;
- We primarily rely on third parties to deliver services to users on our platform and any disruption of or interference with our use of such third party services or software could adversely affect our business, financial condition, and operating results.;
- We depend on our highly skilled employees to grow and operate our business and if we are unable to hire, retain, manage, and motivate our employees, or if our new employees do not perform as anticipated, we may not be able to grow effectively and our business, financial condition, and operating results could be materially adversely affected;We depend on our highly skilled employees to grow and operate our business and if we are unable to hire, retain, manage, and motivate our employees, or if our new employees do not perform as anticipated, we may not be able to grow effectively and our business, financial condition, and operating results could be materially adversely affected;

- The failure to successfully execute and integrate acquisitions could materially adversely affect our business, operating results, and financial condition;
- Failure to achieve and maintain effective disclosure controls and internal control over financial reporting could result in our failure to accurately or timely report our financial condition or results of operations which could have a material adverse effect on our business and stock price;
- Our management team has limited experience operating a public company; and
- There can be no assurance that we will be able to comply with the continued listing requirements of the Nasdaq Global Market and failure to do so may result in our securities being delisted.

Risks Related to Our Business

The businesses and industries in which we operate are highly competitive and we may be unable to compete successfully with our current or future competitors.

We operate in a highly competitive environment and face significant competition in attracting users. Current and potential competitors (including any new entrants into the market, friends, family, neighbors, other digital marketplaces for pet care services, large commercial kennels and daycares) may enjoy substantial competitive advantages over us, such as greater name recognition, longer operating histories, greater category share in certain markets, market-specific knowledge, previously established or stronger relationships with customers, larger existing user bases in certain markets, more successful marketing capabilities, and substantially greater financial, technical, and other resources than we have. Competitors may be able to provide users with a better or more complete experience, or respond more quickly and effectively than we can to new or changing opportunities, technologies, standards, or user requirements or preferences. Some of our competitors could adopt aspects of our business model, which could affect our ability to differentiate our offerings from competitors. Our industries may also experience significant consolidation or the entrance of new players. If our competitors are successful, we may face reduced demand for our platform and slower growth, which could materially adversely affect our business, operating results, and financial condition. We believe our ability to compete effectively depends upon many factors both within and beyond our control, including the popularity, utility, ease of use, performance, and reliability of our offerings compared to those of our competitors; the prices of offerings and the fees we charge pet care providers and Pet Parents on our platform; our ability to attract and retain high quality Pet Caregivers; the perceived safety of offerings on our platform; our ability, and the ability of our competitors, to develop new offerings; and our ability to attract, retain, and motivate talented employees.

We have incurred net losses in each year since inception. If we fail to manage certain risks and challenges as our business evolves, we may not produce expected long term benefits and this may adversely affect our business, operating results, and financial condition.

We incurred net losses of $13.3 million, $38.6 million, and $6.3 million for the years ended December 31, 2023, 2022, and 2021, respectively. As of December 31, 2023 and 2022, we had an accumulated deficit of $161.7 million and $148.4 million, respectively. As a result of the COVID-19 pandemic, our monthly revenues declined rapidly after March 2020. Historically, we have invested significantly in efforts to grow our Pet Parent and Pet Caregiver network, introduced new or enhanced offerings and features, increased marketing spend, expanded operations, hired additional employees, and enhanced the platform. This focus may not be consistent with our short-term expectations and may not produce the long-term benefits expected.

Our operating results have varied significantly and may continue to vary significantly and are not necessarily an indication of future performance. We experience seasonality in bookings based on numerous factors including holidays where we have experienced lower walking services requests on the platform, offset by higher sitting and boarding requests during these periods. In addition, our operating results may fluctuate as a result of a variety of other factors, some of which are beyond our control. As a result, we may not accurately forecast operating results. Moreover, we base our expense levels and investment plans on estimates for revenues that may turn out to be inaccurate and we may not be able to adjust our spending quickly enough if our revenue is less than expected, resulting in losses that exceed our expectations. If our assumptions regarding the risks and uncertainties that we use to plan our business are incorrect or change, or if we do not address these risks successfully, our operating results could differ materially from our expectations and our business, operating results, and financial condition could be materially adversely affected.

Online marketplaces for pet care services are still in relatively early stages of growth and if demand for them does not continue to grow, grows slower than expected, or fails to grow as large as expected, our business, financial condition, and operating results could be materially adversely affected.

Demand for booking pet care services through online marketplaces has grown rapidly since the 2015 launch of our platform, but such platforms are still relatively new and it is uncertain to what extent market acceptance will continue to grow, if at all. Our success will depend on the willingness of people to obtain pet care through platforms like our platform. If the public does not perceive these services as beneficial, or chooses not to adopt them, or instead adopts alternative solutions based on changes in our reputation for trust and safety, offering prices, availability of services, or other factors outside of our control, then the market for our platform may not further develop, may develop slower than we expect, or may not achieve the growth potential we expect, any of which could adversely affect our business, financial condition, and operating results.

Our marketing efforts to help grow the business may not be effective.

Promoting awareness of our platform is important to our ability to grow the business and to attract new Pet Parents and Pet Caregivers. Since inception, our user base has grown in large part as a result of word-of-mouth, complemented by paid and organic search, social media, and other online advertising and infrequent television advertising. Many of our marketing efforts to date have focused on amplifying and accelerating this word-of-mouth momentum and such efforts may not continue to be effective. Although we continue to rely significantly on word-of-mouth, organic search, and other unpaid channels, we believe that a significant amount of the growth in the number of Pet Parents and Pet Caregivers that use the platform also is attributable to our paid marketing initiatives. Marketing efforts include or have previously included referrals, affiliate programs, free or discount trials, partnerships, display advertising, billboards, radio, video, television, direct mail, social media, email, podcasts, hiring and classified advertisement websites, mobile “push” communications, search engine optimization, and paid keyword search campaigns. Even if we successfully increase revenues as a result of paid marketing efforts, we may not offset the additional marketing expenses incurred. If marketing efforts to help grow the business are not effective, we expect that our business, financial condition, and operating results may be materially adversely affected.

We are substantially dependent on revenues from a small number of customers. The loss of or decrease in revenue from any one of these customers would materially adversely affect our business, results of operations, and financial condition.

A small number of customers make up a large portion of our total revenues. For example, for the fiscal year ended December 31, 2023, two customers from Wag! Wellness accounted for an aggregate of 36% of total revenues. Revenue from any major customer may decline or fluctuate significantly in the future. We may not be able to offset any decline in revenue from existing major customers, with revenue from new customers or other existing customers. Because of our reliance on a limited number of customers, any decrease in revenue from, or loss of, one or more of these customers could harm our business, operating results, financial condition, and cash flows.

If we fail to retain existing users or attract new users, or if users fail to receive high-quality offerings or fail to provide high-quality offerings, our business, operating results, and financial condition would be materially adversely affected.

The success of Wag! services depends on retaining existing Pet Parents and attracting new Pet Parents to use our platform, increasing the number of repeat bookings that Pet Parents make, and attracting them to different types of service offerings on our platform. Our business also depends on Pet Caregivers maintaining their use of our platform and engaging in practices that encourage Pet Parents to book their services. If there is insufficient availability or demand for services, revenues will decline and our business, operating results, and financial condition would be materially adversely affected.

Pet Caregivers have a range of options for offering their services. They may advertise their offerings in multiple ways that may or may not include our platform. Some of our Pet Caregivers have chosen to cross-list their offerings, which may cause Pet Parents to book through other platforms or with other competitors. When offerings are cross-listed, the price paid by Pet Parents on our platform may be or may appear to be less competitive for many reasons, including differences in fee structure and policies, which may cause Pet Parents to book through other platforms or with other competitors, which could materially adversely affect our business, operating results and financial condition. Pet Parents have a range of options for meeting their pet care needs, including neighbors, family and friends, local independent operators, large, commercial providers such as kennels and day cares, other online aggregators and directories, and other digital marketplaces. Certain Pet Parents reach out to our Pet Caregivers (and vice versa) and incentivize them to list or book directly with them and bypass our platform, which reduces the use of our platform and could materially adversely affect our business, operating results, and financial condition.

While we plan to continue to invest in our Pet Caregiver community and in tools to assist Pet Caregivers, including our technology and algorithms, these investments may not be successful in retaining existing Pet Caregivers or growing the number of Pet Caregivers and listings on our platform. If we are unable to attract and retain individual Pet Caregivers and Pet Parents in a cost-effective manner, or at all, our business, operating results, and financial condition would be materially adversely affected. In addition, the number of bookings on our platform may decline as a result of a number of factors affecting pet care providers, some of which are outside our control, including: Pet Caregivers booking on other third-party platforms as an alternative to offering on our platform; economic, social and political factors; Pet Caregivers not receiving timely and adequate support from us; perceptions of trust and safety on and off our platform; negative experiences with pets and Pet Parents, including pets who damage pet care provider property; our efforts or failure or perceived failure to comply with regulatory requirements; and our decision to remove Pet Caregivers from our platform for not adhering to our Community Guidelines or other factors we deem detrimental to our community.

In addition, if our platform is not easy to navigate, Pet Parents have an unsatisfactory sign-up, search, booking, or payment experience on our platform, the content provided on our platform is not displayed effectively, we are not effective in engaging Pet Parents, or fail to provide a user experience in a manner that meets rapidly changing demand, we could fail to attract and retain new Pet Parents and engage with existing Pet Parents, which could materially adversely affect our business, results of operations, and financial condition.

Our fee structure is impacted by a number of factors and ultimately may not be successful in attracting and retaining Pet Parents and Pet Caregivers.

Demand for our platform is highly sensitive to a range of factors, including the availability of services at times and prices appealing to Pet Parents, prices that Pet Caregivers set for their services, the level of potential earnings required to attract and retain Pet Caregivers, incentives paid to Pet Caregivers and the fees, and commissions we charge Pet Caregivers and Pet Parents. Many factors, including operating costs, legal and regulatory requirements, constraints or changes, and our current and future competitors' pricing and marketing strategies, could significantly affect our pricing strategies. Existing or future competitors offer, or may in the future offer, lower-priced or a broader range of offerings. Similarly, certain competitors may use marketing strategies that enable them to attract or retain Pet Parents or Pet Caregivers at a lower cost than us. There can be no assurance that we will not be forced, through competition, regulation, or otherwise, to increase the incentives paid to Pet Parents that use the platform, reduce the fees and commissions charged Pet Caregivers and Pet Parents, or to increase marketing and other expenses to attract and retain Pet Parents and Pet Caregivers in response to competitive pressures. We have launched and may in the future launch, new fee or pricing strategies and initiatives or modify existing fee strategies, any of which may not ultimately be successful in attracting and retaining Pet Parents and Pet Caregivers. Further, Pet Parents' price sensitivity may vary by geographic location, and as we expand, our fee structure may not enable us to compete effectively in these locations.

New offerings and initiatives can be costly and if we unsuccessfully pursue such offerings and initiatives, we may fail to grow and our business, operating results, financial condition, and prospects would be materially adversely affected.

We have and plan to continue to invest in new offerings and initiatives to further differentiate the company from our competitors. Developing and delivering new offerings and initiatives increases our expenses and organizational complexity. We have and may continue to experience difficulties in developing and implementing these new offerings and initiatives.

Our new offerings and initiatives have a high degree of risk, as they may involve unproven businesses with which we have limited or no prior development or operating experience. There can be no assurance that consumer demand for such offerings and initiatives will exist or be sustained at the levels that we anticipate, that we will be able to successfully manage the development and delivery of such offerings and initiatives, or that any of these offerings or initiatives will gain sufficient market acceptance to generate sufficient revenues to offset associated expenses or liabilities. It is also possible that offerings developed by others will render our offerings and initiatives noncompetitive or obsolete. Even if we are successful in developing new offerings and initiatives, regulatory authorities may subject us or our users to new rules, taxes, or restrictions or more aggressively enforce existing rules, taxes, or restrictions, that could increase our expenses or prevent us from successfully commercializing these initiatives. If we do not realize the expected benefits of our investments, we may fail to grow and our business, operating results, and financial condition would be materially adversely affected.

We rely on internet search engines to drive traffic to our platform to grow revenues and if we are unable to drive traffic cost-effectively, it would materially adversely affect our business, operating results, and financial condition.

Our success depends in part on our ability to generate revenue through unpaid internet search results on search engines such as Google, Yahoo!, and Bing. The number of users that we attract to our platform from search engines is due in large part to website rankings in unpaid search results. These rankings can be affected by many factors, many of which are not under our direct control and may change frequently. As a result, links to our websites or mobile applications may not be prominent enough to drive traffic and we may not know how or otherwise be able to influence the results. In some instances, search engine companies may change these rankings in a way that promotes their own competing products or services or the products or services of one or more of our competitors. Search engines may also adopt a more aggressive auction-pricing system for paid search keywords that would cause us to incur higher advertising costs or reduce our market visibility. Any reduction in the number of users directed to our platform could adversely affect our business, financial condition, and operating results.

Further, we have used paid marketing products offered by search engines and social media platforms to distribute paid advertisements that drive traffic to our platform. A critical factor in attracting users to our platform has been how prominently offerings are displayed in response to search queries for key search terms. We may face increased costs for relevant keywords as our competitors bid on our keywords, including our brand name. However, we may not be successful at our efforts to drive traffic growth cost-effectively. If we are not able to effectively increase our traffic growth without increases in spend on paid marketing, we may need to increase our paid marketing spend in the future, including in response to increased spend on marketing from our competitors and our business, operating results, and financial condition could be materially adversely affected.

Maintaining and enhancing our brand and reputation is critical to our growth and negative publicity could damage our brand and could materially adversely affect our business, operating results, and financial condition.

Trust in our brand is essential to the strength of our business. Maintaining and enhancing our brand and reputation is critical to our ability to attract users and employees and to compete effectively. We are heavily dependent on the perceptions of those who use our platform to help make word-of-mouth recommendations that contribute to our growth. Negative perception of our platform or company and negative publicity or negative experiences on our platform may harm our brand and reputation and could adversely affect our business, operating results, and financial condition.

Any incident, whether actual or rumored to have occurred, involving the safety or security of pets, Pet Caregivers, Pet Parents, or other members of the public, fraudulent activity and transactions on our platform, or incidents that are mistakenly attributed to us and any media coverage or social media posts resulting therefrom, could create a negative public perception of our platform, which would adversely impact our ability to attract and retain users. The impact of these issues may be more pronounced if we are seen to have failed to provide prompt and appropriate support or our platform policies are perceived to be too permissive, too restrictive, or providing unsatisfactory resolutions. We have been the subject of media reports, social media posts, blogs, and other forums that contain allegations about our business or activity on our platform that create negative publicity. As a result of these complaints and negative publicity, some Pet Caregivers have refrained from and may in the future refrain from, offering services through our platform and some Pet Parents have refrained from and may in the future refrain from using our platform, which could materially adversely affect our business, operating results, and financial condition.

Our brand and reputation could also be harmed if we fail to comply with regulatory requirements as interpreted by certain governments or agencies or otherwise fails, or are perceived to fail, to act responsibly in a number of other areas, such as: animal welfare; safety and security; cybersecurity; privacy practices and data protection; provision of information about users and activities on our platform.

In addition, we rely on users to provide trustworthy reviews and ratings that others may rely upon to help decide whether or not to utilize a particular offering and that we use to enforce quality standards. We rely on these reviews to further strengthen trust among members of our community. Our users may be less likely to rely on reviews and ratings if they believe that our review system does not generate trustworthy reviews and ratings.

We have procedures in place to combat fraud or abuse of our review system, but cannot guarantee that these procedures are or will be effective. In addition, if our Pet Parents do not leave reliable reviews and ratings, other potential Pet Caregivers or Pet Parents may disregard those reviews and ratings, and our systems that use reviews and ratings to make quality standards transparent would be less effective, which could reduce trust within our community and damage our brand and reputation and could materially adversely affect our business, operating results, and financial condition.

Actions by Pet Caregivers or Pet Parents that are criminal, violent, inappropriate, or dangerous, or fraudulent activity, may undermine the safety or the perception of safety of our platform and our ability to attract and retain Pet Caregivers and Pet Parents and materially adversely affect our reputation, business, operating results, and financial condition.

We have no control over or ability to predict the specific actions of our users and other third parties during the time that Pet Parents or Pet Caregivers are receiving or providing services through our platform and therefore, we cannot guarantee the safety of pets, Pet Caregivers, Pet Parents, and third parties. The actions of pets, Pet Caregivers, Pet Parents, and other third parties have resulted in pet fatalities and pet and human injuries. While we have implemented measures to prevent and address these risks, it is unlikely these measures will prevent these risks from occurring in the future. Such risks have created and could continue to create potential legal or other substantial liabilities for us, and may materially adversely affect our reputation, business, operating results, and financial condition.

All new Pet Caregivers on our platform undergo a criminal background check conducted by a third-party service provider before they can offer their services on our platform. The criminal background checks for Pet Caregivers and other screening processes rely on, among other things, the third-party service providers to conduct such background checks pursuant to applicable laws and our internal standards and to disclose the relevant information to us that may affect Pet Caregiver eligibility. The failure to do so exposes us to liability.

We do not verify the identity of or require background checks for Pet Parents, nor do we verify or require background checks for third parties who may be present during a service made through our platform. In addition, we do not currently and may not in the future require Pet Caregivers to re-verify their identity or undergo subsequent background checks following their successful completion of their initial screening process.

In addition, we have not in the past and may not in the future undertake to independently verify the safety, suitability, location, quality, qualifications, credentials, and compliance with our policies or standards and legal compliance, of all our Pet Caregivers' offerings. We have not in the past and may not in the future undertake to independently verify the location, safety, or suitability of offerings for individual pets and Pet Parents. Where we have undertaken the verification or screening of certain aspects of Pet Caregiver qualifications and offerings, the scope of such processes may be limited and rely on, among other things, information provided by Pet Caregivers and the ability of our internal teams or third-party service providers to adequately conduct such verification or screening practices.

We have in the past relied and may in the future rely on Pet Caregivers and Pet Parents to disclose information relating to their offerings and such information may be inaccurate or incomplete. We have created policies and standards to respond to reported issues with offerings, but certain offerings may pose heightened safety risks to individual users because those issues have not been reported to us or because our customer support team has not taken the requisite action based on our policies. We rely, at least in part, on reports of issues from Pet Caregivers and Pet Parents to investigate and enforce many of our policies and standards. In addition, our policies may not contemplate certain safety risks posed by offerings or by individual Pet Caregivers or Pet Parents or may not sufficiently address those risks.

We also have faced and may in the future face civil litigation, regulatory investigations, and inquiries involving allegations of, among other things, unsafe or unsuitable offerings, discriminatory policies, data processing, practices or behavior on and off our platform or by Pet Caregivers, Pet Parents, and third parties, general misrepresentations regarding the safety or accuracy of offerings on our platform, and other Pet Caregiver, Pet Parent, or third-party actions that are criminal, violent, inappropriate, dangerous, or fraudulent. While we recognize that we need to continue to build trust and invest in innovations that will support trust when it comes to our policies, tools, and procedures to protect Pet Caregivers, Pet Parents, and the communities in which our Pet Caregivers operate, we may not be successful in doing so. Similarly, offerings that are inaccurate, of a lower than expected quality, or that do not comply with our policies have in the past and may in the future harm Pet Parents and public perception of the quality and safety of offerings on our platform and materially adversely affect our reputation, business, operating results, and financial condition.

If Pet Caregivers, Pet Parents, or third parties engage in criminal activity, misconduct, fraudulent, negligent, or inappropriate conduct, or use our platform as a conduit for criminal activity, Pet Parents may not consider our platform and the offerings on our platform safe and we may receive negative media and social media coverage, or be subject to involvement in a government investigation concerning such activity, which could adversely impact our brand reputation and lower the usage rate of our platform.

We have a limited operating history in an evolving industry, which makes it difficult to evaluate our future prospects and may increase the risk that we will not be successful.

We launched operations in 2015 and since then have frequently: (1) increased the number of local markets in which we offer services; (2) expanded our platform features and services; and (3) changed our fee structure. Because the market for accessing pet care is rapidly evolving and has not yet reached widespread adoption, it is difficult for us to predict our future operating results. We also have a limited operating history, our ability to accurately forecast our future results of operations is limited and subject to a number of uncertainties, including our ability to plan for and model future growth. This limited operating history and our evolving business make it difficult to evaluate our prospects and the risks and challenges we may encounter. These risks and challenges include our ability to:

- accurately forecast our revenues and plan our operating expenses;
- increase the number of and retain existing Pet Parents and Pet Caregivers that use our platform;
- successfully compete with current and future competitors;
- provide our users with superior experiences;
- successfully expand our business in existing markets and enter new markets and geographies;
- anticipate and respond to macroeconomic changes and changes in the markets in which we operate;
- maintain and enhance the value of our reputation and brand;
- adapt to rapidly evolving trends in the ways service providers and consumers interact with technology;
- avoid interruptions or disruptions in our service;
- develop a scalable, high-performance technology infrastructure that can efficiently and reliably handle increased usage, as well as the deployment of new features and services;
- hire, integrate, and retain talented technology, marketing, customer service, and other personnel;
- effectively manage rapid growth in our personnel and operations; and
- effectively manage our costs.

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

If use of our platform in large metropolitan areas is negatively affected, our financial results and future prospects could be adversely impacted.

We derive a significant portion of our revenue and historically have generated a significant portion of our growth in more densely populated urban areas. Our business and financial results may be susceptible to economic, social and regulatory conditions, or other circumstances that tend to impact such areas. An economic downturn, increased competition, or regulatory obstacles in these areas could adversely affect our business, financial condition, and operating results to a much greater degree than would the occurrence of such events in other areas. Further, we expect that we will continue to face challenges in penetrating lower-density suburban and rural areas, where our network is smaller and finding local Pet Caregivers is more difficult, the cost of pet ownership is lower, and alternative Pet Caregivers may be more convenient. If we are not successful in penetrating suburban and rural areas, or if we are unable to operate in certain key metropolitan areas in the future, our ability to serve what we consider to be our total addressable market (“ TAM”) would be limited and our business, financial condition, and operating results would suffer.

Any international operations involve additional risks, and our exposure to these risks may increase as Wag! expands internationally.

Any expansion of our operations internationally involves risk, including many of the same operational risks we face in expanding our U.S. operations. Our ability to manage our business and conduct our operations internationally requires considerable management attention and resources, and is subject to unique challenges, including growing a business in an environment of multiple languages, cultures, customs, legal systems, alternative dispute systems, regulatory systems, foreign currency rules and regulations, adverse tax consequences, and commercial infrastructures, and challenges obtaining and protecting intellectual property rights.

In addition, international expansion may increase our risks in complying with various laws and standards, including with respect to anti-corruption, anti-bribery, export controls, privacy, and trade and economic sanctions.

Our business could be adversely affected by natural disasters, public health crises, political crises, economic downturns or other unexpected events.

A significant natural disaster, such as an earthquake, fire, hurricane, tornado, flood or significant power outage, could disrupt our operations, mobile networks, the Internet or the operations of our third-party technology providers. In particular, our corporate headquarters are located in the San Francisco Bay Area, a region known for seismic activity. In addition, any public health crises, such as the COVID-19 pandemic, other epidemics, political crises, such as terrorist attacks, war and other political or social instability and other geopolitical developments, or other catastrophic events, whether in the United States or abroad, could adversely affect our operations or the economy as a whole. The impact of any natural disaster, act of terrorism or other disruption to us or our third-party providers’ abilities could result in decreased demand for our offerings, those of our third-party providers, or a delay in the provision of such offerings, which could adversely affect our business, financial condition and results of operations. All of the aforementioned risks may be further increased if our disaster recovery plans prove to be inadequate.

Other events beyond our control can result in declines in travel or continued hybrid work arrangements. Because these events or concerns and the full impact of their effects, are largely unpredictable, they can dramatically and suddenly affect travel and work behavior by consumers and therefore demand for our platform and pet services, which would materially adversely affect our business, operating results, and financial condition.

In response to the economic challenges and uncertainty resulting from the COVID-19 pandemic and its impact on our business, we moved to a hybrid workplace setup in which employees have the voluntary option to go to the office. However there is no requirement for employees to go to the office every day at this time nor any plans for such a requirement in the immediate future. We are positioned to leverage technology for employees and teams to work from home and accomplish their work without going into the office.

In addition, our business and results of operations are also subject to global economic conditions, including any resulting effect on spending by us or our customers. If general economic conditions deteriorate in the United States, discretionary spending may decline and demand for premium pet offerings may be reduced. Also, an economic downtown caused by factors outside of our control, including the COVID-19 pandemic, has led or could lead to a general decrease in travel and spending on pet care services and such downturns in the future may materially adversely impact demand for our platform and our revenue. Such a shift in Pet Parent behavior would materially adversely affect our business, operating results, and financial condition.

Risks Related to Regulation and Taxation

If Pet Caregivers are reclassified as employees under applicable law or new laws are passed that reclassify Pet Caregivers as employees, our business would be materially adversely affected.

We are subject to claims, lawsuits, arbitration proceedings, administrative actions, government investigations, and other legal and regulatory proceedings at the U.S. federal, state, and municipal levels challenging the classification of Pet Caregivers that use our platform as independent contractors. The regulations governing whether a service provider is an independent contractor or an employee vary by governing law and are typically highly fact sensitive. Laws and regulations that govern the status and classification of independent contractors are subject to changes and divergent interpretations by various authorities, which can create uncertainty and unpredictability for us. As referenced above, we maintain that Pet Caregivers that use our platform are independent contractors. However, courts or regulatory authorities may nevertheless reclassify Pet Caregivers as employees, especially in light of the evolving rules and restrictions on service provider classification and their potential impact on participants in the "gig economy." A reclassification of Pet Caregivers as employees would adversely affect our business, financial condition, and operating results.

In the United States, national, state, and local governmental authorities have enacted or pursued, and may in the future enact and pursue, measures designed to regulate the gig economy. For example, in 2019 the California Assembly passed AB-5, which codified a narrow worker classification test that has had the effect of treating many "gig economy" workers as employees. AB-5 now includes a referral agency exemption that specifically applies to animal services, dog walking, and grooming. While we believe that Pet Caregivers who use our platform fall within such exemption, the interpretation or enforcement of the exemption could change. In addition, other jurisdictions (including in international geographies where we may in the future offer our platform) could pursue similar laws that do not include such carve outs and which, if applied to our platform, could adversely impact our platform's availability and our business. In the past, we have been subject to claims by representatives of Pet Caregivers alleging various misclassification claims and wage and hour violations. These claims have been settled, but we may be subject to similar claims and legal proceedings in the future.

In addition to the harms listed above, a reclassification of Pet Caregivers as employees would require us to significantly alter our existing business model and operations and impact our ability to add and retain Pet Caregivers to our platform and grow our business, which we would expect to have an adverse effect on our business, financial condition, and operating results.

We are licensed to operate in regulated industries and if these licenses are revoked or suspended, our business may be materially adversely affected.

We operate in regulated industries, including insurance, which require licenses to operate in the jurisdictions in which we operate. One of our subsidiaries is currently licensed as an insurance agency in 50 states and the District of Columbia. We cannot guarantee that it will be able to refer its users to options for pet insurance nationwide in the near term or at all. Our ability to retain state licenses depends on our ability to meet licensing requirements enacted or promulgated in each state. If we are unable to satisfy the applicable licensing requirements of any particular state, we could lose our license to do business in such state, or have certain referral compensation agreements suspended or terminated, and may result in the suspension of our authority to receive commission compensation for the referral of such insurance business. If these licenses are revoked or suspended, our regulated business could be materially adversely affected and we may be forced to temporarily suspend operations in affected jurisdictions. This may require us to expend substantial resources or to discontinue certain services or platform features, which might further adversely affect our business. Any costs incurred to prevent or mitigate this potential liability could adversely affect our business, financial condition, and operating results.

Our business is subject to a variety of U.S. laws and regulations, many of which are unsettled and still developing and failure to comply with such laws and regulations could subject us to claims or otherwise adversely affect our business, financial condition, or operating results.

Online marketplaces are a rapidly developing business model and are quickly evolving. We are or may become subject to a variety of laws in the United States and other jurisdictions. Existing and future laws and regulations, or changes thereto, may impede the growth of the Internet, mobile devices, e-commerce, or other online services and increase the cost of providing online services, require us to change our business practices, or raise compliance costs or other costs of doing business. Laws, regulations, and standards governing issues such as worker classification, labor and employment, anti-discrimination, animal safety, home-based pet care licensing and regulation, insurance producer licensing and market conduct, online payments, gratuities, pricing and commissions, subscription services, intellectual property, background checks, and tax are often complex and subject to varying interpretations, in many cases due to their lack of specificity. The scope and interpretation of these laws and whether they are applicable to us, are often uncertain and may be conflicting, including varying standards and interpretations among countries, between state or province and federal law, between individual states or provinces and even at the city and municipality level. As a result, their application in practice may change or develop over time through judicial decisions or as new guidance or interpretations are provided by regulatory and governing bodies. We have been proactively working with state and local governments and regulatory bodies to ensure that our platform is available broadly in the United States.

Additionally, laws relating to the potential liability of providers of online services for activities of their users and other third parties are currently being tested by a number of claims, including actions based on invasion of privacy and other torts, unfair competition, copyright and trademark infringement and other theories based on the nature and content of the materials searched, the ads posted, or the content provided by users. In addition, regulatory authorities in the United States at the federal and state level are considering a number of legislative and regulatory proposals concerning privacy, artificial intelligence, and other matters that may be applicable to our business. For more information regarding such privacy and cybersecurity laws and regulations, and the impact of such laws and regulations on our business, see "*Risk Factors — Risks Related to Privacy and Technology — Changes in laws, regulations, or industry standards relating to privacy, data protection, or the transfer or processing of data relating to individuals, or any actual or perceived failure by us to comply with such laws and regulations or any other obligations, including contractual obligations, relating to privacy, data protection, or the transfer or processing of data relating to individuals, could adversely affect our business, results of operations and financial condition*." It is also likely that if our business grows and evolves and our services are used in a greater number of geographies, we would become subject to laws and regulations in additional jurisdictions. It is difficult to predict how existing laws would be applied to our business and the new laws to which we may become subject.

In the United States, money transmission is subject to various state and federal laws and the rules and regulations are enforced by multiple authorities and governing bodies, including numerous federal, state, and local agencies who may define money transmission differently. Outside of the United States, we would be subject to additional laws, rules, and regulations related to the provision of payments and financial services if we expand internationally. Expanding into new jurisdictions will cause us to be subject to the foreign regulations and regulators governing those jurisdictions. Noncompliance with such regulations may subject us to fines or other penalties in one or more jurisdictions levied by federal or state or local regulators, including state Attorneys General, as well as those levied by foreign regulators. In addition to fines, penalties for failing to comply with applicable rules and regulations could include criminal and civil proceedings, forfeiture of significant assets or other enforcement actions. We could also be required to make changes to our business practices or compliance programs as a result of regulatory scrutiny.

Recent financial, political, and other events may increase the level of regulatory scrutiny on larger companies, technology companies in general and companies engaged in dealings with independent service providers or otherwise viewed as part of the "gig economy." Regulatory and administrative bodies may enact new laws or promulgate new regulations that are adverse to our business, or they may view matters or interpret laws and regulations differently than they have in the past or in a manner adverse to our business, including by changing employment-related laws or by regulating or capping the commissions businesses like ours agree to with service providers or the fees that we may charge Pet Parents. Given our short operating history to-date and our licensed insurance subsidiary, and the rapid speed of growth of both, we are particularly vulnerable to regulators reviewing our practices and customer communications. As a result of any noncompliance with laws or regulations, including any future laws or regulations that we may not be able to anticipate at this time, we may be subject to claims and other legal and regulatory proceedings, fines, rebates, or other penalties, including suspension or revocation of licenses, criminal and civil proceedings, forfeiture of significant assets, cease-and-desist orders, and other enforcement actions or be forced to implement new measures to reduce our exposure to this liability, which may require us to expend substantial resources or to discontinue certain services or platform features. In addition, the increased attention to liability issues as a result of lawsuits and legislative proposals could adversely affect our reputation or otherwise impact the growth of our business. Any costs incurred to prevent or mitigate this potential liability are also expected to adversely affect our business, financial condition, and operating results.

We are subject to regulatory inquiries, claims, lawsuits, government investigations, and various proceedings and other disputes, and may face potential liability and expenses for legal claims, which could materially adversely affect our reputation, business, operating results, and financial condition.

We are or may become subject to claims, lawsuits, arbitration proceedings, government investigations, and other legal, regulatory, and administrative proceedings, including those involving pet injury, pet and human fatalities, personal injury, property damage, worker classification, pay model, service fees and gratuities, cancellations and refunds, labor and employment, unemployment insurance benefits, workers' compensation, anti-discrimination, commercial disputes, competition, Pet Caregiver and Pet Parent complaints, intellectual property disputes, compliance with regulatory requirements, cybersecurity, advertising practices, tax issues, the nature and frequency of our communications, including marketing, via email, text, or telephone, and other matters. We may become subject to additional types of claims, lawsuits, government investigations, and legal or regulatory proceedings as our business grows and as it deploys new services. Results of investigations, inquiries, and related governmental action are inherently unpredictable and, as such, there is always the risk of an investigation, or inquiry having a material impact on our business, financial condition, and operating results, particularly if an investigation, or inquiry results in a lawsuit or unfavorable regulatory enforcement or other action. Any claims against us, whether meritorious or not, could be time-consuming and can have an adverse impact on us in light of the costs associated with cooperating with, or defending against, such matters and the diversion of management resources and other factors.

Determining reserves for our pending litigation is a complex and fact-intensive process that requires significant subjective judgment and speculation. It is possible that a resolution of one or more such proceedings could result in substantial damages, settlement costs, fines, and penalties that could adversely affect our business, financial condition, and operating results. These proceedings could also result in harm to our reputation and brand, sanctions, consent decrees, injunctions, or other orders requiring a change in our business practices. Any of these consequences could adversely affect our business, financial condition, and operating results. 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.

We include arbitration and class action waiver provisions in our terms of service with the Pet Parents and Pet Caregivers that use our platform, as well as in the Pet Care Provider Platform Use Agreement that Pet Caregivers must sign to be approved to provide services on our platform. These provisions are intended to streamline the litigation process for all parties involved, as they can in some cases be faster and less costly than litigating disputes in state or federal court. However, arbitration can be costly and burdensome and the use of arbitration and class action waiver provisions subjects us to certain risks to our reputation and brand, as these provisions have been the subject of increasing public scrutiny. In order to minimize these risks to our reputation and brand, we may limit our use of arbitration and class action waiver provisions or be required to do so in a legal or regulatory proceeding, either of which could cause an increase in our litigation costs and exposure. Additionally, we permit certain users of our platform to opt out of such provisions, which could also cause an increase in our litigation costs and exposure.

Further, with the potential for conflicting rules regarding the scope and enforceability of arbitration and class action waivers on a state-by-state basis, as well as between state and federal law, there is a risk that some or all of our arbitration provisions may in the future need to be revised to exempt certain categories of protection. If these provisions were found to be unenforceable, in whole or in part, or specific claims are required to be exempted, we could experience an increase in our costs to litigate disputes and the time involved in resolving such disputes and we could face increased exposure to potentially costly lawsuits, each of which could adversely affect our business, financial condition, and operating results.

We are subject to claims, lawsuits, and other legal proceedings seeking to hold us vicariously liable for the actions of pets, Pet Parents, and Pet Caregivers.

We are subject to claims, lawsuits, and other legal proceedings seeking to hold us vicariously liable for the actions of pets, Pet Parents, and Pet Caregivers. In the ordinary course of business, our customer service team receives claims pursuant to the Customer Claims Policy. Claims and threats of legal action that arise from pet sitting services booked through our website or applications may be sent directly to our legal department or may be received by our customer service team. Various parties have from time to time claimed and may claim in the future, that we are liable for damages related to accidents or other incidents involving pets, Pet Parents, Pet Caregivers, and third parties. For example, third parties have asserted legal claims against us in connection with personal injuries related to pet or human safety issues or accidents caused by Pet Caregivers or animals. We have incurred expenses to settle personal injury claims, which we sometimes choose to settle for reasons including customer goodwill, expediency, protection of our reputation, and to prevent the uncertainty of litigating, and it expects that such expenses will continue to increase as our business grows and we face increasing public scrutiny. We currently are named as a defendant in a number of matters related to accidents or other incidents involving users of our platform, pets, or third parties. Pending or threatened legal proceedings could have a material impact on our business, financial condition, or operating results. Regardless of the outcome of any legal proceeding, any injuries to, or deaths of, any Pet Parents, Pet Caregivers, animals, or third parties could result in negative publicity and harm to our brand, reputation, business, financial condition, and operating results.

Reports, whether true or not, of animal-borne illnesses and injuries caused by pet care or unsanitary handling, cleaning, or grooming or other pet services incidents have led to potential legal claims against and severely injured the reputations of, participants in the pet services business and could do so in the future as well. In addition, reports of animal-borne illnesses or other safety issues occurring solely at competitors that are not on our platform, could, as a result of negative publicity about the pet services industry generally, adversely affect our business, financial condition, and operating results.

We may have exposure to greater-than-anticipated tax liabilities, which may materially and adversely affect our business, financial condition, and operating results.

We are subject to income taxes and non-income taxes in various U.S. jurisdictions, and such tax laws and rates vary by jurisdiction. We are subject to review and audit by U.S. federal, state and local tax authorities. Such tax authorities may disagree with tax positions we take, and if any such tax authority were to successfully challenge any such position, our financial results and operations could be materially and adversely affected. In particular, such tax authorities may raise questions about, or challenge or disagree with, our calculation, reporting, or collection of taxes and may require us to collect taxes in jurisdictions in which we do not currently do so or to remit additional taxes and interest and could impose associated penalties and fees. Further, even in jurisdictions where we are collecting taxes and remitting such taxes to the appropriate authorities, we have failed and in the future may fail to accurately calculate, collect, report, and remit such taxes. A successful assertion by one or more tax authorities requiring us to collect taxes in jurisdictions in which we do not currently do so or to collect additional taxes in a jurisdiction in which we currently collect taxes, could result in substantial tax liabilities, including taxes on past sales, as well as penalties and interest, could discourage Pet Parents and Pet Caregivers from utilizing our offerings, or could otherwise harm our business, financial condition, and operating results. We are currently subject to audits by taxing authorities and other forms of investigation, audit, or inquiry conducted by federal, state, or local governmental agencies. We are also subject to routine IRS audits, including those regarding 1099 Statements. As of December 31, 2023, management did not believe that the outcome of pending matters would have a material adverse effect on our financial position, results of operations, or cash flows. For more information, see Note 9, *Commitments and Contingencies*, to the Consolidated Financial Statements included in Part II, Item 8, *Financial Statements and Supplementary Data*, of this Annual Report on Form 10-K.

New tax laws or regulations could be enacted at any time, which could adversely affect our business operations and financial performance. Further, existing tax laws and regulations could be interpreted, modified or applied adversely to us.

Significant judgment is required on an ongoing basis to evaluate applicable tax obligations and as a result, amounts recorded are estimates and are subject to adjustments. In many cases, the ultimate tax determination is uncertain because it is not clear how new and existing statutes might apply to our business.

As a result of these and other factors, the ultimate amount of tax obligations owed may differ from the amounts recorded in our financial statements and any such difference may adversely affect our operating results in future periods in which we change our estimate of tax obligations or in which the ultimate tax outcome is determined.

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

As of December 31, 2023, the Company had U.S. federal and state net operating loss carryforwards of approximately $222.9 million and $186.3 million, respectively. The federal net operating loss carryforwards generated as of December 31, 2017 of $24.4 million will expire in 2037, while $198.4 million federal net operating loss carryforwards generated in post December 31, 2017 or later do not expire due to the provisions in the Tax Cuts and Jumpstart Our Business Startups Act ("JOBS Act"), but may only offset 80% of taxable income in periods of future utilization. The state net operating loss carryovers will begin to expire in 2038 and will continue to expire through 2042. It is possible that we will not generate taxable income in time to use NOLs before their expiration, or at all. We have incurred net losses since inception. Under Section 382 of the Internal Revenue Code of 1986, as amended, or the Code, if a corporation undergoes an "ownership change," generally defined as a greater than 50 percentage point change (by value) in its equity ownership by certain stockholders over a three-year period, the corporation's ability to use its pre-change net operating loss, or NOL, carryforwards and certain other tax attributes to offset its post-change taxable income may be limited. Similar rules may apply under state tax laws. We have experienced ownership changes in the past, and we may experience additional ownership changes in the future as a result of subsequent changes in our stock ownership. Accordingly, we may not be able to utilize a material portion of our NOL carryforwards and certain other tax attributes, even if we achieve profitability.

Risks Related to Our Indebtedness

A definitive financing agreement with Blue Torch is secured by substantially all of our assets and the assets of our subsidiaries, and in the occurrence of an event of default, Blue Torch may be able to foreclose on all or some of these assets which would materially harm our business, financial condition and results of operations.

We entered into a definitive financing agreement with Blue Torch for a senior secured loan in the amount of $32.2 million (the "Financing Agreement") in connection with the closing of the merger by and among Wag Labs, Inc. ("Legacy Wag!"), CHW Acquisition Corp., and CHW Merger Sub Inc., on August 9, 2022 ("Business Combination"). See Note 1, *Organization and Description of Business*, to the Consolidated Financial Statements below for a further description of the Business Combination. (the "Financing Agreement"). The Financing Agreement is secured by substantially all of our assets and the assets of our subsidiaries (collectively, the "Credit Parties"), including the Credit Parties' intellectual property and equity interests in the Credit Parties' subsidiaries, subject to customary exceptions. Additionally, the definitive documentation for the Financing Agreement states that if the Credit Parties default on their payment or performance obligations in respect of the loan or fail to maintain certain levels of minimum revenue and minimum liquidity, Blue Torch will be able to foreclose on all or some of the Credit Parties' assets that are collateral for the Financing Agreement, which would materially harm the Credit Parties' business, financial condition and results of operations and our securities could be rendered worthless. In addition, the Financing Agreement includes cross-default or cross-acceleration provisions that could result in the loan being accelerated and/or terminated if an event of default or acceleration of maturity occurs under our PPP loan.

Because substantially all of the Credit Parties' assets have been pledged to secure the Financing Agreement, the Credit Parties' ability to incur additional secured or unsecured indebtedness or to sell or dispose of assets to raise capital may be impaired, which could have an adverse effect on the Credit Parties' financial flexibility. For more information about these and other financing arrangements, see Part II, Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources*, of this Annual Report on Form 10-K.

Our debt obligations could materially and adversely affect our business, financial condition, results of operations, and prospects and our ability to meet our payment obligations under our Financing Agreement depends on our ability to generate significant cash flows. We cannot assure you that we will be able to generate sufficient cash flow or obtain external financing on terms acceptable to us or at all.

We have incurred in the past, and may incur in the future, debt to finance our operations, capital investments, business acquisitions, and to restructure our capital structure. We may be required to use a large portion of our cash flow to pay principal and interest on debt, which will reduce the amount of cash flow available to fund working capital, capital expenditures, acquisitions, expenditures and other business activities, and may in turn adversely impact our ability to implement other business strategies. Our debt obligations may increase our exposure to interest rate risk from variable rate indebtedness.

