

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2026

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 000-50658

Marchex, Inc.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

35-2194038
(I.R.S. Employer
Identification No.)

1448 NW Market St, Suite 500
Seattle, WA
(Address of Principal Executive Offices)

98107
(Zip Code)

Registrant's telephone number, including area code: (206) 331-3300

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class B Common Stock, \$0.01 par value per share	MCHX	The NASDAQ STOCK MARKET LLC (NASDAQ Global Select Market)

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

As of August 6, 2026, the registrant had 4,660,927 shares of Class A common stock outstanding. The number of shares of Registrant’s Class B common stock outstanding as of August 6, 2026 was 39,676,963.

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MARCHEX, INC.

Form 10-Q

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PART I—FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

MARCHEX, INC. AND SUBSIDIARIES Consolidated Balance Sheets (In Thousands)

	(Unaudited) June 30, 2026	December 31, 2025
Assets		
Current assets:		
Cash and cash equivalents	\$ 8,151	\$ 9,942
Accounts receivable, net	7,062	6,670
Prepaid expenses	1,216	1,005
Other current assets	1,014	1,420
Total current assets	17,443	19,037
Property and equipment, net	2,153	1,854
Other assets, net	477	563
Right-of-use lease assets	—	668
Goodwill	17,558	17,558
Total assets	\$ 37,631	\$ 39,680
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 3,239	\$ 3,198
Accrued benefits and payroll	763	1,175
Other accrued expenses and current liabilities	2,761	2,739
Deferred revenue and deposits	458	598
Operating lease liability, current	385	355
Total current liabilities	7,606	8,065
Deferred tax liabilities	871	664
Operating lease liability, non-current	103	366
Other non-current liabilities	20	500
Total liabilities	\$ 8,600	\$ 9,595
Commitments and contingencies - See Note 10		
Stockholders' equity:		
Common stock, \$0.01 par value; authorized 137,500 shares		
Class A: 12,500 shares authorized; 4,661 shares issued and outstanding at June 30, 2026 and December 31, 2025	\$ 49	\$ 49
Class B: 125,000 shares authorized; 39,677 shares issued and outstanding at June 30, 2026, including 38 shares of restricted stock; and 39,248 shares issued and outstanding at December 31, 2025, including 113 shares of restricted stock	397	392
Additional paid-in capital	362,130	361,057
Accumulated deficit	(333,545)	(331,413)
Total stockholders' equity	29,031	30,085
Total liabilities and stockholders' equity	\$ 37,631	\$ 39,680

See accompanying Notes to the Consolidated Financial Statements.

MARCHEX, INC. AND SUBSIDIARIES
Consolidated Statements of Operations
(In Thousands, except per share amounts)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Revenue	\$ 11,002	\$ 11,655	\$ 21,620	\$ 23,058
Expenses:				
Cost of revenue	4,289	4,058	8,409	8,246
Amortization of capitalized software development costs	115	10	193	10
Total cost of revenue	4,404	4,068	8,602	8,256
Sales and marketing	2,298	3,165	5,556	6,431
Product development	1,991	2,501	4,399	5,173
General and administrative	2,655	2,457	4,760	5,604
Total operating expenses	\$ 11,348	\$ 12,191	\$ 23,317	\$ 25,464
Loss from operations	(346)	(536)	(1,697)	(2,406)
Interest income (expense) and other, net	49	626	(125)	623
Income (loss) before income tax expense	(297)	90	(1,822)	(1,783)
Income tax expense	111	5	310	114
Net income (loss) applicable to common stockholders	\$ (408)	\$ 85	\$ (2,132)	\$ (1,897)
Basic and diluted net income (loss) per Class A and B share applicable to common stockholders	\$ (0.01)	\$ 0.00	\$ (0.05)	\$ (0.04)
Shares used to calculate basic net income (loss) per share applicable to common stockholders:				
Class A	4,661	4,661	4,661	4,661
Class B	39,653	39,241	39,478	39,151
Shares used to calculate diluted net income (loss) per share applicable to common stockholders:				
Class A	4,661	4,661	4,661	4,661
Class B	44,314	43,902	44,139	43,812

See accompanying Notes to the Consolidated Financial Statements.

MARCHEX, INC. AND SUBSIDIARIES
Consolidated Statements of Stockholders' Equity
(In Thousands)
(Unaudited)

	Class A common stock		Class B common stock		Additional paid-in capital	Accumulated deficit	Total stockholders' equity
	Shares	Amount	Shares	Amount			
Balance at December 31, 2024	4,661	\$ 49	39,025	\$ 390	\$ 358,372	\$ (326,178)	\$ 32,633
Stock-based compensation from options and restricted stock, net of forfeitures	—	—	—	—	455	—	455
Issuance of common stock upon exercise of options, and issuance and vesting of restricted stock	—	—	198	2	266	—	268
Net loss	—	—	—	—	—	(1,982)	(1,982)
Balance at March 31, 2025	<u>4,661</u>	<u>\$ 49</u>	<u>39,223</u>	<u>\$ 392</u>	<u>\$ 359,093</u>	<u>\$ (328,160)</u>	<u>\$ 31,374</u>
Stock-based compensation from options and restricted stock, net of forfeitures	—	—	—	—	556	—	556
Issuance of common stock upon exercise of options, and issuance and vesting of restricted stock	—	—	24	1	27	—	28
Net income	—	—	—	—	—	85	85
Balance at June 30, 2025	<u>4,661</u>	<u>\$ 49</u>	<u>39,247</u>	<u>\$ 393</u>	<u>\$ 359,676</u>	<u>\$ (328,075)</u>	<u>\$ 32,043</u>
	Class A common stock		Class B common stock		Additional paid-in capital	Accumulated deficit	Total stockholders' equity
	Shares	Amount	Shares	Amount			
Balance at December 31, 2025	4,661	\$ 49	39,248	\$ 392	\$ 361,057	\$ (331,413)	\$ 30,085
Stock-based compensation from options and restricted stock, net of forfeitures	—	—	—	—	489	—	489
Issuance of common stock upon exercise of options, and issuance and vesting of restricted stock	—	—	388	4	(2)	—	2
Net loss	—	—	—	—	—	(1,724)	(1,724)
Balance at March 31, 2026	<u>4,661</u>	<u>\$ 49</u>	<u>39,636</u>	<u>\$ 396</u>	<u>\$ 361,544</u>	<u>\$ (333,137)</u>	<u>\$ 28,852</u>
Stock-based compensation from options and restricted stock, net of forfeitures	—	—	—	—	531	—	531
Issuance of common stock upon exercise of options, and issuance and vesting of restricted stock	—	—	41	1	55	—	56
Net loss	—	—	—	—	—	(408)	(408)
Balance at June 30, 2026	<u>4,661</u>	<u>\$ 49</u>	<u>39,677</u>	<u>\$ 397</u>	<u>\$ 362,130</u>	<u>\$ (333,545)</u>	<u>\$ 29,031</u>

See accompanying Notes to the Consolidated Financial Statements.

MARCHEX, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(In Thousands)
(Unaudited)

	Six Months Ended June 30,	
	2026	2025
Cash flows from operating activities:		
Net loss applicable to common stockholders	\$ (2,132)	\$ (1,897)
Adjustments to reconcile net loss to net cash from operating activities:		
Amortization, depreciation, and loss on disposal	1,274	1,786
Loss on right-of-use lease assets impairment	203	—
Gain on domain asset sale	—	(632)
Provision for credit losses	25	(52)
Deferred income taxes	206	80
Stock-based compensation	1,020	1,011
Change in certain assets and liabilities:		
Accounts receivable, net	(416)	(437)
Prepaid expenses, other current assets, and other assets	(144)	(1,182)
Accounts payable	41	1,571
Accrued benefits and payroll, other accrued, and other liabilities	(1,100)	(1,780)
Deferred revenue and deposits	(140)	(287)
Net cash from (used in) operating activities	\$ (1,163)	\$ (1,819)
Cash flows from investing activities:		
Capitalized software development costs	(872)	(607)
Proceeds from prior year domain asset sale	149	96
Proceeds from facility finance sublease	39	—
Purchases of property and equipment	(2)	(31)
Net cash from (used in) investing activities	\$ (686)	\$ (542)
Cash flows from financing activities:		
Proceeds from exercises of stock options	58	296
Repayments under finance lease liabilities and related obligations	—	(211)
Net cash from (used in) financing activities	\$ 58	\$ 85
Net increase (decrease) in cash and cash equivalents	(1,791)	(2,276)
Cash and cash equivalents at beginning of period	9,942	12,767
Cash and cash equivalents at end of period	\$ 8,151	\$ 10,491
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	\$ 8	\$ 48
Cash paid for interest	\$ 10	\$ 47

See accompanying Notes to the Consolidated Financial Statements.

MARCHEX, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

Note 1: Description of Business and Basis of Presentation

Description of Business

Marchex, Inc. ("Marchex" or the "Company") was incorporated in the state of Delaware on January 17, 2003. Marchex and Archenia, Inc. ("Archenia") together harness proprietary artificial intelligence ("AI")-powered conversational intelligence and advanced customer acquisition technologies to transform consumer intent into actionable, outcome-driven business results. The combination of Marchex's prescriptive analytics and omnichannel intelligence with Archenia's AI-verified qualification, natural-language analytics, and automated decisioning capabilities creates a highly differentiated customer acquisition and optimization technology platform. Leveraging real-time AI signals, machine-learning models, and deep vertical market expertise, the company identifies consumer intent, improves qualification accuracy, and delivers verified outcomes such as high-intent conversations, appointments, and sales. Serving market leading companies across major verticals including automotive, insurance, home services, healthcare, and advertising/media, Marchex empowers organizations to optimize customer engagement and drive revenue growth through AI-driven insights, actions, and outcomes.

Basis of Presentation

The accompanying Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") for interim financial reporting and pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and note disclosures normally included in annual Consolidated Financial Statements have been condensed or omitted pursuant to those rules and regulations, although the Company believes that the disclosures made are adequate to make the information not misleading.

The preparation of our Consolidated Financial Statements requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The Company has used estimates related to several financial statement amounts, including revenues, the fair value of stock option awards, and the impairment of goodwill. Actual results could differ from those estimates.

The accompanying Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements and notes thereto contained in the Company's Form 10-K for the year ended December 31, 2025, as filed with the SEC on March 26, 2026.

Significant Accounting Policies

During the three and six months ended June 30, 2026, there were no significant changes to the Company's summary of significant accounting policies contained in the Company's Form 10-K for the year ended December 31, 2025, as filed with the SEC on March 26, 2026.

Recent Accounting Pronouncements Not Yet Effective

In January 2025, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2025-01, which updates the effective date of the November 2024 issued ASU 2024-03, *Disaggregation of Income Statement Expenses*, that requires public entities to improve disclosures about their expenses and provide more detailed information about the types of expenses in commonly presented expense captions. ASU 2024-03 is now effective for annual periods beginning after December 15, 2026 and interim periods within annual periods beginning after December 15, 2027, with early adoption permitted. The Company is currently assessing the impact of this ASU on its Consolidated Financial Statement disclosures.

In September 2025, the FASB issued ASU 2025-06, *Accounting for Internal-Use Software*, which makes improvements to internal-use software accounting guidance to better align with contemporary software development practices, rather than traditional, stage-based models. Under the revised guidance, a Company may begin

capitalizing internal-use software costs only when management has authorized and committed to funding the project and it's probable that the project will be completed and used for its intended function. ASU 2025-06 is effective for annual periods beginning after December 15, 2027, with early adoption permitted. The Company is currently assessing the impact of this ASU on its Consolidated Financial Statements and related disclosures.

Note 2: Revenue Recognition

The Company's AI-powered conversational analytics technology platform provides data and insights into the conversations our clients are having with their customers across phone, text, and other communication channels. Our tools enable brands to personalize customer interactions in order to accelerate sales and capture more opportunities to grow their business. The Company generates revenue from the Company's conversational analytics technology platform when customers pay the Company a fee for call, text, or other communication related data elements they receive from calls or texts or for each phone number tracked based on a pre-negotiated rate. Revenue is recognized as services are provided over time, which is generally measured by the delivery of each call/text or call/text related data element or each phone number tracked.

The majority of the Company's customers are invoiced on a monthly basis following the month of the delivery of services and are required to make payments under standard credit terms. Net accounts receivable was \$7.1 million, including unbilled accounts receivable of \$1.7 million, at January 1, 2025. Net accounts receivable, including unbilled accounts receivable, consists of the following as of the periods below:

(In Thousands)	June 30, 2026	December 31, 2025
Accounts receivable:		
Billed	\$ 5,683	\$ 5,330
Unbilled	1,420	1,395
Allowance for expected credit losses	(41)	(55)
Accounts receivable, net	<u>\$ 7,062</u>	<u>\$ 6,670</u>

Customer payments received in advance of revenue recognition or the Company's unconditional right to invoice are considered contract liabilities and are recorded as deferred revenue. The beginning and ending deferred revenue balances and activity during the period consists of the following:

(In Thousands)	
Balance at December 31, 2025	\$ 598
Current year deferral of revenue	228
Revenue earned from beginning deferred revenue	(368)
Balance at June 30, 2026	<u>\$ 458</u>

The Company's incremental direct costs of obtaining a contract, which consist primarily of sales incentive compensation including commissions, are generally deferred and amortized to sales and marketing expense over the estimated life of the relevant customer relationship. The Company's net contract acquisition costs shown below consist of \$0.6 million and \$1.0 million in *Other current assets* on the June 30, 2026 and December 31, 2025 Consolidated Balance Sheets, respectively, and \$0.1 million and \$0.2 million in *Other assets, net* on the June 30, 2026 and December 31, 2025 Consolidated Balance Sheets, respectively. The gross and net amounts consist of the following:

(In Thousands)	June 30, 2026	December 31, 2025
Contract assets:		
Gross balance	\$ 4,890	\$ 4,698
Accumulated amortization	(4,180)	(3,482)
Contract assets, net	<u>\$ 710</u>	<u>\$ 1,216</u>

Note 3: Segment Reporting and Geographic Information

Operating segments are revenue-producing components of the enterprise for which separate financial information is produced internally for the Company's management. For the three and six months ended June 30, 2026 and 2025, the Company operated in a single segment comprised of its conversational analytics and related solutions. In accordance with Accounting Standards Codification ("ASC") 280, *Segment Reporting*, this single segment presentation is the basis upon which the Company's chief operating decision maker relies for performance evaluation and benchmarking.

Long-lived assets by geographical region are based on the location of the legal entity that owns the assets. As of June 30, 2026 and December 31, 2025, no significant long-lived assets were held by entities outside of the U.S.

Revenues from customers by geographical areas are tracked on the basis of the location of the customer. The majority of the Company's revenue and accounts receivable are derived from sales to domestic customers.

Revenues by geographic region are as follows:

(In Percentages)	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
United States	98%	98%	98%	99%
Canada and other countries	2%	2%	2%	1%
Total	100%	100%	100%	100%

Note 4: Concentrations

The Company maintains substantially all of its cash and cash equivalents with two financial institutions. The Company has one customer that generally represents more than 10% of consolidated revenue. The table below sets forth the percentage of the Company's consolidated revenue that was attributed to this customer for the periods presented below:

(In Percentages)	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Customer A	11%	11%	12%	11%

The Company has one customer that represents more than 10% of consolidated accounts receivable. The Company also has a significant concentration of credit risk arising from receivables due from a network of independent dealers that is above the 10% threshold. These dealers, while independently operated, sell the same brands and collectively represent a substantial portion of the Company's receivables. The table below sets forth the percentage of the Company's outstanding receivable balance that was attributed to this customer, and attributed to the aggregated balance due from the independent dealer network, as of the periods presented below:

(In Percentages)	June 30,	December 31,
	2026	2025
Concentration type:		
Customer A	22%	24%
Independent dealer network A	12%	17%

Note 5: Fair Value of Financial Instruments

The Company had the following financial instruments as of June 30, 2026 and December 31, 2025: cash and cash equivalents, accounts receivable, accounts payable, and accrued liabilities. The carrying value of these financial instruments approximates their fair value based on the liquidity of these financial instruments and their short-term nature. Further, these financial instruments are considered at Level 1 fair value with observable inputs that reflect quoted prices for identical assets or liabilities in active markets.

The Company maintains an institutional banking line of credit for \$0.1 million and in connection with the line of credit, the Company was required to pledge \$0.1 million of its cash and cash equivalents as collateral. The

pledged amount is included in *Cash and cash equivalents* on the Company's Consolidated Balance Sheet as of June 30, 2026, as the restriction does not significantly limit the Company's use of such funds.

The following table provides information about the fair value of our cash and cash equivalents balance:

(In Thousands)	June 30, 2026	December 31, 2025
Level 1 assets:		
Cash	\$ 3,718	\$ 4,669
Money market funds	4,433	5,273
Total cash and cash equivalents	<u>\$ 8,151</u>	<u>\$ 9,942</u>

Note 6: Stockholders' Equity

Common Stock

In May 2025, the Company's board of directors authorized a new share repurchase program, which supersedes and replaces all prior repurchase programs. Under the 2025 Repurchase Program, the Company is authorized to repurchase up to 3,000,000 shares of the Company's Class B common stock in the aggregate through open market and privately negotiated transactions, at such times and in such amounts as the Company deems appropriate. Repurchases may also be made under a Rule 10b5-1 plan, which would permit shares to be repurchased when the Company might otherwise be precluded from doing so under insider trading laws. The timing and actual number of shares repurchased will depend on a variety of factors including price, corporate and regulatory requirements, capital availability, and other market conditions. The 2025 Repurchase Program does not have an expiration date and may be expanded, limited, or terminated at any time without prior notice. The Company has made no repurchases under the 2025 Repurchase Program and additionally no repurchases were made under the superseded 2014 Repurchase Program for the three and six months ended June 30, 2026. Shares repurchased but not yet retired by the Company will be classified as treasury stock on the Consolidated Balance Sheets before retirement. Retirement of treasury stock results in reductions to common stock and additional paid-in capital.

Stock-based Compensation Plans

The Company grants stock-based awards, including stock options, restricted stock awards ("RSAs"), and restricted stock units ("RSUs"). The Company measures stock-based compensation cost at the grant date based on the fair value of the award and recognizes it as expense over the vesting or service period, as applicable, of the stock-based award using the straight-line method. The Company accounts for forfeitures as they occur. Stock-based compensation expense has been included in the same lines as compensation paid to the same employees in the Consolidated Statements of Operations.

Stock-based compensation expense was included in the following operating expense categories:

(In Thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Cost of revenue	\$ 8	\$ 2	\$ 11	\$ 3
Sales and marketing	196	172	367	196
Product development	101	78	202	105
General and administrative	226	304	440	707
Total stock-based compensation	<u>\$ 531</u>	<u>\$ 556</u>	<u>\$ 1,020</u>	<u>\$ 1,011</u>

The Company uses the Black-Scholes option pricing model to estimate the per share fair value of stock option grants with time-based vesting. The Black-Scholes model relies on a number of key assumptions to calculate estimated fair values. There were no stock option grants during the three and six months ended June 30, 2026. For the three and six months ended June 30, 2026 and 2025, the expected life of each award granted was determined based on historical experience with similar awards, giving consideration to contractual terms, anticipated exercise patterns, and vesting schedules. Expected volatility is based on historical volatility levels of the Company's Class B common stock. The risk-free interest rate is based on the implied yield currently available on U.S. Treasury issues with terms approximately equal to the expected life of the option. The Company uses an expected annual dividend yield in consideration of the Company's common stock dividend payments, which we consider to be zero.

The following assumptions were used in determining the fair value of time-vested stock option grants for the periods indicated (there were no stock option grants during the three and six months ended June 30, 2026):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Expected life (in years)	—	4.00	—	4.00
Risk-free interest rate	—	3.65% - 3.92%	—	3.65% - 4.32%
Expected volatility	—	57% - 58%	—	57% - 58%

As of June 30, 2026, there were \$1.8 million of unrecognized compensation costs related to stock options. These costs are expected to be recognized over the weighted average periods of 2.02 years. Stock option activity during the period was as follows:

	Options (In Thousands)	Weighted average exercise price of options	Weighted average remaining contractual term (in years)
Balance at December 31, 2025	7,633	\$ 1.89	7.50
Options granted	—	—	—
Options forfeited	(250)	1.77	—
Options expired	(108)	2.59	—
Options exercised	(38)	1.48	—
Balance at June 30, 2026	<u>7,237</u>	\$ 1.88	6.97

As of June 30, 2026, there was \$1.4 million of unrecognized compensation costs related to restricted stock. These costs are expected to be recognized over the weighted average period of 1.60 years. RSA and RSU activity during the period was as follows:

	Shares/ Units (In Thousands)	Weighted Average Grant Date Fair Value
Unvested at December 31, 2025	983	\$ 1.84
Granted	749	1.56
Vested	(503)	1.82
Forfeited	(32)	1.59
Unvested at June 30, 2026	<u>1,197</u>	\$ 1.68

Note 7: Net Income (Loss) Per Share

The Company computes net income (loss) per share of Class A and Class B common stock using the two class method. Under the provisions of the two class method, basic net income (loss) per share is computed by dividing net income (loss) applicable to common stockholders by the weighted average number of common shares outstanding during the year. Diluted net income (loss) per share is computed by dividing net income (loss) applicable to common stockholders by the weighted average number of common and dilutive common equivalent shares outstanding during the period. The computation of the diluted net income (loss) per share of Class B common stock assumes the conversion of Class A to Class B common stock, while the diluted net income (loss) per share of Class A common stock does not assume the conversion of those shares.

In accordance with the two class method, the undistributed income (loss) for each period is allocated based on the contractual participation rights of the Class A and Class B common shares and the restricted shares as if the income (loss) for the periods had been distributed. Considering the terms of the Company's charter which provides that, if and when dividends are declared on its common stock in accordance with Delaware General Corporation Law ("DGCL"), equivalent dividends shall be paid with respect to the shares of Class A and Class B common stock and that both classes of common stock have identical dividend rights and would share equally in the Company's net assets in the event of liquidation, the Company has allocated undistributed income (loss) on a proportionate basis.

Instruments granted in unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents, whether paid or unpaid, are participating securities prior to vesting. As such, the Company's RSAs are considered participating securities for purposes of calculating income (loss) per share. Under the two class method, dividends paid on unvested restricted stock are allocated to these participating securities and therefore impact the calculation of amounts allocated to common stock.

The following tables present the computation of basic net income (loss) per share applicable to common stockholders for the periods ended:

(In Thousands, Except Per Share Amounts)	Three Months Ended June 30,			
	2026		2025	
	Class A	Class B	Class A	Class B
Basic net income (loss) per share:				
Numerator:				
Net income (loss) applicable to common stockholders	\$ (43)	\$ (365)	\$ 9	\$ 76
Denominator:				
Weighted average number of shares outstanding - basic	4,661	39,653	4,661	39,241
Basic net income (loss) per share applicable to common stockholders	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

(In Thousands, Except Per Share Amounts)	Six Months Ended June 30,			
	2026		2025	
	Class A	Class B	Class A	Class B
Basic net loss per share:				
Numerator:				
Net loss applicable to common stockholders	\$ (225)	\$ (1,907)	\$ (202)	\$ (1,695)
Denominator:				
Weighted average number of shares outstanding - basic	4,661	39,478	4,661	39,151
Basic net loss per share applicable to common stockholders	<u>\$ (0.05)</u>	<u>\$ (0.05)</u>	<u>\$ (0.04)</u>	<u>\$ (0.04)</u>

The following tables present the computation of diluted net income (loss) per share applicable to common stockholders for the periods ended:

(In Thousands, Except Per Share Amounts)	Three Months Ended June 30,			
	2026		2025	
	Class A	Class B	Class A	Class B
Diluted net income (loss) per share:				
Numerator:				
Net income (loss) applicable to common stockholders	\$ (43)	\$ (365)	\$ 9	\$ 76
Reallocation of net income (loss) for Class A to Class B shares	—	(43)	—	9
Diluted net income (loss) applicable to common stockholders:	<u>\$ (43)</u>	<u>\$ (408)</u>	<u>\$ 9</u>	<u>\$ 85</u>
Denominator:				
Weighted average number of shares outstanding - basic	4,661	39,653	4,661	39,241
Conversion of Class A to B common shares outstanding	—	4,661	—	4,661
Weighted average number of shares outstanding - diluted	4,661	44,314	4,661	43,902
Diluted net income (loss) per share applicable to common stockholders	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>
Anti-dilutive securities	—	6,603	—	6,434

(In Thousands, Except Per Share Amounts)	Six Months Ended June 30,			
	2026		2025	
	Class A	Class B	Class A	Class B
Diluted net loss per share:				
Numerator:				
Net loss applicable to common stockholders	\$ (225)	\$ (1,907)	\$ (202)	\$ (1,695)
Reallocation of net loss for Class A to Class B shares	—	(225)	—	(202)
Diluted net loss applicable to common stockholders:	\$ (225)	\$ (2,132)	\$ (202)	\$ (1,897)
Denominator:				
Weighted average number of shares outstanding - basic	4,661	39,478	4,661	39,151
Conversion of Class A to B common shares outstanding	—	4,661	—	4,661
Weighted average number of shares outstanding - diluted	4,661	44,139	4,661	43,812
Diluted net loss per share applicable to common stockholders	\$ (0.05)	\$ (0.05)	\$ (0.04)	\$ (0.04)
Anti-dilutive securities	—	7,404	—	6,336

Note 8: Property and Equipment

Property and equipment consisted of the following:

(In Thousands)	June 30,	December 31,
	2026	2025
Computer and other related equipment	\$ 1,131	\$ 1,129
Purchased software	3,240	3,240
Furniture and fixtures	13	13
Software development costs	1,524	742
Software development costs - in progress	838	748
	\$ 6,746	\$ 5,872
Less: accumulated depreciation and amortization	(4,593)	(4,018)
Property and equipment, net	\$ 2,153	\$ 1,854

Depreciation and amortization expense related to property and equipment was as follows:

(In Thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Depreciation and amortization expense	\$ 253	\$ 335	\$ 575	\$ 713

Note 9: Leases

The Company has an operating lease for its former corporate office headquarters in Seattle, WA. In April 2026, the Company entered into a sublease agreement for the full premises of this operating lease. The sublease commenced on May 1, 2026 and will run through the end of the Company's existing lease term in September 2027.

Under ASC 842, *Leases*, and ASC 360, *Property, Plant, and Equipment*, subleasing the entire premises of the head lease qualifies as a triggering event to assess for impairment. Under the ASC 360 two-step recoverability test, the Company assessed there to be an impairment loss of approximately \$0.2 million from the terms of the sublease agreement. The Company notes that under ASC 855, *Subsequent Events*, this impairment loss qualified as a recognized subsequent event during the three months ended March 31, 2026, as the sublease contract had been approved and committed to by management in March 2026. The \$0.2 million impairment loss was recognized in the three months ended March 31, 2026, and is included within *Interest income (expense) and other, net* on the Consolidated Statement of Operations for the six months ended June 30, 2026.

The Company recognizes its operating lease agreements in accordance with ASC 842, *Leases*, and recognizes rent expense on a straight-line basis over the lease term with any lease incentives amortized as a reduction of rent expense over the lease term. Only assets under an operating lease with a term over 12 months were included in *Right-of-use lease assets*, and the related remaining liabilities are included in *Operating lease liability, current* and *Operating lease liability, non-current* on the Consolidated Balance Sheets.

Lease cost, other than the impairment loss amount, recognized in the Consolidated Statements of Operations and other lease information is summarized as follows:

(In Thousands, Except Terms in Years and Percentages)	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Operating lease cost	\$ 10	\$ 127	\$ 105	\$ 271
Finance lease cost:				
Interest on lease liabilities	—	8	—	18
Variable and short-term lease cost	—	9	—	19
Total lease cost	<u>\$ 10</u>	<u>\$ 144</u>	<u>\$ 105</u>	<u>\$ 308</u>
Other information:				
Weighted-average remaining lease term - operating leases	1.3	2.4		
Weighted-average remaining lease term - finance leases	—	0.4		
Weighted-average discount rate - operating leases	7.5%	7.5%		
Weighted-average discount rate - finance leases	—	14.1%		
Cash paid for operating leases	\$ 99	\$ 130	\$ 195	\$ 271
Cash paid for finance leases	\$ —	\$ 115	\$ —	\$ 229

As of June 30, 2026, the Company's undiscounted future payments under operating lease liabilities were as follows:

(In Thousands)	
2026	\$ 203
2027	311
Gross future lease payments	\$ 514
Less: imputed interest	(26)
Present value of total lease liabilities	\$ 488
Less: current portion of lease liabilities	(385)
Total long-term lease liabilities	<u>\$ 103</u>

In accordance with ASC 842, *Leases*, as the sublease is comprised of the entire remaining head lease term and transfers substantially all remaining economic benefits of the right-of-use ("ROU") asset, the sublease is characterized as a finance lease where the Company must derecognize the portion of the ROU asset transferred (entire leased asset transferred in this case), continue recognizing the original head lease liabilities, and recognize the imputed sublease interest income. Accordingly, the remaining ROU lease asset's remaining balance of approximately \$0.3 million was derecognized and sublease receivables were established on the Consolidated Balance Sheet at June 30, 2026, comprised of a remaining balance of approximately \$0.2 million in *Other current assets* and approximately \$0.1 million in *Other assets, net*.

As of June 30, 2026, the Company's undiscounted future receipts under the sublease are as follows:

(In Thousands)	
2026	\$ 118
2027	179
Total future sublease receipts	<u>\$ 297</u>

Note 10: Commitments and Contingencies***Commitments***

The Company has commitments for future payments related to its office facility, as well as other contractual obligations primarily related to minimum payments due to outside service providers. For information regarding the Company's lease commitments, see [Note 9: Leases](#) above.

Future minimum payments on the Company's other contractual obligations are approximately as follows:

(In Thousands)		
2026	\$	406
2027		623
2028		51
2029		38
2030 and thereafter		28
Total minimum payments	\$	<u>1,146</u>

Contingencies

The Company from time to time is a party to disputes and legal and administrative proceedings arising from the ordinary course of business. We could become in the future subject to legal proceedings, governmental investigations, and claims in the ordinary course of business, including employment claims, contract-related claims, and claims of alleged infringement of third-party patents, trademarks, and other intellectual property rights. Such claims, even if not meritorious, could force us to expend significant financial and managerial resources and could be material.

In certain agreements, the Company has agreed to indemnification provisions of varying scope and terms with customers, vendors and other parties with respect to certain matters, including, but not limited to, losses arising out of the Company's breach of agreements or representations and warranties made by the Company, services to be provided by the Company and intellectual property infringement claims made by third-parties. As a result of these provisions, the Company may from time to time provide certain levels of financial support to contract parties to seek to minimize the impact of any associated litigation in which they may be involved. To date, there have been no known events or circumstances that have resulted in any material costs related to these indemnification provisions and no liabilities therefore have been recorded in the accompanying Consolidated Financial Statements. However, the maximum potential amount of the future payments the Company could be required to make under these indemnification provisions could be material.

On October 21, 2022, the Shareholder Representatives for the former shareholders of Telmetrics, Inc. (an entity acquired by the Company in 2018) filed litigation against the Company in the U.S. District Court for the District of Delaware. The plaintiffs asserted claims under a share purchase agreement and escrow agreement regarding entitlement to an earnout of up to \$3.0 million and \$1.0 million that was placed in escrow to secure indemnification obligations.

During the fourth quarter of 2025, the Company and the plaintiffs made significant progress in negotiating a settlement and based on the status of those discussions and an evaluation of the relevant facts and circumstances, the Company determined that a loss was probable and reasonably estimable. Accordingly, the Company recorded an additional \$1.4 million as *Acquisition expense* in the Consolidated Statement of Operations to make up a total accrual of \$2.1 million, the expected settlement amount related to this matter, on the December 31, 2025 Consolidated Balance Sheet.

On April 14, 2026, the Company entered into a settlement agreement with respect to this civil action for such expected settlement amount, which resolves all claims related to this matter. Pursuant to the agreement, the Company paid \$750.0 thousand and released \$250.0 thousand held in escrow on May 14, 2026, and will pay \$500.0 thousand on each of November 16, 2026 and May 17, 2027. On the June 30, 2026 Consolidated Balance Sheet, there is a remaining accrual of \$1.0 million recorded in *Other accrued expenses and current liabilities* related to the future litigation payments.

While any litigation contains an element of uncertainty, the Company is not aware of any other legal proceedings or claims which are pending that the Company believes, based on current knowledge, will have, individually or taken together, a material adverse effect on the Company's financial condition, results of operations, or liquidity.

Note 11: Taxes

The Company regularly reviews deferred tax assets to assess whether it is more likely than not that its deferred tax assets will be realized and, if necessary, establishes a valuation allowance for portions of such assets to reduce the carrying value. In assessing whether it is more likely than not that the Company's deferred tax assets will be realized, factors considered included: historical taxable income, historical trends related to customer usage rates, projected revenues and expenses, macroeconomic conditions, issues facing the industry, existing contracts, the Company's ability to project future results, and any appreciation of its other assets. The ultimate realization of deferred tax assets depends on the generation of future taxable income during the periods in which those temporary differences are deductible. The Company considered the future reversal of deferred tax liabilities, carryback potential, projected taxable income, and tax planning strategies, as well as its history of taxable income or losses in the relevant jurisdictions in making this assessment. Based on the level of historical taxable losses and the uncertainty of projections for future taxable income over the periods for which the deferred tax assets are deductible, with the exception of certain insignificant foreign deferred tax assets, the Company concluded that it is not more likely than not that the gross deferred tax assets will be realized and, accordingly, recorded 100% valuation allowance against these deferred tax assets as of both June 30, 2026 and December 31, 2025.