Our ability to meet our payment obligations under our debt facilities, including a principal amount of $32 million of obligations to Blue Torch that matures in August 2025, depends on our ability to generate significant cash flows or obtain external financing in the future. This ability, to some extent, is subject to market, economic, financial, competitive, legislative and regulatory factors as well as other factors that are beyond our control. There can be no assurance that our business will generate cash flow from operations, or that additional capital will be available to us, in amounts sufficient to enable us to meet our debt payment obligations and to fund other liquidity needs. If we are unable to generate sufficient cash flows to service our debt payment obligations, we may need to refinance or restructure our debt, sell assets, issue stock, reduce or delay capital investments, or seek to raise additional capital. If the refinancing or borrowing guidelines become more stringent and such changes result in increased costs to comply or if we are unable to implement one or more of these alternatives, we may be unable to meet our debt payment obligations, which could materially and adversely affect our business, financial condition, results of operations, and prospects.

Risks Related to Privacy and Technology

We have been subject to cybersecurity attacks in the past and may be the target of future attacks. Any actual or perceived breach of security or cybersecurity incident or privacy or data protection breach or violation, including via cyberattacks, data breaches, hacks, ransomware attacks, data loss, unauthorized access to or use of data (including personal information) and other breaches of our information technology systems, could interrupt our operations, harm our brand, and adversely affect our reputation, business, financial condition, and operating results.

Our business involves the collection, storage, processing, and transmission of personal information and other sensitive and proprietary data of Pet Parents and Pet Caregivers. Additionally, we maintain sensitive and proprietary information relating to our business, such as our own proprietary information, other confidential information, and personal information relating to individuals such as our employees. Given the nature of the information we use and store, we may experience cyberattacks, hacks, ransomware attacks, data loss, unauthorized access to or use of data (including personal information) or other data security incidents, and thus the secure maintenance of this information is critical to our business and reputation. The breach, disruption or failure of our security measures has in the past and may in the future result in unauthorized persons obtaining access to our user data. For example, we have been subject to phishing, credential stuffing and distributed denial-of-service attacks, and therefore we cannot guarantee that no such attacks or other attacks will occur in the future or that they will not be successful. Our systems and processes may not be effective in protecting the data of those who use our platform or may be unable to anticipate or prevent these attacks, react in a timely manner, or implement adequate preventive measures and may face delays in detection or remediation of, or other responses to, security breaches and other privacy-data protection and security-related incidents. In addition, these incidents can originate on our vendors' information systems, which can then be leveraged to access our information systems, further preventing our ability to successfully identify and mitigate the attack.

Accordingly, we may experience data security breaches, cyberattacks, hacks, ransomware attacks, data loss, unauthorized access to or use of data (including personal information) or other data security incidents. Further, the IT and infrastructure used in our business, including open source software and third-party software and systems, is vulnerable to cyberattacks or security breaches and to damages from computer viruses, worms, and other malicious software programs or other attacks, covert introduction of malware to computers and networks, human error and application malfunction, unauthorized access, including impersonation of unauthorized users, efforts to discover and exploit any security vulnerabilities or securities weaknesses, and other similar disruptions, which may permit third parties to access data, including personal information and other sensitive data of Pet Parents and Pet Caregivers, our employees' personal information, or other sensitive, confidential or proprietary data that it maintains or that otherwise is accessible through those systems. In 2018, we experienced an incident in which some of our data was inadvertently exposed. The incident was quickly contained and there was no material impact on our operations or financial results.

Additionally, we also share information with third-party service providers to conduct our business and if any of our business partners or service providers with whom we share information fail to implement adequate data-security practices or fail to comply with our terms and policies or otherwise suffer a network or other security breach, our users' information may be improperly accessed, used or disclosed and our business could be adversely affected. In addition, hardware, software, or applications we develop or procure from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security, or users on our platform could have vulnerabilities on their own devices that are unrelated to our systems and platform but could mistakenly be attributed to us.

Employee error, malfeasance, or other errors in the storage, use, or transmission of any of these types of data also could result in an actual or perceived privacy, data protection, or security breach or other security incident. In addition, outside parties may attempt to fraudulently induce employees, service providers, users or customers to disclose sensitive information in order to gain access to our data or the data or accounts of our users or other parties. Although we have policies restricting access to the information we store, there is a risk that these policies may not be effective in all cases.

Any actual or perceived breach of privacy or data protection, or any actual or perceived security breach or other incident that impacts our platform or systems, other IT and infrastructure used in our business, or data maintained or processed in our business, could interrupt our operations, result in our platform being unavailable, result in loss or improper access to, or acquisition or disclosure of, data, result in fraudulent transfer of funds, harm our reputation, brand and competitive position, damage our relationships with third-party partners, or result in claims, litigation, regulatory investigations and proceedings, increased credit card processing fees and other costs, and significant legal, regulatory and financial exposure, including, but not limited to, ongoing monitoring by regulators and any such incidents or any perception that our security measures are inadequate could lead to loss of Pet Parents' and Pet Caregivers' confidence in, or decreased use of, our platform, any of which could adversely affect our business, financial condition, and operating results. Any actual or perceived breach of privacy, data protection or security, or other security incident, impacting any entities with which we share or disclose data (including, for example, our third-party technology providers) could have similar effects. Further, any cyberattacks or actual or perceived security, privacy or data protection breaches, and other incidents directed at, or suffered by, our competitors could reduce confidence in our industry and, as a result, reduce confidence in us. We also expect to incur significant costs in an effort to detect and prevent privacy, data protection and security breaches, and other privacy-, data protection- and security-related incidents and we may face increased costs and requirements to expend substantial resources in the event of an actual or perceived privacy, data protection, or security breach or other incident occurs.

While we maintain cyber insurance that may help provide coverage for these types of incidents, we cannot assure you that our insurance will be adequate to cover all of our costs and liabilities related to any incidents, that insurance will continue to be available to us on economically reasonable terms, or at all, or that any insurer will not deny coverage as to any future claim. The successful assertion of one or more large claims against us that exceed available insurance coverage or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could adversely affect our business, reputation, results of operations, and financial condition.

Changes in laws, regulations, or industry standards relating to privacy, data protection, or the transfer or processing of data relating to individuals, or any actual or perceived failure by us to comply with such laws and regulations or any other obligations, including contractual obligations, relating to privacy, data protection, or the transfer or processing of data relating to individuals, could adversely affect our business, results of operations and financial condition.

We collect, store, transmit, and process a large volume of personal information relating to users on our platform, as well as personally identifiable information relating to users on our platform, such as email addresses, phone numbers, and home address, as well as personal information relating to other individuals such as our employees and job applicants. In addition to contractual obligations, numerous local, municipal, state, federal, and international laws, rules and regulations address privacy and the collection, storing, transmitting, use, disclosure, disposal, protection, and other processing of certain types of data, including personal information. These laws, rules, and regulations regulating the personal information collected, transmitted, stored, and processed by us evolve frequently and their scope may continually change, through new legislation, amendments to existing legislation and changes in enforcement and may be inconsistent from one jurisdiction to another. In addition there has been a noticeable increase in class actions in the United States where plaintiffs have utilized a variety of laws, including state wiretapping laws, in relation to the use of chatbots, cookies, and other tracking technologies. Complying with these laws requires significant costs and expenses, and any actual or perceived failure by us or our third party service providers to comply could result in significant liability and negative publicity. Such consequences could materially adversely affect our business, operating results, and financial condition.

For example, certain U.S. states have adopted new or modified laws and regulations relating to privacy, the processing of information and electronic marketing, that apply to our business. The CCPA went into effect in 2020 and imposes a range of obligations on covered businesses that process personal information about California residents. Other states, including Virginia, Colorado, Connecticut, and Utah, among others, have enacted similar data privacy laws and comparable data privacy legislation may be passed at a state, federal, or international level. Numerous class-action suits have been filed in recent years against companies who conduct telemarketing and/or SMS texting programs in violation of federal and state laws, including the TCPA, with many resulting in multi-million-dollar settlements to the plaintiffs. We may also be subject to specific data security frameworks and/or laws that require us to maintain a certain level of security. For example, the Federal Trade Commission expects a company's data security measures to be reasonable and appropriate in light of the sensitivity and volume of consumer information it holds, the size and complexity of its business, and the cost of available tools to improve security and reduce vulnerabilities. This creates a patchwork of overlapping but different laws relating to the processing of personal information, which increases the complexity of compliance and has required, and may in the future require, us to modify our data processing practices and policies and to incur substantial compliance-related costs and expenses that are likely to increase over time.

Our efforts to comply with the various data privacy, data protection and information security laws, regulations, and frameworks, alongside contractual obligations relating to the processing of personal information, may not be effective and could greatly increase the cost of operating our platform, require significant changes to our operations, or even prevent us from providing our platform in jurisdictions in which we currently operate and in which we may operate in the future, all of which may have a material and adverse impact on our business, financial condition and results of operations.

Moreover, any failure, or perceived failure, by us, our third-party providers, Pet Parents, or Pet Caregivers, to comply with data privacy laws, rules, or regulations, industry standards, and other requirements could result in proceedings or actions against us by individuals, consumer rights groups, government agencies, or others. We could incur significant costs in investigating and defending such claims and, if found liable, pay significant damages or fines or be required to make changes to our business. Further, these proceedings and any subsequent adverse outcomes may subject us to significant negative publicity and any erosion of trust which could damage our reputation and operating results. Even if not subject to legal challenge, the perception of privacy concerns, whether or not valid, may harm our reputation and brand which could materially adversely affect our business, financial condition, and operating results.

The success of our platform relies on algorithms and other proprietary technology and any failure to operate and improve our algorithms or to develop other innovative proprietary technology effectively could materially adversely affect our business, financial condition, and operating results.

We use proprietary algorithms in an effort to maximize user satisfaction and retention, as well as to optimize return on marketing expenses. Any failure to successfully operate or improve our algorithms or to develop other innovative proprietary technology could materially adversely affect our ability to maintain and expand our business. Operation failures could lead to fewer bookings, which could in turn lead to less or lower quality data, which could affect our ability to improve our algorithms and maintain, market and scale our platform effectively. Additionally, there is increased governmental interest in regulating technology companies. Any failure, or perceived failure, or negative consequences associated with our efforts to comply with any present or future laws or regulations in this area could subject us to claims, actions, and other legal and regulatory proceedings, fines or other penalties, and other enforcement actions and result in damage to our reputation and adversely affect our business, financial condition, and operating results.

Any error, bug, vulnerability, or systems defect or failure and resulting interruptions in the availability of our website, mobile applications, or platform could adversely affect our business, financial condition, and operating results.

Our success depends on Pet Parents and Pet Caregivers being able to access our platform at any time. Our systems, or those of third parties upon which we rely, may experience service interruptions or degradation or other performance problems because of hardware and software defects, vulnerabilities, malfunctions or inappropriate maintenance, distributed denial-of-service and other cyberattacks or cyber incidents, infrastructure changes, human error, earthquakes, hurricanes, floods, fires, natural disasters, power losses, disruptions in telecommunications services, fraud, military or political conflicts, terrorist attacks, computer viruses, ransomware, malware, or other events. Further, some of our systems are not fully redundant and our disaster recovery planning may not be sufficient for all eventualities. Our business interruption insurance may not be sufficient to cover all of our losses that may result from interruptions in our service as a result of systems failures and similar events. In addition, to the extent that our systems depend upon the successful operation of the open source software we use, any undetected errors, bugs, or defects in this open source software could prevent the deployment or impair the functionality of our systems or applications, delay the introduction of new solutions, result in a failure of our systems, products or services, and harm our reputation.

We have experienced and will likely continue to experience system failures and other events or conditions from time to time that interrupt the availability or reduce or affect the speed or functionality of our platform. Minor interruptions can result in new user acquisition losses that are never recovered. Affected users could seek monetary recourse from us for their losses and such claims, even if unsuccessful, would likely be time-consuming and costly to address. Further, in some instances, we may not be able to identify the cause or causes of these performance problems within an acceptable period of time. A prolonged interruption in the availability or reduction in the availability, speed, or other functionality of our platform could adversely affect our business, brand, and reputation and could result in fewer Pet Parents and Pet Caregivers using our platform.

We primarily rely on third parties to deliver services to users on our platform and any disruption of or interference with our use such third party services or software could adversely affect our business, financial condition, and operating results.

We rely in part upon the stable performance of our servers, networks, IT infrastructure and data processing systems for provision of our products and services and we rely upon certain third parties to host our platform, to support our operations, and to provide software or features for our platform. For example, we currently use on Amazon Web Services ("AWS") to host our platform and support our operations and we rely on Google Maps and Apple Maps for maps and location data for functionality on our platform. If the third parties we rely upon cease to provide access to the third-party services or software that we, Pet Parents, and Pet Caregivers use, cease providing access to such services or software on terms that we believe to be attractive or reasonable, or stop providing the most current version of such services or software, or make such software or services incompatible with our platform, we may be required to seek comparable services or software from other sources, which may be more expensive or inferior, or may not be available at all, any of which would adversely affect our business.

We do not have control over the operations of the facilities that our third parties use. The facilities of third parties are vulnerable to damage or interruption from internal and external factors, including natural disasters, cybersecurity attacks or incidents, terrorist attacks, power outages, and similar events or acts of misconduct. We have experienced, and expect that in the future we will experience interruptions, delays, and outages in service and availability from time to time due to a variety of factors, including infrastructure changes, human or software errors, website hosting disruptions, and capacity constraints. Sustained or repeated system failures of our third parties would reduce the attractiveness of our platform. It may become increasingly difficult or expensive to maintain and improve our performance, especially during peak usage times, when there are more users on our platform. Any negative publicity arising from these disruptions could harm our reputation and brand and may adversely affect the usage of our platform. Any of the above circumstances or events may harm our reputation and brand, reduce the availability or usage of our platform, lead to a significant short-term loss of revenue, increase our costs, and impair our ability to attract new users, any of which could adversely affect our business, financial condition, and operating results.

We rely on third-party payment service providers to process payments made by Pet Parents and payments made to Pet Caregivers on our platform. If these third-party payment service providers become unavailable or we are subject to increased fees, our business, operating results, and financial condition could be materially adversely affected.

We rely on a number of third-party payment service providers to process payments made by our Pet Parents and payments made to Pet Caregivers through our platform. We also rely on these third-party providers to address our compliance with various laws, including money transmission regulations. If these companies become unwilling or unable to provide these services to us on acceptable terms, we are unable to integrate with a provider in a timely manner, or regulators take action against us, our business may be disrupted. In such case, we would need to find an alternate payment service provider and we may not be able to secure similar terms or replace such payment service provider in an acceptable time frame, and the transition or addition would require significant time and management resources. Any of the foregoing risks related to third-party payment service providers, including compliance with money transmission rules in any jurisdiction in which we operate, could cause us to incur significant losses and, in certain cases, require us to make payments to Pet Caregivers out of our funds, which could materially adversely affect our business, operating results, and financial condition.

In addition, the software infrastructure and services provided by our third-party payment service providers may fail to meet our expectations, contain errors or vulnerabilities, be compromised, or experience outages. Any of these risks could cause us to lose our ability to accept online payments or other payment transactions or facilitate timely payments to Pet Caregivers on our platform, which could make our platform less convenient and desirable to our users and adversely affect our ability to attract and retain Pet Caregivers and Pet Parents.

For certain payment methods, including credit and debit cards, we pay interchange and other fees and such fees result in significant costs. Payment card network costs have increased and may continue to increase in the future, the interchange fees and assessments that they charge for each transaction that accesses their networks may increase, and payment card networks may impose special fees or assessments on any such transaction. Our payment card processors have the right to pass any increases in interchange fees and assessments on to us. Credit card transactions result in higher fees than transactions made through debit cards. If we or our service providers fail to comply with payment card industry security standards, we also face a risk of increased transaction fees and other fines and penalties, including restrictions or expulsion from card acceptance programs, which could materially and adversely affect our business. Any material increase in interchange fees in the United States or other geographies, including as a result of changes in interchange fee limitations imposed by law in some geographies, or other network fees or assessments, or a shift from payment with debit cards to credit cards could increase our operating costs and materially adversely affect our business, operating results, and financial condition.

We rely on mobile operating systems and application marketplaces to make our applications available to Pet Parents and Pet Caregivers and if we do not effectively operate with or receive favorable placements within such application marketplaces and maintain high user reviews, our usage or brand recognition could decline and our business, financial results, and operating results could be materially adversely affected.

We largely depend on mobile operating systems, such as Android and iOS and their respective application marketplaces to make our applications available to Pet Parents and Pet Caregivers that use our platform on mobile devices. Any changes in such systems or application marketplaces that degrade the functionality of our applications or give preferential treatment to our competitors' applications could adversely affect our platform's usage on mobile devices. If such mobile operating systems or application marketplaces limit or prohibit us from making our applications available to Pet Parents and Pet Caregivers, make changes that degrade the functionality of our applications, increase the cost to users or to us of using such mobile operating systems or application marketplaces or our applications, impose terms of use unsatisfactory to us, or modify their search or ratings algorithms in ways that are detrimental to us, or if our competitors' placement in such mobile operating systems' application marketplace is more prominent than the placement of our applications, user growth could slow, pause, or decline. Our applications have experienced fluctuations in the past and we could experience similar fluctuations in the future. Any of the foregoing risks could adversely affect our business, financial condition, and operating results.

As new mobile devices and mobile platforms, as well as entirely new technology platforms are developed and released, there is no guarantee that certain devices will support our platform or effectively roll out updates to our applications. Additionally, in order to deliver high-quality applications, we need to ensure that our platform is designed to work effectively with a range of mobile technologies, systems, networks, and standards, which can require cooperation from participants in the mobile device industry. We may not be successful in developing or maintaining relationships with key participants in the mobile device industry that enhance users' experience. If Pet Parents or Pet Caregivers that use our platform encounter any difficulty accessing or using applications on their mobile devices or if we are unable to adapt to changes in popular mobile operating systems, we expect that our user growth and user engagement would be materially adversely affected.

Our platform contains third-party open source software components, the use of which could expose us to information security vulnerabilities or subject us to certain unfavorable conditions, including requirements that we offer our products that incorporate the open source software for no cost or that we make publicly available our confidential, proprietary source code; any such failure to comply with the terms of the underlying open source software licenses could restrict our ability to provide our platform.

We use open source software. Our platform contains software modules licensed to it by third-party authors under "open source" licenses. Use and distribution of open source software may entail greater risks than use of third-party commercial software, as open source licensors generally do not provide support, warranties, indemnification, or other contractual protections regarding infringement claims or the quality of the code. Accordingly, we cannot ensure that the authors of such open source software will implement or push updates to address security risks or will not abandon further development and maintenance, nor can we ensure that malicious code is not embedded in such open source software.

From time to time, there have been claims challenging the ownership of open source software against companies that incorporate open source software into their solutions. As a result, we could be subject to lawsuits by parties claiming ownership of what we believe to be open source software. If we are held to have breached or failed to fully comply with the terms and conditions of an open source software license, we could face infringement or other liability, or be required to seek costly licenses from third parties to continue providing our platform on terms that are not economically feasible, to re-engineer our platform, to discontinue or delay the provision of our platform if re-engineering could not be accomplished on a timely basis, or to make generally available, in source code form, its proprietary code, any of which could adversely affect our business, financial condition, and operating results. Some open source licenses contain unfavorable requirements that may, depending on how the licensed software is used or modified, require that we make available source code for modifications or derivative works we create based upon the licensed open source software, authorize further modification and redistribution of that source code, make our software available at little or no cost, or grants other licenses to our intellectual property. This could enable our competitors to create similar offerings with lower development effort and time and ultimately could result in a loss of our competitive advantages. Alternatively, to avoid the release of the affected portions of our source code, we could be required to purchase additional licenses, expend substantial time and resources to re-engineer some or all of our software or cease use or distribution of some or all of our software until it can adequately address the concerns. We have processes in place to help alleviate risks associated with our use of open source software, but any of these risks could be difficult to eliminate or manage, and, if not addressed, could adversely affect our ownership of proprietary intellectual property, the security of our systems, products and services, or our business, results of operations, and financial condition.

Risks Related to Our Intellectual Property

We may fail to adequately protect our intellectual property and we may be subject to intellectual property infringement claims by third parties, each of which could adversely affect our business, financial condition, and operating results.

Our business depends on our intellectual property and proprietary technology, the protection of which is crucial to the success of our business. We rely on a combination of trademark, copyright, and trade secret laws, license agreements, intellectual property assignment agreements, and confidentiality agreements and procedures and technology measures to protect our intellectual property. We generally attempt to protect our intellectual property, technology, and confidential information by requiring our employees and consultants who develop intellectual property on our behalf to enter into confidentiality and invention assignment agreements and third parties we share information with to enter into nondisclosure agreements. These agreements may not, however, effectively prevent unauthorized use or disclosure of our confidential information, intellectual property, or technology and may not provide an adequate remedy in the event of unauthorized use or disclosure of our confidential information or technology, or infringement of our intellectual property.

In addition, our proprietary information may otherwise become known or be independently developed by our competitors or other third parties. To the extent that our employees, consultants, contractors, and other third parties use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our intellectual property rights and other proprietary rights, and failure to obtain or maintain protection for our proprietary information could adversely affect our competitive business position.

Other parties may unintentionally or willfully disclose, obtain or use our technologies or systems, which may allow unauthorized parties to copy aspects of our platform or other software, technology, and functionality or obtain and use information that we consider proprietary. Unauthorized parties may also attempt to or successfully obtain our intellectual property, confidential information and trade secrets through various methods, including through scraping of public data or other content from our website or mobile applications, cybersecurity attacks, and legal or other methods of protecting this data may be inadequate. Monitoring unauthorized use and disclosures of our intellectual property, proprietary technology, or confidential information can be difficult and expensive and despite our efforts to protect our intellectual property rights, we cannot be sure that the steps taken will prevent misappropriation or infringement of our intellectual property rights.

Our platform also relies upon content and information that we publish on our website and mobile applications and that is created and posted by Pet Caregivers, Pet Parents, or other third parties. We face potential liability and expense for claims for trademark and copyright infringement, defamation, libel and negligence, among others, that could be asserted against us, in addition to our Pet Caregivers and Pet Parents. Failure to identify and prevent illegal or inappropriate content from being uploaded to our platform may subject us to negative publicity, private enforcement or liability, such as payment of damages, limiting the dissemination of content, and suspension or removal of our platform from app distribution channels.

Any intellectual property claims, lawsuits, arbitration proceedings, or other legal or regulatory proceedings against us cannot be predicted with any degree of certainty. Any claims, whether meritorious or not, could be time-consuming, result in costly litigation, be harmful to our reputation and brand, require significant management attention, and divert significant resources. It is possible that a resolution of one or more such proceedings could result in substantial damages, settlement costs, fines, and penalties. These proceedings could also result in sanctions, consent decrees, injunctions, or other orders requiring a change in our business practices or could require us to seek a license to continue practices found to be in violation of a third party's rights, which license may not be available on reasonable terms, or at all. Any of these consequences could adversely affect our business, financial condition, and operating results.

Risk Related to our Operations

We depend on our highly skilled employees to grow and operate our business and if we are unable to hire, retain, manage, and motivate our employees, or if our new employees do not perform as anticipated, we may not be able to grow effectively and our business, financial condition, and operating results could be materially adversely affected.

Our future success will depend in part on the continued service of our senior management team, key technical employees, and other highly skilled employees. We may not be able to retain the services of any of our employees or other members of senior management in the future. Also, our employees, including our senior management team, work for us on an at-will basis and there is no assurance that any such employee will remain with Wag!.

If we are unable to attract and retain key employees and senior management, particularly in critical areas of our business, we may not achieve our strategic goals. In addition, from time to time, there may be changes in our senior management team that may be disruptive to our business. If our senior management team fails to work together effectively and to execute our plans and strategies, our business, financial condition, and operating results could be materially adversely affected.

To attract and retain top talent, we have offered, and we believe we will need to continue to offer, competitive compensation and benefits packages. Job candidates 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, it may adversely affect our ability to attract and retain highly qualified employees. We may need to invest significant amounts of cash and equity to attract and retain new employees and expend significant time and resources to identify, recruit, train, and integrate such employees and we may never realize returns on these investments. If we are unable to effectively manage our hiring needs or successfully integrate new hires, our efficiency, ability to meet forecasts and employee morale, productivity, and engagement could suffer, which could adversely affect business, financial conditions, and operating results.

Our support function contributes to the success of our platform and any failure to provide high-quality service could affect our ability to retain our existing Pet Caregivers and Pet Parents and attract new ones.

Our ability to provide high-quality support to our community of Pet Caregivers and Pet Parents is important for the growth of our business and any failure to maintain such standards of support, or any perception that we do not provide high-quality service, could affect our ability to retain and attract Pet Caregivers and Pet Parents. Meeting the support expectations of our Pet Caregivers and Pet Parents requires significant time and resources from our support team and significant investment in staffing, technology (including automation and machine learning to improve efficiency), infrastructure, policies, and support tools. The failure to develop the appropriate technology, infrastructure, policies and support tools, or to manage or properly train our support team, could compromise our ability to resolve questions and complaints quickly and effectively. Any changes in our workforce composition or number of employees, has in the past led to, and may in the future lead to, backlog incidents that lead to substantial delays or other issues in responding to requests for customer support, which may reduce our ability to effectively retain Pet Caregivers and Pet Parents.

The majority of our user contact volume typically is serviced by a limited number of third-party service providers. We rely on our internal team and these third parties to provide timely and appropriate responses to the inquiries of Pet Caregivers and Pet Parents that come to us via telephone, email, social media, and chat. Reliance on these third parties requires that we provide proper guidance and training for our employees, maintain proper controls and procedures for interacting with our community, and ensure acceptable levels of quality and user satisfaction are achieved. Failure to appropriately allocate functions to these third-party service providers or to maintain suitable training, controls, and procedures could materially adversely impact our business. We provide support to Pet Caregivers and Pet Parents and help to mediate disputes between Pet Caregivers and Pet Parents. We rely on information provided by Pet Caregivers and Pet Parents and are at times limited in our ability to provide adequate support or help Pet Caregivers and Pet Parents resolve disputes due to our lack of information or control. To the extent that Pet Caregivers and Pet Parents are not satisfied with the quality or timeliness of our support or third-party support, we may not be able to retain Pet Caregivers or Pet Parents and our reputation as well our business, operating results, and financial condition could be materially adversely affected.

When a Pet Caregiver or Pet Parent has a poor experience on our platform, we may issue refunds or coupons for future bookings, or other customer service gestures of monetary value. These refunds and coupons are generally treated as a reduction to revenues. A robust support effort is costly and we expect such costs to continue to rise in the future as we grow our business and implement new product offerings. We have historically seen a significant number of support inquiries from Pet Caregivers and Pet Parents. Our efforts to reduce the number of support requests may not be effective and we could incur increased costs without corresponding revenues, which would materially adversely affect our business, operating results, and financial condition.

We rely on a third-party background check provider and a third-party identification provider to screen potential Pet Caregivers and if such providers fail to provide accurate information or we do not maintain business relationships with them, our business, financial condition, and operating results could be materially adversely affected.

We rely on a single third-party background check and identity verification provider to provide or confirm the criminal and other records of potential Pet Caregivers to help identify those that are not eligible to use our platform pursuant to our internal standards and applicable law. Our business may be materially adversely affected to the extent such providers do not meet their contractual obligations, our expectations, or the requirements of applicable laws or regulations. If our third-party background check provider terminates its relationship with us or refuses to renew its agreement with us on commercially reasonable terms, we may need to find an alternate provider and may not be able to secure similar terms or replace such partners in an acceptable timeframe. If we cannot find an alternate provider on terms acceptable to us, we may not be able to timely onboard potential Pet Caregivers and as a result, our platform may be less attractive to potential Pet Caregivers and we may have difficulty finding enough Pet Caregivers to meet Pet Parent demand. Further, if the background checks or identity verification checks conducted by our third-party provider or the third-party databases they check are, or are perceived to be, inaccurate, insufficiently inclusive of relevant records, or otherwise inadequate or below expectations, Pet Caregivers who otherwise would be barred from using our platform may be approved to offer services via our platform and some Pet Caregivers may be inadvertently excluded from our platform. As a result of inaccurate or incomplete background or verification checks, we may be unable to adequately provide a safe environment for pets and Pet Parents and our reputation and brand could be materially adversely affected and we could be subject to increased regulatory or litigation exposure. In addition, we do not generally run additional background checks on Pet Caregivers after they have been approved to use our platform.

If a Pet Caregiver engages in criminal activity after the third-party background check has been conducted, we may not be informed of such criminal activity and this Pet Caregiver may be permitted to continue offering services through our platform. If we choose to engage in more frequent background checks in the future, we may experience a decrease in Pet Caregiver retention, which may adversely impact our platform. We are also subject to a number of laws and regulations applicable to background and identity verification checks for potential and existing Pet Caregivers that use our platform. If we or our third-party background check provider or identity verification provider fail to comply with applicable laws and regulations in the handling of background or identity verification checks or the use of background check or identity verification information, our reputation, business, financial condition, and operating results could be materially adversely affected and we could face legal action, including class, collective, or other representative actions.

Any negative publicity related to our third-party background check or third-party identity verification provider, including publicity related to safety incidents or actual or perceived privacy or cybersecurity breaches or other security incidents, could adversely affect our reputation and brand and could potentially lead to increased regulatory or litigation exposure. Any of the foregoing risks could adversely affect our business, financial condition, and operating results.

We rely primarily on insurance coverage to insure operations-related risks, including risks related to pet services. If our insurance providers change the terms or cost of insurance that is not favorable to us, such changes could adversely affect our business, financial condition, and operating results.

We procure third-party insurance policies to cover various operations-related risks, including general liability, excess liability, employment practices liability, workers' compensation, property, cybersecurity and technology errors and omissions, fiduciary liability, and directors' and officers' liability. For certain types of operations-related risks or future risks related to our new and evolving services, we may not be able to, or may choose not to, acquire insurance. In addition, we may not obtain enough insurance to adequately mitigate such operations-related risks or risks related to our new and evolving services and we may have to pay high premiums, self-insured retentions, or deductibles for the coverage we do obtain.

Insurance providers have raised premiums and deductibles for many businesses and may do so in the future. As a result, our insurance and claims expense could increase, or we may decide to raise our deductibles or self-insured retentions when our policies are renewed or replaced. Our business, financial condition, and operating results could be materially adversely affected if: (i) the cost per claim, premiums, or the number of claims significantly exceeds our historical experience or coverage limits; (ii) we experience a claim in excess of our coverage limits; (iii) our insurance providers fail to pay on our insurance claims; (iv) we experience a claim for which coverage is not provided; or (v) the number of claims under our deductibles or self-insured retentions differs from historical averages.

The failure to successfully execute and integrate acquisitions could materially adversely affect our business, operating results, and financial condition.

As part of our business strategy, we have in the past and may in the future consider a wide array of potential strategic transactions, including acquisitions of businesses, new technologies, services, and other assets and strategic investments that complement our business. Acquisitions involve numerous risks. For example any business we acquire may not perform as well as we expect or we may encounter difficulties integrating the technology, operations, or personnel of any acquired company. If we fail to address the foregoing risks or other problems encountered in connection with past or future acquisitions of businesses, new technologies, services, and other assets and strategic investments, or if we fail to successfully integrate such acquisitions or investments, our business, financial condition, and operating results could be materially adversely affected.

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

To support our growing business and to effectively compete, we must have sufficient capital to continue to make significant investments in our platform. We intend to continue to make investments to support our business growth and may require additional funds to respond to business challenges, including the need to develop new platform features and services or enhance our existing platform, improve our operating infrastructure, or acquire complementary businesses and technologies. Although we currently anticipate that our existing cash, cash equivalents, and marketable securities and cash flow from operations will be sufficient to meet our working capital and capital expenditure needs for at least the next 12 months, we may require additional financing. Accordingly, we may need to engage in equity or debt financings to secure additional funds. If we raise additional funds through future issuances of equity, equity-linked securities, or convertible debt securities, our existing stockholders could suffer significant dilution and any new securities we issue could have rights, preferences, and privileges superior to those of current equity investors. If we raise additional funds through the incurrence of indebtedness, then we may be subject to increased fixed payment obligations and could be subject to restrictive covenants, such as limitations on our ability to incur additional debt and other operating restrictions that could adversely impact our ability to conduct our business. Any additional future indebtedness we may incur may result in terms that could be unfavorable to our equity investors.

We evaluate financing opportunities from time to time and our ability to obtain financing will depend, among other things, on our development efforts, business plans, and operating performance and the condition of the capital markets at the time we seek financing. We may not be able to obtain additional financing on terms favorable to us, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth and to respond to business challenges could be impaired and our business, financial condition, and operating results may be materially adversely affected.

Risks Related to our Financial Reporting and Disclosure

We track certain operational metrics with internal systems and tools and do not independently verify such metrics. Certain of our operational metrics are subject to inherent challenges in measurement and any real or perceived inaccuracies in such metrics may adversely affect our business and reputation.

We track certain operational and business metrics with internal systems and tools that are not independently verified by any third party and which may differ from estimates or similar metrics published by third parties due to differences in sources, methodologies, or the assumptions on which we rely. Our internal systems and tools have a number of limitations and our methodologies for tracking these metrics may change over time, which could result in unexpected changes to our metrics, including the metrics we publicly discloses. If the internal systems and tools we use to track these metrics under count or over count performance or contain algorithmic or other technical errors, the data we reports may not be accurate. While these numbers are based on what we believe to be reasonable estimates of our metrics for the applicable period of measurement, there are inherent challenges in measuring how our platform is used across large populations. For example, the accuracy of our operating metrics could be impacted by fraudulent users of our platform and further, we believe that there are consumers who have multiple accounts, even though this is prohibited in our Terms of Service and we implement measures to detect and prevent this behavior. In addition, limitations or errors with respect to how we measure data or with respect to the data that we measure may affect our understanding of certain details of our business, which could affect our long-term strategies. If our operating metrics are not accurate representations of our business, if investors do not perceive our operating metrics to be accurate, or if we discover material inaccuracies with respect to these figures, we expect that our business, reputation, financial condition, and operating results would be materially adversely affected.

Failure to achieve and maintain effective disclosure controls and internal control over financial reporting could result in our failure to accurately or timely report our financial condition or results of operations which could have a material adverse effect on our business and stock price.

In connection with the preparation of our consolidated financial statements as of and for the fiscal year ended December 31, 2022, we identified material weaknesses in our internal control over financial reporting, which still existed as of December 31, 2023. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. We identified a material weakness in our internal control over financial reporting related to insufficient resources needed to fully implement our internal control risk assessment process, evaluate the technical accounting aspects of certain material transactions and effectively design and implement certain process level controls. We also identified a material weakness regarding the risk assessment process related to information technology general controls and activities of service organizations, the design and implementation of logical access, segregation of duties and program change controls and certain process level controls related to information used in the execution of those controls that impact our financial reporting processes.

We have begun implementing remedial measures, and while there can be no assurance that our efforts will be successful, we plan to remediate the material weaknesses as soon as practical in a future period. These plans include implementing technology, hiring personnel, and other related activities, including engaging external resources. If we are unable to remediate the material weaknesses or are otherwise unable to maintain effective internal control over financial reporting or disclosure controls and procedures, our ability to record, process, and report financial information accurately, and to prepare financial statements within the required time periods, could be adversely affected, which could subject us to litigation or investigations requiring management resources and payment of legal and other expenses, negatively affect investor confidence in our financial statements and adversely impact our stock price.

We cannot assure you that the measures we have taken to date, and actions we may take in the future, will prevent or avoid control deficiencies that could lead to material weaknesses in our internal control over financial reporting in the future. Our current controls, and any new controls that we develop, may become inadequate because of changes in conditions in our business. Further, deficiencies in our disclosure controls and internal control over financial reporting may be discovered in the future. Any failure to develop or maintain effective controls or any difficulties encountered in their implementation or improvement could harm our operating results, cause us to fail to meet our reporting obligations, or cause investors to lose confidence in the accuracy and completeness of our financial statements and reports, which would likely adversely affect our business and the market price of our common stock and may result in a restatement of our financial statements for prior periods. In addition, we could be subject to sanctions or investigations by the stock exchange on which our common stock is listed, the SEC, and other regulatory authorities.

Once we are no longer an "emerging growth company" and our independent registered public accounting firm is required to attest to the effectiveness of our internal control over financial reporting for our Annual Report on Form 10-K, we will need to continue to dedicate internal resources, potentially engage outside consultants and adopt a detailed work plan to assess and document the adequacy of our internal control over financial reporting, validate through testing that controls are functioning as documented and implement a continuous reporting and improvement process for internal control over financial reporting. Moreover, our testing, or the subsequent testing by our independent registered public accounting firm, may reveal additional deficiencies in our internal control over financial reporting that are deemed to be material weaknesses. Failure to comply with the Sarbanes-Oxley Act could potentially subject us to sanctions or investigations by the SEC, the applicable stock exchange or other regulatory authorities, which would require additional financial and management resources.

Risks Related to Ownership of Our Common Stock and Warrants

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

We are an "emerging growth company," as defined in the JOBS Act. For as long as we continue to be an emerging growth company, we have chosen and may continue to choose to take advantage of exemptions from various reporting requirements applicable to other public companies but not to emerging growth companies, including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports, Annual Reports on Form 10-K, and proxy statements, and exemptions from the requirements of holding non-binding advisory votes on executive compensation and stockholder approval of any golden parachute payments not previously approved. As a result, the stockholders may not have access to certain information that they may deem important.

Under the JOBS Act, emerging growth companies can also delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have elected to take advantage of this extended transition period and as a result, our financial statements may not be comparable with similarly situated public companies.

Our status as an emerging growth company will end as soon as any of the following occurs: the last day of the fiscal year in which Wag! has at least $1.235 billion in annual revenues; the date we qualify as a "large accelerated filer," with at least $700.0 million of equity securities held by non-affiliates; the date on which we have issued, in any three-year period, more than $1.0 billion in non-convertible debt securities; or the last day of the fiscal year ending after the fifth anniversary of CHW Acquisition Corporation's ("CHW") initial public offering ("IPO") consummated on September 21, 2021.

Additionally, we qualify as a "smaller reporting company" as defined in Item 10(f)(1) of Regulation S-K under the Securities Act. Smaller reporting companies may take advantage of certain reduced disclosure obligations, including, among other things, providing only two years of audited financial statements in their periodic reports. We will remain a smaller reporting company until the last day of the fiscal year in which we fail to meet the following criteria: (i) the market value of our common stock held by nonaffiliates does not exceed $250 million as of the end of that fiscal year's second fiscal quarter; or (ii) our annual revenues do not exceed $100 million during such completed fiscal year and the market value of our common stock held by non-affiliates does not exceed $700 million as of the end of that fiscal year's second fiscal quarter. To the extent we take advantage of such reduced disclosure obligations, it may also make comparison of our financial statements with other public companies difficult or impossible.

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

The price of our common stock has fluctuated significantly and may continue to fluctuate significantly and could decline regardless of operating performance. You may not be able to resell your shares at or above the price you paid and you may lose part or all of your investment.

The price of our stock has and may continue to substantially fluctuate. This is especially true with companies like ours with a small public float. Fluctuations in the price of our securities could contribute to the loss of all or part of your investment. Our securities may trade at prices significantly below the price you paid for them. In such circumstances, the trading price of our securities may not recover and may experience a further decline.

Broad market and industry factors may materially harm the market price of our securities irrespective of our operating performance. The stock markets in general, have experienced price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of the particular companies affected. The trading prices and valuations of these stocks and of our securities, may not be predictable. A loss of investor confidence in the market for retail stocks or the stocks of other companies which investors perceive to be similar to ours could depress our share price regardless of our business, prospects, financial conditions, or results of operations. A decline in the market price of our securities also could adversely affect our ability to issue additional securities and our ability to obtain additional financing in the future.

Insiders have substantial influence over us which could limit your ability to affect the outcome of key transactions, including a change of control.

Our executive officers, directors, and their affiliates beneficially own approximately 23.8% of our common stock outstanding representing 23.8% of the vote.

As a result, these stockholders, if they act together, will be able to influence our management and affairs and all matters requiring stockholder approval, including the election of directors, amendments of our organizational documents, and approval of significant corporate transactions. They may also have interests that differ from yours and may vote in a way with which you disagree and which may be adverse to your interests. This concentration of ownership may have the effect of delaying, preventing, or deterring a change in control of us or changes in our management. Further, this control will make the approval of certain transactions difficult or impossible without the support of these stockholders and their votes and might affect the market price of our common stock.

Our Warrants may never be in-the-money and they may expire worthless.

The exercise price for our warrants is $11.50 per share (subject to adjustment as described herein), which exceeds the market price of our common stock, which was $2.10 per share based on the closing price on the Nasdaq on March 13, 2024. If all of our Warrants were exercised in full for cash, we would receive an aggregate of approximately $210.4 million. We believe it is unlikely that the warrantholders will exercise their Warrants and, therefore, we do not expect to receive cash proceeds from any such exercise, for so long as the Warrants remain out-of-the money. There can be no assurance that the Warrants will ever be in the money prior to their expiration in 2027 and, as such, may expire worthless.

Because there are no current plans to pay cash dividends on our common stock for the foreseeable future, you may not receive any return on investment unless you sell your Wag! common stock at a price greater than what you paid for it.

We intend to retain future earnings, if any, for future operations, expansion, and debt repayment and there are no current plans to pay any cash dividends for the foreseeable future. The declaration, amount and payment of any future dividends on shares of our common stock will be at the sole discretion of our Board. You may not receive any return on an investment in our common stock unless you sell your Wag! common stock for a price greater than that which you paid for it.

Our stockholders may experience dilution in the future.

The percentage of shares of our common stock owned by current stockholders may be diluted in the future because of equity issuances for acquisitions, capital market transactions, or otherwise, including, without limitation, equity awards that we may grant to its directors, officers, and employees, exercise of our warrants or meeting the conditions under the Earnout Shares and the Management Earnout Shares (See Note 3, *Business Combination with CHW*, to the Consolidated Financial Statements included in Part II, Item 8, *Financial Statements and Supplementary Data*, of this Annual Report on Form 10-K). In connection with the Business Combination, we granted to the lender of the Financing Agreement a certain number of warrants to acquire common stock. Such issuances may have a dilutive effect on our earnings per share, which could adversely affect the market price of our common stock.

Our Certificate of Incorporation provides, subject to limited exceptions, that the Court of Chancery in the State of Delaware is the sole and exclusive forum for certain stockholder litigation matters, which could limit our stockholders' ability to obtain a chosen judicial forum for disputes with us or our directors, officers, employees or stockholders.

Our Certificate of Incorporation requires, to the fullest extent permitted by law, that derivative actions brought in our name, actions against directors, officers and employees for breach of fiduciary duty and other similar actions, any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law (the "DGCL"), the Certificate of Incorporation or the bylaws or as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware, any claim or cause of action seeking to interpret, apply, enforce or determine the validity of the Certificate of Incorporation or the amended and restated bylaws, or any action asserting a claim governed by the internal affairs doctrine may be brought in the Court of Chancery in the State of Delaware or, if that court lacks subject matter jurisdiction, another federal or state court situated in the State of Delaware. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock shall be deemed to have notice of and consented to the forum provisions in the Certificate of Incorporation. In addition, the Certificate of Incorporation and bylaws provide that the federal district courts of the United States shall be the exclusive forum for the resolution of any complaint asserting a cause of action under the Securities Act and the Exchange Act.

This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or any of our directors, officers, other employees or stockholders, which may discourage lawsuits with respect to such claims. Alternatively, if a court were to find the choice of forum provision contained in the Certificate of Incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, operating results and financial condition.