From time to time, various state, federal and other jurisdictional tax authorities undertake audits of the Company and its filings. In evaluating the exposure associated with various tax filing positions, the Company on occasion accrues charges for uncertain positions. Resolution of uncertain tax positions will impact the Company's effective tax rate when settled. The Company does not have any significant accruals for uncertain tax positions including interest or penalties. The provision for income taxes includes the impact of contingency provisions and changes to contingencies that are considered appropriate. The Company files U.S. federal, certain U.S. state, and certain foreign tax returns. The Company's federal and state returns for all years will remain open to examination by federal and state tax authorities for three and four years, respectively, from the date of utilization of any net operating loss carryforwards.

Note 12: Domain Asset Sale

In 2025, the Company sold one of its domain assets to a third-party buyer for a total sales price of \$0.8 million, with payments to be made over a four-year period. Each payment that the Company receives from the buyer will be reduced by a 15% commission fee, resulting in total net cash proceeds of approximately \$0.7 million. Approximately \$0.6 million was recognized as a gain within *Interest income (expense) and other, net* on the Consolidated Statement of Operations in the previous year. The remaining amount of approximately \$48.2 thousand will be recognized as interest income over the four-year payment period due to the financing component of the agreement. At June 30, 2026, there was \$0.1 million of the receivable recorded within *Other current assets* and \$0.2 million within *Other assets, net* on the Consolidated Balance Sheet.

Note 13: Acquisition Stock Purchase Agreement ("SPA") Information

On July 1, 2026, the Company consummated the previously-announced acquisition of 100% of the outstanding shares of capital stock of Archenia from its stockholders, pursuant to the SPA, dated May 8, 2026, by and among the Company and sellers. In acquiring 100% of the outstanding shares of capital stock of Archenia, the Company indirectly acquired all of the assets that support Archenia's business. Archenia is a performance-based marketing technology company focused on customer qualification and acquisition. Archenia transforms consumer intent into AI-verified, outcome-based results by leveraging AI, natural-language analytics, and automated decisioning to identify and deliver high-intent consumer interactions to advertisers.

As consideration for the transaction and pursuant to the SPA, on the closing date the Company issued an aggregate of \$10.0 million in convertible promissory notes issued to the sellers. The notes bear interest at 6% and are payable in three equal tranches on the 12-, 18- and 24-month anniversaries of the closing date. Principal and interest under the notes are convertible in whole or in part into shares of Marchex's Class B common stock at \$1.80 per share. The notes also include customary events of default, including failure to pay amounts when due and certain bankruptcy or insolvency events. Upon an event of default, the outstanding principal and unpaid accrued interest may become immediately due and payable. As additional consideration for the transaction and pursuant to the SPA, for each of the first and second 12-month periods following the closing date, to the extent (1) Archenia's revenue or Adjusted EBITDA exceed such amounts for the 12-month period prior to the closing date, and (2) Archenia achieves certain specified integration or customer retention targets, Marchex will issue to the sellers an aggregate of 2.0 million shares of its Class B common stock for each such period.

The following tables detail, with intercompany balances and transactions eliminated and not including any contingent considerations that may be paid, unaudited Pro Forma Combined information for the current and prior year periods presented:

(In Thousands)	Pro Forma Combined (Unaudited)	
	For the Three Months Ended June 30, 2026	For the Six Months Ended June 30, 2026
Revenue	\$ 15,458	\$ 29,905
Net loss applicable to common stockholders	\$ (235)	\$ (2,046)

(In Thousands)	Pro Forma Combined (Unaudited)	
	For the Three Months Ended June 30, 2025	For the Six Months Ended June 30, 2025
Revenue	\$ 16,117	\$ 33,848
Net loss applicable to common stockholders	\$ (248)	\$ (1,487)

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

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We use words such as “believes”, “intends”, “expects”, “anticipates”, “plans”, “may”, “will” and similar expressions to identify forward-looking statements. All forward-looking statements, including, but not limited to, statements regarding our future operating results, financial position, prospects, acquisitions, dispositions, and business strategy, expectations regarding our growth and the growth of the industry in which we operate, and plans and objectives of management for future operations, are inherently uncertain as they are based on our expectations and assumptions concerning future events. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements we make. There are a number of important factors that could cause the actual results of Marchex to differ materially from those indicated by such forward-looking statements. Any or all of our forward-looking statements in this report may turn out to be inaccurate. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. They may be affected by inaccurate assumptions we might make or by known or unknown risks and uncertainties, including but not limited to the risks, uncertainties and assumptions described in this report, in Part II, Item 1A. under the caption “Risk Factors” and elsewhere in this report and in our Form 10-K for the year ended December 31, 2025, as amended, and those described from time to time in our future reports filed with the SEC. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this report may not occur as contemplated and actual results could differ materially from those anticipated or implied by the forward-looking statements. All forward-looking statements in this report are made as of the date hereof, based on information available to us as of the date hereof, and we assume no obligation to update any forward-looking statement.

Overview

Marchex and Archenia together harness proprietary AI-powered conversational intelligence and advanced customer acquisition technologies to transform consumer intent into actionable, outcome-driven business results. The combination of Marchex's prescriptive analytics and omnichannel intelligence with Archenia's AI-verified qualification, natural-language analytics, and automated decisioning capabilities creates a highly differentiated customer acquisition and optimization technology platform. Leveraging real-time AI signals, machine-learning models, and deep vertical market expertise, the company identifies consumer intent, improves qualification accuracy, and delivers verified outcomes such as high-intent conversations, appointments, and sales. Serving market leading companies across major verticals including automotive, insurance, home services, healthcare, and advertising/media, Marchex empowers organizations to optimize customer engagement and drive revenue growth through AI-driven insights, actions, and outcomes.

Our mission is to create intelligence around all types of business conversations. We desire to be a leader in vertical market conversational intelligence leveraging generative AI and data analytics. We seek to empower performance improvements for our customers by giving them actionable, real-time insights into the conversations they are having with their customers across phone, text, and other communication channels. We have assembled a set of applications that incorporate AI functionality for enterprises that depend on phone calls, texts, and other communication channels to help convert prospects into customers, enabling compelling customer experiences during the sales process and helping maximize returns. Our proprietary data and conversational insights help enable brands to personalize customer interactions in order to accelerate sales and capture more opportunities to grow their business. We serve large enterprises with a distributed footprint that interact with their customers across multiple communication paths.

We were incorporated in Delaware on January 17, 2003. We have office space in Seattle, WA.

Recent Developments

On July 1, 2026, the Company consummated the previously-announced acquisition of 100% of the outstanding shares of capital stock of Archenia, Inc. from its stockholders, pursuant to the SPA, dated May 8, 2026, by and among the Company and sellers. In acquiring 100% of the outstanding shares of capital stock of Archenia, the Company indirectly acquired all of the assets that support Archenia's business. See [Note 13: Acquisition SPA Information](#) for more information on the SPA and unaudited Pro Forma Combined Statements of Operations for the current year.

Components of the Results of our Operations

Revenue

We generate the majority of our revenues from our conversational intelligence product offerings. Our AI-powered conversational analytics technology platform provides data and insights into the conversations our clients are having with their customers across phone, text, and other communication channels. Our tools enable brands to personalize customer interactions in order to accelerate sales and capture more opportunities to grow their business. We generate revenue when our customers pay us a fee for each call/text or call/text related data element they receive from calls or texts or for each phone number tracked based on a pre-negotiated rate. Customers typically receive the benefit of our services as they are performed and substantially all of our revenue is recognized over time as services are performed.

Collection on the related receivables may vary from reported information based upon third-party refinement of the estimated and reported amounts owed that occurs subsequent to period ends.

Cost of Revenue

Our cost of revenue represents the cost of providing our services to our customers. These costs primarily consist of cloud computing and hosting costs; telecommunication costs, including the use of phone numbers relating to our services; bandwidth and software license fees; network operations; and payroll and related expenses of personnel, including stock-based compensation.

Sales and Marketing

Sales and marketing expenses consist primarily of payroll and related expenses for personnel engaged in marketing and sales functions; advertising and promotional expenditures including online and outside marketing activities; and stock-based compensation of related personnel.

Product Development

Product development costs consist primarily of expenses incurred in the research and development ("R&D") of our products and services. These costs primarily consist of payroll and related expenses for personnel; costs of computer hardware and software; costs incurred for features and functionality of the services we offer; and stock-based compensation of related personnel.

For the periods presented, substantially all of our product development expenses are R&D and are expensed as incurred or capitalized into property and equipment in accordance with U.S. GAAP once requirements have been met. See [Note 8: Property and Equipment](#) for more information on software development capitalization.

General and Administrative

General and administrative expenses consist primarily of payroll and related expenses for executive and administrative personnel; professional services, including accounting, legal and insurance; bad debt provisions; facilities costs; other general corporate expenses; and stock-based compensation of related personnel.

Stock-Based Compensation

We measure stock-based compensation cost at the grant date based on the fair value of the award and recognize it as expense over the vesting or service period, as applicable, of the stock-based award using the straight-line method. We account for forfeitures as they occur. Stock-based compensation expense is included in the same lines as compensation paid to the same employees in the Consolidated Statements of Operations.

Provision for Income Taxes

We utilize the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax law is recognized in results of operations in the period that includes the enactment date.

Results of Operations

The following tables present revenue and certain operating results as a percentage of revenue:

(In Thousands, Except Percentages)	Three Months Ended June 30, 2026	% of revenue	Three Months Ended June 30, 2025	% of revenue
Revenue	\$ 11,002	100%	\$ 11,655	100%
Expenses:				
Cost of revenue	4,289	39%	4,058	35%
Cost of revenue - amortization of capitalized software development costs	115	1%	10	0%
Total cost of revenue	\$ 4,404	40%	\$ 4,068	35%
Sales and marketing	2,298	21%	3,165	27%
Product development	1,991	18%	2,501	21%
General and administrative	2,655	24%	2,457	21%
Total operating expenses	11,348	103%	12,191	105%
Loss from operations	\$ (346)	-3%	\$ (536)	-5%

(In Thousands, Except Percentages)	Six Months Ended June 30, 2026	% of revenue	Six Months Ended June 30, 2025	% of revenue
Revenue	\$ 21,620	100%	\$ 23,058	100%
Expenses:				
Cost of revenue	8,409	39%	8,246	36%
Cost of revenue - amortization of capitalized software development costs	193	1%	10	0%
Total cost of revenue	\$ 8,602	40%	\$ 8,256	36%
Sales and marketing	5,556	26%	6,431	28%
Product development	4,399	20%	5,173	22%
General and administrative	4,760	22%	5,604	24%
Total operating expenses	23,317	108%	25,464	110%
Loss from operations	\$ (1,697)	-8%	\$ (2,406)	-10%

Stock-based compensation expense was included in the following operating expense categories:

(In Thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Cost of revenue	\$ 8	\$ 2	\$ 11	\$ 3
Sales and marketing	196	172	367	196
Product development	101	78	202	105
General and administrative	226	304	440	707
Total stock-based compensation	\$ 531	\$ 556	\$ 1,020	\$ 1,011

See [Note 6: Stockholders' Equity](#) of the Notes to the Consolidated Financial Statements, as well as our Critical Accounting Policies for additional information about stock-based compensation.

Revenue

Revenue decreased \$0.7 million, or 6%, to \$11.0 million for the three months ended June 30, 2026 from \$11.7 million for the three months ended June 30, 2025. Revenue decreased \$1.5 million, or 6%, to \$21.6 million for the six months ended June 30, 2026 from \$23.1 million for the six months ended June 30, 2025. The three and six month current year periods were impacted by certain new sales during the periods as well as offsets during the second half of 2025, largely due to customer migration activities from our legacy platforms onto the new Marchex Engage Platform. These offsets adversely impacted certain revenue run rates entering 2026 as compared to 2025.

Expenses

Cost of Revenue. Cost of revenue increased \$0.3 million, or 7%, to \$4.4 million for the three months ended June 30, 2026 from \$4.1 million for the three months ended June 30, 2025. As a percentage of revenue, cost of revenue was 40% and 35% for the three months ended June 30, 2026 and 2025, respectively. During the three months ended June 30, 2026 depreciation costs increased \$0.1 million as well as \$0.2 million of other costs associated with customer pilot and other new revenue opportunities.

Cost of revenue increased \$0.3 million, or 4%, to \$8.6 million for the six months ended June 30, 2026 from \$8.3 million for the six months ended June 30, 2025. As a percentage of revenue, cost of revenue was 40% and 36% for the six months ended June 30, 2026 and 2025, respectively. During the six months ended June 30, 2026 depreciation costs increased \$0.2 million and \$0.2 million of other costs associated with customer pilot and other new revenue opportunities. The increase was offset by savings of \$0.1 million realized as a result of the platform migration activities.

Sales and Marketing. Sales and marketing expenses decreased \$0.9 million, or 28%, to \$2.3 million for the three months ended June 30, 2026 from \$3.2 million for the three months ended June 30, 2025. As a percentage of revenue, sales and marketing expenses were 21% and 27% for the three months ended June 30, 2026 and 2025, respectively. During the three months ended June 30, 2026 payroll costs decreased \$0.9 million.

Sales and marketing expenses decreased \$0.8 million, or 13%, to \$5.6 million for the six months ended June 30, 2026 from \$6.4 million for the six months ended June 30, 2025. As a percentage of revenue, sales and marketing expenses were 26% and 28% for the six months ended June 30, 2026 and 2025, respectively. During the six months ended June 30, 2026 payroll costs decreased \$0.9 million which was offset by an increase in contract asset amortization charges of \$0.1 million. The six months ended June 30, 2026 includes reorganization charges related to severance of \$0.4 million.

Product Development. Product development expenses decreased \$0.5 million, or 20%, to \$2.0 million for the three months ended June 30, 2026 from \$2.5 million for the three months ended June 30, 2025. As a percentage of revenue, product development expenses were 18% and 21% for the three months ended June 30, 2026 and 2025, respectively. The three months ended June 30, 2026 includes reorganization charges of \$0.1 million related to severance. Inclusive of the \$0.1 million of reorganization charges the decrease was primarily attributable to \$0.5 million in lower personnel and outside labor costs due the reorganization and realignment of our personnel that occurred in 2025 and 2026.

Product development expenses decreased \$0.8 million, or 15%, to \$4.4 million for the six months ended June 30, 2026 from \$5.2 million for the six months ended June 30, 2025. As a percentage of revenue, product development expenses were 20% and 23% for the six months ended June 30, 2026 and 2025, respectively. The six months ended June 30, 2026 includes reorganization charges of \$0.3 million related to severance. Inclusive of the \$0.3 million of reorganization charges the decrease was primarily attributable to \$0.8 million in lower personnel and outside labor costs due the reorganization and realignment of our personnel that occurred in 2025 and 2026.

General and Administrative. General and administrative expenses increased \$0.2 million, or 8%, to \$2.7 million for the three months ended June 30, 2026 from \$2.5 million for the three months ended June 30, 2025. As a percentage of revenue, general and administrative expenses were 25% and 21% for the three months ended June 30, 2026 and 2025, respectively. The change from prior year was primarily attributable to nonrecurring professional service charges related to the acquisition of Archenia of \$0.8 million which were offset by a decrease in personnel costs of \$0.4 million and share-based compensation of \$0.1 million, largely due to reorganization charges that occurred in 2025 and reduced the payroll cost run-rate entering 2026.

General and administrative expenses decreased \$0.8 million, or 14%, to \$4.8 million for the six months ended June 30, 2026 from \$5.6 million for the six months ended June 30, 2025. As a percentage of revenue, general and administrative expenses were 22% and 24% for the six months ended June 30, 2026 and 2025, respectively. The change from prior year was primarily attributable to a decrease in personnel costs of \$1.3 million and share-based compensation of \$0.3 million, largely due to reorganization charges that occurred in 2025 and reduced the payroll cost run-rate entering 2026, partially offset by nonrecurring professional service charges related to the acquisition of Archenia of \$0.8 million.

Income Tax. Income tax expense was \$0.1 million and \$5.0 thousand for the three months ended June 30, 2026 and 2025, respectively. Income tax expense was \$0.3 million and \$0.1 million for the six months ended June 30, 2026 and 2025, respectively. The income tax expense consists primarily of deferred tax expense and U.S. state income taxes. The effective tax rate differed from the expected tax rate of 21% in both years primarily due to the valuation allowance and, non-deductible stock-based compensation related to incentive stock options recorded under the fair-value method, and other non-deductible amounts.

At both June 30, 2026 and December 31, 2025, based on all the available evidence, both positive and negative, we determined that it is more likely than not that our deferred tax assets will not be realized and accordingly recorded a full valuation allowance.

Liquidity and Capital Resources

As of June 30, 2026 and December 31, 2025, the Company had cash and cash equivalents of \$8.2 million and \$9.9 million, respectively. As of June 30, 2026, the Company had current and non-current contractual obligations of \$1.7 million, of which \$0.5 million is for payments due under our facility operating lease.

Cash used in operating activities was \$1.2 million during the six months ended June 30, 2026. The cash used in operating activities was primarily a result of a net loss of \$2.1 million, adjusted for an increase in cash due to non-cash items of \$2.7 million, which primarily included depreciation, amortization, and stock-based compensation, partially offset by a decrease in cash due to changes in working capital of \$1.8 million. The change in working capital was driven primarily by a decrease in accrued benefits and payroll, other accrued expenses, and other liabilities. Cash used in operating activities was \$1.8 million for the six months ended June 30, 2025. The cash used in operating activities was primarily a result of a net loss of \$1.9 million adjusted for an increase in cash due to non-cash items of \$2.2 million, which primarily included depreciation, amortization, losses on disposals, stock-based compensation, and gain on a domain asset sale, offset by a decrease in cash due to changes in working capital of \$2.1 million, which primarily included a decrease in accrued benefits and payroll, other accrued expenses, and other liabilities and an increase in prepaid expenses, other current assets, and other assets, all partially offset by an increase in accounts payable.

Cash used in investing activities for the six months ended June 30, 2026 and 2025, was \$0.7 million and \$0.5 million, respectively. During the six months ended June 30, 2026 the cash used in investing activities was primarily attributable to software development costs for new products in development, partially offset by proceeds from the prior year domain asset sale. During the six months ended June 30, 2025, the cash used in investing activities was also primarily attributable to software development costs for new products in development, partially offset by proceeds from the domain asset sale.

Cash from financing activities for the six months ended June 30, 2026 and 2025 was \$0.1 million and \$0.1 million, respectively. During the six months ended June 30, 2026, the cash from financing activities was attributable to cash received from the exercise of stock options. During the six months ended June 30, 2025, the cash from financing activities was primarily attributable to cash received from the exercise of stock options, partially offset by payments made for equipment financing lease obligations.

Based on our operating plans we believe that our resources will be sufficient to fund our operations, including any investments in strategic initiatives, for at least twelve months, however macroeconomic factors could influence our operating plans and resources significantly. Additional equity and debt financing may be needed to support our acquisition strategy, long-term obligations, and other Company's needs. There can be no assurance that, if we needed additional funds, financing arrangements would be available in amounts or on terms acceptable to us, if at all. Failure to generate sufficient revenue or raise additional capital could have a material adverse effect on our ability to continue as a going concern and to achieve our intended business objectives.

Critical Accounting Policies

Our Consolidated Financial Statements have been prepared in conformity with U.S. GAAP. Our critical accounting policies are those that we believe have the most significant impact to reported amounts of assets, liabilities, revenue and expenses, and the related disclosures of contingent assets and liabilities that require the most difficult, subjective, or complex judgments.

In the ordinary course of business, we make a number of estimates and assumptions relating to the reporting of our results. We base our estimates on historical experience and on various assumptions 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 that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

There have been no significant changes in our critical accounting policies and estimates during the three and six months ended June 30, 2026, as compared to those disclosed in Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Form 10-K for the year ended December 31, 2025, filed with the SEC on March 26, 2026.

Recent Accounting Pronouncements Not Yet Effective

For discussion regarding recent accounting pronouncements not yet effective, see [Note 1: Description of Business and Basis of Presentation](#) of the Notes to our Consolidated Financial Statements.

Website

Our website, www.marchex.com, provides access, without charge, to our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports as soon as reasonably practicable after such materials are electronically filed with the SEC. To view these filings, please go to our website and under the "Company" tab click on "Investor Relations" and then click on "Financial Information." Investors and others should note that we announce material financial information to our investors using our investor relations website, press releases, SEC filings, public conference calls, and webcasts. We also use the following

social media channels as a means of disclosing information about us, our services, and other matters, and for complying with our disclosure obligations under Regulation Fair Disclosure:

- Marchex X Account (www.x.com/marchex)
- Marchex Company Blog (www.marchex.com/blog/)
- Marchex LinkedIn Account (www.linkedin.com/company/marchex)

The information we post through these social media channels may be deemed material. Accordingly, investors should monitor the above accounts and blog, in addition to following our investor relations website, press releases, SEC filings, and public conference calls and webcasts. This list may be updated from time to time. The information we post through these channels is not a part of this Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

As a smaller reporting company under SEC Regulations, we are not required to provide this information.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our Co-Principal Executive Officers and our Principal Financial Officer, of the effectiveness of our “disclosure controls and procedures” (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934). Based on this evaluation, our Co-Principal Executive Officers and our Principal Financial Officer have concluded that, as of the date of the evaluation, our disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

During the three and six months ended June 30, 2026, no changes were made to our internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Limitations on the Effectiveness of Controls

In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, cannot provide absolute assurance of achieving the desired control objectives.

In addition, because of their inherent limitations, internal controls over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

See [Note 10: Commitments and Contingencies](#) of the Notes to our Consolidated Financial Statements.

Item 1A. Risk Factors

An investment in our Class B common stock involves various risks, including those mentioned below and those that are discussed from time to time in our other periodic filings with the SEC. Investors should carefully consider these risks, along with the other information contained in this report, before making an investment decision regarding our stock. There may be additional risks of which we are currently unaware, or which we currently consider immaterial. All of these risks could have a material adverse effect on our business, financial condition, results of operations, and the value of our stock.

FINANCIAL RISKS

We have largely incurred net losses since our inception, and we may incur net losses in the foreseeable future.

We had an accumulated deficit of \$333.5 million as of June 30, 2026. Our net expenses may increase based on the initiatives we undertake which for instance, may include increasing our sales and marketing activities, hiring additional personnel, incurring additional costs as a result of being a public company, acquiring additional businesses, and making additional equity grants to our employees. This may result in the reduction of our cash balances or the incurrence of debt.

We have in the past and may in the future find it advisable to take measures to streamline operations and reduce expenses, including, without limitation, reducing our workforce, or discontinuing certain products or businesses. Such measures may place significant strains on our management and employees, and could impair our development, marketing, sales, and customer support efforts. We may also incur liabilities from these measures. Such effects from streamlining could have a negative impact on our business and financial results.

We believe that our future revenue growth will depend on, among other factors, our ability to attract new customers, compete effectively, maximize our sales efforts, demonstrate a positive return on investment, successfully improve existing products and services, and develop successful new products and services. If we are unable to generate adequate revenue growth and manage our expenses, we may continue to incur significant losses in the future and may not be able to achieve or maintain profitability.

We received approximately 36% and 35% of our revenue from our five largest customers for the three and six months ended June 30, 2026, and the loss of one or more of these customers could adversely impact our results of operations and financial condition.

Our five largest customers accounted for approximately 36% and 35% of our total revenues for the three and six months ended June 30, 2026. In particular, our customers in the automotive and related services sectors account for a significant portion of our revenue.

Many of our customers are not subject to long-term contracts with us or have contracts with near term expiration dates and are able to reduce or in some cases cease spending at any time and for any reason. We have agreements with certain large customers which provide flexibility around financial commitments, termination rights, indemnification, and security obligations. Our large customers may vary spend levels and there can be no assurances that our large customers will continue to spend at levels similar to prior quarters. If any of our largest customers are acquired, such acquisition may impact its spending with us. Furthermore, our large customers from time to time may impose financial condition, data security and privacy, or insurance requirements that we may not be able to satisfy. A significant reduction in spending by our largest customers, or the loss of one or more of these customers, if not replaced by new customers or an increase in business from existing customers, would have a material adverse effect on our business, financial condition, and results of operations.

Our large customers have substantial negotiating leverage, which may require that we agree to terms and conditions that may have an adverse effect on our business.

Our large customers have substantial purchasing power and leverage in negotiating contractual arrangements with us. These customers may seek for us to develop additional features, may require penalties for failure to deliver such features, may seek discounted product or service pricing, and may seek more favorable contractual terms. As we sell more products and services to this class of customer, we may be required to agree to such terms and conditions. Such large customers also have substantial leverage in negotiating resolution of any disagreements or disputes that may arise. Any of the foregoing factors could result in a material adverse effect on our business, financial condition, and results of operations.

If some of our customers experience financial distress or suffer disruptions in their business, their weakened financial position could negatively affect our financial position and results.

We have a diverse customer base, and, at any given time, one or more customers may experience financial distress, file for bankruptcy protection, go out of business, or suffer disruptions in their business. If a customer with whom we do a substantial amount of business experiences financial difficulty or suffers disruptions in their business, it could delay or jeopardize the collection of accounts receivable, result in significant reductions in services provided by us, and may have a material adverse effect on our results of operations and liquidity.

We depend on distribution partners for call and other consumer traffic, and the loss of distribution partners or a decrease in the volume, quality or economic contribution of traffic from them could adversely affect our business.

A portion of our performance advertising services depends on distribution partners that supply calls, leads or other consumer traffic to be delivered to advertisers and other customers. Our agreements with many distribution partners may permit termination on short notice and are generally structured on a variable-payment basis tied to revenue, call volume, qualified outcomes or other performance measures. We may devote significant resources to supporting these relationships, but we cannot assure that they will remain in place, continue to supply traffic at historical levels or quality, or accept economic terms that allow us to operate profitably. Consolidation among search engines, publishers, telecommunications providers, advertising platforms and other sources of consumer traffic may increase the negotiating leverage of larger distribution partners and reduce the number of available sources. The loss of a material distribution partner, deterioration in traffic quality, reduced traffic availability, or less favorable pricing or payment terms could materially adversely affect our business, financial condition and results of operations.

We may need additional funding to meet our obligations and to pursue our business strategy. Additional funding may not be available to us and our financial condition could therefore be adversely affected.

We may require additional funding to meet our ongoing obligations and to pursue our business strategy, which may include the selective acquisition of businesses and technologies. In addition, we have incurred, and we may incur certain obligations in the future. There can be no assurance that, if we were to need additional funds to meet these obligations, additional financing arrangements would be available in amounts or on terms acceptable to us, if at all. Furthermore, if adequate additional funds are not available, we will be required to delay, reduce the scope of, or eliminate material parts of the implementation of our business strategy, including potential additional acquisitions or internally developed businesses.

Our quarterly results of operations might fluctuate due to seasonality, which could adversely affect our growth rate and in turn the market price of our securities.

Our quarterly results have fluctuated in the past and may fluctuate in the future due to seasonality in call volumes, consumer demand, advertising and marketing budgets, and the purchasing cycles of our customers and advertisers. Our experience has shown that during the spring and summer months, call volumes in certain verticals, such as home services, are generally higher than during other times of the year, while during the latter part of the fourth quarter we generally experience lower call volumes and reduced demand for calls from certain performance advertising customers. The extent to which volumes or demand may decrease during off-peak periods is difficult to predict. Prolonged or severe decreases may adversely affect our growth rate and results, and in turn the market price of our securities. Historically, we have seen these trends generally reverse in the first quarter, with increased call

volumes and new budgets for many customers and advertisers whose fiscal years end December 31. However, there can be no assurance that these seasonal trends will consistently repeat each year, particularly as customers and advertisers may adjust budgets, marketing strategies, agency relationships or media tactics throughout the year.

If we fail to maintain an effective system of internal controls, we may not be able to accurately report our financial results or prevent fraud, which could harm our brand and operating results.

Effective internal controls are necessary for us to provide reliable and accurate financial reports and effectively prevent fraud. We have devoted significant resources and time to comply with the internal controls over financial reporting requirements of the Sarbanes-Oxley ("SOX") Act of 2002. In addition, SOX Section 404 requires that we assess and in certain instances for our auditors to attest to the effectiveness of our controls over financial reporting. Our current and future compliance with the annual internal control report requirements will depend on the effectiveness of our financial reporting and data systems and controls across our operating subsidiaries. We expect these systems and controls to become increasingly complex to the extent that we integrate acquisitions and our business grows. To effectively manage this growth, we will need to continue to improve our operational, financial, and management controls and our reporting systems and procedures. We cannot be certain that these measures will ensure that we design, implement, and maintain adequate controls over our financial processes and reporting in the future. Any failure to implement required new or improved controls, or difficulties encountered in their implementation or operation, could harm our operating results, or cause us to fail to meet our financial reporting obligations. Inadequate internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our stock and our access to capital.

We may be required to pay additional income, sales, or other taxes.

Tax authorities at the international, federal, state, and local levels are continually reviewing the appropriate treatment of companies engaged in digital information services. Furthermore, from time to time, various state, federal, and other jurisdictional tax authorities undertake reviews of us and our filings. In evaluating the exposure associated with various tax filing positions, we may on occasion accrue charges for probable exposures. We cannot predict the outcome of any of these reviews nor whether any will have a material adverse impact on our business.

STRATEGIC RISKS

The markets in which we operate are highly competitive and rapidly changing and we may be unable to compete successfully.

There are a number of companies that offer or may develop products that compete in our targeted markets. We compete with call analytics technology providers such as Twilio and Invoca, as well as messaging platform providers such as EZ Texting. As we continue to advance our conversational analytics and related technologies, we anticipate facing increased competition from companies providing broader a broader range of products and solutions, such as Google (which offers Google Ads call tracking). The markets for our products and services are characterized by intense competition, evolving industry and regulatory standards, emerging business and distribution models, disruptive software and hardware technology developments, short product and service life cycles, price sensitivity on the part of customers, and frequent new product introductions. While we are developing and deploying features powered by AI across our conversational analytics offerings, competitors may develop comparable or superior AI-powered features before we do, which could adversely affect our business. Current and potential competitors have established, or may establish, cooperative relationships among themselves or with third-parties to increase the ability of their technologies to address the needs of our prospective customers. Furthermore, there has been a trend toward industry consolidation in our markets for several years. We expect this trend to continue as companies attempt to strengthen or hold their market positions.

The competition in our targeted markets could adversely affect our operating results by reducing the volume of the products and services we license or sell or the prices we can charge. Some of our current or potential competitors have significantly greater financial, technical, and marketing resources than we do. These competitors may be able to respond more rapidly than we can to new or emerging technologies or changes in customer requirements. They may also devote greater resources to the development, promotion, and sale of their products than we do. To the extent they do so, market acceptance and penetration of our products and services, and therefore our revenues, may be adversely affected. Our success and long-term growth depends substantially upon our ability to

enhance our products and services and to develop and introduce, on a timely and cost-effective basis, new products and services that meet changing customer requirements and incorporate technological enhancements. If we are unable to develop or acquire new products, services, functionalities, or technologies to adapt to these changes or otherwise fail to maintain a technological edge, our business will suffer.

The conversational analytics and solutions market may develop more slowly than expected, which could harm our business.

If the market for conversational analytics solutions develops more slowly than we expect, our business could suffer. Our future success is highly dependent on the increased adoption by businesses of conversational analytics and solutions, and our ability to sell our conversational analytics and solutions services to large to small customers in different verticals as well as to reseller partners and agencies. The advertising and sales market is rapidly evolving, and most businesses have historically not utilized nor allocated a portion of their marketing and/or sales budgets to conversational analytics and solutions. As a result, the future demand and market acceptance for conversational analytics and related services is uncertain.

If we do not maintain a sufficient base of advertisers and distribution partners, the value and scale of our performance advertising services could decline.

Our performance advertising services depend on maintaining sufficient and diverse advertiser demand and a reliable supply of calls and other consumer traffic from distribution partners. Advertisers generally seek measurable outcomes and competitive acquisition costs, while distribution partners seek favorable payment terms and monetization. A reduction in advertiser demand may make our services less attractive to distribution partners, and a reduction in traffic supply or quality may make our services less attractive to advertisers. This interdependence may make it difficult to replace lost relationships and could impair our ability to achieve efficient matching, scale and margins. A decline in either side of this network could adversely affect the value of our services, revenue and operating results.

The AI technology and features we develop and/or incorporate into our solutions include new and evolving technologies that may present both legal and business risks.

While we are increasingly incorporating AI, including machine learning and large language model-based capabilities, into our products, services and internal operations, the use of AI presents risks and challenges that could adversely affect our business. AI technologies are complex, rapidly evolving and may produce outputs that are inaccurate, misleading, biased, incomplete or otherwise flawed, including as a result of errors in underlying algorithms, training data, or inputs. Our customers or other users may rely on such outputs to their detriment, which could expose us to legal claims, regulatory scrutiny, reputational harm or competitive disadvantage.