Risks Related to Being a Public Company

We incur significant costs operating as a public company. In addition, our management team has limited experience managing a public company.

We face increased legal, accounting, administrative, and other costs and expenses as a public company that we do not incur as a private company and these expenses may increase even more after we are no longer an "emerging growth company." The Sarbanes-Oxley Act, including the requirements of Section 404, as well as rules and regulations subsequently implemented by the SEC, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and the rules and regulations promulgated and to be promulgated thereunder, the Public Company Accounting Oversight Board (United States) ("PCAOB") and the securities exchanges and the listing standards of Nasdaq, impose additional reporting and other obligations on public companies. Compliance with public company requirements increases costs, makes certain activities more time-consuming, and increases demands on our systems and resources. Risks associated with our status as a public company may make it more difficult to attract and retain qualified independent persons to serve on our Board or as executive officers. In addition, as a public company, we may be subject to stockholder activism, which can lead to substantial costs, distract management, and impact the manner in which we operate our business in ways we do not currently anticipate. As a result of disclosure of information herein and in filings required of a public company, our business and financial condition are more visible, which may result in threatened or actual litigation, including by competitors and other third parties. If such claims are successful, our business and results of operations could be materially 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, could divert the resources of our management and adversely affect our business and results of operations. The increased costs of compliance with public company reporting requirements and our potential failure to satisfy these requirements can have a material adverse effect on our operations, business, financial condition or results of operations.

In addition, most members of our management team have limited experience managing a publicly-traded company, interacting with public company investors and complying with the increasingly complex laws pertaining to public companies. The obligations of being a public company require significant attention from our senior management and could divert their attention away from the day-to-day management of our business, which could harm our business, results of operations and financial condition.

We may be subject to securities litigation, which is expensive, could divert management attention, hinder execution of business and growth strategy and impact our stock price.

The per share price of our common stock may be volatile and, in the past, companies that have experienced volatility in the market price of their stock have been subject to securities litigation, including class action litigation. Due to the inherent uncertainties of litigation, the ultimate outcome of any such proceedings cannot be accurately predicted. Litigation of this type could result in substantial legal fees, settlements, or judgment costs and diversion of management's attention and resources, which could have a material adverse effect on our business, financial condition, and results of operations.

There can be no assurance that we will be able to comply with the continued listing requirements of the Nasdaq Global Market and failure to do so may result in our securities being delisted.

Our common stock is listed on the Nasdaq Global Market. We cannot assure you that our common stock will continue to be listed on the Nasdaq Global Market. For example, if we fail to satisfy the continued listing requirements of Nasdaq, such as the corporate governance requirements or the minimum share price requirement, Nasdaq may take steps to delist our securities. Such a delisting would likely have a negative effect on the price of the securities and would impair your ability to sell or purchase the securities when you wish to do so. In the event of a delisting, we can provide no assurance that any action taken by us to restore compliance with listing requirements would allow our securities to become listed again, stabilize the market price or improve the liquidity of our securities, prevent our securities from dropping below the Nasdaq minimum share price requirement or prevent future non-compliance with Nasdaq's listing requirements. Additionally, if our securities are not listed on, or become delisted from, Nasdaq for any reason, and are quoted on the OTC Bulletin Board, an inter-dealer automated quotation system for equity securities that is not a national securities exchange, the liquidity and price of our securities may be more limited than if we were quoted or listed on Nasdaq or another national securities exchange. You may be unable to sell your securities unless a market can be established or sustained.

Item 1B. *Unresolved Staff Comments*

Not applicable.

Item 1C. *Cybersecurity*

We have developed and implemented a cybersecurity risk management program intended to protect the confidentiality, integrity, and availability of our critical systems and information.

Our cybersecurity risk management program is integrated into our overall enterprise risk management program, and shares common methodologies, reporting channels and governance processes that apply across the enterprise risk management program to other legal, compliance, strategic, operational, and financial risk areas.

Key elements of our cybersecurity risk management program include, but are not limited to the following:

- risk assessments designed to help identify material cybersecurity risks to our critical systems and information;
- a Security team responsible for managing our (1) cybersecurity risk assessment processes, (2) security controls, and (3) response to cybersecurity incidents;
- the use of external service providers, where appropriate, to assess, test or otherwise assist with aspects of our security processes, and to provide support during incident response efforts;
- cybersecurity awareness training of our employees, incident response personnel, and senior management;
- a cybersecurity incident response plan that includes procedures for responding to cybersecurity incidents; and
- a third-party risk management process for service providers, suppliers, and vendors based on their criticality and risk profile.
- There can be no assurance that our cybersecurity risk management program and processes, including our policies, controls, or procedures, will be fully implemented, complied with or effective in protecting our systems and information.

We have not identified risks from known cybersecurity threats, including as a result of any prior cybersecurity incidents, that have materially affected us, including our operations, business strategy, results of operations, or financial condition. We face certain ongoing risks from cybersecurity threats that, if realized, are reasonably likely to materially affect us, including our operations, business strategy, results of operations, or financial condition. For additional information, see "*Risk Factors — Risks Related to Privacy and Technology — Changes in laws, regulations, or industry standards relating to privacy, data protection, or the transfer or processing of data relating to individuals, or any actual or perceived failure by us to comply with such laws and regulations or any other obligations, including contractual obligations, relating to privacy, data protection, or the transfer or processing of data relating to individuals, could adversely affect our business, results of operations and financial condition.*"

Our Board considers cybersecurity risk as part of its risk oversight function and has delegated to the Audit Committee ("Committee") oversight of cybersecurity and other information technology risks. The Committee oversees management's implementation of our cybersecurity risk management program.

The Committee receives reports regularly from management on our cybersecurity risks. In addition, management updates the Committee, as necessary, regarding any cybersecurity incidents.

The Committee reports to the full Board regarding its activities, including those related to cybersecurity. The full Board also receives briefings from management on our cyber risk management program. Board members receive presentations on cybersecurity topics from our Chief Technology Officer ("CTO"), internal staff or external experts as part of the Board's continuing education on topics that impact public companies.

Our management team, including our CTO, is responsible for assessing and managing our material risks from cybersecurity threats. Our CTO leads a team that has primary responsibility for our overall cybersecurity risk management program and supervises both our internal cybersecurity personnel and any retained external cybersecurity consultants. Our CTO has more than 12 years of experience in cybersecurity, software, and IT in various technology-related businesses, including some oversight over security and integrity of systems and operations. In addition, our CTO leads our Security team, who have more than 16 years of experience in these fields.

Our management team stays informed about and monitors efforts to prevent, detect, mitigate, and remediate cybersecurity risks and incidents through various means, which may include briefings from internal security personnel; threat intelligence and other information obtained from governmental, public or private sources; any retained external cybersecurity consultants; and alerts and reports produced by security tools deployed in the IT environment. Our management team reports information about cybersecurity risks to the Committee.

Item 2. *Properties*

Our corporate headquarters is located in San Francisco, California, where we currently lease approximately 3,900 square feet pursuant to a lease agreement that expires in February 2026. We also lease additional office space in Phoenix, Arizona pursuant to a lease agreement that expires in November 2028.

We believe that our facilities are suitable to meet our current needs, and we believe that suitable alternative space will be available as needed.

Item 3. *Legal Proceedings*

The information set forth under Note 9, *Commitments and Contingencies*, to the Consolidated Financial Statements included in Part II, Item 8, *Financial Statements and Supplementary Data*, of this Annual Report on Form 10-K is incorporated herein by reference.

Item 4. *Mine Safety Disclosures*

Not applicable.

PART II

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

Market Information

Our common stock and public warrants have been listed on the Nasdaq under the symbols "PET" and "PETWW," respectively, since August 10, 2022. Prior to August 10, 2022 and before the completion of the Business Combination, the common stock and public warrants of CHW traded on Nasdaq under the ticker symbols "CHWA" and "CHWAW," respectively, and there was no public trading market for the common stock of Wag Labs, Inc. ("Legacy Wag!").

Holders

As of the close of business on March 13, 2024, there were 126 holders of record of our common stock and 6 holders of record of our public warrants. The actual number of stockholders is greater than this number of record holders and includes stockholders who are beneficial owners but whose shares are held in street name by brokers or other nominees. This number of holders of record also does not include stockholders whose shares may be held in trust by other entities.

Dividends

We have never declared or paid any dividends on shares of our common stock. We anticipate that we will retain all of our future earnings, if any, for use in the operation and expansion of our business and do not anticipate paying cash dividends in the foreseeable future. Any decision to declare and pay dividends in the future will be made at the sole discretion of our Board and will depend on, among other things, our results of operations, cash requirements, financial condition, contractual restrictions and other factors that our Board may deem relevant.

Performance Graph

As a smaller reporting company, we are not required to provide the information required by this Item.

Recent Sales of Unregistered Securities

None.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

Item 6. *[Reserved]*

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

Overview

We are one of the largest online marketplaces for pet care and strive to be the #1 platform for busy Pet Parents, offering access to 5-star dog walking and pet sitting, expert pet advice, wellness plans, and one-on-one training from our community of more than 500,000 local pet caregivers nationwide, in addition to pet insurance options from the leading pet insurance companies.

Our proprietary marketplace technology, which is available as a mobile app and website, enables independent Pet Caregivers to connect with Pet Parents. Through our cutting-edge technologies and multi-faceted platforms, Wag! connects Pet Parents with Pet Caregivers who provide pet care services. Our marketplace enables Pet Parents to find a wide array of pet services provided by PCGs and third-party service partners, such as walking, pet sitting and boarding, advice from licensed pet experts, home visits, training services, and pet insurance comparison tools.

Beyond providing unrivaled services to premium Pet Parents, Wag! has expanded its reach to become the button on the phone for the paw. Wag!, once purely synonymous with pet services, is now a key player in the wellness space via the management and operation of Petted.com, a pet insurance comparison service, as well as the acquisition of Furmacy, which creates prescription management software to simplify pet prescriptions. Additionally, in 2023, Wag! has expanded into the Pet Food & Treats market by acquiring one of the most visited and trusted dog food marketplaces: Dog Food Advisor. Wag! is confident that the addition of Dog Food Advisor will unlock tremendous value and insights for recurring and new customers alike; those who we already provide an unparalleled marketplace experience to in the wellness space and longtime customers who rely on Dog Food Advisor as a subject matter expert. In April 2023, we acquired Maxbone, Inc., a top-tier digital platform for modern pet essentials, expanding our reach into the Pet Supplies market.

Components of Our Results of Operations

The following is a summary of the principal line items comprising our operating results.

Revenues

We provide an online marketplace that enables Pet Parents to connect with Pet Caregivers for various pet services. We recognize revenue in accordance with ASC 606, *Revenue from Contracts with Customers*, from the following distinct streams: (1) service fees charged to Pet Caregivers, (2) subscription fees for Wag! Premium and other fees paid by Pet Parents, (3) joining fees paid by Pet Caregivers to join and be listed on our platform, (4) wellness revenue through affiliate fees, and (5) Pet Food & Treat revenue also through affiliate fees.

Cost of Revenues, Excluding Depreciation and Amortization

Cost of revenues consists of costs directly related to revenue-generating transactions, which primarily includes fees paid to payment processors, hosting and platform-related infrastructure costs, product costs, third-party costs for background checks for Pet Caregivers, and other costs arising as a result of revenue transactions that take place on our platform, excluding depreciation and amortization.

Platform Operations and Support

Platform operations and support expenses include personnel-related compensation costs of technology and operations teams, and third-party operations support costs.

Sales and Marketing

Sales and marketing expenses include personnel-related compensation costs of the marketing team and advertising expenses. Sales and marketing expenses are expensed as incurred.

Royalty

Royalty expenses represent fees paid by us to be the exclusive marketer of certain pet insurance products.

General and Administrative

General and administrative expense includes personnel-related compensation costs for employees on corporate functions, such as management, accounting, and legal as well as insurance and other expenses used to run the business, together with outside party service costs of related items such as auditors and lawyers.

Depreciation and Amortization

Depreciation and amortization expenses primarily consist of depreciation and amortization expenses associated with our property and equipment. Amortization includes expenses associated with our capitalized software and website development.

Other Expense (Income), Net

Other expense (income), net consists of non-operating income and expenses such as gains or losses due to changes in the fair value of the derivative liability related to the Forward Share Purchase Agreement. See Note 3, *Business Combination with CHW*, to the Consolidated Financial Statements included in Part II, Item 8, *Financial Statements and Supplementary Data*, of this Annual Report on Form 10-K for further information regarding the Forward Share Purchase Agreements.

Key Operating and Financial Metrics

We regularly review several metrics, including the following key financial metrics and non-GAAP financial measures, to evaluate our business, measure our performance, identify trends affecting our business, formulate financial projections, and make strategic decisions. These key financial metrics and non-GAAP financial measures are set forth below for the periods presented:

	Year Ended December 31,		Change	
	2023	2022	$	%
	(in thousands, except percentages)			
Platform Participants (as of period end)	600	434	166	38.2 %
Revenues	$ 83,916	$ 54,865	29,051	52.9 %
Net loss	$ (13,317)	$ (38,567)	25,250	(65.5)%
Net loss margin	(15.9)%	(70.3)%		
Net cash provided by (used in) operating activities	$ (6,465)	$ (2,803)	(3,662)	130.6 %
Adjusted EBITDA (loss)(1)	$ 722	$ (3,872)	4,594	*
Adjusted EBITDA (loss) margin(1)	0.9 %	(7.1)%		

* Comparisons between positive and negative numbers are not meaningful.

(1) Adjusted EBITDA (loss) and Adjusted EBITDA (loss) margin are non-GAAP measures which may not be comparable to similarly-titled measures used by other companies. See below for a reconciliation of Adjusted EBITDA (loss) to net loss.

Platform Participants

A Platform Participant is defined as a Pet Parent or Pet Caregiver who transacted on the Wag! platform for a service in the quarter. Services include dog walking, sitting, boarding, drop-ins, training, premium telehealth services, wellness plans, and pet insurance plan comparison.

Non-GAAP Financial Measures

Adjusted EBITDA (Loss) and Adjusted EBITDA (Loss) Margin

Adjusted EBITDA (loss) means net loss adjusted to exclude, where applicable in a given period, interest expense, net; income taxes; depreciation and amortization; stock-based compensation; integration and transaction costs associated with acquired businesses; severance costs; legal settlements; change in fair value of derivative liability; and issuance of Community Shares. Adjusted EBITDA (loss) margin represents Adjusted EBITDA (loss) divided by revenues. We use Adjusted EBITDA (loss) and Adjusted EBITDA (loss) margin, which are both non-GAAP metrics, to evaluate and assess our operating performance and the operating leverage in our business, and for internal planning and forecasting purposes. We believe that Adjusted EBITDA (loss) and Adjusted EBITDA (loss) margin, when taken collectively with our U.S. GAAP results, may be helpful to investors because they provide consistency and comparability with past financial performance and assist in comparisons with other companies, some of which use similar non-GAAP financial information to supplement their U.S. GAAP results.

Non-GAAP financial measures are presented for supplemental informational purposes only. Non-GAAP financial measures have limitations as analytical tools and should not be considered in isolation or as substitutes for financial information presented in accordance with U.S. GAAP. There are a number of limitations related to the use of non-GAAP financial measures versus comparable financial measures determined under U.S. GAAP. For example, other companies in our industry may calculate these non-GAAP financial measures differently or may use other measures to evaluate their performance. All of these limitations could reduce the usefulness of these non-GAAP financial measures as analytical tools. Investors are encouraged to review the related non-GAAP financial measures and the reconciliations of these non-GAAP financial measures to their most directly comparable U.S. GAAP financial measures and to not rely on any single financial measure to evaluate our business.

The following table provides a reconciliation of net loss to Adjusted EBITDA (loss):

	Year Ended December 31,	
	2023	**2022**
	(in thousands, except percentages)	
Net loss	$ (13,317)	$ (38,567)
Interest expense, net	6,510	2,470
Income taxes	93	13
Depreciation and amortization	1,673	571
Stock-based compensation	4,712	24,492
Integration and transaction costs associated with acquired business	189	220
Severance costs	199	—
Legal settlements	663	—
Change in fair value of derivative liability	—	4,958
Issuance of Community Shares	—	1,971
Adjusted EBITDA (loss)	$ 722	$ (3,872)
Revenues	$ 83,916	$ 54,865
Adjusted EBITDA (loss) margin	0.9 %	(7.1)%

Comparison of the Year Ended December 31, 2023 and 2022

The following table sets forth our results of operations for the years ended December 31, 2023 and 2022. These results of operations are not necessarily indicative of the future results of operations that may be expected for any future period.

	Year Ended December 31,		Change	
	2023	2022	$	%
	(in thousands, except percentages)			
Revenues	$ 83,916	$ 54,865	29,051	52.9 %
Costs and expenses:				
Cost of revenues (exclusive of depreciation and amortization shown separately below)	5,477	4,024	1,453	36.1 %
Platform operations and support	12,475	13,825	(1,350)	(9.8)%
Sales and marketing	50,523	35,156	15,367	43.7 %
Royalty	1,791	—	1,791	100.0 %
General and administrative	19,223	32,415	(13,192)	(40.7)%
Depreciation and amortization	1,673	571	1,102	193.0 %
Total costs and expenses	91,162	85,991	5,171	6.0 %
Interest expense	7,417	2,886	4,531	157.0 %
Interest income	(907)	(416)	(491)	118.0 %
Other expense, net	21	4,958	(4,937)	(99.6)%
Loss before income taxes and equity in net earnings of affiliate	(13,777)	(38,554)	24,777	(64.3)%
Income taxes	93	13	80	615.4 %
Equity in net earnings of equity method investment	553	—	553	100.0 %
Net loss	$ (13,317)	$ (38,567)	25,250	(65.5)%

Revenues

Revenues increased by $29.1 million, or approximately 52.9%, from $54.9 million for the year ended December 31, 2022 to $83.9 million for the year ended December 31, 2023. The increase was primarily attributable to a $19.9 million increase in Wellness revenue as a result of increased activity and a $6.6 million increase in Pet Food & Treats revenue as a result of our acquisition of Dog Food Advisor in the first quarter of 2023 and launch of Cat Food Advisor in the third quarter of 2023. The increase also includes a $2.6 million increase in Services revenue from increased Pet Parents' engagement of Pet Caregivers to provide pet care services as a result of increased return-to-office, and growth in ancillary services such as Wag! Premium subscriptions and Wag! products.

Cost of Revenues, Exclusive of Depreciation and Amortization

Cost of revenues, exclusive of depreciation and amortization, increased by $1.5 million, or approximately 36.1%, from $4.0 million for the year ended December 31, 2022 to $5.5 million for the year ended December 31, 2023. The increase was primarily attributable to an increase in product costs.

Platform Operations and Support

Platform operations and support expenses decreased by $1.4 million, or approximately 9.8%, from $13.8 million for the year ended December 31, 2022 to $12.5 million for the year ended December 31, 2023. The decrease was primarily attributable to a $2.0 million decrease in stock-based compensation due to the impact of the Earnout Shares in 2022, partially offset by a $0.7 million increase in personnel costs related to our expansion initiatives in the operations and technology areas.

Sales and Marketing

Sales and marketing expenses increased by $15.4 million, or approximately 43.7%, from $35.2 million for the year ended December 31, 2022 to $50.5 million for the year ended December 31, 2023. The increase was primarily attributable to a $15.2 million increase in investing in new and expanding existing partnerships related to our Wellness offerings, a $0.8 million increase in professional services, and a $0.6 million increase in employee personnel costs, partially offset by a $1.4 million decrease in stock-based compensation due to the impact of the Earnout Shares in 2022 and a $0.6 million decrease in advertising costs.

Royalty

Royalty expenses were $1.8 million for the year ended December 31, 2023. These expenses represent fees paid by us to be the exclusive marketer of certain pet insurance products.

General and Administrative

General and administrative expenses decreased by $13.2 million, or approximately 40.7%, from $32.4 million for the year ended December 31, 2022 to $19.2 million for the year ended December 31, 2023. The decrease was primarily attributable to a $16.4 million decrease in stock-based compensation expense due to the impact of the Earnout Shares in 2022, partially offset by a $1.7 million increase in business licenses, fees, and permits and a $1.4 million increase in legal and accounting fees to meet our growth needs and requirements of being a public company.

Depreciation and Amortization

Depreciation and amortization expenses increased by $1.1 million, or approximately 193.0%, from $0.6 million for the year ended December 31, 2022 to $1.7 million for the year ended December 31, 2023. The increase was primarily attributable to the acquisitions of Dog Food Advisor and Maxbone in 2023 and the related amortization of acquired intangible assets.

Interest Expense, Net

Interest expense, net was as follows:

	Year Ended December 31,		Change	
	2023	2022	$	%
	(in thousands, except percentages)			
Interest expense	$ 7,417	$ 2,886	4,531	157.0 %
Interest income	(907)	(416)	(491)	118.0 %
Interest expense, net	$ 6,510	$ 2,470	4,040	163.6 %

Interest expense, net increased by $4.0 million, or approximately 163.6%, from $2.5 million for the year ended December 31, 2022 to $6.5 million for the year ended December 31, 2023. The increase was primarily attributable to an increase in interest expense related to the Blue Torch Financing and Warrant Agreement entered into in connection with the closing of the Business Combination with CHW, partially offset by an increase in interest income on our cash and cash equivalents due to a higher interest rate environment.

For further information on the debt and warrant agreement, refer to Note 8, *Long-Term Debt*, to the Consolidated Financial Statements included in Part II, Item 8, *Financial Statements and Supplementary Data*, of this Annual Report on Form 10-K.

Other Expense, Net

The $5.0 million of other expense, net for the year ended December 31, 2022 was primarily due to changes in the fair value of our Forward Share Purchase Agreements. See Note 3, *Business Combination with CHW*, to the Consolidated Financial Statements included in Part II, Item 8, *Financial Statements and Supplementary Data*, of this Annual Report on Form 10-K for further information regarding the Forward Share Purchase Agreements.

Liquidity and Capital Resources

We have historically generated negative cash flows from operations and have primarily financed our operations through private and public sales of equity securities and debt. As of December 31, 2023, we had cash and cash equivalents of $18.3 million.

We expect operating losses and negative cash flows from operations to continue in the foreseeable future as we continue to invest in growing our business. Our primary uses of cash include operating costs such as product and technology expenses, marketing expenses, personnel expenses and other expenditures necessary to support our operations and our growth. Although we currently anticipate that our existing cash and cash equivalents will be sufficient to meet our working capital, capital expenditure, and debt obligation needs for at least the next 12 months, we may seek additional financing over the long term, including to refinance or repay amounts due under the Financing Agreement that matures in August 2025. Accordingly, we may need to engage in equity or debt financings to secure additional funds. Our future capital requirements and the adequacy of available funds will depend on many factors, including, but not limited to, our ability to grow our revenue and the impact of the factors described in Part I, Item 1A, *Risk Factors*, of this Annual Report on Form 10-K. We may seek additional equity or debt financing. See the section titled "*Risk Factors — Risk Related to our Operations — We may require additional capital to support business growth and this capital might not be available on acceptable terms, or at all.*" within Part I, Item 1A, *Risk Factors*, of this Annual Report on Form 10-K. Our forecast of the period of time through which our financial resources will be adequate to support our operations is a forward-looking statement that involves risks and uncertainties, and actual results could vary materially.

For proceeds, payments and additional financing arrangements arising from the CHW Business Combination, please see Note 3, *Business Combination with CHW,* to the Consolidated Financial Statements included in Part II, Item 8, *Financial Statements and Supplementary Data*, of this Annual Report on Form 10-K for additional detail.

Cash Flows

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

	Year Ended December 31,		Change	
	2023	2022	$	%
	(in thousands, except percentages)			
Net cash provided by (used in):				
Operating activities	$ (6,465)	$ (2,803)	(3,662)	130.6 %
Investing activities	(12,261)	1,835	(14,096)	(768.2)%
Financing activities	(1,917)	37,089	(39,006)	(105.2)%
Net change in cash and cash equivalents	$ (20,643)	$ 36,121	(56,764)	(157.1)%

Changes in Cash Flows From Operating Activities

Net cash used in operating activities for the year ended December 31, 2023 was $6.5 million, an increase of $3.7 million from $2.8 million for the year ended December 31, 2022. The increase in net cash used in operating activities was primarily due to $4.1 million of unfavorable changes in operating assets and liabilities, partially offset by a $0.4 million decrease in net loss excluding non-cash and reconciling items disclosed within our consolidated statement of cash flows. The $4.1 million of unfavorable changes in operating assets and liabilities was primarily driven by unfavorable changes in accounts receivable, prepaid expenses and other current assets, accounts payable, accrued expenses and other current liabilities, and deferred revenue, partially offset by favorable changes in operating lease liabilities and other non-current liabilities.

Changes in Cash Flows from Investing Activities

Net cash provided by (used in) investing activities for the year ended December 31, 2023 was an outflow of $12.3 million, a decrease of $14.1 million from an inflow of $1.8 million for the year ended December 31, 2022. The decrease was primarily due to a $10.5 million increase in cash paid for acquisitions, net of cash acquired, a $2.6 million decrease in proceeds from the sale and maturities of short-term investments, and a $1.5 million increase in cash paid for equity method investments, partially offset by a $0.7 million decrease in other investing activities.

Changes in Cash Flows from Financing Activities

Net cash provided by (used in) financing activities for the year ended December 31, 2023 was an outflow of $1.9 million, a decrease of $39.0 million from an inflow of $37.1 million provided by financing activities for the year ended December 31, 2022. The decrease is primarily due to a $24.1 million decrease in proceeds from debt, net of discount, a $10.9 million decrease in proceeds from the issuance of Series P preferred stock, net of issuance costs, a $2.6 million decrease in proceeds from the Business Combination with CHW, net of transaction costs, and a $0.7 million increase in repayment of debt.

Paycheck Protection Program Loan

On August 5, 2020, the Company received loan proceeds of approximately $5.1 million from a financial institution pursuant to the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security Act, of which $3.5 million was subsequently forgiven. The PPP Loan matures on August 5, 2025 and bears interest at a fixed rate of 1.00%. Principal and interest payments are payable monthly, and as of December 31, 2023, the amount outstanding under the PPP Loan was $0.8 million.

For additional information regarding the PPP Loan, refer to Note 8, *Long-Term Debt*, to the Consolidated Financial Statements included in Part II, Item 8, *Financial Statements and Supplementary Data*, of this Annual Report on Form 10-K.

Blue Torch Financing and Warrant Agreement

On August 9, 2022, Legacy Wag! entered into a financing agreement and warrant agreement with Blue Torch (together with its affiliated funds and any other parties providing a commitment thereunder, including any additional lenders, agents, arrangers or other parties joined thereto after the date thereof, collectively, the “Debt Financing Sources”), pursuant to which, among other things, the Debt Financing Sources agreed to extend an approximately $32.2 million senior secured term loan (the “Financing Agreement”). Legacy Wag! is the primary borrower under the Financing Agreement, the Company is a parent guarantor and substantially all of the Company’s existing and future subsidiaries are subsidiary guarantors. The Financing Agreement is secured by a first priority security interest in substantially all assets of the Company and the guarantors.

For additional information regarding the Blue Torch financing arrangements, refer to Note 8, *Long-Term Debt*, to the Consolidated Financial Statements included in Part II, Item 8, *Financial Statements and Supplementary Data*, of this Annual Report on Form 10-K.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements, as defined by applicable rules and regulations of the SEC, that are reasonably likely to have a current or future material effect on our financial condition, results of operations, liquidity, capital expenditures, or capital resources.

Critical Accounting Policies and Estimates

U.S. GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the year. We base our estimates and assumptions on current facts, historical experience and various other factors that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the recording of revenues and expenses. Actual results could differ from those estimates.

We believe that the accounting policies discussed below are critical to understanding our historical and future performance, as these policies relate to the more significant areas involving management’s judgments and estimates.

Revenue Recognition

We recognize revenue in accordance with ASC 606, *Revenue from Contracts with Customers*. Through our Services offerings, we principally generate Services revenue from service fees charged to PCGs for use of the platform to discover pet service opportunities and to successfully complete a pet care service to a Pet Parent. We also generate revenue from subscription fees paid by Pet Parents for Wag! Premium, and fees paid by PCGs to join the platform. Additionally, through our Wellness offerings, we generate revenue through commission fees paid by third party service partners in the form of 'revenue-per-action' or conversion activity defined in our agreements with the third party service partner. For some of our arrangements with third party service partners, the transaction price is considered variable, and an estimate of the transaction price is recorded when the action occurs. The estimate of variable consideration, which is not material, included in the transaction price is based on historical data with the respective third-party service partner and the consideration is measured and settled monthly.

Business Combinations

We account for our business combinations using the acquisition method of accounting, which requires, among other things, allocation of the fair value of purchase consideration to the tangible and intangible assets acquired and liabilities assumed at their estimated fair values on the acquisition date. The excess of the fair value of purchase consideration over the values of these identifiable assets and liabilities is recorded as goodwill. When determining the fair value of assets acquired and liabilities assumed, we make significant estimates and assumptions, especially with respect to intangible assets. Our estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates. Once the purchase accounting is finalized, any subsequent adjustments are reflected in the consolidated statements of operations. Acquisition costs, such as legal and consulting fees, are expensed as incurred.

Acquired Intangible Assets

When we acquire a business, a portion of the purchase price is typically allocated to identifiable intangible assets, such as trademarks, acquired technology and customer relationships. Fair value of these assets is determined primarily using the income approach, which requires us to project future cash flows and apply an appropriate discount rate. We amortize intangible assets with finite lives over their expected useful lives. Our estimates are based upon assumptions believed to be reasonable but which are inherently uncertain and unpredictable. Assumptions may be incomplete or inaccurate, and unanticipated events and circumstances may occur. Incorrect estimates could result in future impairment charges, and those charges could be material to our results of operations.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired in a business combination. Goodwill is not subject to amortization but will be reviewed for impairment on an annual basis or more frequently if events or changes in circumstances indicate that the carrying value of goodwill may not be recoverable.

Stock-Based Compensation

We estimate the fair value of stock options at the grant date using the Black-Scholes option-pricing model (the "Black-Scholes Model"). The fair values of restricted stock units ("RSU") are determined based on our stock price on the date of grant. The fair values of equity awards are recognized as compensation expense over the requisite service period or over the period in which the related services are received (generally the vesting period) using the straight-line method. We account for forfeitures as they occur.

The Black-Scholes Model considers several variables and assumptions in estimating the fair value of stock-based awards. These variables include per share fair value of the underlying common stock, expected term, risk-free interest rate, expected annual dividend yield and expected stock price volatility over the expected term. For all stock options granted to date, we calculated the expected term using the simplified method (based on the mid-point between the vesting date and the end of the contractual term). We determine volatility using the historical volatility of the stock price of similar publicly traded peer companies. The risk-free interest rate is based on the yield available on United States Treasury zero-coupon issues similar in duration to the expected term of the equity-settled award.

Income Taxes

The Company accounts for income taxes using an asset and liability approach, which requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequences of events that have been recognized in the financial statements or tax returns. The measurement of the deferred items is based on enacted tax laws. In the event the future consequences of differences between financial reporting basis and the tax basis of assets and liabilities result in a deferred tax asset, the Company evaluates the probability of being able to realize the future benefits indicated by such asset. A valuation allowance related to a deferred tax asset is recorded when it is more likely than not that either some portion or the entire deferred tax asset will not be realized. The Company records a valuation allowance to reduce the deferred tax assets to the amount of future tax benefit that is more likely than not to be realized. We regularly review the deferred tax assets for recoverability based on historical taxable income or loss, projected future taxable income or loss, the expected timing of the reversals of existing temporary differences and tax planning strategies. Our judgment regarding future profitability may change due to many factors, including future market conditions and the ability to successfully execute the business plans and/or tax planning strategies. Should there be a change in the ability to recover deferred tax assets, our income tax provision would increase or decrease in the period in which the assessment is changed.

The Company recognizes a tax benefit from uncertain tax positions only if it is more likely than not that the position is sustainable, based solely on its technical merits and consideration of the relevant taxing authorities' administrative practices and precedents. The tax benefits recognized from such positions are measured based on the largest benefit that has a greater than 50% likelihood of being recognized upon settlement. The Company did not recognize any tax benefits from uncertain tax positions during the years ended December 31, 2023 and 2022.

JOBS Act Accounting Election

We are an "emerging growth company," as defined in the JOBS Act. Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have elected to use this extended transition period until we are no longer an emerging growth company or until we affirmatively and irrevocably opt out of the extended transition period. Accordingly, our consolidated financial statements may not be comparable to companies that comply with new or revised accounting pronouncements as of public company effective dates.

New Accounting Pronouncements

See discussion under Note 2, *Significant Accounting Policies*, to the Consolidated Financial Statements included in Part II, Item 8, *Financial Statements and Supplementary Data*, of this Annual Report on Form 10-K for information on new accounting pronouncements.

Item 7A. *Quantitative and Qualitative Disclosures About Market Risk*

As a smaller reporting company, we are not required to provide the information required by this Item.

Item 8. *Financial Statements and Supplementary Data*

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Wag! Group Co.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Wag! Group Co. and its subsidiaries (the "Company") as of December 31, 2023, and the related consolidated statements of operations, of redeemable preferred stock and stockholders' equity (deficit) and of cash flows for the year then ended, including the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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

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

/s/ PricewaterhouseCoopers LLP

Seattle, Washington
March 18, 2024

We have served as the Company's auditor since 2023.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Stockholders and Board of Directors
Wag! Group Co.
San Francisco, CA

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheet of Wag! Group Co. (the "Company") as of December 31, 2022, the related consolidated statement of operations, statement of redeemable preferred stock and stockholders' equity (deficit), and cash flows for the year then ended, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2022, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

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

/s/ BDO USA, LLP

We served as the Company's auditor from 2021 to 2023.

Chicago, Illinois
March 30, 2023

WAG! GROUP CO.
CONSOLIDATED BALANCE SHEETS

	December 31,	
	2023	2022
	(in thousands, except par value amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 18,323	$ 38,966
Accounts receivable, net	10,023	5,872
Prepaid expenses and other current assets	3,428	2,585
Total current assets	31,774	47,423
Property and equipment, net	347	88
Operating lease right-of-use assets	1,045	695
Intangible assets, net	8,828	2,590
Goodwill	4,646	1,451
Other assets	57	64
Total assets	$ 46,697	$ 52,311
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 9,919	$ 7,174
Accrued expenses and other current liabilities	4,015	4,765
Deferred revenue	1,781	2,232
Deferred purchase consideration – current portion	547	750
Operating lease liabilities – current portion	386	306
Notes payable – current portion	1,751	1,264
Total current liabilities	18,399	16,491
Operating lease liabilities – non-current portion	816	435
Notes payable – non-current portion, net of debt discount and warrant allocation of $4,563 and $7,008 as of December 31, 2023 and December 31, 2022, respectively	25,664	24,970
Deferred purchase consideration – non-current portion	—	493
Other non-current liabilities	172	—
Total liabilities	45,051	42,389
Commitments and contingencies (Note 9)		
Stockholders' equity:		
Common stock, $0.0001 par value; 110,000 shares authorized as of both December 31, 2023 and December 31, 2022; 39,597 and 36,849 issued and outstanding as of December 31, 2023 and December 31, 2022, respectively	4	4
Additional paid-in capital	163,376	158,335
Accumulated deficit	(161,734)	(148,417)
Total stockholders' equity	1,646	9,922
Total liabilities and stockholders' equity	$ 46,697	$ 52,311

See the accompanying notes to consolidated financial statements.

WAG! GROUP CO.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31,	
	2023	2022
	(in thousands, except per share amounts)	
Revenues	$ 83,916	$ 54,865
Costs and expenses:		
Cost of revenues (exclusive of depreciation and amortization shown separately below)	5,477	4,024
Platform operations and support	12,475	13,825
Sales and marketing	50,523	35,156
Royalty	1,791	—
General and administrative	19,223	32,415
Depreciation and amortization	1,673	571
Total costs and expenses	91,162	85,991
Interest expense	7,417	2,886
Interest income	(907)	(416)
Other expense, net	21	4,958
Loss before income taxes and equity in net earnings of equity method investment	(13,777)	(38,554)
Income taxes	93	13
Equity in net earnings of equity method investment	553	—
Net loss	$ (13,317)	$ (38,567)
Loss per share, basic and diluted	$ (0.35)	$ (2.07)
Weighted-average common shares outstanding used in computing loss per share, basic and diluted	38,402	18,641

See the accompanying notes to consolidated financial statements.

WAG! GROUP CO.
CONSOLIDATED STATEMENTS OF REDEEMABLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)

	Redeemable Preferred Stock		Common Stock				
	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	(in thousands)		*(in thousands)*				
Balance as of December 31, 2022	—	$ —	36,849	$ 4	$ 158,335	$ (148,417)	$ 9,922
Issuance of common stock from exercise of stock options and restricted stock units			2,699	—	104		104
Stock-based compensation					4,712		4,712
Shares issued for acquisition			49	—	225		225
Net loss						(13,317)	(13,317)
Balance as of December 31, 2023	—	$ —	39,597	$ 4	$ 163,376	$ (161,734)	$ 1,646

	Redeemable Preferred Stock		Common Stock				
	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	(in thousands)				*(in thousands)*		
Balance as of December 31, 2021	24,545	$ 110,265	6,297	$ 1	$ 3,736	$ (109,850)	$ (106,113)
Reverse recapitalization (Note 3)	(686)	—	(176)	—			—
As adjusted, beginning of period	23,859	110,265	6,121	1	3,736	(109,850)	(106,113)
Issuance of Series P preferred stock, net of issuance costs	1,100	10,925					—
Issuance of common stock from exercise of stock options and restricted stock units			171	—	17		17
Stock-based compensation					24,492		24,492
Conversion of preferred stock to common stock	(24,959)	(121,190)	24,959	2	121,188		121,190
Business Combination with CHW, net of transaction costs and other related shares			6,646	1	10,546		10,547
Issuance of Community Shares			300	—	1,971		1,971
Settlement of Forward Share Purchase Agreements			(1,438)		(3,898)		(3,898)
Shares issued for acquisition			90		283		283
Net loss						(38,567)	(38,567)
Balance as of December 31, 2022	—	$ —	36,849	$ 4	$ 158,335	$ (148,417)	$ 9,922

See the accompanying notes to consolidated financial statements.

WAG! GROUP CO.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2023	2022
	(in thousands)	
Cash flow from operating activities:		
Net loss	$ (13,317)	$ (38,567)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation	4,712	24,492
Non-cash interest expense	2,506	1,115
Depreciation and amortization	1,673	571
Reduction in carrying amount of operating lease right-of-use assets	333	366
Change in fair value of derivative liability	—	4,958
Issuance of Community Shares	—	1,971
Equity in net earnings of equity method investments	(553)	—
Other	12	—
Changes in operating assets and liabilities, net of effect of acquired business:		
Accounts receivable	(4,083)	(3,234)
Prepaid expenses and other current assets	(395)	534
Operating lease liabilities	(208)	(334)
Other assets	7	—
Accounts payable	3,995	4,853
Accrued expenses and other current liabilities	(841)	128
Deferred revenue	(478)	344
Other non-current liabilities	172	—
Net cash used in operating activities	(6,465)	(2,803)
Cash flows from investing activities:		
Proceeds from sale and maturity of short-term investments	—	2,550
Cash paid for acquisitions, net of cash acquired	(10,430)	54
Cash paid for equity method investment	(1,470)	—
Purchase of property and equipment	(361)	(51)
Other	—	(718)
Net cash provided by (used in) investing activities	(12,261)	1,835
Cash flows from financing activities:		
Proceeds from exercises of stock options	104	17
Proceeds from debt, net of discount	—	24,123
Repayment of debt	(1,264)	(565)
Proceeds from issuance of Series P preferred stock, net of issuance costs	—	10,925
Proceeds from Business Combination with CHW, net of transaction costs	—	2,589
Other	(757)	—
Net cash provided by (used in) financing activities	(1,917)	37,089
Net change in cash and cash equivalents	(20,643)	36,121
Cash and cash equivalents, beginning of period	38,966	2,845
Cash and cash equivalents, end of period	$ 18,323	$ 38,966
Supplemental disclosures of cash flow information:		
Interest paid	$ 4,982	$ 2,470
Income taxes paid	$ 40	$ —
Noncash investing and financing activities:		
Conversion of preferred stock to common stock	$ —	$ 121,188
Forward Share Purchase Agreements	$ —	$ 4,958

See the accompanying notes to consolidated financial statements.

WAG! GROUP CO.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Description of Business

Wag! Group Co. ("Wag!," "Wag," the "Company," "we," or "our"), formerly known as CHW Acquisition Corporation ("CHW"), is incorporated in Delaware with headquarters in San Francisco, California. The Company develops and supports proprietary marketplace technologies available as a website and mobile app ("platform" or "marketplace") that enable Pet Parents (also referred to as "end user(s)") to connect with independent pet caregivers ("PCGs") and third-party service and product partners to obtain pet services and products, including pet walking, sitting, boarding, pet insurance comparison, and food and treats. The Company operates in the United States.

On August 9, 2022 (the "Closing Date" or "Merger Date"), Wag! Labs, Inc. ("Legacy Wag!"), CHW , and CHW Merger Sub, Inc. ("Merger Sub") pursuant to the terms of the Business Combination Agreement and Plan of Merger (the "CHW Business Combination Agreement") dated February 2, 2022, completed the business combination of Legacy Wag! and CHW which was effected by the merger of Merger Sub with and into Legacy Wag!, with Legacy Wag! surviving the Merger as a wholly-owned subsidiary of CHW (the "Merger," and, together with the other transactions contemplated by the CHW Business Combination Agreement, the "CHW Business Combination"). Upon completion of the Merger on August 9, 2022, following the approval at the extraordinary general meeting of the stockholders of CHW held on July 28, 2022 (the "Special Meeting"), the Company changed its name to Wag! Group Co. ("Post-Combination Company") and effectively assumed all of CHW's material operations. Refer to Note 3, *Business Combination with CHW*, for more information regarding the Merger.

2. Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated upon consolidation.

The number of shares and per share amounts prior to the Merger have been retroactively restated as shares reflecting conversion at the exchange ratio of 0.97 established in the CHW Business Combination. See Note 3, *Business Combination with CHW*, for more information regarding the CHW Business Combination.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The Company bases its estimates and assumptions on current facts, historical experience, and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the recording of revenues and expenses. Actual results could differ from those estimates.

Significant items subject to estimates and assumptions include, but are not limited to, fair values of financial instruments, assumptions used in the valuation of common and preferred stock, valuation of intangible assets acquired, valuation of stock-based compensation and warrants, and the valuation allowance for deferred income taxes. Actual results may differ from these estimates.

Reclassifications

Certain reclassifications were made to the prior period consolidated statement of operations, consolidated statement of redeemable preferred stock and stockholders' equity (deficit), and the consolidated statement of cash flows to conform to the current period presentation.

Recently Adopted Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"). This ASU changes the impairment model for most financial assets, requiring the use of an expected loss model which requires entities to estimate the lifetime expected credit loss on financial assets measured at amortized cost. Such credit losses will be recorded as an allowance to offset the amortized cost of the financial asset, resulting in a net presentation of the amount expected to be collected on the financial asset. In addition, credit losses relating to available-for-sale debt securities will now be recorded through an allowance for credit losses rather than as a direct write-down to the security. The amendments in this update are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The adoption of this guidance during the first quarter of 2023 did not have a material impact on the Company's consolidated financial statements.