In addition, the legal and regulatory framework governing AI is evolving and remains uncertain, including with respect to intellectual property ownership, data privacy, automated decision-making and liability allocation. Our use of AI, or our integration of third-party AI technologies into our offerings, may subject us to claims of intellectual property infringement or misappropriation, data protection violations or other legal obligations, including where we have limited contractual recourse against third-party AI providers. Further, AI technologies may require the processing of personal or sensitive data, increasing our compliance obligations and risk exposure.

We also permit and increasingly rely on the use of AI tools by our workforce in certain development, analytical and operational contexts. The use of such tools, whether authorized or unauthorized, may create risks related to the protection of confidential information, cybersecurity, data leakage, or the misuse of proprietary or third-party intellectual property. If we are unable to manage these risks effectively, our business, reputation, financial condition and results of operations could be adversely affected.

Our business strategy is evolving and may involve pursuing new lines of business or strategic transactions and investments, some of which may not be successful.

Our industry is undergoing significant change and our business strategy is continuing to evolve to meet these changes. In order to profitably grow our business, we may need to expand into new lines of business beyond our current focus of providing call and text analytics services, which may involve pursuing strategic transactions, including potential acquisitions of, or investments in, related or unrelated businesses. In addition, we may seek divestitures of existing businesses or assets and may pursue other strategic alternatives and opportunities. There can

be no assurance that we will be successful with our efforts to evolve our business strategy and we could suffer significant losses as a result, which could have a material adverse effect on our business, financial condition, and results of operations.

Our acquisitions could divert management's attention, cause ownership dilution to our stockholders, cause our earnings to decrease, and be difficult to integrate.

Our business strategy includes identifying, structuring, completing, and integrating acquisitions. Acquisitions involve a high degree of risk. We may also be unable to find a sufficient number of attractive opportunities to meet our objectives, which include revenue growth, profitability, and competitive market share. Our acquired companies may have histories of net losses and may expect net losses for the foreseeable future.

Acquisitions are accompanied by a number of risks that could harm our business, operating results and financial condition: we could experience a substantial strain on our resources, including time and money, and we may not be successful; our management's attention could be diverted from our ongoing business concerns; we may seek to enter new markets where we have no or limited experience or where competitors may have stronger market positions; integrating new companies may take longer than expected; while integrating new companies, we may lose key executives or other employees of these companies; we may issue shares of our Class B common stock as consideration for acquisitions which may result in ownership dilution to our stockholders; acquisitions of certain companies may result in us pursuing a diversified operating or holding company structure to allow us to focus on running diverse businesses independently, but in such event we may not realize the anticipated strategic benefits; we could fail to successfully integrate our financial and management controls, technology, reporting systems and procedures, or adequately expand, train and manage our workforce; we could experience customer dissatisfaction or performance problems with an acquired company or technology; we could become subject to unknown or underestimated liabilities of an acquired entity or incur unexpected expenses or losses from such acquisitions, including litigation; we could incur possible impairment charges related to goodwill or other intangible assets resulting from acquisitions or other unanticipated events or circumstances, any of which could harm our business; and we may be exposed to investigations and/or audits by federal, state, or other taxing authorities.

Consequently, we might not be successful in integrating any acquired businesses, products, or technologies, and might not achieve anticipated revenue and cost benefits.

We may decide to dispose of assets or a business that may no longer help us meet our objectives.

If we decide to sell assets or a business, we may encounter difficulty in finding buyers or alternative exit strategies on acceptable terms in a timely manner, which could delay the achievement of our strategic objectives. We may also dispose of a business at a price or on terms that are less desirable than we had anticipated. In addition, we may experience greater disruption to our remaining business than expected, and the impact of the divestiture on our revenue may be larger than projected.

OPERATIONAL RISKS

We depend on being able to secure enough phone numbers and associated telecommunication services to support our customers and other users of our services and any obstacles that we face which prevent us from meeting this demand could adversely affect our business.

We utilize phone numbers as part of a number of information and analytic services to our customers, such as our call and text analytics and communications. We secure a majority of our phone numbers through telecommunication carriers that we have contracted with and a smaller number through the 800 Service Management System, and such telecommunication carriers provide the underlying telephone service. Our telecommunications carriers and telephone number acquisition process are subject to the rules and guidelines established by the Federal Communications Commission ("FCC"). Furthermore, we may be directly subject to certain telecommunications-related regulations. The FCC and our telecommunication carriers may change the rules and guidelines for securing phone numbers or change the requirements for retaining the phone numbers we have already secured. As a result, we may not be able to secure or retain sufficient phone numbers needed for our services. We may also be limited in the number of available telecommunications carriers or vendors to provide such phone numbers and associated services to us in the event of any industry consolidations. In addition, mobile carriers in the United States and Canada have added, or are currently contemplating adding significant one-time and

recurring registration requirements, including “10DLC” brand registration, and/or use limitations (e.g. messaging volume caps) for each phone number, and have imposed or are considering imposing significant additional fees as well as penalties for failure to register or certain use violations for registered numbers. Moreover, mobile carriers and our telecommunication service providers use various automated screening technologies on messaging content crossing their networks, which operate based on disparate and sometimes unpredictable sets of standards and restrictions. The application of such screening technologies to content transmitted by our customers through their use of our services may negatively impact our ability to provide services to certain customers deemed potentially problematic by carriers, subject us to financial penalties, and/or result in telecommunication service providers refusing to provide service to us. Any of the foregoing factors could result in a material adverse effect on our business, financial condition, and results of operations.

We depend on the quality and validity of calls and other traffic supplied through our performance advertising network, and failures in our quality controls or qualification processes could harm advertiser relationships and our results.

We use automated and manual processes, including AI-based analytics, to monitor and classify calls and other traffic and to determine whether specified duration, qualification or business-outcome criteria have been met. Sources of low-quality or invalid traffic may include unwanted solicitations, robocalls, call spam, fraudulent or duplicated activity, misrouted calls, non-human activity and consumers who do not satisfy advertiser targeting criteria. Our systems may incorrectly classify calls or outcomes, fail to identify invalid traffic, or be affected by incomplete, inaccurate or delayed data. Differing definitions of a qualified call or business outcome, changes to advertiser criteria, and limitations in third-party tracking or feedback data may also lead to billing disputes, credits, refunds or nonpayment. If we cannot consistently deliver and substantiate traffic that advertisers view as valuable, we may incur higher credits or media costs, lose advertisers or distribution partners, face claims or reputational harm, or experience reduced revenue and margins.

Our technical systems are vulnerable to interruption and damage that may be costly and time-consuming to resolve and may harm our business and reputation.

A disaster could interrupt our services for an indeterminate length of time and severely damage our business, prospects, financial condition, and results of operations. Our systems and operations are vulnerable to damage or interruption from: fire; floods; network failure; hardware failure; software failure; power loss; telecommunications failures; break-ins; terrorism, war or sabotage; computer viruses; denial of service attacks; penetration of our network by unauthorized computer users and “hackers” and other similar events; natural disasters, including, but not limited to, hurricanes, tornadoes, and earthquakes; and other unanticipated problems.

We may not have developed or implemented adequate protections or safeguards to overcome any of these events. We also may not have anticipated or addressed many of the potential events that could threaten or undermine our technology network. Any of these occurrences could cause material interruptions or delays in our business, result in the loss of data or render us unable to provide services to our customers. In addition, if a person is able to circumvent our security measures, they could destroy or misappropriate valuable information, including sensitive customer information, or disrupt our operations. We have deployed firewall technology intended to thwart hacker attacks. Although we maintain property insurance and business interruption insurance, our insurance may not be adequate to compensate us for all losses that may occur as a result of a catastrophic system failure or other loss, and our insurers may not be able to compensate us for all losses that may occur or may decline to do so for a variety of reasons. If we fail to address these issues in a timely manner, we may lose the confidence of our customers and reseller partners, our revenue may decline, and our business could suffer.

Cybersecurity risks could adversely affect our business and disrupt our operations.

The threats to network and data security are increasingly diverse and sophisticated. Despite our efforts and processes to prevent cybersecurity incidents as further detailed in the Item 1C disclosure below, our information systems, and those of third-parties that we use in our operations are vulnerable to cybersecurity threats, including cyber-attacks such as viruses and worms, phishing attacks, denial-of-service attacks, ransomware attacks, physical or electronic break-ins, employee theft or misuse, and similar disruptions from unauthorized tampering, which could lead to interruptions, delays, loss of critical data, unauthorized access to user data, and loss of customer confidence. In addition, we may be the target of email scams that attempt to acquire personal information or Company assets. Despite our efforts to create security barriers to such threats, we may not be able to entirely mitigate these risks. Any

cyber-attack that attempts to obtain our or our users' data and assets, disrupt our service, or otherwise access our systems, or those of third-parties we use, if successful, could adversely affect our business, operating results, and financial condition, be expensive to remedy, and damage our reputation. In addition, any such breaches may result in negative publicity, adversely affect our brand, decrease demand for our products and services, and adversely affect our operating results and financial condition.

A failure of service by one or more third-party provider(s) of technology, telecommunication or other communication services, software or hardware that we rely on could adversely affect our business and reputation.

We rely upon third-party cloud providers to host our products and services. We may experience interruptions, delays and outages in service and availability from time to time as a result of problems with our third-party cloud providers' infrastructure. Lack of availability of this infrastructure could be due to a number of potential causes including technical failures, natural disasters, fraud or security breaches that we cannot predict or prevent. In addition, if our security, or that of any of these third-party cloud providers, is compromised, or our products and services are rendered unavailable to our customers and cannot be restored within a reasonable amount of time or at all, then our business, results of operations and financial condition could be adversely affected.

We also rely on a select group of third-party providers for various components of our technology platform and support for our services, such as hardware and software providers, telecommunications carriers and Voice over Internet Protocol ("VoIP") providers, software-as-a-service providers, and credit card processors. As a result, key operational resources of our business are concentrated with a limited number of third-party providers. A failure or limitation of service or available capacity by any of these third-party providers could adversely affect our business and reputation. In addition, our software-as-a service providers are themselves reliant on third-party cloud providers described in the preceding paragraph such that a disruption of the availability of the underlying infrastructure may also impair their ability to maintain the availability of their services that we rely on. Furthermore, if any of these providers described in this paragraph are unable to provide the levels of service and dedicated resources over time that we require in our business, we may not be able to replace certain of these providers in a manner that is efficient, cost-effective or satisfactory to our customers, and as a result our business could be materially and adversely affected. Short term or repeat problems with any of these service providers could provide an interruption of service or service quality impairment to significant customers, which could also impact materially our revenue in any period due to credits or potential loss of significant customers.

If our security measures, including those of our vendors or partners, are breached or are perceived as not being secure, we may lose customers and incur significant legal and financial exposure and suffer an adverse effect on our business.

We store and transmit data and information about our customers and their respective users. We also work with vendors and partners who may come into contact with certain data, such as carriers, and data processing and storage providers. We deploy security measures to protect this data and information, as do the third-parties we utilize to assist in data and information processing and storage. Our security measures and those of the third-parties we partner with to assist in data and information processing and/or storage, as well as to assist in the delivery of services to our customers, may suffer breaches. Security breaches of our data storage systems or our technology providers we utilize to process and store data and information relating to our customers and their respective users could expose us to significant potential liability. Similarly, security breaches of our vendors and partners, or ineffective data security by our vendors or partners, may result in similar significant liability. In addition, security breaches, actual or perceived, could result in legal liability, government fines, and the loss of customers that could potentially have an adverse effect on our business. Although we maintain cyber-liability insurance, our coverage may not be adequate to compensate us for all costs and liabilities that we may incur as a result of a security breach, and our insurers may not be able to compensate us for all losses that may occur or may decline to do so for a variety of reasons.

LEGAL AND COMPLIANCE RISKS

We may not be able to protect our intellectual property rights, which could adversely affect our competitive position.

Our ability to compete across our businesses partly depends on the superiority, uniqueness and value of the technology that we develop. To protect our proprietary rights, we rely on a combination of patent, trademark, copyright and trade secret laws, confidentiality agreements with our employees and third-parties, and protective contractual provisions. These efforts to protect our intellectual property rights may not be effective in preventing misappropriation of our technology, or may not prevent the development and design by others of products or technologies similar to or competitive with those we develop.

We maintain a number of patents in the U.S. and other jurisdictions relating to various aspects of our technology. In addition to our patent portfolio, we have assembled, over time, an international portfolio of trademarks that covers certain of our products and services. We regularly analyze our patent and trademark portfolios and prepare additional patent applications on current and anticipated features of our technology and trademark applications for new product and service names, or abandon patents, trademarks or applications that are no longer relevant or valuable to our operations.

The status of any patent involves complex legal and factual questions. The scope of allowable claims is often uncertain. As a result, we cannot be sure that: (1) any patent application filed by us will result in a patent being issued; (2) that any patents issued in the future will afford adequate protection against competitors with similar technology; and (3) that the patents issued to us, if any, will not be infringed upon or designed around by others.

Despite our efforts to protect our technology and proprietary rights through intellectual property rights, licenses and other contractual protections, unauthorized parties may still copy or otherwise obtain and use our software and other technology.

In addition, we may in the future expand internationally, and effective intellectual property, copyright, trademark and trade secret protection may not be available or may be limited in foreign countries. Any significant impairment of our intellectual property rights could harm our business or our ability to compete. Further, companies in the internet, communications and technology industries may own large numbers of patents, copyrights and trademarks and may frequently threaten litigation, or file suit against us based on allegations of infringement or other violations of intellectual property rights, which may adversely affect our business or financial prospects.

We may incur liabilities for the activities of our customers and other users of our services, which could adversely affect our business.

The actual or perceived improper sending of text messages or voice calls may subject us to potential risks, including liabilities or claims relating to consumer protection laws and regulatory enforcement, including fines. For example, the Telephone Consumer Protection Act of 1991 ("TCPA") restricts telemarketing and the sending of automatic text messages without explicit customer consent. The scope and interpretation of the federal and state laws and regulations that are or may be applicable to the delivery of text messages or voice calls are continuously evolving and developing. If we do not comply with these laws or regulations or if we become liable under these laws or regulations due to the failure of our customers to comply with these laws by obtaining proper consent, we could face direct liability. We rely on contractual representations made to us by our customers that they will comply with our acceptable use restrictions and applicable law and regulations in using our services. We cannot predict whether our role in facilitating our customers' or other users' activities would expose us to liability under applicable law.

Even if claims asserted against us do not result in liability, we may incur substantial costs in investigating and defending such claims. If we are found liable for our customers' or other users' activities, we could be required to pay fines or penalties, redesign business methods or otherwise expend resources to remedy any damages caused by such actions and to avoid future liability, which could have a material adverse effect on our business, financial condition and results of operations.

Our insurance policies may not provide coverage for liability arising out of activities of our customers or other users of our services. In addition, we may not be able to obtain or maintain adequate insurance coverage to reduce or limit the liabilities associated with our businesses. Any costs incurred as a result of such liability or asserted liability could have a material adverse effect on our business, operating results, and financial condition.

We may be subject to intellectual property claims, which could adversely affect our financial condition and ability to use certain critical technologies, divert our resources and management attention from our business operations and create uncertainty about ownership of technology essential to our business.

Our success depends, in part, on our ability to operate without infringing on the intellectual property rights of others. There can be no guarantee that any of our intellectual property will not be challenged by third-parties. We may be subject to patent infringement claims that would be costly to defend and could limit our ability to use certain critical technologies.

We believe that a consolidation of patent portfolios by major technology companies and independent asset holding companies will increase the chances of aggressive assertions of patent and other intellectual property claims. Within the technology, telecommunications, and online sectors, among other related sectors, we have witnessed various claim holders and alleged rights holders pursue business strategies devoted to extracting settlements or license fees for a wide range of basic and commonly accepted methods and practices.

We may be subject to those intellectual property claims in the ordinary course of our business. Also, our partners and customers may also find that they are subject to similar claims, in which case we may be included in any related process or dispute settlement. Any patent or other intellectual property litigation could negatively impact our business by diverting resources and management attention from other aspects of the business and adding uncertainty as to the ownership of technology, services and property that we view as proprietary and essential to our business. In addition, a successful claim of patent infringement against us and our failure or inability to license the infringed or similar technology on reasonable terms, or at all, could prevent us from using critical technologies which could have a material adverse effect on our business.

Federal, state, and foreign regulation of telecommunications and data privacy may adversely affect our business and operating results.

We provide information and analytics services to our customers and reseller partners. In connection therewith, we obtain certain telecommunications products and services from carriers in order to deliver these packages of information and analytic services.