New Accounting Pronouncements

In August 2020, the FASB issued ASU No. 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): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity* ("ASU 2020-06"). This ASU simplifies the accounting for convertible instruments by eliminating certain accounting models, resulting in fewer embedded conversion features being separately recognized from the host contract, and also amends the guidance for derivatives scope exception for contracts in an entity's own equity to reduce form-over-substance-based accounting conclusions. Additionally, the amendments in this ASU affect the diluted EPS calculation for convertible instruments. It requires that the effect of potential share settlement be included in the diluted EPS calculation when a convertible instrument may be settled in cash or shares; the if-converted method as opposed to the treasury stock method is required to calculate diluted EPS for these types of convertible instruments. The amendments in this update are effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years, with early adoption permitted. The adoption of this guidance will not have a material impact on the Company's consolidated financial statements.

In August 2023, the FASB issued ASU No. 2023-05, *Business Combinations—Joint Venture Formations (Subtopic 805-60): Recognition and Initial Measurement* ("ASU 2023-05"). This ASU requires a joint venture to recognize and initially measure its assets and liabilities using a new basis of accounting upon formation, i.e. at fair value (with exceptions to fair value measurement that are consistent with the business combinations guidance). The amendments in this update are effective for all newly-formed joint venture entities with a formation date on or after January 1, 2025, with early adoption permitted. Joint ventures formed prior to the adoption date may elect to apply the new guidance retrospectively back to their original formation date. The Company is evaluating the potential impact of this adoption on its consolidated financial statements.

In November 2023, the FASB issued ASU No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures* ("ASU 2023-07"). This ASU improves reportable segment disclosures, primarily through enhanced disclosures about significant segment expenses. The amendments in this update are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is evaluating the potential impact of this adoption on its consolidated financial statements.

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* ("ASU 2023-09"). This ASU improves the transparency of income tax disclosures by requiring: (1) consistent categories and greater disaggregation of information in the rate reconciliation, and (2) income taxes paid disaggregated by jurisdiction. Additionally, the amendments in this ASU improve the effectiveness and comparability of disclosures by: (1) adding disclosures of pretax income (or loss) and income tax expense (or benefit) to be consistent with U.S. Securities and Exchange Commission ("SEC") Regulation S-X, and (2) removing disclosures that no longer are considered cost beneficial or relevant. The amendments in this update are effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is evaluating the potential impact of this adoption on its consolidated financial statements.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents are comprised primarily of bank accounts and money market funds. These cash and cash equivalents are valued based on Level 1 inputs, which consist of quoted prices in active markets. To reduce its credit risk, the Company monitors the credit standing of the financial institutions that hold the Company's cash and cash equivalents.

Accounts Receivable, Net

Accounts receivable, net consists of amounts due from payment processors and trade customers that do not bear interest. The Company records an allowance for estimated credit losses inherent in its trade accounts receivable portfolio. In establishing the required allowance, management considers historical losses adjusted for current market conditions, the financial condition of the customer, the amount of receivables in dispute, and the current receivables aging and payment patterns. The Company does not have any off-balance sheet credit exposure related to its customers. The allowance for credit losses was immaterial as of December 31, 2023 and 2022.

Property and Equipment, Net

Property and equipment, net consisted of the following:

	December 31,	
	2023	2022
	(in thousands)	
Property and equipment, at cost:		
Equipment	$ 240	$ 200
Internal-use software	762	460
Total property and equipment, at cost	1,002	660
Less: accumulated depreciation and amortization	(655)	(572)
Property and equipment, net	$ 347	$ 88

The Company capitalizes qualifying proprietary software development costs that are incurred during the application development stage. Capitalization of costs begins when two criteria are met: (i) the preliminary project stage is completed, and (ii) it is probable that the software will be completed and placed in service for its intended use. Capitalization ceases when the software is substantially complete and ready for its intended use including the completion of all significant testing. Costs related to preliminary project activities and post implementation operating activities are expensed as incurred.

Depreciation of equipment and amortization of internal-use software is computed on a straight-line basis over the estimated useful lives of the related assets, which is three years. Depreciation and amortization expense of property and equipment was $0.1 million and $0.1 million for the years ended December 31, 2023 and 2022, respectively.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment based on undiscounted cash flows whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Measurement of an impairment loss is based on the estimated fair value of the asset.

Acquired Intangible Assets

When a business is acquired, a portion of the purchase price is typically allocated to identifiable intangible assets, such as customer relationships, developed technology, and trademarks. The fair value of these assets is determined primarily using the income approach, which requires management to project future cash flows and apply an appropriate discount rate. Intangible assets with finite lives are amortized on a straight-line basis over the estimated useful lives of the related assets. Estimates are based upon assumptions believed to be reasonable but which are inherently uncertain. Assumptions may be incomplete or inaccurate, and unanticipated events and circumstances may occur and could result in future impairment charges that could be material to the Company’s results of operations.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired in a business combination. Goodwill is not subject to amortization, but is reviewed for impairment on an annual basis or more frequently if events or changes in circumstances indicate that the carrying value of goodwill may not be recoverable. The Company performed a qualitative assessment during the fourth quarter of 2023 and determined that it is not more likely than not that the fair value of its single reporting unit is less than its carrying value. If it is determined that it is more likely than not that the fair value of the reporting unit is less than its carrying amount or if a qualitative assessment is not performed, then the Company would perform the quantitative goodwill impairment test as required, in which it would use a discounted cash flow approach to estimate the fair value of the reporting unit. If the fair value of the reporting unit is less than the carrying value, then a goodwill impairment amount is recorded for the difference up to the carrying value of goodwill.

Equity Method Investment

During the fourth quarter of 2022, the Company's subsidiary, Compare Pet Insurance Services, Inc., entered into an agreement to invest $1.5 million for 49% ownership in a new limited liability company, which was funded in the first quarter of 2023. The investment was accounted for as an equity method investment, with the Company's proportionate share of the investee's net income recognized in equity in net earnings of equity method investment within the Company's consolidated statement of operations, as the Company had less than 50% ownership and did not control the entity. During the year ended December 31, 2023, the Company recognized $1.8 million of Royalty expenses within its consolidated statements of operations related to fees payable to the equity method investee.

During the third quarter of 2023, the Company acquired the outstanding 51% ownership of the limited liability company for an aggregate purchase price of approximately $2.2 million. The Company accounted for the transaction as an asset acquisition using the cost accumulation model to determine the cost to be allocated to the assets acquired, which resulted in the derecognition of royalties payable to the equity method investee of approximately $1.8 million and the recognition of intangible assets acquired of approximately $0.2 million and cash acquired of $2.5 million. As a result of the transaction, the limited liability company became a wholly-owned subsidiary of the Company and the Company began consolidating the entity as part of its consolidated financial statements.

Revenue Recognition

The Company recognizes revenue in accordance with FASB Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers*. Through its Services offerings, the Company principally generates Services revenue from service fees charged to PCGs to successfully complete a pet care service to a Pet Parent via the platform. The Company also generates revenue from subscription fees paid by Pet Parents for Wag! Premium and fees paid by PCGs to join the platform. Additionally, through its Wellness and Pet Food & Treat offerings, the Company generates revenue through commission fees paid by third-party service partners in the form of 'revenue-per-action' or conversion activity defined in our agreements with the respective third-party service partner. For some of the Company's arrangements with third-party service partners, the transaction price is considered variable, and an estimate of the transaction price is recorded when the action occurs. The estimated transaction price used in the variable consideration is based on historical data with the respective third-party service partner and the consideration is measured and settled monthly.

The Company enters into terms of service with PCGs and Pet Parents to use the platform ("Terms of Service Agreements"), as well as an Independent Contractor Agreement ("ICA") with PCGs (the ICA, together with the Terms of Service Agreements, the "Agreements"). The Agreements govern the fees the Company charges the PCGs and Pet Parents, where applicable, for each transaction. Upon acceptance of a transaction, PCGs agree to perform the services that are requested by a Pet Parent. The acceptance of a transaction request combined with the Agreements establishes enforceable rights and obligations for each transaction. A contract exists between the Company and its customers after both the PCGs and Pet Parent accept a transaction request and the PCGs ability to cancel the transaction lapses. For Wag! Wellness and Pet Food & Treat revenues, the Company enters into agreements with third-party service partners which define the action by a Pet Parent that results in the Company earning and receiving a commission fee from the third-party service partner.

Wag!'s service obligations are performed, and revenue is recognized for fees earned related to the facilitation and completion of a pet service transaction between the Pet Parent and the PCG through the use of our platform. Revenue generated from the Company's Wag! Premium subscription is recognized on a ratable basis over the contractual period, which is generally one month to one year depending on the type of subscription purchased by the Pet Parent. Prepaid subscription amounts are included in Deferred revenue within the Company's consolidated balance sheets. Revenue related to the fees paid by the PCG to join the platform are recognized upon processing of the applications. Wag! Wellness and Pet Food & Treat revenue performance obligations are completed, and revenue is recognized, when an end user completes an action or conversion activity.

Principal vs. Agent Considerations

Judgment is required in determining whether the Company is the principal or agent in transactions with PCGs and Pet Parents. The Company evaluates the presentation of revenues on a gross or net basis based on whether the Company controls the service provided to the Pet Parent and is the principal (i.e., "gross"), or whether the Company arranges for other parties to provide the service to the Pet Parent and is an agent (i.e. "net").

The Company's role in a transaction on the platform is to facilitate PCGs finding, applying, and completing a successful pet care service for a Pet Parent. The Company has concluded it is the agent in transactions with PCGs and Pet Parents because, among other factors, the Company's role is to facilitate pet service opportunities; it is not responsible for and does not control the delivery of pet services provided by the PCGs to the Pet Parents.

Gift Cards

The Company sells gift cards that can be redeemed by Pet Parents through the platform. Proceeds from the sale of gift cards are deferred and recorded as contract liabilities in Deferred revenue within the Company's consolidated balance sheets until Pet Parents use the card to place orders on our platform. When gift cards are redeemed, revenue is recognized on a net basis as the difference between the amounts collected from the purchaser less amounts remitted to PCGs. Unused gift cards are included in Deferred revenue within the Company's consolidated balance sheets.

The Company recognizes breakage revenue based on historical redemption patterns.

Incentives

The Company offers discounts and promotions to encourage use of the Company's platform. These promotions are generally pricing actions in the form of discounts that reduce the price Pet Parents pay PCGs for services. These promotions result in a lower fee earned by the Company from the PCG. Accordingly, the Company records the cost of these promotions as a reduction of revenues. Discounts on services offered through our subscription program are also recorded as a reduction of revenues.

Loss Per Share

The Company follows the two-class method when computing loss per share when shares issued meet the definition of participating securities. The two-class method determines loss per share for each class of common stock and participating securities according to dividends declared or accumulated and participation rights in undistributed earnings. The two-class method requires income available to stockholders for the period to be allocated between common stock and participating securities based upon their respective rights to receive dividends as if all income for the period had been distributed.

For periods in which the Company reports net losses, diluted loss per share is the same as basic loss per share because potentially dilutive common shares are not assumed to have been issued if their effect is anti-dilutive.

Business Combinations

The Company accounts for business combinations using the acquisition method of accounting, which requires, among other things, allocation of the fair value of purchase consideration to the tangible and intangible assets acquired and liabilities assumed at estimated fair values on the acquisition date. The excess of the fair value of purchase consideration over the values of these identifiable assets and liabilities is recorded as goodwill. When determining the fair value of assets acquired and liabilities assumed, management makes significant estimates and assumptions, especially with respect to intangible assets. Significant estimates in valuing intangible assets include, but are not limited to, expected future cash flows, which includes consideration of future growth and margins, future changes in technology, brand awareness and discount rates. Fair value estimates are based on the assumptions that management believes to be reasonable, but which are inherently uncertain and, as a result, actual results may differ from estimates. After the purchase accounting is finalized, any subsequent adjustments are reflected in the consolidated statements of operations. Acquisition costs, such as legal and consulting fees, are expensed as incurred.

Fair Value Measurements

Fair value accounting is applied to all financial assets and liabilities that are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis (at least annually). As of December 31, 2023 and 2022, the carrying amounts of cash equivalents, accounts receivable, accounts payable, and accrued liabilities approximated their fair values due to their relatively short maturities. Management believes the terms of its long-term variable-rate debt reflect current market conditions for an instrument with similar terms and maturity; as such, the carrying value of the Company's debt, excluding the disclosed amount of debt discount and warrant allocation, approximated its fair value.

Assets and liabilities recorded at fair value on a recurring basis on the consolidated balance sheets are categorized based upon the level of judgment associated with the inputs used to measure their fair values. Fair value is defined as the exchange price that would be received for an asset or an exit price that would be paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The authoritative guidance on fair value measurements establishes a three-tier fair value hierarchy for disclosure of fair value measurements as follows:

Level 1 — Observable inputs such as unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 — Inputs (other than quoted prices in active markets included in Level 1) are either directly or indirectly observable for the asset or liability. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Concentration Risks

Significant customers are those which represent more than 10% of the Company's total revenues for the period or accounts receivable balance as of the period end date. During the year ended December 31, 2023, the Company had two customers that accounted for 10% or more of total revenues. These customers each represented $13.5 million and $16.5 million of total revenues for the year ended December 31, 2023, and in aggregate, accounted for 36% of the Company's total revenues for the year ended December 31, 2023. As of December 31, 2023, the Company had three customers that accounted for 10% or more of accounts receivable, and in aggregate, accounted for 58% of the Company's total accounts receivable as of December 31, 2023.

During the year ended December 31, 2022, the Company had two customers that accounted for 10% or more of total revenues. These customers each represented $6.6 million and $8.3 million of total revenues for the year ended December 31, 2022, and in aggregate, accounted for 27% of the Company's total revenues for the year ended December 31, 2022. As of December 31, 2022, the Company had four customers that accounted for 10% or more of accounts receivable, and in aggregate, accounted for 65% of the Company's total accounts receivable as of December 31, 2022.

Based on the nature of third-party partners, together with historical collection patterns, the Company does not anticipate any collectability issues with these receivables and closely monitors the outstanding receivables for payment within agreed-upon time periods.

Other Risks and Uncertainties

The Company has historically generated negative cash flows from operations and has primarily financed its operations through private and public sales of equity securities and debt. As of December 31, 2023, the Company had cash and cash equivalents of $18.3 million.

The Company expects operating losses and negative cash flows from operations to continue in the foreseeable future as it continues to invest in growing its business. The Company's primary uses of cash include operating costs such as product and technology expenses, marketing expenses, personnel expenses and other expenditures necessary to support its operations and growth. Although the Company currently anticipates that its existing cash and cash equivalents will be sufficient to meet its working capital, capital expenditure, and debt obligation needs for at least the next 12 months, the Company may seek additional financing over the long term, including to refinance or repay amounts due under the Financing Agreement that matures in August 2025. Accordingly, the Company may need to engage in equity or debt financings to secure additional funds. The Company's future capital requirements and the adequacy of available funds will depend on many factors.

Segment Reporting

The Company's chief operating decision maker regularly reviews financial information on a consolidated basis to make decisions about resource allocation and assess its performance. As such, the Company determined that it operates as a single operating and reportable segment.

3. Business Combination with CHW

As described in Note 1, *Organization and Description of Business*, the Merger with CHW was consummated on August 9, 2022 (the "Business Combination Closing Date"). The CHW Business Combination was accounted for as a reverse recapitalization in accordance with U.S. GAAP. Under this method of accounting, CHW was treated as the acquired company for financial reporting purposes. Accordingly, for accounting purposes, the CHW Business Combination was treated as the equivalent of Wag! issuing shares for the net assets of CHW, accompanied by a recapitalization. The shares and net earnings (loss) per common share prior to the Merger have been retroactively restated as shares reflecting the exchange ratio established in the Merger (0.97 shares of the Company's common stock for each share of Legacy Wag! common stock). The net assets of CHW have been recognized at carrying value, with no goodwill or other intangible assets recorded. Wag! accounted for the acquisition of CHW based on the amount of net assets acquired upon consummation.

Wag! has been determined to be the accounting acquirer based on evaluation of the following facts and circumstances:

- Wag!'s shareholders have a majority of the voting power of the Post-Combination Company;
- Wag! appointed the majority of the board of directors of the Post-Combination Company;
- Wag!'s existing management comprises the management of the Post-Combination Company;
- Wag! comprises the ongoing operations of the Post-Combination Company; and
- Wag! is the larger entity based on historical revenue and has the larger employee base.

In connection with the Special Meeting and the CHW Business Combination, the holders of 9,593,970 shares of CHW's ordinary shares, par value $0.0001 per share, exercised their right to redeem their shares for cash at a redemption price of approximately $10.00 per share, for an aggregate redemption amount of $95,939,700. As a result, the Company received approximately $29.1 million, of which $24.7 million was placed in escrow (and classified as restricted cash) in accordance with the Forward Share Purchase Agreements (see section below titled "Forward Share Purchase Agreements" for additional information). As of the date of the Merger, the Company also entered into a financing arrangement with Blue Torch Finance, LLC and received net proceeds of $29.4 million from a Secured Note (see Note 8, *Long-Term Debt*, for additional information). Additionally, the Company received $5 million from a PIPE and Backstop Investor as a result of the agreement entered into by CHW with the PIPE and Backstop Investor party on February 2, 2022 that closed immediately prior to the Merger.

Upon the consummation of the Merger, the following transactions occurred (the "Conversion"):

i. all outstanding shares of Legacy Wag!'s preferred stock, except for Legacy Wag! Series P Shares (as described in part (vi) below), were converted into shares of the Company's common stock, par value $0.0001 per share, at the then-effective conversion rate as calculated pursuant to the CHW Business Combination Agreement;

ii. the cancellation of each issued and outstanding share of Legacy Wag!'s common stock and the conversion into the right to receive a number of shares of the Company's common stock equal to the exchange ratio of 0.97 shares of the Company's common stock for each share of Legacy Wag! common stock;

iii. the conversion of 91,130 warrants issued and outstanding by Legacy Wag! in 2017 to two lenders (the "Legacy Wag! Common Warrants") into warrants exercisable for shares of the Company's common stock with the same terms except for the number of shares exercisable and the exercise price, each of which were adjusted using an exchange ratio of 0.97 for Legacy Wag! Common Warrants (further described in Note 10, *Redeemable Preferred Stock and Stockholders' Deficit*);

iv. the conversion of all outstanding vested and unvested options to purchase shares of Legacy Wag! common stock (the "Legacy Wag! Options") into options exercisable for shares of the Company's common stock with the same terms and conditions as were applicable to the Legacy Wag! Options immediately prior to the Conversion, except for the number of shares exercisable and the exercise price, each of which were adjusted using the exchange ratio of 0.97 for Legacy Wag! Options;

v. the conversion of the outstanding restricted stock unit award covering shares of Legacy Wag! common stock (each, a "Legacy Wag! RSU Award") into awards covering a number of shares of Wag! common stock (rounded down to the nearest whole number) with the same terms and conditions as were applicable to the Legacy Wag! RSU Awards immediately prior to the Conversion, except for the number of shares subject to the award, which was adjusted using the exchange ratio of 0.97 for Legacy Wag! RSU Awards;

vi. the conversion of 1,100,000 shares of Legacy Wag! Series P Shares into the Company's common stock on a one-for-one basis;

vii. the issuance and sale of 500,000 CHW ordinary shares for a purchase price of $10.00 per share and an aggregate purchase price of $5,000,000 immediately prior to or substantially concurrently with the Merger Date;

viii. immediately prior to the Effective Time, each CHW ordinary share (including any Sponsor Shares (as defined below) not forfeited) was converted into shares of the Company's common stock;

ix. the cancellation of 13,327 founder shares held by the Sponsor in accordance with the terms of the CHW Founders Stock Letter (as defined below) and the CHW Business Combination Agreement;

x. the issuance of 300,000 Wag! Community Shares ("Community Shares") that the Company may distribute to members of the pet wellness and welfare community as identified by our officers and directors; and

xi. the cancellation of 20,000 founder shares held by Sponsor in connection with the CHW Business Combination and in accordance with the CHW Founders Stock Letter and the CHW Business Combination Agreement.

Forward Share Purchase Agreements

Simultaneously with the closing of the CHW Business Combination, the Company deposited $24.7 million into an escrow account pursuant to four Forward Share Purchase Agreements ("FSPAs") entered into by CHW on August 5, 2022. In accordance with the FSPAs, on the three month anniversary of the Business Combination Closing Date (the "Put Date"), the participating investors could elect to sell and transfer to the Company, and the Company would purchase, in the aggregate, up to 2,393,378 shares of common stock of the Company, consisting of shares of common stock then held by the Investors . Each Investor was obligated to notify the Company and the Escrow Agent in writing five business days prior to the Put Date whether or not such Investor was exercising its right to sell the shares that such Investor held to the Company pursuant to the FSPAs (each, a "Shares Sale Notice"). If a Shares Sale Notice was timely delivered by an Investor to the Company and the Escrow Agent, the Company was obligated to purchase the shares held by such Investor on the Put Date. If the Investor sold any shares in the open market after the Merger Date and prior to Put Date (such sale, the "Early Sale" and such shares, the "Early Sale Shares"), the Escrow Agent would release from the escrow account to the Company an amount equal to $10.30 per Early Sale Share sold in such Early Sale.

The Company's purchase of the Investor shares was made with funds from the escrow account attributed to such Investor. In the event that the Investor chose not to sell to the Company any shares that the Investor owned as of the Put Date, the Escrow Agent would release all remaining funds from the escrow account for the Company's use without restriction. The Company accounts for the FSPAs as a derivative liability, remeasured to fair value on a recurring basis, with changes in fair value recorded to earnings. For more information, see Note 4, *Fair Value Measurements*.

On November 1, 2022, the Company entered into an amendment to an FSPA (the "Amended Agreement") for approximately 1.0 million shares. The Amended Agreement modified the date by which such holders may elect to have the Company repurchase their shares to November 23, 2022. No other terms were modified. Effective November 9, 2022, holders of 1.4 million shares subject to the FSPAs, elected to have the Company repurchase their remaining shares for an aggregate repurchase price of $14.8 million. The remaining investor and holder of 955,000 shares did not elect to sell its shares to the Company as of the extension date per the Amended Agreement and, as such, the Escrow Agent released the corresponding funds from the escrow account for the Company's use without restriction in total of $9.8 million.

Financing Agreement

On the Merger Date, the Company entered into a financing agreement with Blue Torch . See Note 8, *Long-Term Debt,* for additional information.

Reverse Recapitalization

The following table reconciles the elements of the CHW Business Combination, accounted for as a reverse recapitalization, to the consolidated statements of cash flows and of stockholders' equity (deficit) for the year ended December 31, 2022):

	Reverse Recapitalization
	(in thousands)
Cash – CHW's trust (net of redemptions)	$ 28,330
Cash – PIPE and Backstop Investor	5,202
Payment of transaction costs and other related expenses	(12,488)
Payment of deferred transaction costs	(9,318)
Proceeds from merger with CHW, net of issuance costs as of the Merger Date	11,726
Reversal of APIC impact recorded upon issuance of Forward Share Purchase Agreements ("FSPAs") in August 2022	(23,203)
Cash received from FSPA at Put Date	9,837
APIC impact of FSPA at Put Date, net of cash received	4,229
Proceeds from merger with CHW, net of issuance costs as of December 31, 2022	$ 2,589

	Number of Shares
	(in thousands)
CHW public shares, prior to redemptions(1)	12,500
Less redemption of CHW shares	(9,594)
CHW public shares, net of redemptions	2,906
Sponsor Shares	3,118
PIPE and Backstop Shares	500
CHW Business Combination and Financing Shares	6,524
Other share activity (Analyst Shares(2), Warrant Exercises)	122
CHW Business Combination, Financing Shares and Other Related Shares	6,646
Legacy Wag! Shares(3)	31,100
Total shares of common stock immediately after CHW Business Combination	37,746

(1) Includes 2,393,378 shares of common stock of the Company subject to the Forward Share Purchase Agreements.

(2) 50,000 shares were issued to Craig-Hallum Capital Group LLC at a price of $4.83 per share.

(3) The number of Legacy Wag! shares was determined from the shares of Legacy Wag! common and preferred stock outstanding immediately prior to the closing of the CHW Business Combination of 30,863,283, which are presented net of the common and preferred stock redeemed, converted at the exchange ratio of approximately 0.97 shares of the Company's common stock for each share of Legacy Wag! common and preferred stock, with the exception of 1,100,000 Legacy Wag! Series P Shares which converted into the Company's common stock on a one-for-one basis.

Earnout Compensation

In connection with the CHW Business Combination, Legacy Wag! stockholders and certain members of management and employees of Legacy Wag! that held either a share of common stock, a Legacy Wag! Option or a Legacy Wag! RSU Award (collectively "Eligible Company Equityholders") at the date of the Merger have the contingent right to Earnout Shares. The aggregate number of Earnout Shares and Management Earnout Shares is 10,000,000 and 5,000,000 shares of Wag! common stock, respectively. The Earnout Shares will be issued following the CHW Business Combination, only if certain Wag! share price conditions are met over a three-year period from the effective Merger Date. The Earnout Shares are subject to the occurrence of certain triggering events based on a three year period from the Merger Date as defined in the CHW Business Combination Agreement as:

1. 5,000,000 shares are earned if the stock price of the Company is or exceeds $12.50 for 20 out of any 30 consecutive trading days ("Triggering Event I")
2. 5,000,000 shares are earned if the stock price of the Company is or exceeds $15.00 for 20 out of any 30 consecutive trading days ("Triggering Event II"); and
3. 5,000,000 shares are earned if the stock price of the Company is or exceeds $18.00 for 20 out of any 30 consecutive trading days ("Triggering Event III") (collectively, the "Triggering Events").

Additionally, if there is a change of control transaction, the agreed upon selling price of the Company on a per share basis, would be the fair value of the shares inclusive of the resulting triggered Earnout Shares upon consummation of the proposed transaction. The per share price in a change in control would be used to determine whether the Triggering Events have been met, and depending on the per share price, a certain number of shares will be issued.

The Earnout Shares and Management Earnout Shares are classified as equity transactions at initial issuance and at settlement when and if the triggering conditions are met. The Earnout Shares are equity-classified since they do not meet the liability classification criteria outlined in FASB ASC Topic 480, *Distinguishing Liabilities from Equity*, and are both (i) indexed to the Company's own shares and (ii) meet the criteria for equity classification. Until the shares are issued upon a Triggering Event, the Earnout Shares are not included in shares outstanding. As of the date of the CHW Business Combination, the Earnout Share awards had a total fair value of $23.9 million determined using a Monte Carlo fair value methodology in each of the $12.50, $15.00, and $18.00 Earnout tranches multiplied by the number of Earnout Shares allocated to each individual pursuant to the calculation defined in the CHW Business Combination Agreement. The following table provides a range of assumptions used to determine fair value:

	Stock Price	Dividend Yield	Volatility	Risk-Free Interest Rate	Expected Term
Earnout Shares	$ 8.28	— %	44.00 %	3.20 %	3 years

As a result of the issuance of Community Shares, stock-based compensation expense incurred in connection with the Earnout Shares, and fair value measurement of the FSPAs, the Company incurred $39.5 million in transaction-related charges during the year ended December 31, 2022 in platform operations and support, sales and marketing, general and administrative, and other expense, net within its consolidated statements of operations.

4. Fair Value Measurements

The following tables provide information about the Company's financial instruments that are measured at fair value on a recurring basis and indicate the fair value hierarchy of the valuation techniques utilized to determine such values as of December 31, 2023 and 2022:

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
	(in thousands)			
Assets:				
Cash equivalents:				
Money market funds	$ 11,388	$ —	$ —	$ 11,388
Total cash equivalents	11,388	—	—	11,388
Total assets at fair value	$ 11,388	$ —	$ —	$ 11,388

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
	(in thousands)			
Assets:				
Cash equivalents:				
Money market funds	$ 31,690	$ —	$ —	$ 31,690
Total cash equivalents	31,690	—	—	31,690
Total assets at fair value	$ 31,690	$ —	$ —	$ 31,690

The Company's money market funds were valued using Level 1 inputs because they were valued using quoted prices in active markets. As of December 31, 2023 and 2022, the Company's cash equivalents approximated their estimated fair value. As such, there are no unrealized gains or losses related to the Company's cash equivalents.

5. Leases

The Company leases office space under non-cancellable lease agreements which expire between 2026 and 2028. Certain of these arrangements have free rent, escalating rent payment provisions, lease renewal options, and tenant allowances. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants. Leases with an initial term of twelve months or less are not recorded on the Company's consolidated balance sheets, and the Company does not separate non-lease components from lease components.

In June 2023, the Company entered into a non-cancellable agreement to lease office space in Phoenix, Arizona to replace its existing office space in Phoenix. The base rent is approximately $0.9 million in the aggregate over the original lease term of 65 months from the commencement date.

Lease cost is recognized on a straight-line basis over the lease term. The components of lease cost are as follows:

	Year Ended December 31,	
	2023	2022
	(in thousands)	
Lease cost:		
Fixed operating lease cost	$ 399	$ 369
Short-term lease cost	—	567
Variable lease cost(1)	8	184
Total lease cost	$ 407	$ 1,120

(1) Variable lease costs, which include items such as real estate taxes, common area maintenance, and changes based on an index or rate, are not included in the calculation of the right-of-use assets and are recognized as incurred.

As of December 31, 2023, maturities of operating lease liabilities were as follows:

	Amount
	(in thousands)
2024	$ 414
2025	424
2026	216
2027	175
2028	163
Total lease payments	1,392
Less: imputed interest	(190)
Present value of lease liabilities	$ 1,202

As the implicit rate in the Company's leases is generally unknown, the Company uses its incremental borrowing rate based on the information available at the lease commencement date in determining the present value of future lease payments. The Company gives consideration to its existing credit arrangements, term of the lease, total lease payments and adjusts for the impacts of collateral, as necessary, when calculating its incremental borrowing rates. The lease term may include options to extend or terminate the lease when it is reasonably certain the Company will exercise any such options. The weighted-average remaining lease term and the weighted-average discount rate used to calculate the present value of lease liabilities are as follows:

	December 31,	
	2023	2022
Weighted-average remaining lease term	3.8 years	2.3 years
Weighted-average discount rate	7.8 %	8.6 %

Supplemental cash flow information related to leases is as follows:

	Year Ended December 31,	
	2023	2022
	(in thousands)	
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	$ 281	$ 370
Right-of-use assets obtained in exchange for new lease liabilities:		
Operating leases	$ 676	$ 514

6. Goodwill and Other Intangible Assets

Goodwill recorded in connection with the Company's acquisitions is primarily attributable to the assembled workforce and anticipated operational synergies. Goodwill is reviewed for impairment at least annually, absent any interim indicators of impairment. Goodwill was $4.6 million and $1.5 million as of December 31, 2023 and 2022, respectively. The increase in goodwill during the year ended December 31, 2023 was due to the acquisitions of businesses during 2023 as further discussed in Note 15, *Acquisitions*.

The gross carrying amounts and accumulated amortization of the Company's intangible assets with determinable lives as of December 31, 2023 and 2022 were as follows:

	December 31, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
	(in thousands)		
Finite-lived intangible assets:			
Customer relationships and licenses	$ 7,686	$ (1,550)	$ 6,136
Media brand	1,250	(52)	1,198
Developed technology	1,073	(479)	594
Trademarks	1,052	(201)	851
Pharmacy board licenses	5	(5)	—
Total finite-lived intangible assets	11,066	(2,287)	8,779
Indefinite-lived intangible assets	49	—	49
Total intangible assets	$ 11,115	$ (2,287)	$ 8,828

	December 31, 2022		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
	(in thousands)		
Finite-lived intangible assets:			
Customer relationships and licenses	$ 2,166	$ (422)	$ 1,744
Developed technology	783	(226)	557
Trademarks	291	(56)	235
Pharmacy board licenses	5	—	5
Total finite-lived intangible assets	3,245	(704)	2,541
Indefinite-lived intangible assets	49	—	49
Total intangible assets	$ 3,294	$ (704)	$ 2,590

Amortization expense related to customer relationships and licenses, media brand, developed technology, trademarks, and pharmacy board licenses is recorded in depreciation and amortization within the Company's consolidated statements of operations. Amortization expense of intangible assets with determinable lives was $1.6 million and $0.5 million for the years ended December 31, 2023 and 2022, respectively.

As of December 31, 2023, the estimated future amortization expense of intangible assets with determinable lives was as follows:

	Amount
	(in thousands)
2024	$ 2,190
2025	2,067
2026	1,360
2027	1,209
2028	632
Thereafter	1,321
Total	$ 8,779

7. Contract Liabilities

The timing of Services revenue recognition may differ from the timing of invoicing to or collections from customers. The Company's contract liabilities balance, which is included in Deferred revenue within the Company's consolidated balance sheets, is primarily comprised of unredeemed gift cards, prepayments received from consumers for Wag! Premium subscriptions, and certain consumer credits for which the revenue is recognized over time as they are used for services on its platform. The contract liabilities balance was $1.8 million and $2.2 million as of December 31, 2023 and 2022, respectively. Revenues recognized related to the Company's contract liabilities as of the beginning of the year was $1.6 million and $0.3 million for the years ended December 31, 2023 and 2022, respectively.

8. Long-Term Debt

Paycheck Protection Program Loan

On August 5, 2020, the Company received loan proceeds of approximately $5.1 million from a financial institution pursuant to the Paycheck Protection Program (the "PPP Loan") established by the Coronavirus Aid, Relief, and Economic Security Act, of which $3.5 million was subsequently forgiven. The PPP Loan matures on August 5, 2025 and bears interest at a fixed rate of 1.00%. Principal and interest payments are payable monthly.

During the years ended December 31, 2023 and 2022, the Company repaid a total amount of $0.5 million and $0.4 million, respectively, on amounts outstanding under the PPP Loan. As of December 31, 2023 and December 31, 2022, the amount outstanding under the PPP Loan was $0.8 million and $1.2 million, respectively.

During the years ended December 31, 2023 and 2022, the Company recognized immaterial amounts of interest expense relating to the PPP Loan.

Blue Torch Financing and Warrant Agreement

On August 9, 2022, the Company entered into a financing agreement and warrant agreement with Blue Torch Finance, LLC (together with its affiliated funds and any other parties providing a commitment thereunder, including any additional lenders, agents, arrangers or other parties joined thereto after the date thereof, collectively, "Blue Torch"), pursuant to which, among other things, Blue Torch agreed to extend an approximately $32.2 million senior secured term loan (the "Financing Agreement") . The Financing Agreement is secured by a first priority security interest in substantially all assets of the Company and its subsidiaries.

The Financing Agreement bears interest at a floating rate of interest equal to, at the Company's option, Secured Overnight Financing Rate ("SOFR") plus 10.00% per annum or the reference rate plus 9.00% per annum, with the reference rate defined as the greatest of:

- 2.00% per annum;

- the federal funds effective rate plus 0.50% per annum;
- one-month SOFR plus 1.00% per annum; and
- the prime rate announced by the Wall Street Journal from time to time.

SOFR will be subject to a floor of 1.00% per annum, and the reference rate will be subject to a floor of 2.00% per annum. Interest will be payable in arrears at the end of each SOFR interest period (but at least every three months) for SOFR borrowings and quarterly in arrears for reference rate borrowings.

The Financing Agreement matures in three years after the Closing Date and is subject to quarterly amortization payments of principal, in an aggregate amount equal to 2.00% of the outstanding principal amount in the first year after closing, 3.00% of the outstanding principal amount in the second year after closing, and 5.00% of the outstanding principal amount in the third year after closing. The remaining outstanding principal balance of the Financing Agreement is due and payable in full on the maturity date. In addition to scheduled amortization payments, the Financing Agreement contains customary mandatory prepayment provisions that require principal prepayments of the loan upon certain triggering events, including receipt of asset sale proceeds outside of the ordinary course of business, receipt of certain insurance proceeds, and receipt of proceeds of non-permitted debt. The loan may also be voluntarily prepaid at any time, subject to the payment of a prepayment premium and a make-whole payment. The prepayment premium is payable for voluntary payments and certain mandatory prepayments, and is equal to: (i) an interest make-whole payment plus 3.00% of the principal amount of such prepayment in the first year after closing; (ii) 2.00% of the principal amount of such prepayment in the second year after closing; and (iii) 0% thereafter.

The Financing Agreement contains customary representations and warranties, affirmative covenants, financial reporting requirements, negative covenants and events of default. The negative covenants impose restrictions on the ability of the Company and its subsidiaries to incur indebtedness, grant liens, make investments, make acquisitions, declare and pay restricted payments, prepay junior or subordinated debt, sell assets, and enter into transactions with affiliates, in each case, subject to certain customary exceptions.

The Company’s obligations under the Financing Agreement are guaranteed by certain of its subsidiaries meeting materiality thresholds. Such obligations, including the guarantees, are secured by substantially all of the personal property of the Company and its subsidiary guarantors, including pursuant to a Security Agreement simultaneously entered into on August 9, 2022. The Financing Agreement establishes the following financial covenants: (i) the Company's trailing annual aggregate revenue shall exceed certain thresholds as of the end of each monthly computation period as defined therein; and (ii) liquidity shall not be less than $5 million at any time. The Company was in compliance with these covenants as of December 31, 2023. During the first quarter of 2023, the Company received a waiver regarding a covenant for timely reporting and execution of agreements with respect to the creation of a new wholly-owned subsidiary to hold the Dog Food Advisor assets.

As of December 31, 2023 and 2022, the interest rate for borrowings under the Financing Agreement was 15.61% and 14.84%, respectively.

During the years ended December 31, 2023 and 2022, the Company repaid a total amount of $0.8 million and $0.2 million, respectively, on amounts outstanding under the Financing Agreement. As of December 31, 2023 and December 31, 2022, the amount outstanding under the Financing Agreement was $31.2 million and $32.0 million, respectively.

During the years ended December 31, 2023 and 2022, the Company recognized $4.9 million and $1.8 million, respectively, of interest expense relating to the Financing Agreement.

On the closing of the Financing Agreement, the Company also entered into the Lender Warrant Agreement with Vstock Transfer, LLC as warrant agent, pursuant to which affiliates of Blue Torch received 1,896,177 warrants to acquire common stock of the Company, par value $0.0001 per share ("Common Stock"), for $11.50 per whole share (such warrants, the "Lender Warrants"). The Lender Warrants were issued pursuant to the SPAC Warrant Agreement (as defined in the CHW Business Combination Agreement) and are subject to the terms and conditions thereof, as modified (whether reflected in the terms of the Lender Warrants issued on the Merger Date, or in an amendment to or exchange for the Lender Warrants consummated after the Merger Date) to provide that (i) the exercise period of the Lender Warrants will terminate on the earliest to occur of (x) the date that is ten years after completion of the CHW Business Combination, (y) liquidation of the Company, and (z) redemption of the Lender Warrants as provided in the SPAC Warrant Agreement (the "Lender Warrant Expiration Date"), (ii) Blue Torch has the ability to net exercise the Lender Warrants (based on the fair value of the stock at the time of net exercise, fair value being equal to the public trading price at the time of exercise) on a cashless basis, (iii) Blue Torch received the benefit of certain customary representations and warranties from the Company, and (iv) the Lender Warrants are not required to be registered under the Securities Act.

At the date of issuance, the Company classified the Lender Warrants as equity and recognized them in additional paid-in capital within its consolidated balance sheet. As the Lender Warrants were classified as equity, the Company will not remeasure the Lender Warrants each accounting period. The Company estimated the fair value of warrants exercisable for common stock using the Black-Scholes option valuation model. The Black-Scholes option valuation model inputs are based on the estimated fair value of the underlying common stock at the valuation measurement date, the remaining contractual term of the warrant, the risk-free interest rates, the expected dividends, and the expected volatility of the price of the Company's underlying stock.

As the Lender Warrants were classified as equity, the proceeds were allocated based on the relative fair values of the financial instruments issued as a whole.

Total Debt

As of December 31, 2023, annual scheduled principal payments of debt were as follows:

	Amount
	(in thousands)
2024	$ 1,751
2025	30,227
Total principal payments	$ 31,978

9. Commitments and Contingencies

Legal and Other Contingencies

From time to time, the Company may be a party to litigation and subject to claims, including non-income tax audits, in the ordinary course of business. The Company accrues a liability when management believes information available to it prior to the issuance of the consolidated financial statements indicates it is probable a loss has been incurred as of the date of the consolidated financial statements and the amount of loss can be reasonably estimated. The Company adjusts its accruals to reflect the impact of negotiations, settlements, rulings, advice of legal counsel, and other information and events pertaining to a particular case. Legal costs are expensed as incurred. Although the results of litigation and claims cannot be predicted with certainty, management concluded that there was not a reasonable probability that it had incurred a material loss during the periods presented related to such loss contingencies. Therefore, the Company has not recorded a reserve for any such contingencies.

Given the inherent uncertainties and unpredictability of litigation, the ultimate outcome of ongoing matters cannot be predicted with certainty but the Company believes it has valid defenses with respect to the legal matters pending against it. Nevertheless, the consolidated financial statements could be materially adversely affected in a particular period by the resolution of one or more of these contingencies. Regardless of the outcome, litigation can have an adverse impact on the Company because of judgment, defense, and settlement costs, diversion of management resources, and other factors. Liabilities established to provide for contingencies are adjusted as further information develops, circumstances changes, or contingencies are resolved; such changes are recorded in the accompanying statements of operations during the period of the change and reflected in accrued expenses and other current liabilities on the accompanying consolidated balance sheets.

The Company has been and continues to be involved in numerous legal proceedings related to PCG classification. In California, Assembly Bill No. 5 (AB-5) implemented a presumption that workers are employees. However, AB-2257 exempts agencies providing referrals for certain animal services, including dog walking, from AB-5. The Company believes that it falls within this exemption. Nevertheless, the interpretation or enforcement of the exemption could change. The United States Department of Labor announced on October 11, 2022 that it would publish a Notice of Proposed Rulemaking regarding the classification of workers as independent contractors or employees. The Company is monitoring the development of the proposed rule and will evaluate in a future period any potential impact of the final rule, when issued, on our operations.

The Company is subject to audits by taxing authorities and other forms of investigation, audit, or inquiry conducted by federal, state, or local governmental agencies. Due to the inherent uncertainties in the final outcome of such matters, the Company can give no assurance that it will prevail in such matters, which could have an adverse effect on the Company's business. In addition, the Company may be subject to greater risk of legal claims or regulatory actions as it increases and continues its operations in jurisdictions where the laws and regulations governing online marketplaces or the employment classification of service providers who use online marketplaces are uncertain or unfavorable.

In November 2019, California issued an assessment alleging various violations and penalties related to alleged misclassification of pet caregivers who use the Company's platform as independent contractors. The Company has challenged both the legal basis and the amount of the assessment, of $1.7 million in unemployment insurance contributions for our independent contractors. In April 2022, the California Employment Development Department ("CA EDD") initiated a routine employment tax audit of the Company. The Company is engaged in ongoing discussions with the CA EDD, including providing additional data that has been requested, in order to determine what, if any, additional assessments are warranted. CA EDD alleges the Company owes approximately $1.3 million in unemployment insurance contributions for our independent contractors. In response, the Company submitted a Petition for Reassessment and intend to defend itself vigorously in this pending matter. The Company believes given the inherent uncertainties of litigation, the outcome of this matter is not considered probable nor estimable and, therefore, the Company has not recorded a reserve.

In August 2018, the New York State Department of Labor ("NY DOL") issued an Investigation Report assessing the Company with approximately $0.2 million in unemployment insurance contributions for our independent contractors. In August 2023, the Company completed payments of $0.4 million to the DOL, which represented the amount of the assessment plus interest and was recognized in general and administrative expenses within the Company's consolidated statement of operations for the year ended December 31, 2023.

In December 2019, Wag Hotels, Inc. filed a lawsuit against the Company alleging various claims related to breach of contract and trademark infringement. On June 29, 2023, the parties agreed to a settlement amount of $0.5 million to resolve all claims, with an initial payment up front and the remaining payments over 25 months. The settlement was executed on August 30, 2023. The $0.5 million was recognized in general and administrative expenses within the Company's consolidated statement of operations for the year ended December 31, 2023 and the Company has recorded a corresponding liability in Accrued expenses and other current liabilities and Other non-current liabilities within its consolidated balance sheet as of December 31, 2023.

In December 2023, the NY DOL issued an investigation report assessing the Company with approximately $1.8 million in unemployment insurance contributions, including interest and penalties, for its independent contractors. On January 19, 2024, the Company submitted a request for hearing contesting assessment. The Company believes given the inherent uncertainties of litigation, the outcome of this matter is not considered probable nor estimable and, therefore, the Company has not recorded a reserve.

As of December 31, 2023, management did not believe that the outcome of pending matters would have a material effect on the Company's financial position, results of operations, or cash flows.

10. Redeemable Preferred Stock and Stockholders' Equity (Deficit)

Redeemable Preferred Stock

On January 28, 2022, Legacy Wag! issued 1.1 million convertible preferred shares ("Series P") in exchange for $11 million of cash. Series P was issued on substantially similar terms to Legacy Wag!'s other convertible preferred share issuances, except for the Series P convertible share agreement, which contained an adjustment provision that provided for additional shares to be issued based on a formula if the proposed Merger was not completed, as defined in the Company's Certificate of Incorporation. Upon consummation of the Merger, the Series P shares converted into the Company's common stock on a one-for-one basis.

In connection with the Merger, all shares of redeemable convertible preferred stock were converted to common stock of the Company. As such, all outstanding shares of Legacy Wag!'s preferred stock, except for Legacy Wag! Series P Shares (as described above), were converted into shares of the Company's common stock, par value $0.0001 per share, at the then-effective conversion rate of approximately 0.97.

Pursuant to the Company's Certificate of Incorporation, the Company is authorized to issue 1,000,000 shares of preferred stock having a par value of $0.0001 per share. The Company's board of directors has the authority to issue preferred stock and to determine the rights, preferences, privileges, and restrictions, including voting rights, of those shares. As of December 31, 2023, no shares of preferred stock were issued and outstanding.

Common Stock Warrants

Legacy Wag! Common Warrants

Prior to January 2019, the Company granted 91,310 warrants to purchase common stock. The weighted average exercise price for the warrants was $1.54, and the term of the warrants was 10 years. The warrants were valued on the date of grant using the Black-Scholes Merton ("Black-Scholes") option pricing model. Upon consummation of the Merger, these warrants were unexercised at the date of the Merger and, as a result, were adjusted using an exchange ratio of 0.97 for Legacy Wag! Common Warrants. During the year ended December 31, 2022, the two Legacy Wag! holders net exercised their warrants on a cashless basis for 72,434 shares of common stock.

CHW Public and Private Placement Warrants

Prior to the Merger, CHW issued 12,500,000 Public Warrants and 4,238,636 Private Placement Warrants (together, the "Warrants") in connection with its initial public offering to CHW Acquisition Sponsor, LLC, the sponsor of CHW. After consummation of the Merger on August 9, 2022, the 4,238,636 Private Placement Warrants held by the Sponsor were exchanged for 3,895,564 warrants to purchase shares of common stock of the Company issuable upon the exercise of the Private Placement Warrants originally issued to CHW and the 12,500,000 shares of common stock that are issuable upon the exercise of the Public Warrants remained outstanding. Each whole warrant entitles the registered holder to purchase one share of common stock at a price of $11.50 per share, subject to adjustment, at any time commencing on September 8, 2022. The Warrants will expire on the fifth anniversary of the CHW Business Combination.

Management has concluded that the Warrants issued pursuant to the CHW's IPO qualify for equity accounting treatment. As of December 31, 2023, 12,500,000 Public Warrants and 3,895,564 Private Placement Warrants remained outstanding.

The Company may call the Warrants for redemption:

- in whole or in part;
- at a price of $0.01 per warrant;
- upon a minimum of 20 days' prior written notice of redemption; and
- if, and only if, the reported last sale price of the Public Shares equals or exceeds $16.50 per share (as adjusted for share subdivisions, share consolidations, share capitalizations, rights issuances, reorganizations, recapitalizations and the like) for any 20 trading days within a 30-trading day period ending on the third trading day prior to the date the Company sends the notice of redemption to the warrant holders.

If the Company calls the Warrants for redemption, management will have the option to require all holders that wish to exercise the public warrants to do so on a "cashless basis," as described in the warrant agreement.

The exercise price and number of shares of common stock issuable upon exercise of the Warrants may be adjusted in certain circumstances including in the event of a share dividend, recapitalization, reorganization, merger or consolidation. However, the Warrants will not be adjusted for issuance of common stock at a price below its exercise price. Additionally, in no event will the Company be required to net cash settle the Warrants.

Accumulated Other Comprehensive Income

There were no changes in accumulated other comprehensive income for the years ended December 31, 2023 and 2022.

11. Revenues

The following table presents the Company's revenues disaggregated by offering:

	Year Ended December 31,	
	2023	**2022**
	(in thousands)	
Services revenue	$ 24,422	$ 21,823
Wellness revenue	52,922	33,042
Pet food & treats revenue	6,572	—
Total revenues	$ 83,916	$ 54,865

12. Stock-Based Compensation

In 2014, the Company adopted the 2014 Stock Option Plan (the "2014 Plan"), which provided for the grant of stock options and stock unit awards. Options granted under the 2014 Plan were either incentive stock options ("ISOs") or nonqualified stock options ("NSOs"). The 2014 Plan allowed ISOs to be granted only to employees of Legacy Wag! and its parents or affiliates, while stock awards other than ISOs were allowed to be granted to employees, nonemployee directors, and consultants of Legacy Wag! and its parents or affiliates.

In August 2022, in connection with the Merger, the Company's stockholders approved the Wag! Group Co. 2022 Omnibus Incentive Plan (the "2022 Plan"), which replaced the 2014 Plan. After the adoption thereof, no additional awards were granted under the 2014 Plan. The 2022 Plan provides for the grant of stock options, stock appreciation awards, restricted stock and stock unit awards. Awards generally vest in equal quarterly installments over a three- or four-year period, provided that the initial vest generally occurs after a one-year cliff. Stock unit awards granted to nonemployee directors generally vest over a one-year period. As of December 31, 2023, an aggregate of approximately 0.5 million shares remained available for future issuance under the 2022 Plan.

Stock unit awards are valued at the market value on the date of grant. The Company recognizes stock-based compensation expense on a straight-line basis over the requisite service period and recognizes forfeitures as they occur.

During the years ended December 31, 2023 and 2022, the Company granted stock unit awards with service conditions to certain employees and nonemployee directors. The Company did not grant any stock options during the years ended December 31, 2023 and 2022.

The following table summarizes the activities for all stock options under the Company's stock-based compensation plans for the year ended December 31, 2023:

	Number of Options Outstanding	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life	Aggregate Intrinsic Value(1)
	(in thousands)			*(in thousands)*
Outstanding as of December 31, 2022	7,194	$ 0.40	7.19 years	$ 19,292
Granted	—	$ —		
Exercised	(1,010)	$ 0.10		
Forfeited or expired	(21)	$ 2.75		
Outstanding as of December 31, 2023	6,163	$ 0.44	6.06 years	$ 8,934
Exercisable as of December 31, 2023	6,021	$ 0.44	6.06 years	$ 8,715
Vested and expected to vest as of December 31, 2023	6,163	$ 0.44	6.06 years	$ 8,934

(1) The intrinsic value is the amount by which the current market value of the underlying stock exceeds the exercise price of the stock awards.

The total intrinsic value of stock options exercised during the years ended December 31, 2023 and 2022 was $2.2 million and $0.3 million, respectively.

The following table summarizes the activities for all restricted stock units ("RSUs") under the Company's stock-based compensation plans for the year ended December 31, 2023:

	Number of Shares	Weighted-Average Grant Date Fair Value Per Share
	(in thousands)	
Outstanding and nonvested as of December 31, 2022	4,195	$ 2.44
Granted	2,000	$ 2.34
Vested	(1,692)	$ 2.44
Forfeited	(181)	$ 2.40
Outstanding and nonvested as of December 31, 2023	4,322	$ 2.39
Expected to vest as of December 31, 2023	4,322	$ 2.39

The total vesting date fair value of RSUs which vested during the years ended December 31, 2023 and 2022 was $3.8 million and $0.4 million, respectively.

The following table provides information about stock-based compensation expense by financial statement line item:

	Year Ended December 31,	
	2023	2022
	(in thousands)	
Platform operations and support	$ 1,025	$ 2,991
Sales and marketing	739	2,138
General and administrative	2,948	19,363
Total stock-based compensation expense	$ 4,712	$ 24,492

As of December 31, 2023, the total unrecognized compensation cost related to all nonvested stock options was $20 thousand and the related weighted-average period over which it is expected to be recognized was approximately 1.23 years.

As of December 31, 2023, the total unrecognized compensation cost related to all nonvested RSUs was $9.3 million and the related weighted-average period over which it is expected to be recognized was approximately 2.11 years.

Employee Stock Purchase Plan

In August 2022, in connection with the Merger, the Company adopted the Wag! Group Co. 2022 Employee Stock Purchase Plan ("ESPP"). Under the terms of the ESPP, rights to purchase common shares may be granted to eligible qualified employees subject to certain restrictions. The ESPP enables the Company's eligible employees, through payroll withholdings, to purchase a limited number of common shares at 85% of the fair market value of a common share either at the beginning of that offering period or on the applicable exercise date, whichever is less. In connection with the adoption of the ESPP, the Company has reserved for issuance a total of approximately 6.4 million shares. Although effective, the plan has yet to commence and offering periods under the ESPP will not commence until determined by the compensation committee of the Company's board of directors.

13. Income Taxes

Income taxes were as follows:

	Year Ended December 31,	
	2023	**2022**
	(in thousands)	
Current tax expense:		
Federal	$ —	$ —
State	93	34
Total current tax expense	93	34
Deferred:		
Federal	—	(20)
State	—	(1)
Total deferred tax expense	—	(21)
Total tax expense	$ 93	$ 13

The significant categories of temporary differences that gave rise to deferred tax assets and liabilities were as follows:

	December 31,	
	2023	2022
	(in thousands)	
Deferred tax assets:		
Net operating loss carryforwards	$ 58,042	$ 54,628
Capitalized research and development costs	56	1,249
Stock-based compensation	334	205
Accrued expenses	421	591
Charitable contributions	445	416
Operating lease liabilities	308	218
Other	2,061	868
Gross deferred tax assets	61,667	58,175
Less: valuation allowance	(60,916)	(57,271)
Total deferred tax assets	751	904
Deferred tax liabilities:		
Intangible assets	483	713
Operating lease right-of-use assets	268	191
Total deferred tax liabilities	751	904
Total net deferred tax assets	$ —	$ —

Deferred income taxes reflect the net tax effects of (a) temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, and (b) operating losses and tax credit carryforwards. Net deferred tax assets consisted primarily of net operating loss carryforwards of $58.0 million and $54.6 million as of December 31, 2023 and 2022, respectively, related to U.S. federal and state taxes. A valuation allowance is provided when it is more likely than not that the deferred tax assets will not be realized. As of December 31, 2023 and 2022, the Company held valuation allowances against its deferred tax assets due to the uncertainty of realizing future benefits from its net operating loss carryforwards and other deferred tax assets. The valuation allowance increased by approximately $3.6 million and $4.5 million during the years ended December 31, 2023 and 2022, respectively.

U.S. federal and state net operating loss carryforwards of approximately $222.9 million and $186.3 million, respectively, for income tax purposes are available to offset future taxable income as of December 31, 2023. $198.4 million of the U.S. federal net operating losses can be carried forward indefinitely and are available to offset 80% of future taxable income. If not used, these federal carryforwards will begin to expire in varying amounts beginning in 2037. The state net operating loss carryovers will begin to expire in 2038 and will continue to expire through 2042.

The Tax Reform Act of 1986 and similar California legislation impose substantial restrictions on the utilization of net operating losses and tax credit carryforwards in the event that there is a change in ownership as provided by Section 382 and Section 383 of the Internal Revenue Code (“IRC”) and similar state provisions. Such a limitation could result in the limitation and/or expiration of the net operating loss carryforwards and tax credits before utilization, which could result in increased future tax liabilities when the Company becomes taxable for federal or state purposes. The Company has experienced ownership changes within the meaning of Section 382 of the IRC at various dates from 2015 through 2019.

The Company had no uncertain tax positions as of December 31, 2023 and 2022. As of December 31, 2023, the Company’s tax filings are generally subject to examination in major tax jurisdictions.

The reconciliation between the provision for income taxes at the statutory rate and the provision for income taxes at the effective tax rate is as follows:

	Year Ended December 31,	
	2023	2022
	(in thousands)	
Tax expense at United States statutory rate	21.0 %	21.0 %
Increase (decrease) in tax resulting from:		
State taxes, net of federal effect	2.8 %	1.4 %
Change in valuation allowance	(21.5)%	(9.1)%
Stock-based compensation	(1.0)%	(12.3)%
Change in fair value of derivative liability	— %	(2.7)%
Transaction costs – success-based	— %	1.8 %
Other	(2.0)%	(0.1)%
Total	(0.7)%	— %

14. Retirement Plan

The Company maintains a defined-contribution savings plan pursuant to Section 401(k) of the Internal Revenue Code of 1986, as amended. The plan is available to substantially all employees who meet the minimum age and length of service requirements. The Company's contribution expense relating to this plan was $0.1 million and $0.1 million for the years ended December 31, 2023 and 2022, respectively.

15. Acquisitions

Acquisition of Compare Pet Insurance

On August 3, 2021, the Company acquired 100% of the outstanding equity interests of Compare Pet Insurance Services, Inc. ("CPI"), one of the leading pet insurance marketplaces in the U.S., for cash consideration of $3.5 million and 0.6 million common shares with a fair value of $0.2 million as of the closing date. Of the cash consideration of $3.5 million, $1.5 million was paid on the acquisition date and the remaining $2.0 million will be paid in quarterly installments over three years, starting in the fourth quarter of 2021. The deferred purchase consideration, which was recorded at fair value on the acquisition date, was recognized in accrued expenses and other current liabilities, as well as other non-current liabilities, within the Company's the consolidated balance sheet. As of December 31, 2023 and 2022, the amounts included in accrued expenses and other current liabilities, as well as other non-current liabilities, within the Company's consolidated balance sheets, were $0.5 million and $1.2 million, respectively.

Acquisition of Dog Food Advisor

On January 5, 2023, the Company entered into an Asset Purchase Agreement with Clicks and Traffic LLC to purchase its Dog Food Advisor ("DFA") assets for cash consideration of $9.0 million. Of the cash consideration of $9.0 million, $8.1 million was paid on the acquisition date and the remaining $0.9 million was deposited into an escrow account as an indemnification holdback for a period of 12 months. No working capital was acquired as part of the transaction. The Company incurred less than $0.1 million in transaction-related costs during the first quarter of 2023 in connection with the acquisition of DFA, which are included in general and administrative expenses within the Company's consolidated statement of operations. The acquisition marked the Company's entrance into the Pet Food & Treats market, in line with its strategy to be an all-inclusive, trusted partner for the premium Pet Parent.

The assets acquired were recognized at fair value as of the date of the acquisition. During 2023, the Company finalized the analysis of the purchase price and no adjustments were made to the assessed fair values. The following table summarizes the final fair values assigned to the assets acquired:

	January 5, 2023
	(in thousands)
Intangible assets	$ 5,950
Goodwill	3,050
Total purchase consideration	$ 9,000

The table below summarizes the fair value and the estimated useful lives of the acquired intangible assets:

	January 5, 2023	Estimated Weighted-Average Useful Life
	(in thousands)	
Developed technology and website content	$ 1,950	5 years
Strategic customer relationships and subscriber lists	3,600	8 years
Trademarks	400	10 years
Total intangible assets	$ 5,950	7 years

Goodwill recognized as a result of this acquisition is deductible for tax purposes.

Pro forma disclosures required under ASC 805-10-50 are not presented because the pro forma impacts on the current period and prior year comparable period are not material.

Acquisition of Maxbone, Inc.

On April 6, 2023, the Company acquired 100% of the outstanding equity interests of MaxBone, Inc., a top-tier digital platform for modern pet essentials, for cash consideration of $0.5 million and 0.1 million common shares with a fair value of $0.2 million as of the closing date. Of the $0.2 million of common stock consideration, $0.1 million was issued on the acquisition date and the remaining $0.1 million will be issued in the future after the indemnification holdback period expires 12 months after the acquisition close. The acquisition expanded the Company's reach into the Pet Supplies market, while remaining committed to the needs and standards of the premium Pet Parent.

Acquisition of Woof Woof TV

On December 15, 2023, the Company acquired 100% of the outstanding equity interests of Rowlo Woof Limited ("Woof Woof TV"), a digital media publishing company focusing on content for dog lovers, for cash consideration of $1.3 million. Of the $1.3 million of cash consideration, $1.1 million was paid on the acquisition date and the remaining $0.2 million was deposited into an escrow account as an indemnification holdback for a period of 12 months. The Company accounted for the transaction as an asset acquisition, as substantially all of the fair value of the gross assets acquired was concentrated in a single identifiable asset.

The table below summarizes the fair value and the estimated useful life of the acquired intangible asset:

	December 15, 2023	Estimated Weighted-Average Useful Life
	(in thousands)	
Media brand	$ 1,250	2 years
Total intangible assets	$ 1,250	2 years

16. Loss Per Share

The following participating securities have been excluded from the computation of diluted loss per share for the periods presented because including them would have been anti-dilutive:

	Year Ended December 31,	
	2023	2022
	(in thousands)	
Earnout Shares	15,000	15,000
Options and RSUs issued and outstanding	10,485	11,389
Warrants issued and outstanding	18,292	18,292
Shares related to acquisition indemnification holdback	51	—
Total	43,828	44,681

All unvested Earnout Shares are excluded from basic and diluted loss per share as such shares are contingently issuable only when the share price of the Company's common stock exceeds specified thresholds, which had not been achieved as of December 31, 2023.

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

None.

Item 9A. ***Controls and Procedures***

Evaluation of Disclosure Controls and Procedures

The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), refers to controls and other procedures that are designed to provide reasonable assurance that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to provide reasonable assurance that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Because there are inherent limitations in all control systems, a control system, no matter how well conceived and operated, can provide only reasonable, as opposed to absolute, assurance that the objectives of the control system are met. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of 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 control. 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.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2023. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, due to the material weaknesses in internal control over financial reporting described below, our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) were not effective at a reasonable assurance level.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our management has assessed the effectiveness of our internal control over financial reporting as of December 31, 2023. In making this assessment of internal control over financial reporting, our management used the criteria described in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. We identified a material weakness in our internal control over financial reporting related to insufficient resources needed to fully implement our internal control risk assessment process, evaluate the technical accounting aspects of certain material transactions and effectively design and implement certain process level controls. We also identified a material weakness regarding the risk assessment process related to information technology general controls and activities of service organizations, the design and implementation of logical access, segregation of duties and program change controls and certain process level controls related to information used in the execution of those controls that impact our financial reporting processes.

These material weaknesses resulted in the immaterial misstatement of our consolidated financial statements for the year ended December 31, 2023, and for quarterly periods in 2023. Additionally, these material weaknesses could result in a misstatement of the account balances or disclosures that would result in a material misstatement to the annual or interim consolidated financial statements that would not be prevented or detected.

Because of these material weaknesses, our management concluded that we did not maintain effective internal control over financial reporting as of December 31, 2023.

We are not required to have, or to engage our independent registered public accounting firm to perform, an audit of the effectiveness of our internal control over financial reporting for as long as we are an "emerging growth company" pursuant to the provisions of the JOBS Act, and we therefore did not do so.

Remediation Plan

To address our material weaknesses, we have added accounting and finance personnel and implemented new financial accounting processes, controls, and systems. We are continuing to take steps to remediate the material weaknesses described above through implementing enhancements and controls within our accounting and proprietary systems, utilizing additional qualified accounting and finance resources and further evolving our accounting close processes. We will not be able to fully remediate these material weaknesses until these steps have been completed and the controls have been operating effectively for a sufficient period of time.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during our quarter ended December 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. ***Other Information***

(a) None.

(b) On December 8, 2023, Maziar Arjomand, our Chief Technology Officer, adopted a 10b5-1 trading arrangement providing for the sale from time to time of an aggregate of up to 180,000 shares of common stock and 180,000 shares of common stock issuable upon the exercise of options. The trading plan is intended to satisfy the affirmative defense in Rule 10b5-1(c). The duration of the trading plan is until March 31, 2025, or earlier if all transactions under the trading plan are completed.

No other officers, as defined in Rule 16a-1(f), or directors adopted or terminated a “Rule 10b5-1 trading arrangement” or a “non-Rule 10b5-1 trading arrangement,” as defined in Regulation S-K Item 408, during the last fiscal quarter.

Item 9C. ***Disclosure Regarding Foreign Jurisdictions that Prevent Inspections***

None.

PART III

Item 10. *Directors, Executive Officers and Corporate Governance*

The information required under this Item is incorporated herein by reference to our definitive proxy statement to be filed with the SEC no later than 120 days after the close of our fiscal year ended December 31, 2023.

Our Board has adopted a Code of Conduct that applies to all of our employees, officers and directors. The full text of our Code of Conduct is available on our investor relations website at investors.wag.co under the “Corporate Governance” section. We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding amendments to, or waiver from, a provision of our Code of Conduct by posting such information on the website address and location specified above.

Item 11. *Executive Compensation*

The information required under this Item is incorporated herein by reference to our definitive proxy statement to be filed with the SEC no later than 120 days after the close of our fiscal year ended December 31, 2023.

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

The information required under this Item is incorporated herein by reference to our definitive proxy statement to be filed with the SEC no later than 120 days after the close of our fiscal year ended December 31, 2023.

Item 13. *Certain Relationships and Related Transactions, and Director Independence*

The information required under this Item is incorporated herein by reference to our definitive proxy statement to be filed with the SEC no later than 120 days after the close of our fiscal year ended December 31, 2023.

Item 14. *Principal Accountant Fees and Services*

The information required under this Item is incorporated herein by reference to our definitive proxy statement to be filed with the SEC no later than 120 days after the close of our fiscal year ended December 31, 2023.

PART IV

Item 15. ***Exhibit and Financial Statement Schedules***

(a) The following documents are filed as part of this Annual Report on Form 10-K, or incorporated herein by reference:

1. *Financial Statements.* The financial statements included in Part II, Item 8, *Financial Statements and Supplementary Data*, of this document are filed as part of this Annual Report on Form 10-K.
2. *Financial Statement Schedules.* Schedules are omitted because the required information is inapplicable, not material, or the information is presented in the consolidated financial statements or related notes.
3. *Exhibits.* The exhibits listed in the Exhibit Index immediately below are filed as part of this Annual Report on Form 10-K, or are incorporated by reference herein.

(b) Exhibit Index:

		Incorporated by Reference		
Exhibit Number	**Description**	**Form**	**Exhibit**	**Filing Date**
2.1†	Business Combination Agreement, dated as of February 2, 2022, by and among CHW Acquisition Corporation, Wag Labs, Inc. and the other parties hereto	8-K	2.1	2/3/2022
3.1	Corrected Certificate of Incorporation of Wag! Group Co.	8-K	3.1	3/8/2024
3.2	Bylaws of Wag! Group Co.	8-K	3.2	8/15/2022
4.1	Warrant Agreement, dated as of August 30, 2021, by and between CHW and VStock Transfer LLC, as warrant agent	S-4	4.1	9/2/2021
4.2	Specimen Common Stock Certificate	S-1	4.2	9/14/2022
4.3	Specimen Warrant Certificate	S-1	4.3	9/14/2022
4.4*	Description of Securities			
4.5	CHW Founders Stock Letter, dated as of February 2, 2022, by and among the Sponsor, Jonah Raskas, Mark Grundman and CHW	8-K	10.6	2/3/2022
4.6	Amended and Restated Registration Rights Agreement dated August 9, 2022, by and among Wag! Group Co. and the other signatories thereto	8-K	10.2	8/15/2022
4.7	PIPE and Backstop Subscription Agreement, dated as of February 2, 2022, by and between CHW and the other signatories thereto	8-K	10.3, 10.4, 10.5	2/3/2022
10.1#	2014 Equity Plan of Wag Labs, Inc.	S-1	10.16	9/14/2022
10.2#	Form of 2014 Equity Plan Stock Option Grant Notice and Agreement (Installment Exercise) of Wag Labs, Inc.	S-1	10.17	9/14/2022
10.3#	Form of 2014 Equity Plan Stock Option Grant Notice and Agreement (Early Exercise) of Wag Labs, Inc.	S-1	10.18	9/14/2022
10.4#	Form of 2014 Equity Plan Restricted Stock Unit Grant Notice and Agreement of Wag Labs, Inc.	S-1	10.19	9/14/2022
10.5#	2020 Management Carve-out Bonus Plan of Wag Labs, Inc.	S-1	10.15	9/14/2022
10.6#*	Wag! Group Co. 2022 Omnibus Incentive Plan			
10.7#*	Wag! Group Co. 2022 Employee Stock Purchase Plan			
10.8#	Form of Restricted Stock Unit Grant Notice and Grant Agreement under the Wag! Group Co. 2022 Omnibus Incentive Plan	S-8	99.2	12/1/2022
10.9#	Form of Wag Labs, Inc. Executive Offer Letter	S-1	10.14	9/14/2022
10.10#	Form of Wag Labs, Inc. Earnout Letter	S-1	10.13	9/14/2022
10.11#	Form of Wag! Group Co. Director Offer Letter	S-1	10.12	9/14/2022
10.12†	Financing Agreement, dated August 9, 2022, between Blue Torch Finance, LLC and Wag! Group Co. and the other parties signatories thereto	8-K	10.6	8/15/2022
10.13†	Security Agreement, dated August 9, 2022, between Blue Torch Finance, LLC and Wag! Group Co. and the other parties signatories thereto	8-K	10.8	8/15/2022

10.14†	Warrant Agreement, dated August 9, 2022, between Blue Torch Capital LLC and Wag! Group Co.	8-K	10.7	8/15/2022
10.15	Form of Forward Share Purchase Agreement, dated August 5, 2022, by and between CHW and each of Milton Arbitrage Partners, LLC, MMCAP International Inc. SPC, Nautilus Master Fun, L.P., Polar Multi-Strategy master Fund and the other parties signatories thereto	8-K	10.1	8/8/2022
16.1	Letter from BDO USA, P.C. to the Securities and Exchange Commission dated September 11, 2023	8-K	16.1	9/12/2023
21.1*	Subsidiaries of the Registrant			
23.1*	Consent of Independent Registered Public Accounting Firm – PricewaterhouseCoopers LLP			
23.2*	Consent of Independent Registered Public Accounting Firm – BDO USA, P.C.			
24.1*	Power of Attorney (included on the Signatures page of this Annual Report on Form 10-K)			
31.1*	Rule 13a–14(a)/15d–14(a) Certification of Principal Executive Officer			
31.2*	Rule 13a–14(a)/15d–14(a) Certification of Principal Financial Officer			
32.1**	Section 1350 Certification of Principal Executive Officer and Principal Financial Officer			
97.1*	Wag! Group Co. Erroneously Awarded Compensation Recovery Policy			
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	Inline XBRL Taxonomy Extension Schema Document			
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document			
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document			
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document			
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document			
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)			

* Filed herewith.

** Furnished herewith.

Management contract or compensatory plan or arrangement.

† Certain schedules have been omitted pursuant to Item 601(a)(5) of Regulation S-K under the Securities Act. The Company agrees to furnish supplementally any omitted schedules to the Securities and Exchange Commission upon request.

^ Portions of this exhibit have been omitted pursuant to Item 601(b)(10)(iv) of Regulation S-K because they are both (i) not material and (ii) the type that the registrant treats as private or confidential. A copy of the omitted portions will be furnished to the Securities and Exchange Commission upon request.

Item 16. ***Form 10-K Summary***

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

WAG! GROUP CO.

By: /s/ GARRETT SMALLWOOD
Garrett Smallwood
Chief Executive Officer and Chairman
(Principal Executive Officer)

Date: March 20, 2024

By: /s/ ALEC DAVIDIAN
Alec Davidian
Chief Financial Officer
(Principal Financial and Accounting Officer)

Date: March 20, 2024

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Alec Davidian and Nicholas Yu, and each of them, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite or necessary to be done in connection therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their, his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

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

Signature	Title	Date
/s/ GARRETT SMALLWOOD Garrett Smallwood	*Chief Executive Officer and Chairman* (Principal Executive Officer and Director)	March 20, 2024
/s/ ALEC DAVIDIAN Alec Davidian	*Chief Financial Officer* (Principal Financial and Accounting Officer)	March 20, 2024
/s/ KIMBERLY A. BLACKWELL Kimberly A. Blackwell	Director	March 20, 2024
/s/ MELINDA CHELLIAH Melinda Chelliah	Director	March 20, 2024
/s/ ROGER LEE Roger Lee	Director	March 20, 2024
/s/ JOCELYN MANGAN Jocelyn Mangan	Director	March 20, 2024
/s/ SHEILA LIRIO MARCELO Sheila Lirio Marcelo	Director	March 20, 2024
/s/ BRIAN YEE Brian Yee	Director	March 20, 2024

Exhibit 4.4

DESCRIPTION OF THE REGISTRANT'S SECURITIES
REGISTERED PURSUANT TO SECTION 12 OF
THE SECURITIES EXCHANGE ACT OF 1934

The following description sets forth certain material terms and provisions of the securities of Wag! Group Co. ("Wag!," "we," "us," and "our") that are registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). This description also summarizes relevant provisions of the Delaware General Corporation Law (the "DGCL"), the warrant agreements and the amended and restated registration rights agreement. The following summary does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the applicable provisions of the DGCL and our certificate of incorporation (the "certificate of incorporation"), our bylaws, the warrants agreements and the amended and restated registration rights agreement. Because the following is only a summary, it does not contain all of the information that may be important to you. For a complete description of the matters set forth in this Exhibit 4.4, you should refer to our certificate of incorporation, our bylaws, the warrant agreements and the amended and restated registration rights agreement, each of which is publicly filed with the U.S. Securities and Exchange Commission and incorporated by reference as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.4 is a part, and to the applicable provisions of the DGCL.

General

Our certificate of incorporation authorizes the issuance of 111,000,000 shares of capital stock, par value $0.0001 per share, consisting of:

- 110,000,000 shares common stock and
- 1,000,000 shares of preferred stock.

Common Stock

Voting Rights. Each holder of common stock is entitled to one vote for each share of common stock held of record by such holder on all matters on which stockholders generally are entitled to vote.

Dividend Rights. Subject to preferences that may be applicable to any outstanding preferred stock, the holders of shares of common stock will be entitled to receive ratably such dividends, if any, as may be declared from time to time on common stock having dividend rights by our board of directors out of funds legally available therefor.

Rights Upon Liquidation. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company's affairs, the holders of common stock will be entitled to share ratably in all assets remaining after payment of our debts and other liabilities, subject to *pari passu* and prior distribution rights of preferred stock or any class or series of stock having a preference over the common stock, then outstanding, if any.

Other rights. The holders of common stock will have no preemptive or conversion rights or other subscription rights. There will be no redemption or sinking fund provisions applicable to the common stock. The rights, preferences and privileges of holders of common stock will be subject to those of the holders of any shares of preferred stock we may issue in the future.

Preferred Stock

Our certificate of incorporation provides that shares of preferred stock may be issued from time to time in one or more series. The board of directors is authorized to fix the voting rights, if any, designations, powers and preferences, the relative, participating, optional or other special rights, and any qualifications, limitations and restrictions thereof, applicable to the shares of each series of preferred stock. The board of directors is able to, without stockholder approval, issue preferred stock with voting and other rights that could adversely affect the voting power and other rights of the holders of the common stock and could have anti-takeover effects. The ability of the board of directors to issue preferred stock without stockholder approval could have the effect of delaying, deferring or preventing a change of control of us or the removal of existing management. At present, we have no plans to issue any preferred stock.

Authorized but Unissued Capital Stock

The DGCL does not require stockholder approval for any issuance of authorized shares. However, the listing requirements of The Nasdaq Stock Market LLC ("Nasdaq"), which will apply so long as the shares of common stock remain listed on the Nasdaq Global Market, require stockholder approval of certain issuances of common stock (including any securities convertible into common stock) equal to or exceeding 20% of the then outstanding voting power or the then outstanding number of shares of common stock. These additional shares may be used for a variety of corporate purposes, including future public offerings, to raise additional capital or to facilitate acquisitions.

One of the effects of the existence of unissued and unreserved common stock or preferred stock may be to enable our board of directors to issue shares to persons friendly to current management, which issuance could render more difficult or discourage an attempt to obtain control of our company by means of a merger, tender offer, proxy contest or otherwise, and thereby protect the continuity of our management and possibly deprive the stockholders of opportunities to sell their shares of common stock at prices higher than prevailing market prices.

Anti-Takeover Provisions

Special Meetings of Stockholders. The bylaws provide that special meetings of stockholders may be called only by a majority vote of our board of directors, by the Chairperson of the board of directors, or by the chief executive officer.

Advance Notice Requirements for Stockholder Proposals and Director Nominations. The bylaws provide that stockholders seeking to bring business before an annual meeting of stockholders, or to nominate candidates for election as directors at an annual meeting of stockholders, must provide timely notice of their intent in writing. To be considered timely, a stockholder's notice will need to be received by the company secretary at the principal executive offices 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. Pursuant to Rule 14a-8 of the Exchange Act, proposals seeking inclusion in our annual proxy statement must comply with the notice periods contained therein. The bylaws specify certain requirements as to the form and content of a stockholders' meeting. These provisions may preclude stockholders from bringing matters before an annual meeting of stockholders or from making nominations for directors at an annual meeting of stockholders.

Authorized but Unissued Shares. Our authorized but unissued shares of common stock and preferred stock will be available for future issuances without stockholder approval and could be utilized for a variety of corporate purposes, including future offerings to raise additional capital, acquisitions and employee benefit plans. The existence of authorized but unissued and unreserved shares of common stock and preferred stock could render more difficult or discourage an attempt to obtain control of Wag! by means of a proxy contest, tender offer, merger or otherwise.

Choice of Forum. Our certificate of incorporation provides that unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, if and only if, the Court of Chancery of the State of Delaware lacks subject matter jurisdiction, any state court located within the State of Delaware or, if and only if, all such state courts lack subject matter jurisdiction, the federal district court for the District of Delaware) and any appellate court therefrom shall be the sole and exclusive forum for the following claims or causes of action brought under Delaware statutory or common law: (1) any derivative claim or action brought on our behalf; (2) any claim or cause of action for breach of fiduciary duty owed by any of our current or former directors, officers or other employees; (3) any claim or cause of action against us, or any of our current or former directors, officers or other employees, arising out of, or pursuant to, the DGCL, the certificate of incorporation or the bylaws (as each may be amended from time to time); (4) any claim or cause of action seeking to interpret, apply, enforce or determine the validity of the certificate of incorporation or the bylaws (as each may be amended from time to time, including any right, obligation, or remedy thereunder); (5) any claim or cause of action as to which the DGCL confers jurisdiction to the Court of Chancery of the State of Delaware; or (6) any claim or cause of action against us or any of our current or former directors, officers or other employees, that is governed by the internal affairs doctrine or otherwise related to our internal affairs, in all cases to the fullest extent permitted by law and subject to the court having personal jurisdiction over the indispensable parties named as defendants. The aforementioned provisions will not apply to claims or causes of action brought to enforce a duty or liability created by the Securities Act of 1933, as amended (the "Securities Act"), the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. However, as Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act, and an investor cannot waive compliance with the federal securities laws and the rules and regulations thereunder, there is uncertainty as to whether a court would enforce such a provision. 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 unless we consent in writing to the selection of an alternative forum, to the fullest extent permitted by law, the U.S. federal district courts will be the exclusive forum for resolving any complaint asserting a cause or causes of action arising under the Securities Act.

While the Delaware courts have determined that such choice of forum provisions are facially valid, a stockholder may nevertheless seek to bring a claim in a venue other than those designated in the exclusive forum provisions. In such instance, we would expect to vigorously assert the validity and enforceability of the exclusive forum provisions of the certificate of incorporation. This may require significant additional costs associated with resolving such action in other jurisdictions and there can be no assurance that the provisions will be enforced by a court in those other jurisdictions.

Although we believe these provisions benefit us by providing increased consistency in the application of Delaware law in the types of lawsuits to which it applies, a court may determine that this provision is unenforceable, and to the extent it is enforceable, these exclusive forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other employees, which may discourage lawsuits against us or our directors, officers and other employees, although our stockholders will not be deemed to have waived our compliance with federal securities laws and the rules and regulations thereunder and therefore bring a claim in another appropriate forum. Additionally, we cannot be certain that a court will decide that this provision is either applicable or enforceable, and if a court were to find either exclusive forum provision in the certificate of incorporation to be inapplicable or unenforceable in an action, we may incur further significant additional costs associated with resolving the dispute in other jurisdictions, all of which could seriously harm our business.

Section 203 of the Delaware General Corporation Law. We are subject to Section 203 of the DGCL, which prohibits a Delaware corporation from engaging in any business combination with any interested stockholder for a period of three years after the date that such stockholder became an interested stockholder, with the following exceptions:

- before such date, the board of directors of the corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;
- upon completion of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction began, excluding for purposes of determining the voting stock outstanding (but not the outstanding voting stock owned by the interested stockholder) those shares owned (i) by persons who are directors and also officers and (ii) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- on or after such date, the business combination is approved by the board of directors and authorized at an annual or special meeting of the stockholders, and not by written consent, by the affirmative vote of at least 66 ⅔% of the outstanding voting stock that is not owned by the interested stockholder.

In general, Section 203 of the DGCL defines a "business combination" to include the following:

- any merger or consolidation involving the corporation and the interested stockholder;
- any sale, transfer, pledge or other disposition of 10% or more of the assets of the corporation involving the interested stockholder;
- subject to certain exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder;
- any transaction involving the corporation that has the effect of increasing the proportionate share of the stock or any class or series of the corporation beneficially owned by the interested stockholder; and
- the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits by or through the corporation.

In general, Section 203 of the DGCL defines an "interested stockholder" as an entity or person who, together with the person's affiliates and associates, beneficially owns, or within three years prior to the time of determination of interested stockholder status did own, 15% or more of the outstanding voting stock of the corporation.

The statute could prohibit or delay mergers or other takeover or change in control attempts and, accordingly, may discourage attempts to acquire us even though such a transaction may offer its stockholders the opportunity to sell their stock at a price above the prevailing market price.

A Delaware corporation may "opt out" of these provisions with an express provision in its certificate of incorporation. We will not opt out of these provisions, which may as a result, discourage or prevent mergers or other takeover or change of control attempts of it.

Action by Written Consent

The certificate of incorporation and bylaws provide that, subject to the rights of any series of our preferred stock, no action will be taken by any holders of shares of common stock, except at an annual or special meeting of stockholders called in accordance with the bylaws, and no action will be taken by the stockholders by written consent. Permitting stockholder action by written consent would circumvent the usual process of allowing deliberation at a meeting of stockholders, could be contrary to principles of openness and good governance, and have the potential to inappropriately disenfranchise stockholders, potentially permitting a small group of short-term, special interest or self-interested stockholders, who together hold a threshold amount of shares, to take important actions without the involvement of, and with little or no advance notice to stockholders. Allowing stockholder action by written consent would also deny all stockholders the right to receive accurate and complete information on a proposal in advance and to present their opinions and consider presentation of the opinions of the board of directors and other stockholders on a proposal before voting on a proposed action. The board of directors believes that a meeting of stockholders, which provides all stockholders an opportunity to deliberate about a proposed action and vote their shares, is the most appropriate forum for stockholder action. Notwithstanding the foregoing, elimination of such stockholder written consents may lengthen the amount of time required to take stockholder actions since actions by written consent are generally not subject to the minimum notice requirement of a stockholders' meeting.

Certificate of Incorporation and Bylaws

Among other things, our certificate of incorporation and bylaws:

- permit our board of directors to issue up to 1,000,000 shares of preferred stock, with any rights, preferences and privileges as they may designate, which may include the right to approve an acquisition or other change of control;
- provide for a classified board of directors consisting of three classes of approximately equal size, each serving staggered three-year terms. Only the directors in one class are to be elected at each annual meeting of Wag!'s stockholders, with the directors in the other classes continuing for the remainder of their respective three-year terms;
- provide that the authorized number of directors may be changed only by resolution of a majority of our board of directors;

- provide that, subject to the rights of any series of preferred stock to elect directors, directors may only be removed with cause, which removal may be effected, subject to any limitation imposed by law, by the holders of at least 66 ⅔% of the voting power of all of our then-outstanding shares of the capital stock entitled to vote generally at an election of directors;
- provide that all vacancies, including newly created directorships, may, except as otherwise required by law, be filled by the affirmative vote of a majority of directors then in office, even if less than a quorum;
- require that any action to be taken by our stockholders must be effected at a duly called annual or special meeting of stockholders and not be taken by written consent or electronic transmission;
- provide that stockholders seeking to present proposals before a meeting of stockholders or to nominate candidates for election as directors at a meeting of stockholders must provide advance notice in writing, and also specify requirements as to the form and content of a stockholder's notice;
- provide that special meetings of our stockholders may be called by the chairperson of our board of directors, our chief executive officer, or by the board of directors pursuant to a resolution adopted by a majority of the board of directors; and
- not provide for cumulative voting rights, therefore allowing the holders of a majority of the shares of common stock entitled to vote in any election of directors to elect all of the directors standing for election, if they should so choose.

The amendment of any of these provisions would require approval by the holders of at least 66 2⁄3% of the voting power of all of our then-outstanding capital stock entitled to vote generally in the election of directors, voting together as a single class.

The combination of these provisions will make it more difficult for our existing stockholders to replace our board of directors as well as for another party to obtain control of us by replacing our board of directors. Since our board of directors has the power to retain and discharge our officers, these provisions could also make it more difficult for existing stockholders or another party to effect a change in management. In addition, the authorization of undesignated preferred stock makes it possible for our board of directors to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to change our control.

These provisions are intended to enhance the likelihood of continued stability in the composition of our board of directors and its policies and to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to reduce our vulnerability to hostile takeovers and to discourage certain tactics that may be used in proxy fights. However, such provisions could have the effect of discouraging others from making tender offers for our shares and may have the effect of delaying changes in our control or management. As a consequence, these provisions may also inhibit fluctuations in the market price of our stock.

Limitations on Liability and Indemnification of Officers and Directors

Our certificate of incorporation contains provisions that limit the liability of current and former officers and directors for monetary damages to the fullest extent permitted by Delaware law. Delaware law provides that directors of a corporation will not be personally liable for monetary damages for any breach of fiduciary duties as directors, except liability for:

- any breach of their duty of loyalty to us or our stockholders;
- acts or omissions not in good faith, or which involve intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions; and
- any transaction from which the director derived an improper personal benefit.