Telecommunications laws and regulations (and interpretations thereof) are evolving in response to rapid changes in the telecommunications industry. If our carrier providers were to be subject to any changes in applicable law or regulation (or interpretations thereof), or additional taxes or surcharges, then we in turn may be subject to increased costs for their products and services or receive products and services that may be of less value to our customers, which in turn could adversely affect our business and operating results. Furthermore, our call recording and/or monitoring services may directly subject us to certain telecommunications-related laws and regulations. Finally, in the event that any federal or state regulators were to expand the scope of applicable laws and regulations or their application to include certain end users and information service providers, then our business and operating results could also be adversely affected. The following existing and possible future federal and state laws could impact the growth and profitability of our business:

- The Communications Act of 1934, as amended by the Telecommunications Act of 1996 ("TA"), and the regulations promulgated by the FCC under Title II of the TA, may impose federal licensing, reporting and other regulatory obligations on the Company. To the extent we contract with and use the networks of VoIP service providers, new legislation or FCC regulation in this area could restrict our business, prevent us from offering service or increase our cost of doing business. There are an increasing number of regulations and rulings that specifically address access to commerce and communications services on the Internet, including internet protocol ("IP") telephony. We are unable to predict the impact, if any, that future legislation, legal decisions, or regulations concerning voice services offered via the Internet may have on our business, financial condition, and results of operations.
- The U.S. Congress, the FCC, state legislatures or state agencies may target, among other things, access or settlement charges, imposing taxes related to Internet communications, imposing tariffs or other regulations based on encryption concerns, or the characteristics and quality of products and services that we may offer. Any new laws or regulations concerning these, or other areas of our business could restrict our growth or increase our cost of doing business.

- There is risk that a regulatory agency will require us to conform to rules that are unsuitable for IP communications technologies or rules that cannot be complied with due to the nature and efficiencies of IP routing, or are unnecessary or unreasonable in light of the manner in which we offer voice-related services such as call recording services to our customers.
- Federal and state telemarketing laws including the TCPA, which limits the use of autodialing systems, artificial or prerecorded voice messages, text messages and fax machines, the Telemarketing Sales Rule, the Telemarketing Consumer Fraud and Abuse Prevention Act, and the rules and regulations promulgated thereunder. In recent years, the TCPA has become a fertile source for both individual and class action lawsuits and regulatory actions. Specifically, the TCPA restricts telemarketing and the transmission of automatic text messages without proper consent. The scope and interpretation of the laws and regulations that are or may be applicable to the delivery of text messages and/or to the allowable methods of obtaining proper consent are continuously evolving and developing. If we do not comply with these laws or regulations or if we become liable under these laws or regulations due to the failure of our customers to comply with these laws by obtaining proper consent, we could face liability. In addition, certain regulatory developments in this area may adversely impact the demand for some of our services (e.g. our text analytics and communications services) if some of our customers become unable to obtain proper consents for their communications at historical volumes.
- The Telephone Robocall Abuse Criminal Enforcement and Deterrence Act and the rules and regulations promulgated thereunder. The FCC has adopted rules requiring originating and terminating voice service providers to implement the STIR/SHAKEN caller identification ("ID") authentication framework to combat spoofed robocalls and is expected to adopt additional measures for that purpose. A number of our information services depend on integrations with voice service providers subject to these regulations. We maintain a registration in the FCC's Robocall Mitigation Database as a Non-Gateway Intermediate Provider. If we do not comply with our providers' evolving requirements pertaining to these regulations or if future regulatory measures relative to the STIR/SHAKEN caller ID authentication framework result in unforeseen interoperability issues for our information services that we are unable to address in a timely and efficient manner, our business, financial condition, and results of operations could be negatively impacted and/or we could face liability.
- Laws affecting telephone call recording and consent requirements. Under the Federal Wiretap Act, at least one party taking part in a call must be notified if the call is being recorded. Under this law, and most state laws, there is nothing illegal about one of the parties to a telephone call recording the conversation. However, a number of states (i.e. California, Connecticut, Delaware, Florida, Illinois, Maryland, Massachusetts, Montana, Nevada, New Hampshire, Pennsylvania, and Washington) require that all parties consent when one party wants to record a telephone conversation. The telephone recording laws in other states, like federal law, require only one party to be aware of the recording. The scope of the consent requirements under these laws may expand over time based on evolving case law in this area.
- The Communications Assistance for Law Enforcement Act may require that we undertake material modifications to our platforms and processes to permit wiretapping and other access for law enforcement personnel.
- Under various Orders of the FCC, we may be required to make material retroactive and prospective contributions to funds intended to support Universal Service, Telecommunications Relay Service, Local Number Portability, the North American Numbering Plan and the budget of the FCC.
- Laws in most U.S. states may require registration or licensing of one or more of our subsidiaries, and may impose additional taxes, fees or telecommunications surcharges on the provision of our services which we may not be able to pass through to customers.
- Our international operations may expose us to telecommunications regulations and data and privacy regulations in the countries where we are operating, and these regulations could negatively affect the viability of our business in those regions.

We may also be subject to costs and liabilities with respect to privacy issues. Several companies have incurred penalties for failing to abide by the representations made in their public-facing privacy policies. In addition, a significant number of U.S. states have enacted laws that require businesses and their service providers to implement and maintain reasonable security procedures and practices to protect personal information and to provide notice to consumers in the event of a security breach. For example, California enacted the California Consumer Privacy Act, which was subsequently amended by the California Privacy Rights Act of 2020 (“CPRA”), which went into effect on January 1, 2023. The CPRA gives California residents rights to access, correct, and delete their personal information, opt out of certain types of personal information sharing, limit the use of sensitive personal information as well as receive detailed information about how their personal information is retained and used. The CPRA and the regulations promulgated thereunder also include requirements for provisions to be included by businesses in their respective contracts with service providers, which limit the scope of permissible use for personal data processed as part of the services and give businesses certain rights to assess their service providers’ data processing operations. The CPRA provides for civil penalties for violations, as well as a private right of action for data breaches that is expected to increase data breach litigation. Several other states have enacted privacy-related legislation that provides for consumer rights similar to the CPRA. Further, it is anticipated that additional federal and state privacy-related legislation may be enacted. Such legislation could negatively affect our business in various ways such as by increasing our and/or our customers’ costs of compliance. Finally, the majority of the aforementioned privacy laws and regulations do not apply to information historically regulated by certain industry-specific legislation and regulations such as the Health Insurance Portability and Accountability Act of 1996 and/or the Gramm-Leach-Bliley Act, each of which include separate sets of security standards for the processing of covered data and provide for significant civil and/or criminal penalties for violations. To the extent that we increase our market share of conversational analytics offerings for customers in the healthcare and/or financial services industries, our risk of possible costs and liabilities related to compliance with these additional laws increases as well.

Foreign countries may enact laws that could negatively impact our business and/or may prosecute us for violating existing laws. Such laws might include European Union (“EU”) member country conforming legislation under applicable EU Privacy, eCommerce, Data Protection Directives (and similar legislation in other countries where we may have operations), the EU General Data Protection Regulation (“GDPR”), which is directly applicable to all member states and which has substantial compliance obligations and significant potential administrative fines for non-compliance, as well as the GDPR equivalent law retained by the United Kingdom and any successor legislation thereto. Any costs incurred in addressing foreign laws could negatively affect the viability of our business. Our exposure to this risk will increase to the extent we expand our operations internationally.

In addition, the potential regulation of new and emerging technologies, such as AI, which we are increasingly building into many of our new offerings, may result in increased compliance costs and risks. Any additional costs and penalties associated with increased compliance and risk mitigation could make certain offerings less profitable or increase the difficulty of bringing certain offerings to market.

We may face risks related to litigation that could result in significant legal expenses and settlement or damage awards.

From time to time, we are subject to claims and litigation, which could seriously harm our business and require us to incur significant costs.

We are generally obliged, to the extent permitted by law, to indemnify our current and former directors and officers who are named as defendants in these types of lawsuits. Defending against litigation may require significant attention and resources of management. Regardless of the outcome, such litigation could result in significant legal expenses.

If we are a party to material litigation and if the defenses we claim are ultimately unsuccessful, or if we are unable to achieve a favorable settlement, we could be liable for large damage awards that could have a material adverse effect on our business and Consolidated Financial Statements.

GENERAL RISKS

We are susceptible to general economic conditions, climate change, natural catastrophic events and public health crises, and any resulting negative impacts on our customers could adversely affect our operating results.

Our operating results will be subject to fluctuations based on general economic conditions, which are subject to a range of macroeconomic uncertainties such as labor shortages, supply chain disruptions, inflation and monetary supply shifts, among others. Any economic downturn could result in: a deterioration in the credit quality of our customers, which could adversely affect our accounts receivables; sales prospects delaying decision making and reducing propensity to purchase; challenges in servicing customers and extending and entering into new agreements; a reduction in customer budgets and slower sales cycles; customer requests for price concessions and extended payment terms; customer cancellations and inability to pay; and/or customer reconsideration and delay in launching test programs with us. Any such outcomes can cause decreases in or delays in customer spending and negatively impact our short-term ability to grow our revenues or result in significant decline in revenues, a significant decrease in our operating cash flows and/or otherwise negatively impact our results of operations.

Our business is also subject to the impact of global climate change which can increase the frequency of natural catastrophic events such as drought, wildfires, storms, sea-level rise, earthquakes, floods, or power outages. The long-term effects of climate change on the global economy and our industry in particular are unclear but could be severe.

Furthermore, global political crises such as terrorism or war, and public health crises, such as disease outbreaks, epidemics, or pandemics and their resulting impacts on the U.S. and global economies, our markets and business locations, could negatively impact our operating results.

The loss of our senior management, including other key personnel, could harm our current and future operations and prospects.

We are heavily dependent upon the continued services of members of our senior management team and other key personnel. Each member of our senior management team and other key personnel are at-will employees and may voluntarily terminate their employment with us at any time with minimal notice. Following any termination of employment, each of these members would only be subject to a twelve-month non-competition and non-solicitation obligation with respect to our customers and employees under our standard confidentiality agreement. The loss of the services of any member of our senior management, including other key personnel, for any reason, or any conflict among our senior management or other key personnel, could harm our current and future operations and prospects. We have experienced turnover in certain senior executives in recent years. Additional turnover at the senior management level may create instability within the Company and our employees may decide to terminate their employment, which could further impede the maintenance of our day-to-day operations. Such instability could impede our ability to implement fully our business plan and growth strategy, which would harm our business and prospects.

We may have difficulty retaining current personnel as well as attracting and retaining additional qualified, experienced, highly skilled personnel, which could adversely affect the implementation of our business plan.

Our performance is largely dependent upon the talents and efforts of highly skilled individuals. In order to fully implement our business plan, we will need to retain our current qualified personnel, as well as attract and retain additional qualified personnel. Thus, our success will, in significant part, depend upon our retention of current personnel as well as the efforts of personnel not yet identified and upon our ability to attract and retain highly skilled managerial, engineering, sales and marketing personnel. We are also dependent on managerial and technical personnel to the extent they may have knowledge or information about our businesses and technical systems that may not be known by our other personnel. There can be no assurance that we will be able to attract and retain necessary personnel. The failure to hire and retain such personnel could adversely affect the implementation of our business plan.

If we are unable to obtain and maintain adequate insurance, our financial condition could be adversely affected in the event of uninsured or inadequately insured loss or damage. Our ability to effectively recruit and retain qualified officers and directors may also be adversely affected if we experience difficulty in maintaining adequate directors' and officers' liability insurance.

We may not be able to obtain and maintain insurance policies on terms affordable to us that would adequately insure our business and property against damage, loss or claims by third-parties. To the extent our business, property or systems suffer any damages, losses or claims by third-parties that are not covered or adequately covered by insurance, our financial condition may be materially adversely affected. We currently have directors' and officers' liability insurance. If we are unable to maintain sufficient insurance as a public company to cover liability claims made against our officers and directors, we may not be able to retain or recruit qualified officers and directors to manage our Company, which could have a material adverse effect on our operations.

It may be difficult for us to retain or attract qualified officers and directors, which could adversely affect our business and our ability to maintain the listing of our Class B common stock on the NASDAQ Stock Market.

We may be unable to attract and retain qualified officers, directors and members of board committees required to provide for our effective management as a result of changes in the rules and regulations which govern publicly-held companies, including, but not limited to, certifications from executive officers and requirements for financial experts on boards of directors. The perceived increased personal risk associated with these changes may deter qualified individuals from accepting these roles. Further, applicable rules and regulations of the SEC and the NASDAQ heighten the requirements for board or committee membership, particularly with respect to an individual's independence from the corporation and level of experience in finance and accounting matters along with evolving diversity requirements for board composition. We may have difficulty attracting and retaining directors with the requisite qualifications. If we are unable to attract and retain qualified officers and directors, our business and our ability to maintain the listing of our shares of Class B common stock on the NASDAQ could be adversely affected.

Our Class B common stock prices have been and are likely to continue to be highly volatile.

The trading prices of our Class B common stock have been and are likely to continue to be highly volatile and subject to wide fluctuations and have at times declined significantly.

Our stock prices may fluctuate in response to a number of events and factors, which may be the result of our business strategy or events beyond our control, including: actual or anticipated fluctuations in our operating results; developments concerning proprietary rights, including patents, by us or a competitor; announcements by us or our competitors of significant contracts, acquisitions, financings, commercial relationships, joint ventures or capital commitments; loss of senior management or other key personnel; registration of additional shares of Class B common stock in connection with acquisitions; lawsuits initiated against us or lawsuits initiated by us; announcements of acquisitions or technical innovations; potential loss or reduced contributions from customers and reseller partners; significant volatility in the market price and trading volume of technology companies in general and of companies in our industry in particular; changes in growth or earnings estimates or recommendations by analysts; changes in the market valuations of similar companies; changes in our industry and the overall economic environment, including but not limited to uncertainty attributable to public health crises, such as disease outbreaks, epidemics or pandemics; volume of shares of Class B common stock available for public sale, including upon conversion of Class A common stock or upon exercise of stock options; Class B common stock repurchases under our share repurchase program; sales and purchases of stock by us or by our stockholders, including sales by certain of our executive officers and directors pursuant to written pre-determined selling and purchase plans under Rule 10b5-1 of the Securities Exchange Act of 1934, as amended; short sales, hedging and other derivative transactions on shares of our Class B common stock; and an adverse impact on us from any of the other risks cited in this Risk Factors section.

In addition, for the stock market in general and the NASDAQ, the market for technology companies in particular, have experienced significant price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of the listed companies. These broad market and industry factors may seriously harm the market price of our Class B common stock, regardless of our operating performance. In the past, following periods of volatility in the market, securities class action litigation has often been instituted against these companies.

Litigation against us, whether or not judgment is entered against us, could result in substantial costs and potentially economic loss, and a diversion of our management's attention and resources, any of which could seriously harm our financial condition. Additionally, there can be no assurance that an active trading market of our Class B common stock will be sustained.

If securities analysts do not continue to publish research or publish negative research about our business, our stock price and trading volume could decline.

The trading market for our Class B common stock depends in part on the research and reports that securities analysts publish about us or our business. If one or more of the analysts who covers us downgrades our stock or publishes negative research about our business, our stock price would likely decline. If one or more of these analysts ceases coverage of our company or fails to publish reports on us regularly, we could lose visibility in the market for our stock and demand for our stock could decrease, which could cause our stock price or trading volume to decline.

Our founder controls the outcome of stockholder voting, and there may be an adverse effect on the price of our Class B common stock due to the disparate voting rights of our Class A and Class B common stock.

As of June 30, 2026 and December 31, 2025, Russell Horowitz, our founder, beneficially owned 100% of the outstanding shares of our Class A common stock, which shares represent about 75% of the voting power of all outstanding shares of our capital stock. The holders of our Class A and Class B common stock have identical rights except that the holders of our Class B common stock are entitled to one vote per share, while holders of our Class A common stock are entitled to 25 votes per share on all matters to be voted on by stockholders. This concentration of control could be disadvantageous to our other stockholders with interests different from those of our founder. This difference in the voting rights of our Class A and Class B common stock could adversely affect the price of our Class B common stock to the extent that investors or any potential future purchaser of our shares of Class B common stock give greater value to the superior voting rights of our Class A common stock.

Further, as long as our founder has a controlling interest, he will continue to be able to elect all or a majority of our board of directors and generally be able to determine the outcome of all corporate actions requiring stockholder approval. As a result, our founder will be in a position to continue to control all fundamental matters affecting our Company, including any merger involving, sale of substantially all of the assets of, or change in control of, our Company. The ability of our founder to control our Company may result in our Class B common stock trading at a price lower than the price at which such stock would trade if our founder did not have a controlling interest in us. This control may deter or prevent a third-party from acquiring us which could adversely affect the market price of our Class B common stock.

Anti-takeover provisions may limit the ability of another party to acquire us, which could cause our stock price to decline.