These provisions may be held not to be enforceable for violations of the federal securities laws of the United States.

Stockholder Registration Rights

Under the Amended and Restated Registration Rights Agreement, dated August 9, 2022, between us and the holders of "Registrable Securities" (as defined therein), granting such holders registration rights with respect to such shares (the "Registration Rights Agreement"), the holders or their permitted transferees have the right to require us to register the offer and sale of their shares, or to include their shares in any registration statement we file, in each case as described below.

Demand Registration Rights

The holders of Registrable Securities are entitled to certain demand registration rights. At any time, the holders with a total offering price reasonably expected to exceed, in the aggregate, $10 million held by CHW Acquisition Corp. shareholders (the "CHW Demand Holders") or by former Wag Labs, Inc. ("Legacy Wag!") stockholders (the "Wag! Demand Holders"), in each case having registration rights then outstanding, can request that we file a registration statement on Form S-1 or, if then available, Form S-3, to register the offer and sale of their shares. We are obligated to effect no more than three underwritten demand registrations for each of the CHW Demand Holders and Wag! Demand Holders. These demand registration rights are subject to specified conditions and limitations, including the right of the underwriters to limit the number of shares included in any such registration under certain circumstances. If we determine that it would be materially detrimental to Wag! and its stockholders to effect such a demand registration, then we have the right to defer such registration, not more than once in any 12-month period, for a period of not more than 60 days.

Form S-3 Registration Rights

The holders of Registrable Securities are entitled to certain Form S-3 registration rights. Wag! was required to file a registration statement for an offering to be made on a continuous basis no later than 30 days following the date that we become eligible to use Form S-3, and we have filed the registration statement and a related prospectus, in connection with these registration rights. The holders of at least $10 million of shares having registration rights then outstanding can request that we effect an underwritten public offering pursuant to such resale shelf registration statement. We are only obligated to effect three such registrations for each of the CHW Demand Holders and Wag! Demand Holders. We are not obligated to effect such registrations within 90 days after the closing of a previous such registration. These Form S-3 registration rights are subject to specified conditions and limitations, including the right of the underwriters to limit the number of shares included in any such registration under certain circumstances.

Block Trades and Other Coordinated Offerings

The holders of Registrable Securities are entitled to certain (i) underwritten registered offerings not involving a "roadshow," an offer commonly known as a "block trade" (a "Block Trade") or (ii) an "at the market" or similar registered offering through a broker, sales agent or distribution agent, whether as agent or principal, (an "Other Coordinated Offering"). The holders of at least a total offering price reasonably expected to exceed, in the aggregate, either (x) $25 million or (y) all remaining Registrable Securities held by the Demanding Holder (as defined in the Registration Rights Agreement), may require assistance from us to facilitate such Block Trade or other coordinated offering. A holder in the aggregate may demand no more than four Block Trades or other coordinated offerings in any twelve-month period.

Piggyback Registration Rights

The holders of Registrable Securities are entitled to certain "piggyback" registration rights. If we propose to register the offer and sale of our common stock under the Securities Act, all holders of Registrable Securities then outstanding may request that we include their shares in such registration, subject to certain limitations, including the right of the underwriters to limit the number of shares included in any such registration statement under certain circumstances.

Expenses of Registration

Subject to certain limitations, we will pay the registration expenses (other than incremental selling expenses relating to the sale of Registrable Securities, such as underwriters' commissions and discounts, brokerage fees, underwriter marketing costs and, all fees and expenses of any legal counsel representing the holders) of the holders of the shares to be offered and sold pursuant to the registrations described above.

Termination

The registration rights terminate upon the earlier of (i) the fifth anniversary of the Registration Rights Agreement and (ii) with respect to any holder, the date as of which such holder ceases to hold any Registrable Securities.

Warrants

Public Shareholders' Warrants

As of December 31, 2023, there were 16,395,564 public warrants outstanding (the "Public Warrants"). Each whole warrant entitles the registered holder to purchase one share of common stock at a price of $11.50 per share, subject to adjustment as discussed below. Pursuant to the SPAC Warrant Agreement (as defined in the Business Combination Agreement dated February 2, 2022 by and among CHW Acquisition Corporation ("CHW"), CHW Merger Sub Inc. and Legacy Wag! (the "Business Combination Agreement"), a warrant holder may exercise its warrants only for a whole number of shares of common stock. This means only a whole warrant may be exercised at a given time by a warrant holder. No fractional warrants will be issued upon separation of the units and only whole warrants will trade. The warrants will expire August 9, 2027, at 5:00 p.m., Eastern time, or earlier upon redemption or liquidation.

We will not be obligated to deliver any shares of common stock pursuant to the exercise of a warrant and will have no obligation to settle such warrant exercise unless a registration statement under the Securities Act with respect to the shares of common stock underlying the warrants is then effective and a prospectus relating thereto is current, subject to our satisfying our obligations described below with respect to registration, or a valid exemption from registration is available. No warrant will be exercisable and we will not be obligated to issue a share of common stock upon exercise of a warrant unless the share of common stock issuable upon such warrant exercise has been registered, qualified or deemed to be exempt under the securities laws of the state of residence of the registered holder of the warrants. In the event that the conditions in the two immediately preceding sentences are not satisfied with respect to a warrant, the holder of such warrant will not be entitled to exercise such warrant and such warrant may have no value and expire worthless. In no event will we be required to net cash settle any warrant. In the event that a registration statement is not effective for the exercised warrants, the purchaser of a unit containing such warrant will have paid the full purchase price for the unit solely for the share of common stock underlying such unit.

We have filed a registration statement for the registration, under the Securities Act, of shares of common stock issuable upon exercise of the warrants, and we will use our commercially reasonable efforts to maintain the effectiveness of such registration statement and a current prospectus relating to those shares of common stock until the warrants expire or are redeemed, as specified in the SPAC Warrant Agreement; provided that if our shares of common stock are at the time of any exercise of a public warrant not listed on a national securities exchange such that they satisfy the definition of a "covered security" under Section 18(b)(1) of the Securities Act, we may, at our option, require holders of public warrants who exercise their warrants to do so on a "cashless basis" in accordance with Section 3(a)(9) of the Securities Act and, in the event we so elect, we will not be required to file or maintain in effect a registration statement for the registration, under the Securities Act, of the shares of common stock issuable upon exercise of the warrants, but we will use our commercially reasonable efforts to register or qualify for sale the shares under applicable blue sky laws to the extent an exemption is not available. In such event, each holder would pay the exercise price by surrendering the warrants for that number of shares of common stock equal to the lesser of (A) the quotient obtained by dividing (x) the product of the number of shares of common stock underlying the warrants, multiplied by the excess of the "fair market value" (defined below) over the exercise price of the warrants by (y) the fair market value and (B) 0.361 per warrant. The "fair market value" as used in this paragraph shall mean the volume weighted average price of our common stock for the 10 trading days ending on the trading day prior to the date on which the notice of exercise is received by the warrant agent.

Redemption of warrants when the price per share of common stock equals or exceeds $16.50

We may redeem the outstanding exercisable warrants (except as described herein with respect to the private placement warrants):

- in whole and not in part;
- at a price of $0.01 per warrant;
- upon a minimum of 30 days' prior written notice of redemption to each warrant holder; and
- if, and only if, the closing price of the shares of common stock equals or exceeds $16.50 per share (as adjusted for adjustments to the number of shares issuable upon exercise or the exercise price of a warrant as described under the heading "— *Warrants — Public Shareholders' Warrants — Anti-Dilution Adjustments*") for any twenty (20) trading days within a thirty (30)-trading day period ending on the third trading day prior to the date on which we send the notice of redemption to the warrant holders.

We will not redeem the warrants as described above unless a registration statement under the Securities Act covering the issuance of the shares of common stock issuable upon exercise of the warrants is then effective and a current prospectus relating to those shares of common stock is available throughout the 30-day redemption period. If and when the warrants become redeemable by us, we may exercise our redemption right even if we are unable to register or qualify the underlying securities for sale under all applicable state securities laws.

If we call the warrants for redemption as described above, our management will have the option to require all holders that wish to exercise warrants to do so on a "cashless basis." In determining whether to require all holders to exercise their warrants on a "cashless basis," our management will consider, among other factors, our cash position, the number of warrants that are outstanding and the dilutive effect on our shareholders of issuing the maximum number of shares of common stock issuable upon the exercise of our warrants. In such event, each holder would pay the exercise price by surrendering the warrants for that number of shares of common stock equal to the lesser of (A) the quotient obtained by dividing (x) the product of the number of shares of common stock underlying the warrants, multiplied by the excess of the "fair market value" of our common stock over the exercise price of the warrants by (y) the fair market value.

We have established the last of the redemption criteria discussed above to prevent a redemption call unless there is at the time of the call a significant premium to the warrant exercise price. If the foregoing conditions are satisfied and we issue a notice of redemption of the warrants, each warrant holder will be entitled to exercise his, her or its warrant prior to the scheduled redemption date. Any such exercise would not be done on a "cashless" basis and would require the exercising warrant holder to pay the exercise price for each warrant being exercised. However, the price of our common stock may fall below the $16.50 redemption trigger price (as adjusted for adjustments to the number of shares issuable upon exercise or the exercise price of a warrant as described under the heading "*— Warrants — Public Shareholders' Warrants — Anti- Dilution Adjustments*") as well as the $11.50 (for whole shares) warrant exercise price after the redemption notice is issued.

No fractional shares of common stock will be issued upon exercise. If, upon exercise, a holder would be entitled to receive a fractional interest in a share, we will round down to the nearest whole number of the number of shares of common stock to be issued to the holder. If, at the time of redemption, the warrants are exercisable for a security other than the shares of common stock pursuant to the SPAC Warrant Agreement, the warrants may be exercised for such security. At such time as the warrants become exercisable for a security other than the shares of common stock, we will use commercially reasonable efforts to register under the Securities Act the security issuable upon the exercise of the warrants.

Redemption Procedures

A holder of a warrant may notify us in writing in the event it elects to be subject to a requirement that such holder will not have the right to exercise such warrant, to the extent that after giving effect to such exercise, such person (together with such person's affiliates), to the warrant agent's actual knowledge, would beneficially own in excess of 9.8% (or such other amount as a holder may specify) of the shares of common stock issued and outstanding immediately after giving effect to such exercise.

Warrant Proceeds

In the event that we conduct a tender offer or other redemption, termination or cancellation of the assumed CHW warrants, each of (x) the CHW Founder Shareholders (as defined in the Business Combination Agreement), collectively, and (y) certain members of our management, collectively, shall be entitled to receive five percent (5%) of any cash proceeds actually received by us as a result of the exercise of any such assumed CHW warrants in connection with such redemption.

Anti-Dilution Adjustments

If the number of outstanding shares of common stock is increased by a capitalization or share dividend payable in shares of common stock, or by a split-up of shares of common stock or other similar event, then, on the effective date of such capitalization or share dividend, split-up or similar event, the number of shares of common stock issuable on exercise of each warrant will be increased in proportion to such increase in the outstanding shares of common stock. A rights offering made to all or substantially all holders of shares of common stock entitling holders to purchase shares of common stock at a price less than the "historical fair market value" (as defined below) will be deemed a share dividend of a number of shares of common stock equal to the product of (i) the number of shares of common stock actually sold in such rights offering (or issuable under any other equity securities sold in such rights offering that are convertible into or exercisable for shares of common stock) and (ii) one minus the quotient of (x) the price per share of common stock paid in such rights offering and (y) the historical fair market value. For these purposes, (i) if the rights offering is for securities convertible into or exercisable for shares of common stock, in determining the price payable for shares of common stock, there will be taken into account any consideration received for such rights, as well as any additional amount payable upon exercise or conversion and (ii) "historical fair market value" means the volume weighted average price of shares of common stock as reported during the 10 trading day period ending on the trading day prior to the first date on which the shares of common stock trade on the applicable exchange or in the applicable market, regular way, without the right to receive such rights.

In addition, if we, at any time while the warrants are outstanding and unexpired, pay a dividend or make a distribution in cash, securities or other assets to all or substantially all of the holders of the shares of common stock on account of such shares of common stock (or other securities into which the warrants are convertible), other than (a) as described above and (b) any cash dividends or cash distributions which, when combined on a per share basis with all other cash dividends and cash distributions paid on the shares of common stock during the 365-day period ending on the date of declaration of such dividend or distribution does not exceed $0.50 (as adjusted to appropriately reflect any other adjustments and excluding cash dividends or cash distributions that resulted in an adjustment to the exercise price or to the number of shares of common stock issuable on exercise of each warrant) but only with respect to the amount of the aggregate cash dividends or cash distributions equal to or less than $0.50 per share, then the warrant exercise price will be decreased, effective immediately after the effective date of such event, by the amount of cash and/or the fair market value of any securities or other assets paid on each share of common stock in respect of such event.

If the number of outstanding shares of common stock is decreased by a consolidation, combination, reverse share sub-division or reclassification of shares of common stock or other similar event, then, on the effective date of such consolidation, combination, reverse share subdivision, reclassification or similar event, the number of shares of common stock issuable on exercise of each warrant will be decreased in proportion to such decrease in outstanding shares of common stock.

Whenever the number of shares of common stock purchasable upon the exercise of the warrants is adjusted, as described above, the warrant exercise price will be adjusted by multiplying the warrant exercise price immediately prior to such adjustment by a fraction (x) the numerator of which will be the number of shares of common stock purchasable upon the exercise of the warrants immediately prior to such adjustment and (y) the denominator of which will be the number of shares of common stock so purchasable immediately thereafter.

In case of any reclassification or reorganization of the outstanding shares of common stock (other than those described above or that solely affects the par value of such shares of common stock), or in the case of any merger or consolidation of us with or into another corporation (other than a consolidation or merger in which we are the continuing corporation and that does not result in any reclassification or reorganization of our outstanding shares of common stock), or in the case of any sale or conveyance to another corporation or entity of the assets or other property of us as an entirety or substantially as an entirety in connection with which we are dissolved, the holders of the warrants will thereafter have the right to purchase and receive, upon the basis and upon the terms and conditions specified in the warrants and in lieu of the shares of common stock immediately theretofore purchasable and receivable upon the exercise of the rights represented thereby, the kind and amount of shares of common stock or other securities or property (including cash) receivable upon such reclassification, reorganization, merger or consolidation, or upon a dissolution following any such sale or transfer, that the holder of the warrants would have received if such holder had exercised their warrants immediately prior to such event. However, if such holders were entitled to exercise a right of election as to the kind or amount of securities, cash or other assets receivable upon such consolidation or merger, then the kind and amount of securities, cash or other assets for which each warrant will become exercisable will be deemed to be the weighted average of the kind and amount received per share by such holders in such consolidation or merger that affirmatively make such election, and if a tender, exchange or redemption offer has been made to and accepted by such holders (other than a tender, exchange or redemption offer made by the company in connection with redemption rights held by shareholders of the company as provided for in our Amended and Restated Memorandum and Articles of Association or as a result of the redemption of shares of common stock by the company if a proposed initial business combination is presented to the shareholders of the company for approval) under circumstances in which, upon completion of such tender or exchange offer, the maker thereof, together with members of any group (within the meaning of Rule 13d-5(b)(1) under the Exchange Act) of which such maker is a part, and together with any affiliate or associate of such maker (within the meaning of Rule 12b-2 under the Exchange Act) and any members of any such group of which any such affiliate or associate is a part, own beneficially (within the meaning of Rule 13d-3 under the Exchange Act) more than 50% of the issued and outstanding shares of common stock, the holder of a warrant will be entitled to receive the highest amount of cash, securities or other property to which such holder would actually have been entitled as a shareholder if such warrant holder had exercised the warrant prior to the expiration of such tender or exchange offer, accepted such offer and all of the shares of common stock held by such holder had been purchased pursuant to such tender or exchange offer, subject to adjustment (from and after the consummation of such tender or exchange offer) as nearly equivalent as possible to the adjustments provided for in the warrant agreement. If less than 70% of the consideration receivable by the holders of shares of common stock in such a transaction is payable in the form of shares of common stock in the successor entity that is listed for trading on a national securities exchange or is quoted in an established over-the-counter market, or is to be so listed for trading or quoted immediately following such event, and if the registered holder of the warrant properly exercises the warrant within thirty days following public disclosure of such transaction, the warrant exercise price will be reduced as specified in the warrant agreement based on the Black-Scholes value (as defined in the warrant agreement) of the warrant. The purpose of such exercise price reduction is to provide additional value to holders of the warrants when an extraordinary transaction occurs during the exercise period of the warrants pursuant to which the holders of the warrants otherwise do not receive the full potential value of the warrants.

The warrants were issued in registered form under a warrant agreement between VStock Transfer LLC, as warrant agent, and us. The warrant agreement provides that the terms of the warrants may be amended without the consent of any holder for the purpose of (i) curing any ambiguity or correct any mistake, including to conform the provisions of the warrant agreement to the description of the terms of the warrants and the warrant agreement set forth in this prospectus, or defective provision (ii) amending the provisions relating to cash dividends on shares of common stock as contemplated by and in accordance with the warrant agreement or adding or changing any provisions with respect to matters or questions arising under the warrant agreement as the parties to the warrant agreement may deem necessary or desirable and that the parties deem to not adversely affect the rights of the registered holders of the warrants, provided that the approval by the holders of at least 50% of the then-outstanding public warrants is required to make any change that adversely affects the interests of the registered holders. A copy of the warrant agreement, which was filed as an exhibit to the registration statement for the initial public offering (the “IPO”), contains a complete description of the terms and conditions applicable to the warrants.

The warrant holders do not have the rights or privileges of holders of shares of common stock and any voting rights until they exercise their warrants and receive shares of common stock. After the issuance of shares of common stock upon exercise of the warrants, each holder will be entitled to one vote for each share held of record on all matters to be voted on by shareholders.

No fractional warrants will be issued upon separation of the units and only whole warrants will trade.

If, upon exercise of the warrants, a holder would be entitled to receive a fractional interest in a share, we will, upon exercise, round down to the nearest whole number the number of shares of common stock to be issued to the warrant holder.

We have agreed that, subject to applicable law, any action, proceeding or claim against us arising out of or relating in any way to the warrant agreement will be brought and enforced in the courts of the State of New York or the United States District Court for the Southern District of New York, and we irrevocably submit to such jurisdiction, which jurisdiction will be the exclusive forum for any such action, proceeding or claim. This provision applies to claims under the Securities Act but does not apply to claims under the Exchange Act or any claim for which the federal district courts of the United States of America are the sole and exclusive forum.

Private Placement Warrants

As of December 31, 2023, there were 1,896,177 private placement warrants outstanding (the "Private Placement Warrants"). Except as described below, the Private Placement Warrants have terms and provisions that are identical to those of the warrants sold as part of the units in the IPO. The Private Placement Warrants (including the common stock issuable upon exercise of the private placement warrants) will not be redeemable by us so long as they are held by the Sponsor or its permitted transferees. The Sponsor, or its permitted transferees, has the option to exercise the Private Placement Warrants on a cashless basis. If the Private Placement Warrants are held by holders other than the Sponsor or its permitted transferees, the Private Placement Warrants will be redeemable by us in all redemption scenarios and exercisable by the holders on the same basis as the warrants included in the units being sold in the IPO. Any amendment to the terms of the Private Placement Warrants or any provision of the warrant agreement with respect to the Private Placement Warrants will require a vote of holders of at least 50% of the number of the then outstanding private placement warrants. If holders of the private placement warrants elect to exercise them on a cashless basis, they would pay the exercise price by surrendering his, her or its warrants for that number of common stock equal to the quotient obtained by dividing (x) the product of the number of common stock underlying the warrants, multiplied by the excess of the "Sponsor fair market value" (defined below) over the exercise price of the warrants by (y) the Sponsor fair market value. For these purposes, the "Sponsor fair market value" means the average reported closing price of the common stock for the 10 trading days ending on the third trading day prior to the date on which the notice of warrant exercise is sent to the warrant agent. The reason that CHW agreed that these warrants will be exercisable on a cashless basis so long as they are held by the Sponsor and its permitted transferees is because it was not known at the time of the IPO whether they will be affiliated with us following a business combination. If they remain affiliated with us, their ability to sell our securities in the open market will be significantly limited. We have policies in place that restrict insiders from selling our securities except during specific periods of time. Even during such periods of time when insiders are permitted to sell our securities, an insider cannot trade in our securities if he or she is in possession of material non-public information. Accordingly, unlike public shareholders who could exercise their warrants and sell the common stock received upon such exercise freely in the open market in order to recoup the cost of such exercise, the insiders could be significantly restricted from selling such securities. As a result, we believe that allowing the holders to exercise such warrants on a cashless basis is appropriate.

Lender Warrants

On August 9, 2022, Legacy Wag! entered into a financing agreement and warrant agreement with Blue Torch Finance, LLC (together with its affiliated funds and any other parties providing a commitment thereunder, including any additional lenders, agents, arrangers or other parties joined thereto after the date thereof, collectively, "Blue Torch"), pursuant to which, among other things, Blue Torch agreed to extend an approximately $32.2 million senior secured term loan (the "Financing Agreement"). Blue Torch received 1,896,177 lender warrants (the "Lender Warrants"). The Lender Warrants were issued pursuant to the SPAC Warrant Agreement and are subject to the terms and conditions thereof, as modified (whether reflected in the terms of the Lender Warrants issued on the Closing (as defined in the Business Combination Agreement), or in an amendment to or exchange for the Lender Warrants consummated after the Closing) to provide that (i) the exercise period of the Lender Warrants will terminate on the earliest to occur of (x) the date that is ten years after completion of the Business Combination, (y) liquidation of Wag!, and (z) redemption of the Lender Warrants as provided in the warrant agreement (the "Lender Warrant Expiration Date"), (ii) Blue Torch has the ability to net exercise the Lender Warrants (based on the fair value of the stock at the time of net exercise, fair value being equal to the public trading price at the time of exercise) on a cashless basis, (iii) Blue Torch received the benefit of certain customary representations and warranties from the Company, and (iv) the Lender Warrants are not required to be registered under the Securities Act.

Listing

Our common stock and our public warrants to purchase common stock are listed on the Nasdaq Global Market under the symbols "PET" and "PETWW," respectively.

Transfer Agent

The transfer agent for our securities is VStock Transfer LLC. The transfer agent's address is 18 Lafayette Place, Woodmere, New York 11598.

Exhibit 10.6

WAG! GROUP CO. 2022 OMNIBUS INCENTIVE PLAN

1. Purposes of the Plan. The purpose of this 2022 Omnibus Incentive Plan is to advance the interests of the Company and its stockholders by enhancing the Company's ability to attract, retain and motivate persons who are expected to make contributions to the Company and by providing those persons with an opportunity to acquire a proprietary interest in the success of the Company, or to increase such interest, by acquiring Shares in order to align their interests with those of the Company's stockholders.

The Plan permits the grant of Incentive Stock Options, Nonstatutory Stock Options, Restricted Stock, Restricted Stock Units, Stock Appreciation Rights, Performance Units, Performance Shares and Other Awards.

2. Definitions. As used herein, the following definitions will apply:

(a) "Administrator" means the Board or any of its Committees as will be administering the Plan, in accordance with Section 4 of the Plan.

(b) "Applicable Laws" means the legal and regulatory requirements relating to the administration of equity-based awards, including without limitation the related issuance of shares of Common Stock, including without limitation under U.S. state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any non-U.S. country or jurisdiction where Awards are, or will be, granted under the Plan.

(c) "Award" means, individually or collectively, a grant under the Plan of Options, Stock Appreciation Rights, Restricted Stock (or the right to purchase Restricted Stock), Restricted Stock Units, Performance Units, Performance Shares or Other Awards.

(d) "Award Agreement" means the written or electronic agreement between the Company and Participant setting forth the terms and provisions applicable to an Award granted under the Plan. The Award Agreement is subject to the terms and conditions of the Plan.

(e) "Board" means the Board of Directors of the Company.

(f) "Change in Control" means the occurrence of any of the following events:

(i) Change in Ownership of the Company. A change in the ownership of the Company which occurs on the date that any one person, or more than one person acting as a group ("Person"), acquires ownership of the stock of the Company that, together with the stock held by such Person, constitutes more than fifty percent (50%) of the total voting power of the stock of the Company; provided, however, that for purposes of this subsection, the acquisition of additional stock by any one Person, who is considered to own more than fifty percent (50%) of the total voting power of the stock of the Company will not be considered a Change in Control. If the stockholders of the Company immediately before such change in ownership continue to retain immediately after the change in ownership, in substantially the same proportions as their ownership of shares of the Company's voting stock immediately prior to the change in ownership, direct or indirect beneficial ownership of fifty percent (50%) or more of the total voting power of the stock of the Company or of the ultimate parent entity of the Company, such event will not be considered a Change in Control under this subsection (i). For this purpose, indirect beneficial ownership will include, without limitation, an interest resulting from ownership of the voting securities of one or more corporations or other business entities which own the Company, as the case may be, either directly or through one or more subsidiary corporations or other business entities; or

(ii) Change in Effective Control of the Company. A change in the effective control of the Company which occurs on the date that a majority of members of the Board is replaced during any twelve (12) month period by Directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election. For purposes of this subsection (ii), if any Person is considered to be in effective control of the Company, the acquisition of additional control of the Company by the same Person will not be considered a Change in Control; or

(iii) Change in Ownership of a Substantial Portion of the Company's Assets. A change in the ownership of a substantial portion of the Company's assets which occurs on the date that any Person acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such Person) assets from the Company that have a total gross fair market value equal to or more than fifty percent (50%) of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions; provided, however, that for purposes of this subsection (iii), the following will not constitute a change in the ownership of a substantial portion of the Company's assets: (A) a transfer to an entity that is controlled by the Company's stockholders immediately after the transfer, or (B) a transfer of assets by the Company to: (1) a stockholder of the Company (immediately before the asset transfer) in exchange for or with respect to the Company's stock, (2) an entity, fifty percent (50%) or more of the total value or voting power of which is owned, directly or indirectly, by the Company, (3) a Person, that owns, directly or indirectly, fifty percent (50%) or more of the total value or voting power of all the outstanding stock of the Company, or (4) an entity, at least fifty percent (50%) of the total value or voting power of which is owned, directly or indirectly, by a Person described in this subsection (iii)(B)(3). For purposes of this subsection (iii), gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

For purposes of this definition, persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company.

Notwithstanding the foregoing, a transaction will not be deemed a Change in Control unless the transaction qualifies as a change in control event within the meaning of Section 409A.

Further and for the avoidance of doubt, a transaction will not constitute a Change in Control if: (x) its primary purpose is to change the jurisdiction of the Company's incorporation, or (y) its primary purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction.

(g) "Code" means the U.S. Internal Revenue Code of 1986, as amended. Any reference to a section of the Code or regulation thereunder will include such section or regulation, any valid regulation or other official guidance promulgated under such section, and any comparable provision of any future legislation or regulation amending, supplementing, or superseding such section or regulation.

(h) "Committee" means a committee of Directors or of other individuals satisfying Applicable Laws appointed by the Board, or a duly authorized committee of the Board, in accordance with Section 4 hereof.

(i) "Common Stock" means the Company's common stock, $0.0001 par value per share, as adjusted in accordance with Section 15 of the Plan.

(j) "Company" means Wag! Group Co., a Delaware corporation, or any successor thereto.

(k) "Consultant" means any natural person, including an advisor, engaged by the Company or a Parent or Subsidiary of the Company to render bona fide services to such entity, provided the services (i) are not in connection with the offer or sale of securities in a capital-raising transaction, and (ii) do not directly promote or maintain a market for the Company's securities, in each case, within the meaning of Form S-8 promulgated under the Securities Act, and provided, further, that a Consultant will include only those persons to whom the issuance of Shares may be registered under Form S-8 promulgated under the Securities Act.

(l) "Director" means a member of the Board.

(m) "Disability" means total and permanent disability as defined in Section 22(e)(3) of the Code, provided that in the case of Awards other than Incentive Stock Options, the Administrator in its discretion may determine whether a permanent and total disability exists in accordance with uniform and non-discriminatory standards adopted by the Administrator from time to time.

(n) "Dividend Equivalent" means a credit, made at the discretion of the Administrator or as otherwise provided by the Plan, to the account of a Participant in an amount equal to the cash dividends paid on one Share for each Share represented by an Award held by such Participant.

(o) "Employee" means any person, including Officers and Directors, providing services as an employee to the Company or any Parent or Subsidiary of the Company. Neither service as a Director nor payment of a director's fee by the Company will be sufficient to constitute "employment" by the Company.

(p) "Exchange Act" means the U.S. Securities Exchange Act of 1934, as amended.

(q) "Exchange Program" means a program under which (i) outstanding Awards are surrendered or cancelled in exchange for awards of the same type (which may have higher or lower exercise prices and different terms), awards of a different type, and/or cash, (ii) Participants would have the opportunity to transfer any outstanding Awards to a financial institution or other person or entity selected by the Administrator, and/or (iii) the exercise price of an outstanding Award is increased or reduced. The Administrator will determine the terms and conditions of any Exchange Program in its sole discretion.

(r) "Fair Market Value" means, as of any date, the value of Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or a national market system, including without limitation the New York Stock Exchange, the Nasdaq Global Select Market, the Nasdaq Global Market or the Nasdaq Capital Market of The Nasdaq Stock Market, its Fair Market Value will be the closing sales price for such stock (or, if no closing sales price was reported on that date, as applicable, on the last Trading Day such closing sales price was reported) as quoted on such exchange or system on the day of determination, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;

(ii) If the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, the Fair Market Value of a Share will be the mean between the high bid and low asked prices for the Common Stock on the day of determination (or, if no bids and asks were reported on that date, as applicable, on the last Trading Day such bids and asks were reported), as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;

(iii) In the absence of an established market for the Common Stock, the Fair Market Value will be determined in good faith by the Administrator.

The determination of fair market value for purposes of tax withholding may be made in the Administrator's discretion subject to Applicable Laws and is not required to be consistent with the determination of Fair Market Value for other purposes.

(s) "Incentive Stock Option" means an Option intended to qualify, and actually qualifies, as an incentive stock option within the meaning of Section 422 of the Code and the regulations promulgated thereunder.

(t) "Inside Director" means a Director who is an Employee.

(u) "Nonstatutory Stock Option" means an Option that by its terms does not qualify or is not intended to qualify as an Incentive Stock Option.

(v) "Officer" means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

(w) "Option" means a stock option granted pursuant to the Plan.

(x) "Other Award" means an award granted to a Participant pursuant to Section 12 hereof.

(y) "Outside Director" means a Director who is not an Employee.

(z) "Parent" means a "parent corporation," whether now or hereafter existing, as defined in Code Section 424(e).

(aa) "Participant" means the holder of an outstanding Award.

(bb) "Performance Share" means an Award denominated in Shares which may be earned in whole or in part upon attainment of performance goals or other vesting criteria as the Administrator may determine pursuant to Section 10.

(cc) "Performance Unit" means an Award which may be earned in whole or in part upon attainment of performance goals or other vesting criteria as the Administrator may determine and which may be settled for cash, Shares or other securities or a combination of the foregoing pursuant to Section 10.

(dd) "Period of Restriction" means the period (if any) during which the transfer of Shares of Restricted Stock are subject to restrictions and therefore, the Shares are subject to a substantial risk of forfeiture. Such restrictions may be based on the passage of time, the achievement of target levels of performance, or the occurrence of other events as determined by the Administrator.

(ee) "Plan" means this Wag! Group Co. 2022 Omnibus Incentive Plan, as it may be amended from time to time.

(ff) "Restricted Stock" means Shares issued pursuant to a Restricted Stock award under Section 7 of the Plan, or issued pursuant to the early exercise of an Option.

(gg) "Restricted Stock Unit" means a bookkeeping entry representing an amount equal to the Fair Market Value of one Share, granted pursuant to Section 8. Each Restricted Stock Unit represents an unfunded and unsecured obligation of the Company.

(hh) "Rule 16b-3" means Rule 16b-3 of the Exchange Act or any successor to Rule 16b-3, as in effect when discretion is being exercised with respect to the Plan.

(ii) "Section 16(b)" means Section 16(b) of the Exchange Act.

(jj) "Section 409A" means Section 409A of the Code, as it has been and may be amended from time to time, and any proposed or final U.S. Treasury Regulations and U.S. Internal Revenue Service guidance that has been promulgated or may be promulgated thereunder from time to time, or any state law equivalent.

(kk) "Securities Act" means the U.S. Securities Act of 1933, as amended.

(ll) "Service Provider" means an Employee, Director or Consultant.

(mm) "Share" means a share of Common Stock, as adjusted in accordance with Section 15 of the Plan.

(nn) "Stock Appreciation Right" means an Award, granted alone or in connection with an Option, that pursuant to Section 9 is designated as a Stock Appreciation Right.

(oo) "Subsidiary" means a "subsidiary corporation," whether now or hereafter existing, as defined in Code Section 424(f).

(pp) "Trading Day" means a day that the primary stock exchange, national market system, or other trading platform, as applicable, upon which the Common Stock is listed is open for trading.

3. Stock Subject to the Plan.

(a) Stock Subject to the Plan. Subject to the provisions of Section 15 of the Plan and the automatic increase set forth in Section 3(b), the maximum aggregate number of Shares that may be issued under the Plan is 6,378,729 Shares (the "Share Reserve"). In addition, Shares may become available for issuance under the Plan pursuant to Sections 3(b) and 3(c). The Shares may be authorized, but unissued, treasury, or reacquired Common Stock.

(b) Automatic Share Reserve Increase. Subject to the provisions of Section 15 of the Plan, the number of Shares available for issuance under the Plan will be automatically increased on January 1 of each year for a period of ten years commencing on January 1, 2023 and ending on (and including) January 1, 2032, in an amount equal to 10% of the outstanding Common Stock on December 31 of the preceding year; provided, however, that the Administrator may act prior to January 1st of a given year to provide that the increase for such year will be a lesser number of Shares.

(c) Lapsed Awards. If an Award expires or becomes unexercisable without having been exercised in full, is surrendered pursuant to an Exchange Program, or, with respect to Restricted Stock, Restricted Stock Units, Performance Units, Performance Shares or Other Awards, is forfeited to or repurchased by the Company due to failure to vest, then the unpurchased Shares (or for Awards other than Options or Stock Appreciation Rights, the forfeited or repurchased Shares), which were subject thereto will become available for future grant or sale under the Plan (unless the Plan has terminated). With respect to Stock Appreciation Rights, only Shares actually issued (i.e., the net Shares issued) pursuant to a Stock Appreciation Right will cease to be available under the Plan; all remaining Shares under Stock Appreciation Rights will remain available for future grant or sale under the Plan (unless the Plan has terminated). Shares that actually have been issued under the Plan under any Award will not be returned to the Plan and will not become available for future distribution under the Plan; provided, however, that if Shares issued pursuant to Awards of Restricted Stock, Restricted Stock Units, Performance Shares or Performance Units are repurchased by the Company or are forfeited to the Company due to failure to vest, such Shares will become available for future grant under the Plan. Shares used to pay the exercise price of an Award or to satisfy the tax withholding obligations related to an Award will become available for future grant or sale under the Plan. To the extent an Award under the Plan is paid out in cash rather than Shares, the cash payment will not result in reducing the number of Shares available for issuance under the Plan. Notwithstanding the foregoing and, subject to adjustment as provided in Section 15, the maximum number of Shares that may be issued upon the exercise of Incentive Stock Options will equal the aggregate Share number stated in Section 3(a), plus, to the extent allowable under Section 422 of the Code and the Treasury Regulations promulgated thereunder, any Shares that become available for issuance under the Plan pursuant to Sections 3(b) and 3(c).

(d) Share Reserve. The Company, at all times during the term of this Plan, will reserve and keep available such number of Shares as will be sufficient to satisfy the requirements of the Plan.

4. Administration of the Plan.

(a) Procedure.

(i) Multiple Administrative Bodies. Different Committees with respect to different groups of Service Providers may administer the Plan.

(ii) Rule 16b-3. To the extent desirable to qualify transactions hereunder as exempt under Rule 16b-3, the transactions contemplated hereunder will be structured to satisfy the requirements for exemption under Rule 16b-3.

(iii) Other Administration. Other than as provided above, the Plan will be administered by (A) the Board or (B) a Committee, which committee will be constituted to satisfy Applicable Laws.

(b) Powers of the Administrator. Subject to the provisions of the Plan, and in the case of a Committee, the specific duties delegated by the Board to such Committee, the Administrator will have the authority, in its discretion, to:

(i) determine the Fair Market Value;

(ii) select the Service Providers to whom Awards may be granted hereunder;

(iii) determine the number of Shares to be covered by each Award granted hereunder;

(iv) approve forms of Award Agreement for use under the Plan;

(v) determine the terms and conditions, not inconsistent with the terms of the Plan, of any Award granted hereunder. The terms and conditions include, but are not limited to, the exercise price, the time or times when Awards may be exercised (which may be based on performance criteria), any vesting acceleration or waiver of forfeiture restrictions, and any restriction or limitation regarding any Award or the Shares relating thereto, based in each case on such factors as the Administrator will determine;

(vi) institute and determine the terms and conditions of an Exchange Program;

(vii) prescribe, amend and rescind rules and regulations and adopt sub-plans relating to the Plan, including rules, regulations and sub-plans for the purposes of facilitating compliance with foreign laws, easing the administration of the Plan and/or taking advantage of tax-favorable treatment for Awards granted to Service Providers outside the U.S., in each case as the Administrator may deem necessary or advisable;

(viii) construe and interpret the terms of the Plan and Awards granted under the Plan;

(ix) modify or amend each Award (subject to Section 20(c) of the Plan), including without limitation the discretionary authority to extend the post-termination exercisability period of Awards; provided, however, that in no event will the term of an Option or Stock Appreciation Right be extended beyond its original maximum term;

(x) allow Participants to satisfy tax withholding obligations in a manner prescribed in Section 16 of the Plan;

(xi) authorize any person to execute on behalf of the Company any instrument required to effect the grant of an Award previously granted by the Administrator;

(xii) temporarily suspend the exercisability of an Award if the Administrator deems such suspension to be necessary or appropriate for administrative purposes;

(xiii) allow a Participant to defer the receipt of the payment of cash or the delivery of Shares that otherwise would be due to the Participant under an Award; and

(xiv) make all other determinations deemed necessary or advisable for administering the Plan.

(c) Effect of Administrator's Decision. The Administrator's decisions, determinations and interpretations will be final and binding on all Participants and any other holders of Awards and will be given the maximum deference permitted by Applicable Laws. For the avoidance of doubt, the Administrator may exercise all discretion granted to it under the Plan in a non-uniform manner among Service Providers and Awards, and the Administrator may take different actions with respect to the vested and unvested portions of an Award.

(d) Indemnification. To the maximum extent permitted by Applicable Laws, each member of a Committee (including officers of the Company, if applicable), or of the Board, as applicable, shall be indemnified and held harmless by the Company against and from (i) any loss, cost, liability or expense that may be imposed upon or reasonably incurred by him or her in connection with or resulting from any claim, action, suit or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action taken or failure to act under the Plan or pursuant to the terms and conditions of any Award except for actions taken in bad faith or failures to act in good faith, and (ii) any and all amounts paid by him or her in settlement thereof, with the Company's approval, or paid by him or her in satisfaction of any judgment in any such claim, action, suit or proceeding against him or her; provided that such member shall give the Company an opportunity, at its own expense, to handle and defend any such claim, action, suit or proceeding before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company's certificate of incorporation or Bylaws, by contract, as a matter of law or otherwise, or under any other power that the Company may have to indemnify or hold harmless each such person.

5. Eligibility. Nonstatutory Stock Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Shares, Performance Units and Other Awards may be granted to Service Providers. Incentive Stock Options may be granted only to Employees.

6. Stock Options.

(a) Grant of Options. Subject to the terms and provisions of the Plan, the Administrator, at any time and from time to time, may grant Options to Service Providers in such amounts as the Administrator, in its sole discretion, will determine.

(b) Stock Option Agreement. Each Award of an Option will be evidenced by an Award Agreement that will specify the exercise price, the number of Shares subject to the Option, the exercise restrictions, if any, applicable to the Option, and such other terms and conditions as the Administrator, in its sole discretion, will determine.

(c) Limitations. Each Option will be designated in the Award Agreement as either an Incentive Stock Option or a Nonstatutory Stock Option. However, notwithstanding such designation, to the extent that the aggregate Fair Market Value of the Shares with respect to which Incentive Stock Options are exercisable for the first time by the Participant during any calendar year (under all plans of the Company and any Parent or Subsidiary) exceeds one hundred thousand dollars ($100,000), such Options will be treated as Nonstatutory Stock Options. For purposes of this Section 6(c), Incentive Stock Options will be taken into account in the order in which they were granted. The Fair Market Value of the Shares will be determined as of the time the Option with respect to such Shares is granted.

(d) Term of Option. The term of each Option will be stated in the Award Agreement. In the case of an Incentive Stock Option, the term will be ten (10) years from the date of grant or such shorter term as may be provided in the Award Agreement. Moreover, in the case of an Incentive Stock Option granted to a Participant who, at the time the Incentive Stock Option is granted, owns stock representing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any Parent or Subsidiary, the term of the Incentive Stock Option will be five (5) years from the date of grant or such shorter term as may be provided in the Award Agreement.

(e) Option Exercise Price and Consideration.

(i) Exercise Price. The per share exercise price for the Shares to be issued pursuant to exercise of an Option will be determined by the Administrator, subject to the following:

(1) In the case of an Incentive Stock Option

(A) granted to an Employee who, at the time the Incentive Stock Option is granted, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the per Share exercise price will be no less than one hundred ten percent (110%) of the Fair Market Value per Share on the date of grant.

(B) granted to any Employee other than an Employee described in paragraph (A) immediately above, the per Share exercise price will be no less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(2) In the case of a Nonstatutory Stock Option, the per Share exercise price will be no less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(3) Notwithstanding the foregoing, Options may be granted with a per Share exercise price of less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant pursuant to a transaction described in, and in a manner consistent with, Section 424(a) and Section 409A of the Code.

(ii) Waiting Period and Exercise Dates. At the time an Option is granted, the Administrator will fix the period within which the Option may be exercised and will determine any conditions that must be satisfied before the Option may be exercised.

(iii) Form of Consideration. The Administrator will determine the acceptable form of consideration for exercising an Option, including the method of payment. In the case of an Incentive Stock Option, the Administrator will determine the acceptable form of consideration at the time of grant. Such consideration may consist entirely of: (1) cash; (2) check; (3) promissory note, to the extent permitted by Applicable Laws; (4) other Shares, provided that such Shares have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which such Option will be exercised and provided that accepting such Shares will not result in any adverse accounting consequences to the Company, as the Administrator determines in its sole discretion; (5) consideration received by the Company under a broker-assisted (or other) cashless exercise program (whether through a broker or otherwise) implemented by the Company in connection with the Plan; (6) by net exercise; (7) such other consideration and method of payment for the issuance of Shares to the extent permitted by Applicable Laws; or (8) any combination of the foregoing methods of payment. In making its determination as to the type of consideration to accept, the Administrator shall consider if acceptance of such consideration may be reasonably expected to benefit the Company, and the Administrator may, in its sole discretion, refuse to accept a particular form of consideration at the time of any Option exercise.

(f) Exercise of Option.

(i) Procedure for Exercise; Rights as a Stockholder. Any Option granted hereunder will be exercisable according to the terms of the Plan and at such times and under such conditions as determined by the Administrator and set forth in the Award Agreement. An Option may not be exercised for a fraction of a Share. The Administrator may require that an Option be exercised as to a minimum number of Shares or a minimum aggregate exercise price; provided that such requirement shall not prevent a Participant from exercising the full number of Shares as to which the Option is then exercisable.

An Option will be deemed exercised when the Company receives: (i) notice of exercise (in accordance with the procedures that the Administrator may specify from time to time) from the person entitled to exercise the Option, and (ii) full payment for the Shares with respect to which the Option is exercised (together with any applicable tax withholdings). Full payment may consist of any consideration and method of payment authorized by the Administrator and permitted by the Award Agreement and the Plan. Shares issued upon exercise of an Option will be issued in the name of the Participant or, if requested by the Participant, in the name of the Participant and his or her spouse. Until the Shares are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder will exist with respect to the Shares subject to an Option, notwithstanding the exercise of the Option. The Company will issue (or cause to be issued) such Shares promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 15 of the Plan.

Exercising an Option in any manner will decrease the number of Shares thereafter available, both for purposes of the Plan and for sale under the Option, by the number of Shares as to which the Option is exercised.

(ii) Termination of Relationship as a Service Provider. If a Participant ceases to be a Service Provider, other than upon the cessation of the Participant's Service Provider status as the result of the Participant's death or Disability, the Participant may exercise his or her Option within such period of time as is specified in the Award Agreement to the extent that the Option is vested on the date of cessation of the Participant's Service Provider status (but in no event later than the expiration of the term of such Option as set forth in the Award Agreement). In the absence of a specified time in the Award Agreement, the Option will remain exercisable for three (3) months following cessation of the Participant's Service Provider status. Unless otherwise provided by the Administrator, if on the date of cessation of the Participant's Service Provider status the Participant is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option will revert to the Plan. If, after cessation of the Participant's Service Provider status, the Participant does not exercise his or her Option within the time specified by the Administrator, the Option will terminate, and the Shares covered by such Option will revert to the Plan.

(iii) Disability of Participant. If a Participant ceases to be a Service Provider as a result of the Participant's Disability, the Participant may exercise his or her Option within such period of time as is specified in the Award Agreement to the extent the Option is vested on the date of cessation of the Participant's Service Provider status (but in no event later than the expiration of the term of such Option as set forth in the Award Agreement). In the absence of a specified time in the Award Agreement, the Option will remain exercisable for six (6) months following cessation of the Participant's Service Provider status. Unless otherwise provided by the Administrator, if on the date of cessation of the Participant's Service Provider status the Participant is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option will revert to the Plan. If, after cessation of the Participant's Service Provider status, the Participant does not exercise his or her Option within the time specified herein, the Option will terminate, and the Shares covered by such Option will revert to the Plan.

(iv) Death of Participant. If a Participant dies while a Service Provider, the Option may be exercised following the Participant's death within such period of time as is specified in the Award Agreement to the extent that the Option is vested on the date of death (but in no event may the Option be exercised later than the expiration of the term of such Option as set forth in the Award Agreement), by the Participant's designated beneficiary, provided the Administrator has permitted the designation of a beneficiary and provided such beneficiary has been designated prior to the Participant's death in a form acceptable to the Administrator. If the Administrator has not permitted the designation of a beneficiary or if no such beneficiary has been designated by the Participant, then such Option may be exercised by the personal representative of the Participant's estate or by the person(s) to whom the Option is transferred pursuant to the Participant's will or in accordance with the laws of descent and distribution. In the absence of a specified time in the Award Agreement, the Option will remain exercisable for twelve (12) months following the Participant's death. Unless otherwise provided by the Administrator, if at the time of death, the Participant is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option will immediately revert to the Plan. If the Option is not so exercised within the time specified herein, the Option will terminate, and the Shares covered by such Option will revert to the Plan.

(v) Tolling Expiration. A Participant's Award Agreement may also provide that:

(1) if the exercise of the Option following the cessation of the Participant's status as a Service Provider (other than upon the Participant's death or Disability) would result in liability under Section 16(c), then the Option will terminate on the earlier of (A) the expiration of the term of the Option set forth in the Award Agreement, or (B) the tenth (10th) day after the last date on which such exercise would result in liability under Section 16(c); or

(2) if the exercise of the Option following the cessation of the Participant's status as a Service Provider (other than upon the Participant's death or Disability) would be prohibited at any time solely because the issuance of Shares would violate the registration requirements under the Securities Act, then the Option will terminate on the earlier of (A) the expiration of the term of the Option or (B) the expiration of a period of thirty (30) days after the cessation of the Participant's status as a Service Provider during which the exercise of the Option would not be in violation of such registration requirements.

7. Restricted Stock.

(a) Grant of Restricted Stock. Subject to the terms and provisions of the Plan, the Administrator, at any time and from time to time, may grant a right to purchase or receive Shares of Restricted Stock to Service Providers in such amounts as the Administrator, in its sole discretion, will determine.

(b) Restricted Stock Agreement. Each Award of Restricted Stock will be evidenced by an Award Agreement that will specify any Period of Restriction, the number of Shares that the Service Provider shall be entitled to purchase or receive and the price to be paid, if any (which shall be as determined by the Administrator, subject to Applicable Laws, including any applicable securities laws), and such other terms and conditions as the Administrator, in its sole discretion, will determine. Unless the Administrator determines otherwise, the Company as escrow agent will hold Shares of Restricted Stock until the restrictions on such Shares have lapsed. The permissible consideration for the purchase of Restricted Stock shall be determined by the Administrator and shall be the same as is set forth in Section 6(e)(iii) with respect to exercise of Options.

(c) Transferability. Except as provided in this Section 7 or the Award Agreement, Shares of Restricted Stock may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated until the end of any applicable Period of Restriction.

(d) Other Restrictions. The Administrator, in its sole discretion, may impose such other restrictions on Shares of Restricted Stock as it may deem advisable or appropriate.

(e) Removal of Restrictions. Except as otherwise provided in this Section 7, Shares of Restricted Stock covered by each Restricted Stock grant made under the Plan will be released from escrow as soon as practicable after the last day of any applicable Period of Restriction or at such other time as the Administrator may determine. The Administrator, in its discretion, may accelerate the time at which any restrictions will lapse or be removed.

(f) Voting Rights. During any applicable Period of Restriction, Service Providers holding Shares of Restricted Stock granted hereunder may exercise full voting rights with respect to those Shares, unless the Administrator determines otherwise.

(g) Dividends and Other Distributions. During any applicable Period of Restriction, Service Providers holding Shares of Restricted Stock will be entitled to receive all dividends and other distributions paid with respect to such Shares, unless the Administrator provides otherwise. If any such dividends or distributions are paid in Shares, the Shares will be subject to the same restrictions on transferability and forfeitability as the Shares of Restricted Stock with respect to which they were paid.

(h) Return of Restricted Stock to Company. On the date set forth in the Award Agreement, the Restricted Stock for which restrictions have not lapsed will revert to the Company and again will become available for grant under the Plan.

8. Restricted Stock Units.

(a) Grant. Restricted Stock Units may be granted at any time and from time to time as determined by the Administrator. After the Administrator determines that it will grant Restricted Stock Units under the Plan, it will advise the Participant in an Award Agreement of the terms, conditions, and restrictions related to the grant, including the number of Restricted Stock Units.

(b) Vesting Criteria and Other Terms. The Administrator will set vesting criteria in its discretion, which, depending on the extent to which the criteria are met, will determine the number of Restricted Stock Units that will be paid out to the Participant. The Administrator may set vesting criteria based upon the achievement of Company-wide, divisional, business unit, or individual goals (including, but not limited to, continued employment or service), applicable federal or state securities laws or any other basis determined by the Administrator in its discretion.

(c) Earning Restricted Stock Units. Upon meeting the applicable vesting criteria, the Participant will be entitled to receive a payout as determined by the Administrator. Notwithstanding the foregoing, at any time after the grant of Restricted Stock Units, the Administrator, in its sole discretion, may reduce or waive any vesting criteria that must be met to receive a payout.

(d) Form and Timing of Payment. Payment of earned Restricted Stock Units will be made as soon as practicable after the date(s) determined by the Administrator and set forth in the Award Agreement. The Administrator, in its sole discretion, may settle earned Restricted Stock Units only in cash, Shares, or a combination of both.

(e) Cancellation. On the date set forth in the Award Agreement, all unearned Restricted Stock Units will be forfeited to the Company.

(f) Voting Rights, Dividend Equivalents and Distributions. Participants shall have no voting rights with respect to Shares represented by Restricted Stock Units until the date of the issuance of such Shares (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). However, the Administrator, in its discretion, may provide in the Award Agreement evidencing any Restricted Stock Unit Award that the Participant shall be entitled to receive Dividend Equivalents with respect to the payment of cash dividends on Shares having a record date prior to the date on which the Restricted Stock Units held by such Participant are settled or forfeited. Such Dividend Equivalents, if any, shall be paid by crediting the Participant with additional whole Restricted Stock Units as of the date of payment of such cash dividends on Shares. The number of additional Restricted Stock Units (rounded to the nearest whole number) to be so credited shall be determined by dividing (i) the amount of cash dividends paid on such date with respect to the number of Shares represented by the Restricted Stock Units previously credited to the Participant by (ii) the Fair Market Value per Share on such date. Such additional Restricted Stock Units shall be subject to the same terms and conditions, including but not limited to vesting conditions, and shall be settled in the same manner and at the same time as the Restricted Stock Units originally subject to the Restricted Stock Unit Award. Settlement of Dividend Equivalents may be made in cash, Shares, or a combination thereof as determined by the Administrator. In the event of a dividend or distribution paid in Shares or any other adjustment made upon a change in the capital structure of the Company as described in Section 15(a) appropriate adjustments shall be made in the Participant's Restricted Stock Unit Award so that it represents the right to receive upon settlement any and all new, substituted or additional securities or other property (other than normal cash dividends) to which the Participant would be entitled by reason of the Shares issuable upon settlement of the Award, and all such new, substituted or additional securities or other property shall be immediately subject to the same vesting conditions as are applicable to the Award.

9. Stock Appreciation Rights.

(a) Grant of Stock Appreciation Rights. Subject to the terms and conditions of the Plan, a Stock Appreciation Right may be granted to Service Providers at any time and from time to time as will be determined by the Administrator, in its sole discretion.

(b) Number of Shares. The Administrator will have complete discretion to determine the number of Stock Appreciation Rights granted to any Service Provider.

(c) Exercise Price and Other Terms. The per share exercise price for the Shares to be issued pursuant to exercise of a Stock Appreciation Right will be determined by the Administrator and will be no less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant. Otherwise, the Administrator, subject to the provisions of the Plan, will have complete discretion to determine the terms and conditions of Stock Appreciation Rights granted under the Plan.

(d) Stock Appreciation Right Agreement. Each Stock Appreciation Right grant will be evidenced by an Award Agreement that will specify the exercise price, the term of the Stock Appreciation Right, the conditions of exercise, and such other terms and conditions as the Administrator, in its sole discretion, will determine.

(e) Expiration of Stock Appreciation Rights. A Stock Appreciation Right granted under the Plan will expire upon the date as determined by the Administrator, in its sole discretion, and set forth in the Award Agreement. Notwithstanding the foregoing, the rules of Section 6(d) relating to the maximum term and Section 6(f) relating to exercise also will apply to Stock Appreciation Rights.

(f) Payment of Stock Appreciation Right Amount. Upon exercise of a Stock Appreciation Right, a Participant will be entitled to receive payment from the Company in an amount determined as the product of:

(i) The excess of the Fair Market Value of a Share on the date of exercise over the exercise price; and

(ii) The number of Shares with respect to which the Stock Appreciation Right is exercised.

At the discretion of the Administrator, the payment upon exercise of a Stock Appreciation Right may be in cash, in Shares of equivalent value, or in some combination of both.

10. Performance Units and Performance Shares.

(a) Grant of Performance Units/Shares. Performance Units and Performance Shares may be granted to Service Providers at any time and from time to time, as will be determined by the Administrator, in its sole discretion. The Administrator will have complete discretion in determining the number of Performance Units and Performance Shares granted to each Participant.

(b) Value of Performance Units/Shares. Each Performance Unit will have an initial value that is established by the Administrator on or before the date of grant. Each Performance Share will have an initial value equal to the Fair Market Value of a Share on the date of grant.

(c) Performance Objectives and Other Terms. The Administrator will set performance objectives or other vesting provisions (including, without limitation, continued status as a Service Provider) in its discretion which, depending on the extent to which they are met, will determine the number or value of Performance Units/Shares that will be paid out to the Service Providers. The time period during which the performance objectives or other vesting provisions must be met will be called the “Performance Period.” Each Award of Performance Units/Shares will be evidenced by an Award Agreement that will specify the Performance Period, and such other terms and conditions as the Administrator, in its sole discretion, will determine. The Administrator may set performance objectives based upon the achievement of Company-wide, divisional, business unit or individual goals (including, but not limited to, continued employment or service), applicable federal or state securities laws, or any other basis determined by the Administrator in its discretion.

(d) Earning of Performance Units/Shares. After the applicable Performance Period has ended, the holder of Performance Units/Shares will be entitled to receive a payout of the number of Performance Units/Shares earned by the Participant over the Performance Period, to be determined as a function of the extent to which the corresponding performance objectives or other vesting provisions have been achieved. After the grant of a Performance Unit/Share, the Administrator, in its sole discretion, may reduce, waive or adjust any performance objectives or other vesting provisions for such Performance Unit/Share.

(e) Form and Timing of Payment of Performance Units/Shares. Payment of earned Performance Units/Shares will be made as soon as practicable after the expiration of the applicable Performance Period. The Administrator, in its sole discretion, may pay earned Performance Units/Shares in the form of cash, in Shares (which have an aggregate Fair Market Value equal to the value of the earned Performance Units/Shares at the close of the applicable Performance Period) or in a combination thereof.

(f) Cancellation of Performance Units/Shares. On the date set forth in the Award Agreement, all unearned or unvested Performance Units/Shares will be forfeited to the Company, and again will be available for grant under the Plan.

(g) Voting Rights, Dividend Equivalents and Distributions. Participants shall have no voting rights with respect to Shares represented by Performance Units and/or Performance Shares until the date of the issuance of such Shares (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). However, the Administrator, in its discretion, may provide in the Award Agreement evidencing any Award of Performance Shares that the Participant shall be entitled to receive Dividend Equivalents with respect to the payment of cash dividends on Shares having a record date prior to the date on which the Performance Shares are settled or forfeited. Such Dividend Equivalents, if any, shall be paid by crediting the Participant with additional whole Performance Shares as of the date of payment of such cash dividends on Shares. The number of additional Performance Units or Performance Shares, as applicable, (rounded to the nearest whole number) to be so credited shall be determined by dividing (i) the amount of cash dividends paid on such date with respect to the number of Shares represented by the Performance Shares previously credited to the Participant by (ii) the Fair Market Value per Share on such date. Such additional Performance Shares shall be subject to the same terms and conditions, including but not limited to vesting conditions, and shall be settled in the same manner and at the same time (or as soon thereafter as practicable) as the Performance Units or Performance Shares, as applicable, originally subject to the Award of Performance Units or Performance Shares, as applicable. Settlement of Dividend Equivalents may be made in cash, Shares, or a combination thereof as determined by the Administrator, and may be paid on the same basis as settlement of the related Performance Share. Dividend Equivalents shall not be paid with respect to Performance Units. In the event of a dividend or distribution paid in Shares or any other adjustment made upon a change in the capital structure of the Company as described in Section 15(a) appropriate adjustments shall be made in the Participant's Award of Performance Shares so that it represents the right to receive upon settlement any and all new, substituted or additional securities or other property (other than normal cash dividends) to which the Participant would be entitled by reason of the Shares issuable upon settlement of the Award, and all such new, substituted or additional securities or other property shall be immediately subject to the same vesting conditions as are applicable to the Award.

11. Other Awards.

(a) Grant. The Administrator may from time to time grant cash-based (including annual incentive awards), equity-based or equity-related awards not otherwise described herein in such amounts and on such terms as it shall determine, subject to the terms and conditions set forth in the Plan. Without limiting the generality of the preceding sentence, each such Other Award may (i) involve the transfer of actual Shares to Participants, either at the time of grant or thereafter, or payment in cash or otherwise, (ii) be subject to performance-based vesting conditions and/or multipliers and/or service-based vesting conditions, (iii) be in the form of cash, phantom stock, performance shares, deferred share units, share-denominated performance units or other similar awards and (iv) be designed to comply with Applicable Laws of jurisdictions other than the United States; provided that each cash-based Other Award shall be denominated in cash and each equity-based or equity-related Other Award shall be denominated in, or shall have a value determined by reference to, a number of Shares, in each case that is specified (or will be determined using a formula that is specified) at the time of the grant of such Other Award. After the Administrator determines that it will grant Other Awards under the Plan, it will advise the Participant in an Award Agreement of the terms, conditions, and restrictions related to the Other Award.

(b) Vesting Criteria and Other Terms. The Administrator will set vesting criteria in its discretion, which, depending on the extent to which the criteria are met, will determine the right to receive a payout pursuant to the Other Award. The Administrator may set vesting criteria based upon the achievement of Company-wide, divisional, business unit, or individual goals (including, but not limited to, continued employment or service), applicable federal or state securities laws or any other basis determined by the Administrator in its discretion.

(c) Earning Other Awards. Upon meeting the applicable vesting criteria, the Participant will be entitled to receive a payout as determined by the Administrator. Notwithstanding the foregoing, at any time after the grant of any Other Award, the Administrator, in its sole discretion, may reduce, waive, or adjust any vesting criteria that must be met to receive a payout.

(d) Form and Timing of Payment. Payment of Other Awards will be made as soon as practicable after the date(s) determined by the Administrator and set forth in the Award Agreement. The Administrator will settle earned cash-based Other Awards solely in cash but, in its sole discretion, may settle earned equity-based or equity-related Other Awards in cash, Shares, or a combination of both.

(e) Cancellation. On the date set forth in the Award Agreement, all unearned Other Awards will be forfeited to the Company.

(f) Voting Rights, Dividend Equivalents and Distributions. Until the issuance of the Shares (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company) (if any), no right to vote or receive dividends or any other rights as a holder of capital stock shall exist with respect to the equity-based or equity-related Other Awards. No adjustment will be made for a dividend or other right for which the record date is prior to the date of issuance, except as provided in Section 15(a) hereof.

12. Outside Director Award Limitations. No Outside Director may be paid, issued, or granted, in any calendar year, equity awards (including any Awards issued under this Plan) with an aggregate value (the value of which will be based on their grant date fair value determined in accordance with U.S. generally accepted accounting principles) and any other compensation (including without limitation any cash retainers or fees) that, in the aggregate, exceed $750,000 (increased to $1,000,000 in his or her initial year of service as an Outside Director). Any Awards or other compensation paid or provided to an individual for his or her services as an Employee, or for his or her services as a Consultant (other than as an Outside Director), will not count for purposes of the limitation under this Section 12.

13. Leaves of Absence/Transfer Between Locations. Unless the Administrator provides otherwise, Awards granted hereunder will continue to vest during the first thirty (30) days of any unpaid leave of absence approved by the Company, but vesting will be suspended as of the thirty-first (31st) day of any unpaid leave of absence approved by the Company. A Participant will not cease to be an Employee in the case of (i) any leave of absence approved by the Company or (ii) transfers between locations of the Company or between the Company, its Parent, or any of its Subsidiaries. For purposes of Incentive Stock Options, no such leave may exceed three (3) months, unless reemployment upon expiration of such leave is guaranteed by statute or contract. If reemployment upon expiration of a leave of absence approved by the Company is not so guaranteed, then six (6) months following the first (1st) day of such leave any Incentive Stock Option held by the Participant will cease to be treated as an Incentive Stock Option and will be treated for tax purposes as a Nonstatutory Stock Option.

14. Transferability of Awards. Unless determined otherwise by the Administrator, an Award may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent and distribution, and may be exercised, during the lifetime of the Participant, only by the Participant. If the Administrator makes an Award transferable, such Award will contain such additional terms and conditions as the Administrator deems appropriate.

15. Adjustments; Dissolution or Liquidation; Merger or Change in Control.

(a) Adjustments. In the event that any dividend or other distribution (whether in the form of cash, Shares, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, reclassification, repurchase, or exchange of Shares or other securities of the Company, or other change in the corporate structure of the Company affecting the Shares occurs (other than any ordinary cash dividends or other ordinary distributions), the Administrator, in order to prevent diminution or enlargement of the benefits or potential benefits intended to be made available under the Plan, will adjust the number and class of shares of stock that may be delivered under the Plan, the number, class, and price of shares of stock covered by each outstanding Award, the exercise price or base price of any outstanding Options or Stock Appreciation Rights, and the numerical Share limits in Section 3 of the Plan.

(b) Dissolution or Liquidation. In the event of a proposed dissolution or liquidation of the Company, the Administrator will notify each Participant as soon as practicable prior to the effective date of such proposed transaction. To the extent it has not been previously exercised, an Award will terminate immediately prior to the consummation of such proposed action.

(c) Merger or Change in Control. In the event of a merger of the Company with or into another corporation or other entity or a Change in Control, each outstanding Award will be treated as the Administrator determines (subject to the provisions of the following paragraph) without a Participant's consent, including, without limitation, that (i) Awards will be assumed, or substantially equivalent awards will be substituted, by the acquiring or succeeding corporation (or an affiliate thereof) with appropriate adjustments as to the number and kind of shares and prices; (ii) upon written notice to a Participant, that the Participant's Awards will terminate upon or immediately prior to the consummation of such merger or Change in Control; (iii) outstanding Awards will vest and become exercisable, realizable, or payable, or restrictions applicable to an Award will lapse, in whole or in part prior to or upon consummation of such merger or Change in Control, and, to the extent the Administrator determines, terminate upon or immediately prior to the effectiveness of such merger or Change in Control; (iv) (A) Awards will be terminated in exchange for an amount of cash and/or property, if any, equal to the amount that would have been attained upon the exercise of such Award or realization of the Participant's rights as of the date of the occurrence of the transaction (and, for the avoidance of doubt, if as of the date of the occurrence of the transaction the Administrator determines in good faith that no amount would have been attained upon the exercise of such Award or realization of the Participant's rights, then such Award may be terminated by the Company without payment), or (B) Award will be replaced with other rights or property selected by the Administrator in its sole discretion; or (v) any combination of the foregoing. In taking any of the actions permitted under this Section 15(c), the Administrator will not be obligated to treat all Participants, all Awards, all Awards held by a Participant, all Awards of the same type, or all portions of Awards, similarly in the transaction. No provision of this Section 15 shall be given effect to the extent that such provision would cause any tax to become due under Section 409A of the Code.

Unless otherwise provided in an Award Agreement or other written agreement between the Participant and the Company or any of its Subsidiaries or Parents, as applicable, in the event that the successor corporation does not assume or substitute for the Award (or portion thereof), the Participant will fully vest in and have the right to exercise the Participant's outstanding Option and Stock Appreciation Right (or portion thereof) that is not assumed or substituted for, including Shares as to which such Award would not otherwise be vested or exercisable, all restrictions on Restricted Stock, Restricted Stock Units, Performance Shares, Performance Units and Other Awards (or portions thereof) not assumed or substituted for will lapse, and, with respect to such Awards with performance-based vesting (or portions thereof) not assumed or substituted for, all performance goals or other vesting criteria will be deemed achieved at one hundred percent (100%) of target levels and all other terms and conditions met, in each case, unless specifically provided otherwise under the applicable Award Agreement or other written agreement between the Participant and the Company or any of its Subsidiaries or Parents, as applicable. In addition, if an Option or Stock Appreciation Right (or portion thereof) is not assumed or substituted for in the event of a merger or Change in Control, the Administrator will notify the Participant in writing or electronically that such Option or Stock Appreciation Right (or its applicable portion) will be exercisable for a period of time determined by the Administrator in its sole discretion, and the Option or Stock Appreciation Right (or its applicable portion) will terminate upon the expiration of such period.

For the purposes of this subsection (c), an Award will be considered assumed if, following the merger or Change in Control, the Award confers the right to purchase or receive, for each Share subject to the Award immediately prior to the merger or Change in Control, the consideration (whether stock, cash, or other securities or property) received in the merger or Change in Control by holders of Common Stock for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the merger or Change in Control is not solely common stock of the successor corporation or its Parent, the Administrator may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise of an Option or Stock Appreciation Right or upon the payout of a Restricted Stock Unit, Performance Unit, Performance Share or Other Award, for each Share subject to such Award, to be solely common stock of the successor corporation or its Parent equal in fair market value to the per share consideration received by holders of Common Stock in the merger or Change in Control.

Notwithstanding anything in this subsection (c) to the contrary, and unless otherwise provided in an Award Agreement or other written agreement between the Participant and the Company or any of its Subsidiaries or Parents, as applicable, an Award that vests, is earned or paid-out upon the satisfaction of one or more performance goals will not be considered assumed if the Company or its successor modifies any of such performance goals without the Participant's consent; provided, however, a modification to such performance goals only to reflect the successor corporation's post-Change in Control corporate structure will not be deemed to invalidate an otherwise valid Award assumption.

Notwithstanding anything in this subsection (c) to the contrary, if a payment under an Award Agreement is subject to Section 409A and if the change in control definition contained in the Award Agreement or other written agreement related to the Award does not comply with the definition of "change in control" for purposes of a distribution under Section 409A, then any payment of an amount that otherwise is accelerated under this Section will be delayed until the earliest time that such payment would be permissible under Section 409A without triggering any penalties applicable under Section 409A.

(d) Outside Director Awards. With respect to Awards granted to an Outside Director, in the event of a Change in Control, the Participant will fully vest in and have the right to exercise Options and/or Stock Appreciation Rights as to all of the Shares underlying such Award, including those Shares which would not be vested or exercisable, all restrictions on Restricted Stock and Restricted Stock Units will lapse, and, with respect to Awards with performance-based vesting, all performance goals or other vesting criteria will be deemed achieved at one hundred percent (100%) of target levels and all other terms and conditions met, unless specifically provided otherwise under the applicable Award Agreement or other written agreement between the Participant and the Company or any of its Subsidiaries or Parents, as applicable.

16. Tax.

(a) Withholding Requirements. Prior to the delivery of any Shares or cash pursuant to an Award (or exercise thereof) or such earlier time as any tax withholding obligations are due, the Company (or any of its Subsidiaries, Parents or affiliates employing or retaining the services of a Participant, as applicable) will have the power and the right to deduct or withhold, or require a Participant to remit to the Company (or any of its Subsidiaries, Parents or affiliates, as applicable), an amount sufficient to satisfy U.S. federal, state, and local, non-U.S., and other taxes (including the Participant's FICA or other social insurance contribution obligation) required to be withheld with respect to such Award (or exercise thereof).

(b) Withholding Arrangements. The Administrator, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit a Participant to satisfy such tax withholding obligation, in whole or in part by (without limitation) (i) paying cash, check or other cash equivalents, (ii) electing to have the Company withhold otherwise deliverable cash or Shares having a fair market value equal to the minimum statutory amount required to be withheld or such greater amount (including up to a maximum statutory amount) as the Administrator may determine if such amount would not have adverse accounting consequences, as the Administrator determines in its sole discretion, (iii) delivering to the Company already-owned Shares having a fair market value equal to the statutory amount required to be withheld or such greater amount (including up to a maximum statutory amount) as the Administrator may determine, in each case, provided the delivery of such Shares will not result in any adverse accounting consequences, as the Administrator determines in its sole discretion, (iv) selling a sufficient number of Shares otherwise deliverable to the Participant through such means as the Administrator may determine in its sole discretion (whether through a broker or otherwise) to satisfy any applicable withholding obligations, (v) any combination of the foregoing methods of payment, or (vi) any other method of withholding determined by the Administrator and, to the extent required by Applicable Laws or the Plan, approved by the Board or the Committee. The withholding amount will be deemed to include any amount which the Administrator agrees may be withheld at the time the election is made, not to exceed the amount determined by using the maximum statutory rates applicable to the Participant with respect to the Award on the date that the amount of tax to be withheld is to be determined or such greater amount as the Administrator may determine if such amount would not have adverse accounting consequences, as the Administrator determines in its sole discretion. The fair market value of the Shares to be withheld or delivered will be determined as of the date that the amount of taxes to be withheld is calculated.

(c) Compliance With Section 409A. Awards will be designed and operated in such a manner that they are either exempt from the application of, or comply with, the requirements of Section 409A such that the grant, payment, settlement or deferral will not be subject to the additional tax or interest applicable under Section 409A, except as otherwise determined in the sole discretion of the Administrator. The Plan and each Award Agreement under the Plan is intended to meet the requirements of Section 409A and will be construed and interpreted in accordance with such intent, except as otherwise determined in the sole discretion of the Administrator. To the extent that an Award or payment, or the settlement or deferral thereof, is subject to Section 409A, the Award will be granted, paid, settled or deferred in a manner that will meet the requirements of Section 409A, such that the grant, payment, settlement or deferral will not be subject to the additional tax or interest applicable under Section 409A. In no event will the Company or any of its Subsidiaries or Parents have any obligation or liability under the terms of this Plan to reimburse, indemnify, or hold harmless any Participant or any other person in respect of Awards, for any taxes, interest or penalties imposed, or other costs incurred, as a result of Section 409A. Each installment payable under the Plan will constitute a separate payment for purposes of Treasury Regulation Section 1.409A-2(b), including Treasury Regulation Section 1.409A-2(b)(2)(iii).

17. No Effect on Employment or Service. Neither the Plan nor any Award will confer upon a Participant any right with respect to continuing the Participant's relationship as a Service Provider, nor interfere in any way with the Participant's right or the right of the Company and its Subsidiaries or Parents, as applicable, to terminate such relationship at any time, with or without cause, to the extent permitted by Applicable Laws.

18. Date of Grant. The date of grant of an Award will be, for all purposes, the date on which the Administrator makes the determination granting such Award, or such other later date as is determined by the Administrator. Notice of the determination will be provided to each Participant within a reasonable time after the date of such grant.

19. Term of Plan. The Plan shall come into existence upon its adoption by the Board and shall become effective on the date of the closing of the transactions contemplated by the Business Combination Agreement by and among CHW Acquisition Corporation, CHW Merger Sub Inc., and Wag Labs, Inc., dated as of February 2, 2022, subject to the approval of the holders of capital stock of the Company as provided in Section 22 hereof. It will continue in effect until terminated under Section 20, but no Incentive Stock Options may be granted after ten (10) years from the date adopted by the Board.

20. Amendment and Termination of the Plan.

(a) Amendment and Termination. The Administrator, at any time, may amend, alter, suspend or terminate the Plan.

(b) Stockholder Approval. The Company will obtain stockholder approval of any Plan amendment to the extent necessary and desirable to comply with Applicable Laws.

(c) Effect of Amendment or Termination. No amendment, alteration, suspension or termination of the Plan will materially impair the rights of any Participant, unless mutually agreed otherwise between the Participant and the Administrator, which agreement must be in writing and signed by the Participant and the Company. Termination of the Plan will not affect the Administrator's ability to exercise the powers granted to it hereunder with respect to Awards granted under the Plan prior to the date of such termination.

21. Conditions Upon Issuance of Shares.

(a) Legal Compliance. Shares will not be issued pursuant to the exercise or vesting of an Award unless the exercise or vesting of such Award and the issuance and delivery of such Shares will comply with Applicable Laws and will be further subject to the approval of counsel for the Company with respect to such compliance.

(b) Investment Representations. As a condition to the exercise or vesting of an Award, the Company may require the person exercising or vesting in such Award to represent and warrant at the time of any such exercise or vesting that the Shares are being acquired only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required.

22. Inability to Obtain Authority. If the Company determines it to be impossible or impractical to obtain authority from any regulatory body having jurisdiction or to complete or comply with the requirements of any registration or other qualification of the Shares under any U.S. state or federal law or non-U.S. law or under the rules and regulations of the U.S. Securities and Exchange Commission, the stock exchange on which Shares of the same class are then listed, or any other governmental or regulatory body, which authority, registration, qualification or rule compliance is deemed by the Company's counsel to be necessary or advisable for the issuance and sale of any Shares hereunder, the Company will be relieved of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority, registration, qualification or rule compliance will not have been obtained.

23. Stockholder Approval. The Plan will be subject to approval by the stockholders of the Company within twelve (12) months after the date the Plan is adopted by the Board. Such stockholder approval will be obtained in the manner and to the degree required under Applicable Laws.

24. Forfeiture Events. The Administrator may specify in an Award Agreement that the Participant's rights, payments, and benefits with respect to an Award will be subject to reduction, cancellation, forfeiture, recoupment, reimbursement, or reacquisition upon the occurrence of certain specified events, in addition to any otherwise applicable vesting or performance conditions of an Award. Notwithstanding any provisions to the contrary under this Plan, an Award will be subject to the Company's clawback policy as may be established and/or amended from time to time to comply with Applicable Laws (including without limitation pursuant to the listing standards of any national securities exchange or association on which the Company's securities are listed or as may be required by the Dodd-Frank wall Street Reform and Consumer Protection Act) (the "Clawback Policy"). The Administrator may require a Participant to forfeit, return or reimburse the Company all or a portion of the Award and any amounts paid thereunder pursuant to the terms of the Clawback Policy or as necessary or appropriate to comply with Applicable Laws. Unless this Section 24 specifically is mentioned and waived in an Award Agreement or other document, no recovery of compensation under a Clawback Policy or otherwise will constitute an event that triggers or contributes to any right of a Participant to resign for "good reason" or "constructive termination" (or similar term) under any agreement with the Company or any Parent or Subsidiary of the Company.

25. Governing Law. The Plan will be governed by, and construed in accordance with, the laws of the State of Delaware without regard to its conflict of law principles.

* * *

As adopted by the Board of Directors of Wag! Group Co. on July 9, 2022.

As approved by the sole stockholder of Wag! Group Co. on July 9, 2022.

Exhibit 10.7

WAG! GROUP CO. 2022 EMPLOYEE STOCK PURCHASE PLAN

1. Purpose. The Company, by means of the Plan, seeks to retain the services of Eligible Employees of the Company and its Designated Companies, to secure and retain the services of new employees and to provide incentives for such persons to exert maximum efforts for the success of the Company and its Designated Corporations, in each case by offering such Eligible Employees the opportunity to acquire a proprietary interest in the success of the Company, or to increase such interest, by acquiring shares of Common Stock.

The Company intends for the Plan to have two components: a component that is intended to qualify as an "employee stock purchase plan" under Section 423 of the Code (the "423 Component") and a component that is not intended to qualify as an "employee stock purchase plan" under Section 423 of the Code (the "Non-423 Component"). The provisions of the 423 Component, accordingly, will be construed so as to extend and limit Plan participation in a uniform and nondiscriminatory basis consistent with the requirements of Section 423 of the Code. An option to purchase shares of Common Stock under the Non-423 Component will be granted pursuant to rules, procedures, or sub-plans adopted by the Administrator designed to achieve tax, securities laws, or other objectives for Eligible Employees and the Company. Except as otherwise provided herein, the Non-423 Component will operate and be administered in the same manner as the 423 Component.

2. Definitions.

(a) "Administrator" means the Board or any Committee designated by the Board to administer the Plan pursuant to Section 14.

(b) "Affiliate" means any entity, other than a Subsidiary, in which the Company has an equity or other ownership interest.

(c) "Applicable Laws" means the requirements relating to the administration of equity-based awards, including but not limited to the related issuance of shares of Common Stock, under U.S. state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any foreign country or jurisdiction where options are, or will be, granted under the Plan.

(d) "Board" means the Board of Directors of the Company.

(e) "Change in Control" means the occurrence of any of the following events:

(i) A change in the ownership of the Company that occurs on the date that any one person, or more than one person acting as a group ("Person"), acquires ownership of the stock of the Company that, together with the stock held by such Person, constitutes more than fifty percent (50%) of the total voting power of the stock of the Company; provided, however, that for purposes of this subsection if the stockholders of the Company immediately before such change in ownership continue to retain immediately after the change in ownership, in substantially the same proportions as their ownership of shares of the Company's voting stock immediately prior to the change in ownership, direct or indirect beneficial ownership of fifty percent (50%) or more of the total voting power of the stock of the Company or of the ultimate parent entity of the Company, such event shall not be considered a Change in Control under this subsection (i). For this purpose, indirect beneficial ownership shall include, without limitation, an interest resulting from ownership of the voting securities of one or more corporations or other business entities which own the Company, as the case may be, either directly or through one or more subsidiary corporations or other business entities.; or

(ii) A change in the effective control of the Company which occurs on the date that a majority of members of the Board is replaced during any twelve (12) month period by Directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election. For purposes of this subsection (ii), if any Person is considered to be in effective control of the Company, the acquisition of additional control of the Company by the same Person will not be considered a Change in Control; or

(iii) A change in the ownership of a substantial portion of the Company's assets which occurs on the date that any Person acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than fifty percent (50%) of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions; provided, however, that for purposes of this subsection (iii), the following will not constitute a change in the ownership of a substantial portion of the Company's assets: (A) a transfer to an entity that is controlled by the Company's stockholders immediately after the transfer, or (B) a transfer of assets by the Company to: (1) a stockholder of the Company (immediately before the asset transfer) in exchange for or with respect to the Company's stock, (2) an entity, fifty percent (50%) or more of the total value or voting power of which is owned, directly or indirectly, by the Company, (3) a Person, that owns, directly or indirectly, fifty percent (50%) or more of the total value or voting power of all the outstanding stock of the Company, or (4) an entity, at least fifty percent (50%) of the total value or voting power of which is owned, directly or indirectly, by a Person described in this subsection (iii)(B)(3). For purposes of this subsection (iii), gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

For purposes of this Section 2(e), persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company.

Notwithstanding the foregoing, a transaction will not be deemed a Change in Control unless the transaction qualifies as a change in control event within the meaning of Section 409A.

Further and for the avoidance of doubt, a transaction will not constitute a Change in Control if: (i) its primary purpose is to change the jurisdiction of the Company's incorporation, or (ii) its primary purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction.

(f) "Code" means the U.S. Internal Revenue Code of 1986, as amended. Reference to a specific section of the Code or U.S. Treasury Regulation thereunder will include such section or regulation, any valid regulation or other official applicable guidance promulgated under such section, and any comparable provision of any future legislation or regulation amending, supplementing or superseding such section or regulation.

(g) "Committee" means a committee of the Board appointed in accordance with Section 14 hereof.

(h) "Common Stock" means the Company's common stock, $0.0001 par value per share.

(i) "Company" means Wag! Group Co., a Delaware corporation, or any successor thereto.

(j) "Compensation" includes an Eligible Employee's taxable compensation except that it excludes severance, imputed income, and equity compensation income and other similar compensation. The Administrator, in its discretion, may, on a uniform and nondiscriminatory basis, establish a different definition of Compensation for a subsequent Offering Period. Further, the Administrator shall have the discretion to determine the application of this definition to Participants outside the United States.

(k) "Contributions" means the payroll deductions and other additional payments that the Company may permit to be made by a Participant to fund the exercise of options granted pursuant to the Plan.

(l) "Designated Company" means any Subsidiary or Affiliate of the Company that has been designated by the Administrator from time to time in its sole discretion as eligible to participate in the Plan. For purposes of the 423 Component, only the Company and its Subsidiaries may be Designated Companies, provided, however that at any given time, a Subsidiary that is a Designated Company under the 423 Component will not be a Designated Company under the Non-423 Component.

(m) "Director" means a member of the Board.

(n) "Eligible Employee" means any individual who is a common law employee providing services to the Company or a Designated Company; provided, however, that the Administrator retains the discretion to determine which Eligible Employees may participate in an Offering pursuant to and consistent with U.S. Treasury Regulation Sections 1.423-2(a) and (e). For purposes of the Plan, the employment relationship will be treated as continuing intact while the individual is on sick leave or other leave of absence that the Employer approves or is legally protected under Applicable Laws with respect to the Participant's participation in the Plan. Where the period of leave exceeds three (3) months and the individual's right to reemployment is not guaranteed either by statute, contract or Applicable Laws, the employment relationship will be deemed to have terminated three (3) months and one (1) day following the commencement of such leave. The Administrator, in its discretion, from time to time may, prior to an Enrollment Date for all options to be granted on such Enrollment Date in an Offering, determine (for each Offering under the 423 Component, on a uniform and nondiscriminatory basis or as otherwise permitted by U.S. Treasury Regulation Section 1.423-2) that the definition of Eligible Employee will or will not include an individual if he or she: (i) has not completed at least two (2) years of service since his or her last hire date (or such lesser period of time as may be determined by the Administrator in its discretion), (ii) customarily works not more than twenty (20) hours per week (or such lesser period of time as may be determined by the Administrator in its discretion), (iii) customarily works not more than five (5) months per calendar year (or such lesser period of time as may be determined by the Administrator in its discretion), (iv) is a highly compensated employee within the meaning of Section 414(q) of the Code, or (v) is a highly compensated employee within the meaning of Section 414(q) of the Code with compensation above a certain level or is an officer or subject to the disclosure requirements of Section 16(a) of the Exchange Act, provided the exclusion is applied with respect to each Offering under the 423 Component in an identical manner to all highly compensated individuals of the Employer whose employees are participating in that Offering. Each exclusion will be applied with respect to an Offering in a manner complying with U.S. Treasury Regulation Section 1.423-2(e)(2)(ii). Such exclusions may be applied with respect to an Offering under the Non-423 Component if permitted under Applicable Laws and without regard to the limitations of U.S. Treasury Regulation Section 1.423-2. For purposes of clarity, the term "Eligible Employee" shall not include any individual performing services for the Company or a Designated Company under an independent contractor or consulting agreement, a purchase order, a supplier agreement, or any other agreement that the Company or a Designated Company entered into for services, regardless of any subsequent reclassification of that individual as an employee by the Company or a Designated Company, any governmental agency, or any court.

(o) "Employer" means the employer of the applicable Eligible Employee(s).

(p) "Enrollment Date" means the first Trading Day of an Offering Period.

(q) "Exchange Act" means the U.S. Securities Exchange Act of 1934, as amended, including the rules and regulations promulgated thereunder.

(r) "Exercise Date" means the last Trading Day of the Purchase Period. Notwithstanding the foregoing, in the event that an Offering Period is terminated prior to its expiration pursuant to Section 20(a), the Administrator, in its sole discretion, may determine that any Purchase Period also terminating under such Offering Period will terminate without options being exercised on the Exercise Date that otherwise would have occurred on the last Trading Day of such Purchase Period.

(s) "Fair Market Value" means, as of any date, the value of a share of Common Stock determined as follows:

(i) The Fair Market Value will be the closing sales price for Common Stock on the day immediately preceding the relevant date, as quoted on any established stock exchange or national market system (including without limitation the New York Stock Exchange, Nasdaq Global Select Market, the Nasdaq Global Market or the Nasdaq Capital Market of The Nasdaq Stock Market) on which the Common Stock is listed on the date of determination (or the closing bid, if no sales were reported), as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable. If the day immediately preceding the relevant date occurs on a non-Trading Day (i.e., a weekend or holiday), the Fair Market Value will be such price on the immediately preceding Trading Day, unless otherwise determined by the Administrator; or

(ii) In the absence of an established market for the Common Stock, the Fair Market Value thereof will be determined in good faith by the Administrator.

The determination of fair market value for purposes of tax withholding may be made in the Administrator's discretion subject to Applicable Laws and is not required to be consistent with the determination of Fair Market Value for other purposes.