Our certificate of incorporation, as amended, our by-laws, as amended, and Delaware law contain provisions that could discourage, delay or prevent a third-party from acquiring us, even if doing so may be beneficial to our stockholders. In addition, these provisions could limit the price investors would be willing to pay in the future for shares of our Class B common stock. The following are examples of such provisions in our certificate of incorporation, as amended, or our by-laws, as amended: the authorized number of our directors can be changed only by a resolution of our board of directors; advance notice is required for proposals that can be acted upon at stockholder meetings; there are limitations on who may call stockholder meetings; and our board of directors is authorized, without prior stockholder approval, to create and issue "blank check" preferred stock.

We are also subject to Section 203 of the DGCL, which provides, subject to enumerated exceptions, that if a person acquires 15% or more of our voting stock, the person is an "interested stockholder" and may not engage in "business combinations" with us for a period of three years from the time the person acquired 15% or more of our voting stock. The application of DGCL could have the effect of delaying or preventing a change of control of our company.

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

In May 2025, we established the 2025 Repurchase Program, which supersedes and replaces any prior repurchase programs, and authorized the Company to repurchase up to 3,000,000 shares in the aggregate of the Company’s Class B common stock. The timing and actual number of shares repurchased will depend on a variety of factors including price, corporate and regulatory requirements, capital availability, and other market conditions. During the three and six months ended June 30, 2026, we did not have any share repurchases under this program or any superseded program and 3,000,000 of Class B common shares remain available for purchase under the plan.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Securities Trading Plans of Directors and Executive Officers

During the three and six months ended June 30, 2026, no directors or officers of the Company, as defined in Rule 16a-1(f), have adopted and/or terminated a “Rule 10b5-1 trading arrangement” or a “non-Rule 10b5-1 trading arrangement,” each as defined in Regulation S-K Item 408.

Item 6. Exhibits

Exhibit Number	Description
†10.16	Sublease Agreement with RentSpree, Inc. dated April 29, 2026.
†10.17	Marchex, Inc. and Telmetrics Corp. Settlement Agreement and Mutual Release dated April 14, 2026.
†31.1	Certification of Co-Principal Executive Officers pursuant to Rule 13a-14(a)/15d-14(a) as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
†31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
†32	Certification of Co-Principal Executive Officers and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
†101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
†101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents.
†104	Cover Page Interactive Data File (embedded within the Inline XBRL document)
†	Filed herewith.

SIGNATURE

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

MARCHEX, INC.

Date: August 13, 2026

By: /s/ BRIAN NAGLE
Name: **Brian Nagle**
Title: **Chief Financial Officer ("CFO")**
(Principal Financial Officer and Principal Accounting Officer)

THIS SUBLEASE AGREEMENT ("Sublease") is entered and effective this 29th day of April, 20, 2026, by

Marchex, Inc., a(n) Delaware corporation ("Tenant" or "MARCHEX"), and RentSpree, Inc., a(n) a Delaware corporation ("SUBTENANT" or "RENTSPREE"). ~~("Subtenant"). Tenant entered into that certain lease~~ agreement dated MARCHEX ENTERED INTO THAT CERTAIN SUBLEASE AGREEMENT DATED DECEMBER 20, 2022 (THE "EXISTING SUBLEASE") WITH NELSON WORLDWIDE, LLC, A PENNSYLVANIA LIMITED LIABILITY COMPANY ("LANDLORD" OR "NELSON"), PURSUANT TO WHICH MARCHEX SUBLEASES FROM NELSON THE LEASED PREMISES LEGALLY DESCRIBED IN THE ATTACHED EXHIBIT 1 (THE "MASTER PREMISES"). THE MASTER PREMISES WERE ORIGINALLY LEASED TO NELSON PURSUANT TO AN OFFICE LEASE DATED JANUARY 19, 2017 BETWEEN NELSON AND THE BOARD OF REGENTS FOR THE UNIVERSITY OF WASHINGTON ("MASTER LANDLORD"). THE MASTER PREMISES IS LOCATED IN THAT CERTAIN BUILDING COMMONLY KNOWN AS THE IBM BUILDING (THE "BUILDING"), AND SITUATED ON REAL PROPERTY LEGALLY DESCRIBED IN THE MASTER LEASE (THE "PROPERTY"). COPIES OF THE MASTER LEASE AND THE EXISTING SUBLEASE, INCLUDING ALL AMENDMENTS AND ADDENDA THERETO, ARE ATTACHED AS EXHIBIT 2. ~~"20 ("Master Lease") with a(n) as landlord ("Landlord"), for the leased premises legally described in the attached Exhibit 1 (the "Master Premises"). The Master Premises is located in that certain building commonly known as (the "Building"), and situated on real property legally described in the Master Lease (the "Property"). A copy of the Master Lease, including all amendments and addenda thereto, is attached as Exhibit 2.~~

Tenant and Subtenant agree as follows:

1. SUBLEASE SUMMARY.

- a. **Subleased Premises.** Tenant leases to Subtenant and Subtenant leases from Tenant that portion of the Master Premises (the "Subleased Premises") consisting of an agreed area of 12,299 rentable square feet on the 13th floor(s) of the Master Premises, as outlined on the floor plan attached as Exhibit 3 and commonly known as 1200 5th Avenue Suite 1300, Seattle, WA 98101.
 - b. **Sublease Commencement Date.** The term of this Sublease shall commence upon (check one):
☐ Substantial completion of (choose one) ☐ Tenant's Work, or ☐ Subtenant's Work as further described in the attached Exhibit 4 ("Work Letter"), but in no event later than , 20
- X May 1, 20 26
 (the "Sublease Commencement Date").
- c. **Sublease Termination Date.** The term of this Sublease shall terminate at midnight on ~~the last day of the~~ SEPTEMBER 28, 2027. ~~full month following the Sublease Commencement Date, or one (1) day prior to the termination date of the Master Lease, whichever is earlier, unless sooner terminated in accordance with the terms of this Sublease (the "Sublease Termination Date").~~ Subtenant shall have no right or option to extend this Sublease.
 - d. **Base Rent.** Subtenant shall pay to Tenant monthly base rent (check one):
 - MAY 1, 2026 - APRIL 30, 2027: \$19.25/SF/YR (\$19,729.65 PER MONTH)
 - MAY 1, 2027 - SEPTEMBER 28, 2027: \$19.50/SF/YR (\$19,985.87 PER MONTH)
 - e. **Prepaid Rent.** Upon execution of this Sublease, Subtenant shall deliver to Tenant the sum of \$ 19,729.65 as prepaid rent to be applied to Rent due for months 1 to of the Sublease.
 - f. **Security Deposit.** Upon execution of this Sublease, Subtenant shall deliver to Tenant the sum of \$ 19,729.65 to be held as a security deposit pursuant to Section 5 below. The security deposit shall be in the

X

☐

X form of (check one): cash, check or wire transfer, or letter of credit according to the Letter of Credit Rider (CBA Form LCR) attached hereto.

- g. **Permitted Use.** The Subleased Premises shall be used only for office, subject to the Master Lease,

applicable zoning, and other laws, and for no other purpose without the prior written consent of Tenant (the "Permitted Use").

h. Notice and Payment Addresses:

Tenant:
Marchex, Inc.
Brian Nagle
Chief Financial Officer
Email: bnagle@marchex.com

Subtenant:
RentSpree, Inc.
Kevin S. Frank
Chief People Officer
Email: kevinf@rentspree.com

- i. **Subtenant's Sublease Share.** ~~Subtenant's Sublease Share of any operating costs, common area charges, additional rent, or other amounts payable by Tenant under the Master Lease is ____% of such amounts, based upon the ratio of the rentable area of the Subleased Premises to the rentable area of the Master Premises.~~ SUBLESSEE SHALL NOT BE SUBJECT TO A "BASE YEAR" AND SHALL NOT PAY ANY OPERATING EXPENSE PASS THROUGH DURING THE SUBLEASE TERM.

2. PREMISES.

- a. **Lease of Premises.** Tenant leases to Subtenant, and Subtenant leases from Tenant the Subleased Premises upon the terms specified in this Sublease.
- b. **Acceptance of Premises.** TENANT REPRESENTS AND WARRANTS TO SUBTENANT THAT, TO TENANT'S KNOWLEDGE, ALL ELECTRICAL, PLUMBING, HEATING, VENTILATING, AIR CONDITIONING, ELECTRICAL, FIRE PROTECTION, AND SIMILAR BUILDING SERVICE SYSTEMS SERVING AND LOCATED WITHIN THE PREMISES ARE IN REASONABLY GOOD WORKING ORDER AND CONDITION. Except as specified elsewhere in this Sublease, Tenant makes no representations or warranties to Subtenant regarding the Subleased Premises, including the structural condition of the Subleased Premises or the condition of all mechanical, electrical, and other systems on the Subleased Premises. Except for any subtenant improvements to be completed by Tenant as described in the Work Letter attached as Exhibit 4 ("Tenant's Work"), Subtenant shall accept the Subleased Premises and its appurtenances in their respective AS-IS, WHERE-IS condition, and shall further be responsible for performing any work necessary to bring the Subleased Premises into a condition satisfactory to Subtenant. By signing this Sublease, Subtenant acknowledges that it has had adequate opportunity to investigate the Subleased Premises, acknowledges responsibility for making any corrections, alterations and repairs to the Subleased Premises (other than Tenant's Work), and acknowledges that the time needed to complete any such items shall not delay the Sublease Commencement Date.
- c. **Subtenant Improvements.** The Work Letter attached as Exhibit 4 sets forth all of Tenant's Work, if any, and all improvements to be completed by Subtenant ("Subtenant's Work"), if any, that will be performed on the Subleased Premises. Responsibility for design, payment and performance of all such work shall be as set forth in the Work Letter.

3. **TERM.** The term of this Sublease shall commence on the Commencement Date and shall end on the Termination Date (the "Term").

- a. **Early Possession.** Subtenant acknowledges that Tenant may need to obtain Landlord's consent to this Sublease as provided in Sections 21 and 24 of this Sublease prior to Subtenant occupying the Subleased Premises, and that Subtenant shall not occupy the Subleased Premises without the prior written consent of Tenant. ~~In the event Tenant gives Subtenant~~ TENANT WILL USE COMMERCIALY REASONABLE EFFORTS TO PROVIDE SUBTENANT WITH access to the Premises ~~preceding~~ AT LEAST THIRTY (30) DAYS PRIOR TO the Sublease Commencement Date for the purpose of ~~installing Subtenant's furniture, telecommunications, fixtures, telephone systems and computer cabling and the performance of Subtenant's Work, if any, such~~ FIXTURIZING AND OTHERWISE READYING THE SUBLEASED PREMISES FOR SUBTENANT'S OCCUPANCY. SUCH access shall be fully coordinated with Tenant in advance and Subtenant shall not interfere with Tenant's Work. All of the terms and conditions of this Sublease, including Subtenant's insurance and indemnification

obligations, shall apply during such time, except for payment of Base Rent. If Subtenant occupies the Subleased Premises before the Sublease Commencement Date specified in Section 1, then such date of occupancy shall not advance the Sublease Commencement Date or Sublease Termination Date set forth above.

- b. **Delayed Possession.** Tenant shall act diligently to make the Subleased Premises available to Subtenant, provided, however, that neither Tenant nor any agent or employee of Tenant shall be liable for any damage or loss due to Tenant's inability or failure to deliver possession of the Premises to Subtenant as provided in this Sublease. If possession is delayed, the Sublease Commencement Date set forth in Section 1 shall also be delayed, but the Sublease Termination Date shall not be extended by such delay. If Tenant has not delivered possession of the Subleased Premises to Subtenant within ___ days ((60) days if not filled in) after the Sublease Commencement Date specified in Section 1 (check one): ☐ Subtenant may elect to cancel this Sublease by giving written notice to Tenant no later than ___ ((10) days if not filled in) after such time period ends, or ☐ then all Base Rent and Additional Rent (as defined below) shall be abated for each one (1) day after the Sublease Commencement Date during which possession of the Subleased Premises has not been delivered to Subtenant. If Subtenant gives notice of cancellation, as Subtenant's sole and exclusive remedy, this Sublease shall be cancelled, all prepaid rent and security deposits shall be refunded to Subtenant, and neither Tenant nor Subtenant shall have any further obligations to the other.

Notwithstanding anything in this Section 3 to the contrary, to the extent that any portions of the Tenant's Work or the Subtenant's Work have not been completed in time for the Subtenant to occupy or take possession of the Subleased Premises on the Sublease Commencement Date due to the failure of Subtenant to fulfill any of its obligations under this Sublease ("Subtenant Delays"), the Sublease shall nevertheless commence on the Sublease Commencement Date, including without limitation, Subtenant's obligation to pay Base Rent and Additional Rent, as set forth in Section 1, or upon the date that the Sublease Commencement Date would have occurred but for the Subtenant Delays.

4. RENT.

- a. **Payment of Rent.** Subtenant shall pay Tenant without notice, demand, deduction or offset, in lawful money of the United States, the monthly Base Rent stated in Section 1 in advance on or before the first

X day of each month during the Sublease Term beginning on (check one): the Sublease Commencement Date, or ☐ ___ (if no date specified, then on the Sublease Commencement Date), and any other additional payments due to Tenant ("Additional Rent", and together with Base Rent, the "Rent") when required under this Sublease. Payments for any partial month during the Term shall be prorated. All payments due to Tenant under this Sublease, including late fees and interest, shall also constitute Additional Rent, and upon Subtenant's failure to pay any such costs, charges or expenses, Tenant shall have the same rights and remedies as otherwise provided in this Sublease for the failure of Subtenant to pay Rent.

- b. **Late Charges; Default Interest.** If any sums payable by Subtenant to Tenant under this Sublease are not received within five (5) days of their due date, Subtenant shall pay Tenant an amount equal to the sum which would be payable by Tenant to the Landlord for an equivalent default under the Master Lease or 5% of the delinquent amount for the cost of collecting and handling such late payment in addition to the amount due and as Additional Rent, whichever is greater. All delinquent sums not paid by Subtenant within five (5) business days of the due date shall, at Tenant's option, bear interest at the rate the Tenant would pay the Landlord under the Master Lease for an equivalent default or the highest rate of interest allowable by law, whichever is less. Interest on all delinquent amounts shall be calculated from the original due date to the date of payment.
- c. **Less Than Full Payment.** Tenant's acceptance of less than the full amount of any payment due from Subtenant shall not be deemed an accord and satisfaction or compromise of such payment unless Tenant specifically consents in writing to payment of such lesser sum as an accord and satisfaction or compromise of the amount which Tenant claims. Any portion that remains to be paid by Tenant shall be subject to the late charges and default interest provisions of this Section.

5. **SECURITY DEPOSIT.** Upon execution of this Sublease, Subtenant shall deliver to Tenant the security deposit specified in Section 1 above. Tenant's obligations with respect to the security deposit are those of a debtor and not of a trustee, and Tenant may commingle the security deposit with its other funds. If Subtenant defaults in the performance of any covenant or condition of this Sublease, Tenant shall have the right, but not the obligation, to use or retain all or any portion of the security deposit for the payment of: (i) Base Rent, Additional Rent, or any other sum as to which Subtenant is in default; or (ii) the amount Tenant spends or may become
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obligated to spend, or to compensate Tenant for any losses incurred by reason of Subtenant's default. Subtenant acknowledges, however, that the security deposit shall not be considered as a measure of Subtenant's damages in case of default by Subtenant, and any payment to Tenant from the security deposit shall not be construed as a payment of liquidated damages for Subtenant's default. If at any time during the Term of the Sublease the security deposit delivered by Subtenant becomes insufficient to cover the amounts required under this Section 5, whether or not due to Tenant's application of all or a portion of the security deposit contemplated by this Section, Subtenant shall, within five (5) days after written demand therefore by Tenant, deposit with Tenant an amount sufficient to replenish the security deposit to the amount required in Section 1 above. If Subtenant is not in default of any covenant or condition of this Sublease at the end of the Term, Tenant shall return any unused portion of the security deposit without interest within 30 days after the surrender of the Subleased Premises by Subtenant in the condition required by Section 9 of this Sublease.

6. **MASTER LEASE.** Tenant represents to Subtenant that as of the effective date of this Sublease: (a) Tenant has delivered to Subtenant a complete copy of the Master Lease (which may contain redacted business terms), which represents all agreements between Landlord and Tenant relating to the leasing, use, and occupancy of the Subleased Premises, and (b) Tenant has not received notice of an uncured breach or default from Landlord under the Master Lease. Tenant shall not agree to an amendment to the Master Lease which would have an adverse effect on Subtenant's occupancy of the Subleased Premises or its intended use of the Subleased Premises, without obtaining Subtenant's prior written consent, which consent shall not be unreasonably withheld, conditioned, or delayed. Subtenant represents that it has read and is familiar with the terms of the Master Lease.