(t) "New Exercise Date" means a new Exercise Date if the Administrator shortens any Offering Period then in progress.

(u) "Offering" means an offer under the Plan of an option that may be exercised during an Offering Period as further described in Section 4. For purposes of the Plan, the Administrator may designate separate Offerings under the Plan (the terms of which need not be identical) in which Eligible Employees of one or more Employers will participate, even if the dates of the applicable Offering Periods of each such Offering are identical and the provisions of the Plan will separately apply to each Offering. To the extent permitted by U.S. Treasury Regulation Section 1.423-2(a)(1), the terms of each Offering need not be identical provided that the terms of the Plan and an Offering together satisfy U.S. Treasury Regulation Section 1.423-2(a)(2) and (a)(3).

(v) "Offering Periods" means a period beginning on such date as may be determined by the Administrator in its discretion and ending on such Exercise Date as may be determined by the Administrator in its discretion, in each case on a uniform and nondiscriminatory basis. The duration and timing of Offering Periods may be changed pursuant to Sections 4, 20, and 30.

(w) "Parent" means a "parent corporation," whether now or hereafter existing, as defined in Section 424(e) of the Code.

(x) "Participant" means an Eligible Employee that participates in the Plan.

(y) "Plan" means this Wag! Group Co. 2022 Employee Stock Purchase Plan, as may be amended from time to time.

(z) "Purchase Period" means the period, as determined by the Administrator in its discretion on a uniform and nondiscriminatory basis, during an Offering Period that commences on the Offering Period's Enrollment Date and ends on the next Exercise Date, except that if the Administrator determines that more than one Purchase Period should occur within an Offering Period, subsequent Purchase Periods within such Offering Period commence after one Exercise Date and end with the next Exercise Date at such time or times as the Administrator determines prior to the commencement of the Offering Period.

(aa) "Purchase Price" means an amount equal to eighty-five percent (85%) of the Fair Market Value on the Enrollment Date or on the Exercise Date, whichever is lower; provided however, that the Purchase Price may be determined for subsequent Offering Periods by the Administrator subject to compliance with Section 423 of the Code (or any successor rule or provision or any other Applicable Law, regulation or stock exchange rule) or pursuant to Section 20.

(bb) "Section 409A" means Section 409A of the Code and the regulations and guidance thereunder, as may be amended or modified from time to time.

(cc) "Subsidiary" means a "subsidiary corporation," whether now or hereafter existing, as defined in Section 424(1) of the Code.

(dd) "Trading Day" means a day that the primary stock exchange (or national market system, or other trading platform, as applicable) upon which the Common Stock is listed is open for trading.

(ee) "U.S. Treasury Regulations" means the Treasury Regulations of the Code. Reference to a specific Treasury Regulation or Section of the Code shall include such Treasury Regulation or Section, any valid regulation promulgated under such Section, and any comparable provision of any future legislation or regulation amending, supplementing, or superseding such Section or regulation.

3. Eligibility.

(a) Generally. Any Eligible Employee on a given Enrollment Date subsequent to the first Offering Period will be eligible to participate in the Plan, subject to the requirements of Section 5.

(b) Non-U.S. Employees. Eligible Employees who are citizens or residents of a non-U.S. jurisdiction (without regard to whether they also are citizens or residents of the United States or resident aliens (within the meaning of Section 7701(b)(1)(A) of the Code)) may be excluded from participation in the Plan or an Offering if the participation of such Eligible Employees is prohibited under the laws of the applicable jurisdiction or if complying with the laws of the applicable jurisdiction would cause the Plan or an Offering to violate Section 423 of the Code. In the case of the Non-423 Component, Eligible Employees may be excluded from participation in the Plan or an Offering if the Administrator determines that participation of such Eligible Employees is not advisable or practicable.

(c) Limitations. Any provisions of the Plan to the contrary notwithstanding, no Eligible Employee will be granted an option under the Plan (i) to the extent that, immediately after the grant, such Eligible Employee (or any other person whose stock would be attributed to such Eligible Employee pursuant to Section 424(d) of the Code) would own capital stock of the Company or any Parent or Subsidiary of the Company and/or hold outstanding options to purchase such stock possessing five percent (5%) or more of the total combined voting power or value of all classes of the capital stock of the Company or of any Parent or Subsidiary of the Company, or (ii) to the extent that his or her rights to purchase stock under all employee stock purchase plans (as defined in Section 423 of the Code) of the Company or any Parent or Subsidiary of the Company accrues at a rate, which exceeds twenty-five thousand dollars ($25,000) worth of stock (determined at the fair market value of the stock at the time such option is granted) for each calendar year in which such option is outstanding at any time, as determined in accordance with Section 423 of the Code and the regulations thereunder.

4. Offering Periods. Offering Periods will expire on the earliest to occur of (i) the completion of the purchase of Shares on the last Exercise Date occurring within twenty-seven (27) months of the applicable Enrollment Date on which the option to purchase Shares was granted, or (ii) such shorter period as may be established by the Administrator from time to time, in its discretion and on a uniform and nondiscriminatory basis, prior to an Enrollment Date for all options to be granted on such Enrollment Date.

5. Participation. An Eligible Employee may participate in the Plan pursuant to Section 3 by (i) submitting to the Company's stock administration office (or its designee) a properly completed subscription agreement authorizing Contributions in the form provided by the Administrator for such purpose or (ii) following an electronic or other enrollment procedure determined by the Administrator, in either case on or before a date determined by the Administrator prior to an applicable Enrollment Date.

6. Contributions.

(a) At the time a Participant enrolls in the Plan pursuant to Section 5, he or she will elect to have Contributions (in the form of payroll deductions or otherwise, to the extent permitted by the Administrator) made on each pay day during the Offering Period in an amount that the Administrator may establish from time to time, in its discretion and, with respect to options granted under the 423 Component, on a uniform and nondiscriminatory basis for all options to be granted on any Enrollment Date. The Administrator, in its sole discretion, may permit all Participants in a specified Offering to contribute amounts to the Plan through payment by cash, check or other means set forth in the subscription agreement or as determined by the Administrator prior to each Exercise Date of each Purchase Period. A Participant's subscription agreement will remain in effect for successive Offering Periods unless terminated as provided in Section 10 hereof.

(b) In the event Contributions are made in the form of payroll deductions, then, unless otherwise determined by the Administrator, such payroll deductions for a Participant will commence on the first pay day following the Enrollment Date and will end on the last day of the calendar month immediately prior to the Exercise Date of such Purchase Period and any Contributions that otherwise would be made prior to the Exercise Date but for the preceding clause, will instead be applied to the next Purchase Period of that Offering Period (for illustrative purposes, should a pay day occur in the same month as, and prior to, the Exercise Date of a Purchase Period with respect to which a Participant is able to exercise an option, that Participant may make no Contributions with respect to such pay day for the Purchase Period ending on that Exercise Date, and instead, the Contributions will apply to the next Purchase Period in that Offering Period), unless sooner terminated by the Participant as provided in Section 10 hereof; provided, further, that for the first Offering Period, payroll deductions will commence on the first pay day on or following the Enrollment Date.

(c) All Contributions made for a Participant will be credited to his or her account under the Plan and Contributions will be made in whole percentages of his or her Compensation only. A Participant may not make any additional payments into such account.

(d) A Participant may discontinue his or her participation in the Plan as provided under Section 10.

(e) Unless otherwise determined by the Administrator:

(i) During any Purchase Period, a Participant may not increase the rate of his or her Contributions and may only decrease the rate of his or her Contributions one (1) time and such decrease may be to a Contribution rate of zero percent (0%); and

(ii) During any Offering Period, a Participant may increase or decrease the rate of his or her Contributions to become effective as of the beginning of the next Purchase Period occurring in such Offering Period, provided that a Participant may not increase the rate of his or her Contributions in excess of the rate of his or her Contributions in effect as of the Enrollment Date of the applicable Offering Period.

(iii) Any increase or decrease in a Participant's rate of Contributions requires the Participant to (1) properly complete and submit to the Company's stock administration office (or its designee) a new subscription agreement authorizing the change in Contribution rate in the form provided by the Administrator for such purpose or (2) follow an electronic or other procedure prescribed by the Administrator, in either case, on or before a date determined by the Administrator prior to an applicable Exercise Date or, with respect to increases or decreases in a Participant's rate of Contributions applicable to a future Offering Period, on or before the Enrollment Date of such Offering Period. If a Participant has not followed such procedures to change the rate of Contributions, the rate of his or her Contributions will continue at the originally elected rate throughout the Purchase Period and future Offering Periods and Purchase Periods (unless the Participant's participation is terminated as provided in Sections 10 or 11). The Administrator may, in its sole discretion, amend the nature and/or number of Contribution rate changes that may be made by Participants during any Offering Period or Purchase Period and may establish other conditions or limitations as it deems appropriate for Plan administration. Except as otherwise provided in this subsection (e), any change in the rate of Contributions made pursuant to this Section 6(e) will be effective as of the first (1st) full payroll period following five (5) business days after the date on which the change is made by the Participant (unless the Administrator, in its sole discretion, elects to process a given change in payroll deduction rate more quickly).

(f) Notwithstanding the foregoing, to the extent necessary to comply with Section 423(b)(8) of the Code and Sections 3(c), a Participant's Contributions may be decreased to zero percent (0%) at any time during a Purchase Period. Subject to Section 423(b)(8) of the Code and Section 3(c) hereof, Contributions will recommence at the rate originally elected by the Participant effective as of the beginning of the first Purchase Period scheduled to end in the following calendar year, unless terminated by the Participant as provided in Section 10.

(g) Notwithstanding any provisions to the contrary in the Plan, the Administrator may allow Participants to participate in the Plan via cash contributions instead of payroll deductions if (i) payroll deductions are not permitted or advisable under Applicable Laws, (ii) the Administrator determines that cash contributions are permissible for Participants participating in the 423 Component and/or (iii) the Participants are participating in the Non-423 Component.

(h) At the time the option is exercised, in whole or in part, or at the time some or all of the Common Stock issued under the Plan is disposed of (or at any other time that a taxable event related to the Plan occurs), the Participant must make adequate provision for the Company's or Employer's federal, state, local or any other tax liability payable to any authority including taxes imposed by jurisdictions outside of the U.S., national insurance, social security or other tax withholding or payment on account obligations, if any, which arise upon the exercise of the option or the disposition of the Common Stock (or any other time that a taxable event related to the Plan occurs). At any time, the Company or the Employer may, but will not be obligated to, withhold from the Participant's compensation the amount necessary for the Company or the Employer to meet applicable withholding obligations, including any withholding required to make available to the Company or the Employer any tax deductions or benefits attributable to the sale or early disposition of Common Stock by the Eligible Employee. In addition, the Company or the Employer may, but will not be obligated to, withhold from the proceeds of the sale of Common Stock or use any other method of withholding the Company or the Employer deems appropriate to the extent permitted by U.S. Treasury Regulation Section 1.423-2(f).

7. Grant of Option. On the Enrollment Date of each Offering Period, each Eligible Employee participating in such Offering Period will be granted an option to purchase on each Exercise Date during such Offering Period (at the applicable Purchase Price) up to a number of shares of Common Stock determined by dividing such Eligible Employee's Contributions accumulated prior to such Exercise Date and retained in the Eligible Employee's account as of the Exercise Date by the applicable Purchase Price; provided that in no event will an Eligible Employee be permitted to purchase during each Purchase Period more than a number of shares of Common Stock determined by the Administrator prior to the applicable Offering Period (subject to any adjustment pursuant to Section 19) and provided further that such purchase will be subject to the limitations set forth in Sections 3(c) and 13. The Eligible Employee may accept the grant of such option (a) with respect to the first Offering Period by submitting a properly completed subscription agreement in accordance with the requirements of Section 5 on or before the Enrollment Date, and (b) with respect to any subsequent Offering Period under the Plan, by electing to participate in the Plan in accordance with the requirements of Section 5. The Administrator may, for future Offering Periods, increase or decrease, in its absolute discretion, the maximum number of shares of Common Stock that an Eligible Employee may purchase during each Purchase Period. Exercise of the option will occur as provided in Section 8, unless the Participant has withdrawn pursuant to Section 10. The option will expire on the last day of the Offering Period.

8. Exercise of Option.

(a) Unless a Participant withdraws from the Plan as provided in Section 10, his or her option for the purchase of shares of Common Stock will be exercised automatically on each Exercise Date, and the maximum number of full shares of Common Stock subject to the option will be purchased for such Participant at the applicable Purchase Price with the accumulated Contributions from his or her account. No fractional shares of Common Stock will be purchased; any Contributions accumulated in a Participant's account, which are not sufficient to purchase a full share will be retained in the Participant's account for the subsequent Purchase Period or Offering Period, subject to earlier withdrawal by the Participant as provided in Section 10. Any other funds left over in a Participant's account after the Exercise Date will be returned to the Participant. During a Participant's lifetime, a Participant's option to purchase shares of Common Stock hereunder is exercisable only by him or her.

(b) If the Administrator determines that, on a given Exercise Date, the number of shares of Common Stock with respect to which options are to be exercised may exceed (i) the number of shares of Common Stock that were available for sale under the Plan on the Enrollment Date of the applicable Offering Period, or (ii) the number of shares of Common Stock available for sale under the Plan on such Exercise Date, the Administrator may in its sole discretion (x) provide that the Company will make a pro rata allocation of the shares of Common Stock available for purchase on such Enrollment Date or Exercise Date, as applicable, in as uniform a manner as will be practicable and as it will determine in its sole discretion to be equitable among all Participants exercising options to purchase Common Stock on such Exercise Date, and continue all Offering Periods then in effect or (y) provide that the Company will make a pro rata allocation of the shares of Common Stock available for purchase on such Enrollment Date or Exercise Date, as applicable, in as uniform a manner as will be practicable and as it will determine in its sole discretion to be equitable among all participants exercising options to purchase Common Stock on such Exercise Date, and terminate any or all Offering Periods then in effect pursuant to Section 20. The Company may make a pro rata allocation of the shares of Common Stock available on the Enrollment Date of any applicable Offering Period pursuant to the preceding sentence, notwithstanding any authorization of additional shares for issuance under the Plan by the Company's stockholders subsequent to such Enrollment Date.

9. Delivery. As soon as reasonably practicable after each Exercise Date on which a purchase of shares of Common Stock occurs, the Company will arrange the delivery to each Participant of the shares of Common Stock purchased upon exercise of his or her option in a form determined by the Administrator (in its sole discretion) and pursuant to rules established by the Administrator. The Company may permit or require that shares be deposited directly with a broker designated by the Company or to a designated agent of the Company, and the Company may utilize electronic or automated methods of share transfer. The Company may require that shares of Common Stock be retained with such broker or agent for a designated period of time and/or may establish other procedures to permit tracking of disqualifying or other dispositions of such shares. No Participant will have any voting, dividend, or other stockholder rights with respect to shares of Common Stock subject to any option granted under the Plan until such shares of Common Stock have been purchased and delivered to the Participant as provided in this Section 9.

10. Withdrawal.

(a) A Participant may withdraw all but not less than all the Contributions credited to his or her account and not yet used to exercise his or her option under the Plan at any time by (i) submitting to the Company's stock administration office (or its designee) a written notice of withdrawal in the form determined by the Administrator for such purpose, or (ii) following an electronic or other withdrawal procedure determined by the Administrator. The Administrator may set forth a deadline of when a withdrawal must occur to be effective prior to a given Exercise Date in accordance with policies it may approve from time to time. All of the Participant's Contributions credited to his or her account will be paid to such Participant as soon as administratively practicable after receipt of notice of withdrawal and such Participant's option for the Offering Period will be automatically terminated, and no further Contributions for the purchase of shares of Common Stock will be made for such Offering Period. If a Participant withdraws from an Offering Period, Contributions will not resume at the beginning of the succeeding Offering Period, unless the Participant re-enrolls in the Plan in accordance with the provisions of Section 5.

(b) A Participant's withdrawal from an Offering Period will not have any effect on his or her eligibility to participate in any similar plan that may hereafter be adopted by the Company or in succeeding Offering Periods that commence after the termination of the Offering Period from which the Participant withdraws.

11. Termination and Transfer of Employment. Upon a Participant's ceasing to be an Eligible Employee, for any reason, he or she will be deemed to have elected to withdraw from the Plan and the Contributions credited to such Participant's account during the Offering Period but not yet used to purchase shares of Common Stock under the Plan will be returned to such Participant or, in the case of his or her death, to the person or persons entitled thereto under Section 15, and such Participant's option will be automatically terminated. Unless determined otherwise by the Administrator in a manner that, with respect to an Offering under the 423 Component, is permitted by, and compliant with, Code Section 423, a Participant whose employment transfers between entities through a termination with an immediate rehire (with no break in service) by the Company or a Designated Company will not be treated as terminated under the Plan. The Administrator may establish rules to govern transfers of employment among the Company and any Designated Company, consistent with any applicable requirements of Section 423 of the Code and the terms of the Plan. In addition, the Administrator may establish rules to govern transfers of employment among the Company and any Designated Company where such companies are participating in separate Offerings under the Plan. However, if a Participant transfers from an Offering under the 423 Component to the Non-423 Component, the exercise of the option will be qualified under the 423 Component only to the extent it complies with Section 423 of the Code; further, no Participant shall be deemed to switch from an Offering under the Non-423 Component to an Offering under the 423 Component or vice versa unless (and then only to the extent) such switch would not cause the 423 Component or any option thereunder to fail to comply with Code Section 423.

12. Interest. No interest will accrue on the Contributions of a participant in the Plan, except as may be required by Applicable Laws, as determined by the Company, and if so required by the laws of a particular jurisdiction, will apply to all Participants in the relevant Offering under the 423 Component, except to the extent otherwise permitted by U.S. Treasury Regulation Section 1.423-2(f).

13. Stock.

(a) Subject to adjustment upon changes in capitalization of the Company as provided in Section 19 hereof, the maximum number of shares of Common Stock that will be made available for sale under the Plan will be 6,378,729 shares of Common Stock (the "Share Reserve"). The Share Reserve will be increased on January 1st of each year for a period of ten years commencing on January 1, 2023 and ending on (and including) January 1, 2032, in an amount equal to ten percent (10%) of the outstanding Common Stock outstanding on December 31st of the preceding calendar year. Notwithstanding the foregoing, the Board may act prior to the first day of any calendar year to provide that there will be no January 1st increase in the Share Reserve for such calendar year.

(b) If any option for the purchase of shares of Common Stock granted under the Plan terminates without having been exercised in full, the shares of Common Stock not purchased under such option will again become available for issuance under the Plan. The stock purchasable under the Plan will be shares of authorized but unissued or reacquired Common Stock, including shares repurchased by the Company on the open market.

(c) Until the shares of Common Stock are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), a Participant will have only the rights of an unsecured creditor with respect to such shares, and no right to vote or receive dividends or any other rights as a stockholder will exist with respect to such shares.

(d) Shares of Common Stock to be delivered to a Participant under the Plan will be registered in the name of the Participant or, if so required under Applicable Laws, in the name of the Participant and his or her spouse.

14. Administration. The Plan will be administered by the Board or a Committee appointed by the Board, which Committee will be constituted to comply with Applicable Laws. The Administrator will have full and exclusive discretionary authority to construe, interpret and apply the terms of the Plan, to delegate ministerial duties to any of the Company's employees, to designate separate Offerings under the Plan, to designate Subsidiaries and Affiliates as participating in the 423 Component or Non-423 Component, to determine eligibility, to adjudicate all disputed claims filed under the Plan and to establish such procedures that it deems necessary or advisable for the administration of the Plan (including, without limitation, to adopt such rules, procedures, sub-plans, and appendices to the subscription agreement as are necessary or appropriate to permit the participation in the Plan by employees who are foreign nationals or employed outside the U.S., the terms of which rules, procedures, sub-plans and appendices may take precedence over other provisions of this Plan, with the exception of Section 13(a) hereof, but unless otherwise superseded by the terms of such rules, procedures, sub-plan or appendix, the provisions of this Plan will govern the operation of such sub-plan or appendix). Unless otherwise determined by the Administrator, the Eligible Employees eligible to participate in each sub-plan will participate in a separate Offering under the 423 Component, or if the terms would not qualify under the 423 Component, in the Non-423 Component, in either case unless such designation would cause the 423 Component to violate the requirements of Section 423 of the Code. Without limiting the generality of the foregoing, the Administrator is specifically authorized to adopt rules and procedures regarding eligibility to participate, the definition of Compensation, handling of Contributions, making of Contributions to the Plan (including, without limitation, in forms other than payroll deductions), establishment of bank or trust accounts to hold Contributions, payment of interest, conversion of local currency, obligations to pay payroll tax, determination of beneficiary designation requirements, withholding procedures and handling of stock certificates that vary with applicable local requirements. The Administrator also is authorized to determine that, to the extent permitted by U.S. Treasury Regulation Section 1.423-2(f), the terms of an option granted under the Plan or an Offering to citizens or residents of a non-U.S. jurisdiction will be less favorable than the terms of options granted under the Plan or the same Offering to employees resident solely in the U.S. Every finding, decision, and determination made by the Administrator will, to the full extent permitted by law, be final and binding upon all parties.

15. Designation of Beneficiary.

(a) If permitted by the Administrator, a Participant may file a designation of a beneficiary who is to receive any shares of Common Stock and cash, if any, from the Participant's account under the Plan in the event of such Participant's death subsequent to an Exercise Date on which the option is exercised but prior to delivery to such Participant of such shares and cash. In addition, if permitted by the Administrator, a Participant may file a designation of a beneficiary who is to receive any cash from the Participant's account under the Plan in the event of such Participant's death prior to exercise of the option. If a Participant is married and the designated beneficiary is not the spouse, spousal consent will be required for such designation to be effective.

(b) Such designation of beneficiary may be changed by the Participant at any time by notice in a form determined by the Administrator. In the event of the death of a Participant and in the absence of a beneficiary validly designated under the Plan who is living at the time of such Participant's death, the Company will deliver such shares and/or cash to the executor or administrator of the estate of the Participant, or if no such executor or administrator has been appointed (to the knowledge of the Company), the Company, in its discretion, may deliver such shares and/or cash to the spouse or to any one or more dependents or relatives of the Participant, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

(c) All beneficiary designations will be in such form and manner as the Administrator may designate from time to time. Notwithstanding Sections 15(a) and (b) above, the Company and/or the Administrator may decide not to permit such designations by Participants in non-U.S. jurisdictions to the extent permitted by U.S. Treasury Regulation Section 1.423-2(f).

16. Transferability. Neither Contributions credited to a Participant's account nor any rights with regard to the exercise of an option or to receive shares of Common Stock under the Plan may be assigned, transferred, pledged or otherwise disposed of in any way (other than by will, the laws of descent and distribution or as provided in Section 15 hereof) by the Participant. Any such attempt at assignment, transfer, pledge or other disposition will be without effect, except that the Company may treat such act as an election to withdraw funds from an Offering Period in accordance with Section 10 hereof.

17. Use of Funds. The Company may use all Contributions received or held by it under the Plan for any corporate purpose, and the Company will not be obligated to segregate such Contributions except under Offerings or for Participants in the Non-423 Component for which Applicable Laws require that Contributions to the Plan by Participants be segregated from the Company's general corporate funds and/or deposited with an independent third party, provided that, if such segregation or deposit with an independent third party is required by Applicable Laws, it will apply to all Participants in the relevant Offering under the 423 Component, except to the extent otherwise permitted by U.S. Treasury Regulation Section .423-2(f). Until shares of Common Stock are issued, Participants will have only the rights of an unsecured creditor with respect to such shares.

18. Reports. Individual accounts will be maintained for each Participant in the Plan. Statements of account will be given to participating Eligible Employees at least annually, which statements will set forth the amounts of Contributions, the Purchase Price, the number of shares of Common Stock purchased and the remaining cash balance, if any.

19. Adjustments, Dissolution, Liquidation, Merger, or Change in Control.

(a) Adjustments. In the event that any dividend or other distribution (whether in the form of cash, Common Stock, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, reclassification, repurchase, or exchange of Common Stock or other securities of the Company, or other change in the corporate structure of the Company affecting the Common Stock occurs (other than any ordinary dividends or other ordinary distributions), the Administrator, in order to prevent diminution or enlargement of the benefits or potential benefits intended to be made available under the Plan, will, in such manner as it may deem equitable, adjust the number and class of Common Stock that may be delivered under the Plan, the Purchase Price per share, the class and the number of shares of Common Stock covered by each option under the Plan that has not yet been exercised, and the numerical limits of Sections 7 and 13.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, any Offering Period then in progress will be shortened by setting a New Exercise Date, and will terminate immediately prior to the consummation of such proposed dissolution or liquidation, unless provided otherwise by the Administrator. The New Exercise Date will be before the date of the Company's proposed dissolution or liquidation. The Administrator will notify each Participant in writing or electronically, prior to the New Exercise Date, that the Exercise Date for the Participant's option has been changed to the New Exercise Date and that the Participant's option will be exercised automatically on the New Exercise Date, unless prior to such date the Participant has withdrawn from the Offering Period as provided in Section 10 hereof.

(c) Merger or Change in Control. In the event of a merger or Change in Control, each outstanding option will be assumed or an equivalent option substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. In the event that the successor corporation refuses to assume or substitute for the option, the Offering Period with respect to which such option relates will be shortened by setting a New Exercise Date on which such Offering Period will end. The New Exercise Date will occur before the date of the Company's proposed merger or Change in Control. The Administrator will notify each Participant in writing or electronically prior to the New Exercise Date, that the Exercise Date for the Participant's option has been changed to the New Exercise Date and that the Participant's option will be exercised automatically on the New Exercise Date, unless prior to such date the Participant has withdrawn from the Offering Period as provided in Section 10 hereof.

20. Amendment or Termination.

(a) The Administrator, in its sole discretion, may amend, suspend, or terminate the Plan, or any part thereof, at any time and for any reason. If the Plan is terminated, the Administrator, in its discretion, may elect to terminate all outstanding Offering Periods either immediately or upon completion of the purchase of shares of Common Stock on the next Exercise Date (which may be sooner than originally scheduled, if determined by the Administrator in its discretion), or may elect to permit Offering Periods to expire in accordance with their terms (and subject to any adjustment pursuant to Section 19). If the Offering Periods are terminated prior to expiration, all amounts then credited to Participants' accounts that have not been used to purchase shares of Common Stock will be returned to the Participants (without interest thereon, except as otherwise required under Applicable Laws, as further set forth in Section 12 hereof) as soon as administratively practicable. The foregoing will not apply to the extent any amendment is subject to stockholder approval as required under Section 423 of the Code.

(b) Without stockholder consent and without limiting Section 20(a), the Administrator will be entitled to change the Offering Periods or Purchase Periods, designate separate Offerings, limit the frequency and/or number of changes in the amount withheld during an Offering Period, establish the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars, permit Contributions in excess of the amount designated by a Participant in order to adjust for delays or mistakes in the Company's processing of properly completed Contribution elections, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Common Stock for each Participant properly correspond with Contribution amounts, and establish such other limitations or procedures as the Administrator determines in its sole discretion advisable that are consistent with the Plan.

(c) In the event the Administrator determines that the ongoing operation of the Plan may result in unfavorable financial accounting consequences, the Administrator may, in its discretion and, to the extent necessary or desirable, modify, amend or terminate the Plan to reduce or eliminate such accounting consequence including, but not limited to:

(i) amending the Plan to conform with the safe harbor definition under the Financial Accounting Standards Board Accounting Standards Codification Topic 718 (or any successor thereto), including with respect to an Offering Period underway at the time;

(ii) altering the Purchase Price for any Offering Period or Purchase Period including an Offering Period or Purchase Period underway at the time of the change in Purchase Price;

(iii shortening any Offering Period or Purchase Period by setting a New Exercise Date, including an Offering Period or Purchase Period underway at the time of the Administrator action;

(iv) reducing the maximum percentage of Compensation a Participant may elect to set aside as Contributions; and

(v) reducing the maximum number of shares of Common Stock a Participant may purchase during any Offering Period or Purchase Period.

Such modifications or amendments will not require stockholder approval or the consent of any Participants.

21. Notices. All notices or other communications by a Participant to the Company under or in connection with the Plan will be deemed to have been duly given when received in the form and manner specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

22. Conditions Upon Issuance of Shares. Shares of Common Stock will not be issued with respect to an option unless the exercise of such option and the issuance and delivery of such shares of Common Stock pursuant thereto will comply with all applicable provisions of law, domestic or foreign, including, without limitation, the U.S. Securities Act of 1933, as amended, the Exchange Act, the rules and regulations promulgated thereunder, and the requirements of any stock exchange upon which the shares of Common Stock may then be listed, and will be further subject to the approval of counsel for the Company with respect to such compliance.

As a condition to the exercise of an option, the Company may require the person exercising such option to represent and warrant at the time of any such exercise that the shares are being purchased only for investment and without any present intention to sell or distribute such shares if, in the opinion of counsel for the Company, such a representation is required by any of the aforementioned applicable provisions of law.

23. Section 409A. The 423 Component of the Plan is intended to be exempt from the application of Section 409A, and, to the extent not exempt, is intended to comply with Section 409A and any ambiguities herein will be interpreted to so be exempt from, or comply with, Section 409A. In furtherance of the foregoing and notwithstanding any provision in the Plan to the contrary, if the Administrator determines that an option granted under the Plan may be subject to Section 409A or that any provision in the Plan would cause an option under the Plan to be subject to Section 409A, the Administrator may amend the terms of the Plan and/or of an outstanding option granted under the Plan, or take such other action the Administrator determines is necessary or appropriate, in each case, without the Participant's consent, to exempt any outstanding option or future option that may be granted under the Plan from or to allow any such options to comply with Section 409A, but only to the extent any such amendments or action by the Administrator would not violate Section 409A. Notwithstanding the foregoing, the Company and any of its Parent or Subsidiaries shall have no obligation to reimburse, indemnify, or hold harmless a Participant or any other party if the option to purchase Common Stock under the Plan that is intended to be exempt from or compliant with Section 409A is not so exempt or compliant or for any action taken by the Administrator with respect thereto. The Company makes no representation that the option to purchase Common Stock under the Plan is compliant with Section 409A.

24. Term of Plan. The Plan shall come into existence upon its adoption by the Board and shall become effective on the date of the closing of the transactions contemplated by the Business Combination Agreement by and among CHW Acquisition Corporation, CHW Merger Sub Inc., and Wag Labs, Inc., dated as of February 2, 2022, subject to the approval of the holders of capital stock of the Company as provided in Section 25 hereof. It will continue in effect for a term of twenty (20) years, unless sooner terminated under Section 20.

25. Stockholder Approval. The Plan will be subject to approval by the stockholders of the Company within twelve (12) months after the date the Plan is adopted by the Board. Such stockholder approval will be obtained in the manner and to the degree required under Applicable Laws.

26. Governing Law. The Plan will be governed by, and construed in accordance with, the laws of the State of Delaware without regard to its conflict of law principles.

27. No Right to Employment. Participation in the Plan by a Participant will not be construed as giving a Participant the right to be retained as an employee of the Company or a Subsidiary or Affiliate, as applicable. Furthermore, the Company or a Subsidiary or Affiliate may dismiss a Participant from employment at any time, free from any liability or any claim under the Plan.

28. Severability. If any provision of the Plan is or becomes or is deemed to be invalid, illegal, or unenforceable for any reason in any jurisdiction or as to any Participant, such invalidity, illegality or unenforceability will not affect the remaining parts of the Plan, and the Plan will be construed and enforced as to such jurisdiction or Participant as if the invalid, illegal or unenforceable provision had not been included.

29. Compliance with Applicable Laws. The terms of this Plan are intended to comply with all Applicable Laws and will be construed accordingly.

30. Automatic Transfer to Low Price Offering Period. To the extent permitted by Applicable Laws, if the Fair Market Value on any Exercise Date in an Offering Period is lower than the Fair Market Value on the Enrollment Date of such Offering Period, then all Participants in such Offering Period automatically will be withdrawn from such Offering Period immediately after the exercise of their option on such Exercise Date and automatically re-enrolled in the immediately following Offering Period as of the first day thereof.

* * *

As adopted by the Board of Directors of Wag! Group Co. on July 9, 2022.

As approved by the stockholders of Wag! Group Co. on July 9, 2022.

Exhibit 21.1

SUBSIDIARIES OF WAG! GROUP CO.
As of December 31, 2023

Subsidiaries	State or other jurisdiction of incorporation or organization
Compare Pet Insurance Services, Inc.	Delaware, USA
Furmacy, Inc.	Delaware, USA
Pawsome, Inc.	Delaware, USA
Rowlo Woof Limited	United Kingdom
Wag Labs, Inc.	Delaware, USA
Wag Wellness, Inc.	Delaware, USA

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-274374) and Form S-8 (No. 333-268620) of Wag! Group Co. of our report dated March 18, 2024 relating to the financial statements, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Seattle, Washington
March 18, 2024

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Wag! Group Co.
San Francisco, CA

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-274374) and Form S-8 (No. 333-268620) of Wag! Group Co. of our report dated March 30, 2023, relating to the consolidated financial statements, which appears in this Annual Report on Form 10-K.

/s/ BDO USA, P.C.

Chicago, Illinois
March 18, 2024

Exhibit 31.1

RULE 13a-14(a)/15d-14(a) CERTIFICATION

I, Garrett Smallwood, certify that:

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

By: /s/ GARRETT SMALLWOOD
Garrett Smallwood
Chief Executive Officer and Chairman
(Principal Executive Officer)

Date: March 20, 2024

Exhibit 31.2

RULE 13a-14(a)/15d-14(a) CERTIFICATION

I, Alec Davidian, certify that:

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

By: /s/ ALEC DAVIDIAN
Alec Davidian
Chief Financial Officer
(Principal Financial and Accounting Officer)

Date: March 20, 2024

Exhibit 32.1

SECTION 1350 Certification

In connection with the Annual Report of Wag! Group Co. (the "Company") on Form 10-K for the fiscal year ended December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Garrett Smallwood, Chief Executive Officer and Chairman of the Company, and Alec Davidian, Chief Financial Officer of the Company, each certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

By: /s/ GARRETT SMALLWOOD
Garrett Smallwood
Chief Executive Officer and Chairman
(Principal Executive Officer)

Date: March 20, 2024

By: /s/ ALEC DAVIDIAN
Alec Davidian
Chief Financial Officer
(Principal Financial and Accounting Officer)

Date: March 20, 2024

Exhibit 97.1

WAG! GROUP CO.
ERRONEOUSLY AWARDED COMPENSATION RECOVERY POLICY

The Board of Directors (the **"Board"**) of Wag! Group Co. (the **"Company"**) has adopted this Policy for Recovery of Erroneously Awarded Compensation (the **"Policy"**), effective as of October 2, 2023 (the **"Effective Date"**). Capitalized terms used in this Policy but not otherwise defined herein are defined in Section 10.

1. Persons Subject to Policy

This Policy shall apply to current and former Officers of the Company. Each Officer shall be required to sign an acknowledgment pursuant to which such Officer will agree to be bound by the terms of, and comply with, this Policy; however, any Officer's failure to sign any such acknowledgment shall not negate the application of this Policy to the Officer.

2. Compensation Subject to Policy

This Policy shall apply to Incentive-Based Compensation received on or after the Effective Date. For purposes of this Policy, the date on which Incentive-Based Compensation is "received" shall be determined under the Applicable Rules, which generally provide that Incentive-Based Compensation is "received" when the relevant Financial Reporting Measure is attained or satisfied, without regard to whether the grant, vesting or payment of the Incentive-Based Compensation occurs after the end of that period.

3. Recovery of Compensation

In the event that the Company is required to prepare a Restatement, the Company shall recover, reasonably promptly, the portion of any Incentive-Based Compensation that is Erroneously Awarded Compensation, unless the Committee has determined that recovery would be Impracticable. Recovery shall be required in accordance with the preceding sentence regardless of whether the applicable Officer engaged in misconduct or otherwise caused or contributed to the requirement for the Restatement and regardless of whether or when restated financial statements are filed by the Company. For clarity, the recovery of Erroneously Awarded Compensation under this Policy will not give rise to any person's right to voluntarily terminate employment for "good reason," or due to a "constructive termination" (or any similar term of like effect) under any plan, program or policy of or agreement with the Company or any of its affiliates.

4. Manner of Recovery; Limitation on Duplicative Recovery

The Committee shall, in its sole discretion, determine the manner of recovery of any Erroneously Awarded Compensation, which may include, without limitation, reduction or cancellation by the Company or an affiliate of the Company of Incentive-Based Compensation or Erroneously Awarded Compensation, reimbursement or repayment by any person subject to this Policy of the Erroneously Awarded Compensation, and, to the extent permitted by law, an offset of the Erroneously Awarded Compensation against other compensation payable by the Company or an affiliate of the Company to such person. Notwithstanding the foregoing, unless otherwise prohibited by the Applicable Rules, to the extent this Policy provides for recovery of Erroneously Awarded Compensation already recovered by the Company pursuant to Sarbanes-Oxley Act Section 304 or Other Recovery Arrangements, the amount of Erroneously Awarded Compensation already recovered by the Company from the recipient of such Erroneously Awarded Compensation may be credited to the amount of Erroneously Awarded Compensation required to be recovered pursuant to this Policy from such person.

5. Administration

This Policy shall be administered, interpreted and construed by the Committee, which is authorized to make all determinations necessary, appropriate or advisable for such purpose. The Board may re-vest in itself the authority to administer, interpret and construe this Policy in accordance with applicable law, and in such event references herein to the "Committee" shall be deemed to be references to the Board. Subject to any permitted review by the applicable national securities exchange or association pursuant to the Applicable Rules, all determinations and decisions made by the Committee pursuant to the provisions of this Policy shall be final, conclusive and binding on all persons, including the Company and its affiliates, stockholders and employees. The Committee may delegate administrative duties with respect to this Policy to one or more directors or employees of the Company, as permitted under applicable law, including any Applicable Rules.

6. Interpretation

This Policy will be interpreted and applied in a manner that is consistent with the requirements of the Applicable Rules, and to the extent this Policy is inconsistent with such Applicable Rules, it shall be deemed amended to the minimum extent necessary to ensure compliance therewith.

7. No Indemnification; No Liability

The Company shall not indemnify or insure any person against the loss of any Erroneously Awarded Compensation pursuant to this Policy, nor shall the Company directly or indirectly pay or reimburse any person for any premiums for third-party insurance policies that such person may elect to purchase to fund such person's potential obligations under this Policy. None of the Company, an affiliate of the Company or any member of the Committee or the Board shall have any liability to any person as a result of actions taken under this Policy.

8. Application; Enforceability

Except as otherwise determined by the Committee or the Board, the adoption of this Policy does not limit, and is intended to apply in addition to, any other clawback, recoupment, forfeiture or similar policies or provisions of the Company or its affiliates, including any such policies or provisions of such effect contained in any employment agreement, bonus plan, incentive plan, equity-based plan or award agreement thereunder or similar plan, program or agreement of the Company or an affiliate or required under applicable law (the **"Other Recovery Arrangements"**). The remedy specified in this Policy shall not be exclusive and shall be in addition to every other right or remedy at law or in equity that may be available to the Company or an affiliate of the Company.

9. Severability

The provisions in this Policy are intended to be applied to the fullest extent of the law; provided, however, to the extent that any provision of this Policy is found to be unenforceable or invalid under any applicable law, such provision will be applied to the maximum extent permitted, and shall automatically be deemed amended in a manner consistent with its objectives to the extent necessary to conform to any limitations required under applicable law.

10. Amendment and Termination

The Board or the Committee may amend, modify or terminate this Policy in whole or in part at any time and from time to time in its sole discretion. This Policy will terminate automatically when the Company does not have a class of securities listed on a national securities exchange or association.

11. Definitions

"Applicable Rules" means Section 10D of the Exchange Act, Rule 10D-1 promulgated thereunder, the listing rules of the national securities exchange or association on which the Company's securities are listed, and any applicable rules, standards or other guidance adopted by the Securities and Exchange Commission or any national securities exchange or association on which the Company's securities are listed.

"Committee" means the compensation committee of the Board, which is responsible for executive compensation decisions and comprised solely of independent directors (as determined under the Applicable Rules), or in the absence of such a committee, a majority of the independent directors serving on the Board.

"Erroneously Awarded Compensation" means the amount of Incentive-Based Compensation received by a current or former Officer that exceeds the amount of Incentive-Based Compensation that would have been received by such current or former Officer based on a restated Financial Reporting Measure, as determined on a pre-tax basis in accordance with the Applicable Rules.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Financial Reporting Measure" means any measure determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures derived wholly or in part from such measures, including GAAP, IFRS and non- GAAP/IFRS financial measures, as well as stock price and total stockholder return.

"GAAP" means United States generally accepted accounting principles.

"IFRS" means international financial reporting standards as adopted by the International Accounting Standards Board.

"Impracticable" means (a) the direct costs paid to third parties to assist in enforcing recovery would exceed the Erroneously Awarded Compensation; provided that the Company (i) has made reasonable attempts to recover the Erroneously Awarded Compensation, (ii) documented such attempt(s), and (iii) provided such documentation to the relevant listing exchange or association, (b) to the extent permitted by the Applicable Rules, the recovery would violate the Company's home country laws pursuant to an opinion of home country counsel; provided that the Company has (i) obtained an opinion of home country counsel, acceptable to the relevant listing exchange or association, that recovery would result in such violation, and (ii) provided such opinion to the relevant listing exchange or association, or (c) recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and the regulations thereunder.

"Incentive-Based Compensation" means, with respect to a Restatement, any compensation that is granted, earned, or vested based wholly or in part upon the attainment of one or more Financial Reporting Measures and received by a person: (a) after beginning service as an Officer; (b) who served as an Officer at any time during the performance period for that compensation; (c) while the issuer has a class of its securities listed on a national securities exchange or association; and (d) during the applicable Three-Year Period.

"Officer" means each person who serves as an executive officer of the Company, as defined in Rule 10D-1(d) under the Exchange Act.

"Restatement" means an accounting restatement to correct the Company's material noncompliance with any financial reporting requirement under the securities laws, including restatements that correct an error in previously issued financial statements (a) that is material to the previously issued financial statements or (b) that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

"Three-Year Period" means, with respect to a Restatement, the three completed fiscal years immediately preceding the date that the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare such Restatement, or, if earlier, the date on which a court, regulator or other legally authorized body directs the Company to prepare such Restatement. The "Three-Year Period" also includes any transition period (that results from a change in the Company's fiscal year) within or immediately following the three completed fiscal years identified in the preceding sentence. However, a transition period between the last day of the Company's previous fiscal year end and the first day of its new fiscal year that comprises a period of nine to 12 months shall be deemed a completed fiscal year.

ACKNOWLEDGMENT AND CONSENT TO
POLICY FOR RECOVERY OF ERRONEOUSLY AWARDED COMPENSATION

The undersigned has received a copy of the Policy for Recovery of Erroneously Awarded Compensation (the "Policy") adopted by Wag! Group Co. (the "Company").

For good and valuable consideration, the receipt of which is acknowledged, the undersigned agrees to the terms of the Policy and agrees that compensation received by the undersigned may be subject to reduction, cancellation, forfeiture and/or recoupment to the extent necessary to comply with the Policy, notwithstanding any other agreement to the contrary. The undersigned further acknowledges and agrees that the undersigned is not entitled to indemnification in connection with any enforcement of the Policy and expressly waives any rights to such indemnification under the Company's organizational documents or otherwise.

Date	Signature
	Name