This Sublease is subject to and subordinate to the Master Lease. If the Master Lease terminates, this Sublease shall automatically terminate. Tenant and Subtenant shall not, by their omission or act, do or permit anything to be done which would cause a default under the Master Lease. If the Master Lease terminates or is forfeited as a result of a default or breach by Tenant or Subtenant under this Sublease and/or the Master Lease, then the defaulting party shall be liable to the non-defaulting party for the damage suffered as a result of such termination or forfeiture. Tenant shall exercise diligent, commercially reasonable efforts to cause Landlord to perform its obligations under the Master Lease for the benefit of the Subtenant.

All the terms, covenants and conditions contained in the Master Lease are incorporated into and made a part of this Sublease by this reference as if Tenant were the landlord under the Master Lease, the Subtenant were the tenant under the Master Lease, and the Subleased Premises were the Master Premises, except as may be inconsistent with the terms contained in this Sublease and except for the following: (none if not specified).

7. **ADDITIONAL CHARGES.** ~~If Tenant shall be charged for additional rent or other sums pursuant to the provisions of the Master Lease, Subtenant shall be liable for its Sublease Share, as stated in Section 1 above, of such additional rent or sums, including without limitation, payments for taxes, common area charges, utilities and services, and operating costs.~~ Subtenant shall be responsible for determining the availability of utilities and for determining the adequacy of their capacities for Subtenant's needs. Subtenant shall install and connect, as necessary, and directly pay for all water, sewer, gas, janitorial, electricity, garbage removal, heat, telephone, internet, cable services, and other utilities and services used by Subtenant at the Subleased Premises during the Term to the extent not already provided by and/or billed by Tenant or Landlord. Notwithstanding the foregoing, if Subtenant's use of the Premises incurs utility service charges which are above those usual and customary for the Permitted Use, Tenant reserves the right to require Subtenant to pay a reasonable additional charge for such usage. If Subtenant shall procure any additional service for the Subleased Premises, including but not limited to after-hours HVAC services, Subtenant shall pay for same at the rates charged by Landlord and shall make such payment to Tenant or to Landlord, as Tenant shall direct. Any sums payable by Subtenant under this Section shall constitute Additional Rent and shall be paid to Tenant no later than five (5) days before they are due from Tenant to Landlord under the Master Lease. If Tenant shall receive any refund for Additional Rent or sums paid under the Master Lease, then, to the extent such refund relates to time periods falling within the Term of this Sublease, Subtenant shall receive a refund proportionate to the amounts previously paid by Subtenant for the same. Tenant shall, upon request by Subtenant, furnish Subtenant with copies of all statements received from Landlord of actual or estimated Additional Rent or other sums charged under the Master Lease.

Notwithstanding anything in this Sublease to the contrary, the only services or utilities to which Subtenant is entitled under this Sublease are those to which Tenant is entitled under the Master Lease.

8. **ALTERATIONS.** Subtenant may make alterations, additions or improvements to the Subleased Premises (the "Alterations"), only with the prior written consent of Tenant and, to the extent required by the Master Lease, Landlord. The term "Alterations" shall not include: (i) any of Subtenant's Work approved by Tenant pursuant to Exhibit 4, and (ii) the installation of shelves, movable partitions, or Subtenant's equipment and trade fixtures, which may be installed and removed without damaging existing improvements or the structural integrity of the
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Subleased Premises, Master Premises, Building, or Property, and Tenant's consent shall not be required for Subtenant's installation of those items except to the extent Tenant must obtain the consent of Landlord under the Master Lease for such installations. Subtenant shall perform all work within the Subleased Premises at Subtenant's expense in compliance with all applicable laws and shall complete all Alterations in accordance with plans and specifications approved by Tenant, using contractors approved by Tenant, and in a manner so as to not unreasonably interfere with other tenants. Subtenant shall pay when due, all claims for labor or materials furnished to or for Subtenant at or for use in the Subleased Premises, which claims are or may be secured by any mechanics' or materialmen's liens against the Subleased Premises or Property or any interest therein. Except as otherwise provided in the Work Letter attached as Exhibit 4 with respect to Subtenant's Work, Subtenant shall remove all Alterations at the end of the Sublease term unless Tenant conditioned its consent upon Subtenant leaving a specified Alteration at the Subleased Premises, in which case Subtenant shall not remove such Alteration and it shall become Tenant's property. Subtenant shall immediately repair any damage to the Subleased Premises or adjacent portions of the Master Premises, Building and Property caused by installation and/or removal of improvements performed as part of Subtenant's Work and/or Alterations.

9. **REPAIRS AND MAINTENANCE; SURRENDER.** Subtenant shall, at its sole cost and expense, maintain the Subleased Premises in good condition and promptly make all repairs and replacements, whether structural or non-structural, necessary to keep the Subleased Premises safe and in good condition, including all utilities and other systems serving the Subleased Premises. Subtenant shall not damage any demising wall or disturb the structural integrity of the Subleased Premises and shall promptly repair any damage or injury done to any such demising walls or structural elements caused by Subtenant or its employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees. If Subtenant fails to maintain or repair the Subleased Premises, Tenant may enter the Subleased Premises and perform such repair or maintenance on behalf of Subtenant. In such case, Subtenant shall be obligated to pay to Tenant immediately upon receipt of demand for payment, as Additional Rent, all costs incurred by Tenant in performing such repair

or maintenance on behalf of Subtenant. Subtenant shall be obligated to repair or maintain only those portions of the Subleased Premises as required of Tenant under the Master Lease. Tenant shall not be required to perform any maintenance, repairs, or improvements that are the obligation of Landlord under the Master Lease (provided that Tenant shall exercise diligent, commercially reasonable efforts to cause Landlord to perform its obligations under the Master Lease for the benefit of the Subtenant) or to make any changes to the Subleased Premises because of the enactment of any law, ordinance, regulation, order or code during the Term.

Notwithstanding anything in this Section to the contrary, Subtenant shall not be responsible for any repairs to the Subleased Premises made necessary by the acts of Tenant, Landlord, or their respective employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN, IN NO EVENT SHALL SUBTENANT BE REQUIRED TO REMOVE ANY ALTERATIONS OR IMPROVEMENTS INSTALLED BY ANY OTHER PARTY PRIOR TO THE EFFECTIVE DATE OF THIS SUBLEASE.

Upon expiration or earlier termination of the Term, Subtenant shall promptly and peacefully surrender the Subleased Premises to Tenant, together with all keys, in as good condition as when received by Subtenant or as thereafter improved (but subject to any obligations to remove any Subtenant's Work and Alterations and/or to restore the same as provided elsewhere in this Sublease), reasonable wear and tear and insured casualty excepted.

10. **ACCESS AND RIGHT OF ENTRY.** After reasonable notice from Tenant (except in cases of emergency, where no notice is required), Subtenant shall permit Tenant and/or Landlord and their respective agents, employees and contractors to enter the Subleased Premises at reasonable times to make repairs, alterations, improvements or inspections. This Section shall not impose any repair or other obligation upon Tenant or Landlord not expressly stated elsewhere in this Sublease. After reasonable notice to Subtenant, each of Tenant and Landlord, as the case may be, shall have the right to enter the Subleased Premises for the purpose of (a) showing the Subleased Premises to prospective purchasers or lenders at any time, and to prospective tenants within 180 days prior to the expiration or sooner termination of the Term; and (b) posting "for lease" signs within 180 days prior to the expiration or sooner termination of the Term.

11. **DESTRUCTION OR CONDEMNATION.**

- a. **Damage and Repair.** If either Landlord or Tenant terminates the Master Lease as a result of condemnation of or casualty to the Subleased Premises, Master Premises, or Building or Property in accordance with the Master Lease, this Sublease shall terminate on the same date and in accordance therewith. If the Subleased Premises or the portion of the Building or Property reasonably necessary for Subtenant's occupancy are damaged, destroyed or rendered untenable, by fire or other casualty,

Tenant may, at its option: (a) terminate this Sublease, or (b) restore (or cause Subtenant to restore) the Subleased Premises and the portion of the Building and Property reasonably necessary for Subtenant's occupancy to the same or substantially similar condition that existed before the casualty event. Provided, however, if such casualty event occurs during the last six (6) months of the Term, then either Subtenant or Tenant may elect to terminate this Sublease. If, within 60 days after Tenant's receipt of written notice from Subtenant that Subtenant deems the Subleased Premises or the portion of the Property reasonably necessary for Subtenant's occupancy untenable, Tenant fails to notify Subtenant of its election to restore those areas, or if Tenant is unable to restore those areas which Tenant is expressly required hereunder to restore within six (6) months of the date of the casualty event, then Subtenant may elect to terminate this Sublease by written notice given to Tenant at any time prior to the date on which Tenant substantially completes restoration of those areas which it is required hereunder to restore.

If Tenant restores the Subleased Premises or the Property as provided under this Section, Tenant shall proceed with reasonable diligence to complete the work, and Base Rent shall be abated in the same proportion as the untenable portion of the Subleased Premises bears to the whole Subleased Premises, provided that there shall be a Base Rent abatement only if the damage or destruction of the Subleased Premises or the Property did not result from, or was not contributed to directly or indirectly by, the act, fault or neglect of Subtenant or Subtenant's employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees. No damages, compensation or claim

shall be payable by Tenant for Subtenant's inconvenience, loss of business or annoyance directly, incidentally or consequentially arising from any repair or restoration of any portion of the Subleased Premises, Master Premises, Building, or Property. Tenant shall have no obligation to carry insurance of any kind for the protection of Subtenant or any Alterations or improvements paid for or installed by or on behalf of Subtenant; any Tenant's Work or Subtenant's Work identified in Exhibit 4 (regardless of who may have completed them); Subtenant's furniture; or on any fixtures, equipment, improvements or appurtenances of Subtenant under this Sublease; and Tenant shall not be obligated to repair any damage thereto or replace the same unless the damage is caused by Tenant's negligence.

- b. **Condemnation.** If either Landlord or Tenant terminates the Master Lease based on any provision in the Master Lease relating to eminent domain or conveyance under threat of condemnation, this Sublease shall terminate on the same date and in accordance therewith. If the Subleased Premises, the portion of the Building or Property reasonably necessary for Subtenant's occupancy, or 50% or more of the total rentable area of the Property are made untenable by eminent domain, or conveyed under a threat of condemnation, this Sublease shall terminate at the option of each of Tenant and Subtenant as of the earlier of the date title vests in the condemning authority or the condemning authority first has possession of the portion of the Property taken by the condemning authority. All Rent and other payments required under this Sublease shall be paid to that date.

If the condemning authority takes a portion of the Subleased Premises or the portion of the Property necessary for Subtenant's occupancy that does not render them untenable, then this Sublease shall continue in full force and effect and the Base Rent shall be equitably reduced based on the proportion by which the floor area of the Subleased Premises is reduced. The reduction in Base Rent shall be effective on the earlier of the date the condemning authority first has possession of such portion or title vests in the condemning authority. The Subleased Premises or the portion of the property reasonably necessary for Subtenant's occupancy shall not be deemed untenable if 25% or less of each of those areas is condemned. As between Tenant and Subtenant, Tenant shall be entitled to the entire award from the condemning authority attributable to the value of the Master Premises, Subleased Premises, or the Property or Building, and Subtenant shall make no claim for the value of its subleasehold estate or the Subtenant's Work or any Alterations. Subtenant shall be permitted to make a separate claim against the condemning authority for moving expenses or damages resulting from interruption in its business if this Sublease is terminated under this Section, provided that in no event shall Subtenant's claim reduce Landlord's or Tenant's awards.

12. **INSURANCE.** Subtenant shall procure and maintain, at its sole cost and expense, such liability insurance as is required to be carried by Tenant under the Master Lease, including, without limitation, obtaining additional insured endorsement(s) naming Tenant and Landlord as additional insureds, in the manner required therein, and property insurance as is required to be carried by Tenant under the Master Lease to the extent property insurance pertains to the Subleased Premises. If the Master Lease requires Tenant to insure leasehold improvements or Alterations, then Subtenant shall insure the leasehold improvements which are located in the Subleased Premises, as well as the Tenant's Work and Subtenant's Work, and any Alterations in the Subleased Premises performed by or on behalf of Subtenant. Subtenant shall furnish to Tenant certificates of Subtenant's insurance policies and copies of any endorsements required hereunder not later than 10 days prior to Subtenant's taking possession of the Subleased Premises. Tenant shall carry insurance as required
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by the Master Lease and shall not be obligated to carry property or liability insurance to the extent such insurance is an obligation of Landlord under the Master Lease.

Tenant and Subtenant hereby release each other and their respective employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees, from responsibility for and waive their respective claims for recovery of any loss or damage arising from any cause covered by insurance required to be carried by each of them. Each party shall provide notice to the insurance carrier or carriers of this mutual waiver of subrogation, and shall cause its respective insurance carriers to waive all rights of subrogation against the other. This waiver shall not apply to the extent of the deductible amounts to any such policies or to the extent of liability exceeding the limits of such policies. Tenant agrees to use reasonable efforts to obtain from Landlord for the benefit of Subtenant the same waiver of claims for any loss

or damage arising from any cause covered by insurance required to be carried by Landlord under the Master Lease and, if and to the extent of such waiver received from Landlord, Subtenant agrees to grant the same waiver to Landlord.

13. **ASSIGNMENT AND SUBLETTING.** Subtenant shall not assign, sublet, mortgage, encumber or otherwise transfer any interest in this Sublease or any part of the Subleased Premises (collectively referred to as a "Transfer"), without first obtaining the written consent of Tenant, which shall not be unreasonably withheld or delayed. Tenant may condition its consent on (a) obtaining any required consent from Landlord; (b) Subtenant satisfying any conditions to the Transfer imposed by Landlord and/or required to be satisfied by Tenant under the Master Lease; and (c) such other reasonable conditions that Tenant may impose. No Transfer shall relieve Subtenant of any liability under this Sublease notwithstanding Tenant's consent to such Transfer. Consent to any Transfer shall not operate as a waiver of the necessity for Tenant's consent to any subsequent Transfer. In connection with each request for consent to a Transfer, Subtenant shall pay the reasonable cost of processing same, including attorneys' fees and any cost charged by Landlord for granting its consent under the Master Lease, upon demand of Tenant.

~~Any transfer of this Sublease by merger, consolidation, redemption or liquidation of Subtenant, or any change in the ownership of, or power to vote, which singularly or collectively represents a majority of the beneficial interest in Subtenant, shall constitute a Transfer.~~

NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS SUBLEASE, SUBTENANT MAY, WITHOUT TENANT'S PRIOR WRITTEN CONSENT, SUBLET ALL OR PORTIONS OF THE SUBLEASED PREMISES OR ASSIGN THE SUBLEASE TO: (i) A SUBSIDIARY, AFFILIATE, PARENT OR OTHER ENTITY WHICH CONTROLS, IS CONTROLLED BY, OR IS UNDER COMMON CONTROL WITH, SUBTENANT; (ii) A SUCCESSOR CORPORATION RELATED TO SUBTENANT BY MERGER, CONSOLIDATION, NON-BANKRUPTCY REORGANIZATION, OR GOVERNMENT ACTION; OR (iii) A PURCHASER OF SUBSTANTIALLY ALL OF SUBTENANT'S ASSETS IN THE SUBLEASED PREMISES.

As a condition to the Landlord's and Tenant's approval, if given, any potential assignee or sublessee otherwise approved shall assume all obligations of Subtenant under this Sublease and shall be jointly and severally liable with Subtenant and any guarantor for the payment of Rent and other charges due hereunder and performance of all obligations of Subtenant under this Sublease. In connection with any Transfer, Subtenant shall provide Landlord and Tenant with copies of all assignments, subleases and assumption agreements and related documents.

14. **MORTGAGE SUBORDINATION AND ATTORNMEN**T. This Sublease shall automatically be subordinate to any mortgage or deed of trust created by Landlord to the extent the Master Lease is subordinate to the same mortgage or deed of trust, and Subtenant shall attorn upon the same terms and conditions as the Tenant in the Master Lease, provided Subtenant shall enjoy the terms and conditions relating to such subordination and attornment to the same extent as Tenant under the terms of the Master Lease.
15. **HOLDOVER.** If Subtenant shall, without the written consent of Tenant, remain in possession of the Subleased Premises and shall fail to return the Subleased Premises to Tenant after the expiration or termination of the Sublease, the tenancy shall be a holdover tenancy at sufferance, which may be terminated in accordance with Washington law; provided that, upon expiration of the Master Lease, such holdover tenancy by Subtenant shall automatically be deemed a tenancy at sufferance, terminable immediately. Unless Tenant agrees in writing to a different rental rate Subtenant agrees to pay to Tenant 150% of the rate of Base Rent last payable under this Sublease or the holdover rental rate provided in the Master Lease, whichever is greater, during any holdover tenancy, in addition to all Additional Rent and other sums due under this Sublease. All other terms of the Sublease shall remain in effect. Nothing herein shall be deemed Tenant's consent to holdover by Subtenant, or be deemed to permit Subtenant to remain in possession of the Subleased Premises on and after expiration of the Master Lease.
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16. **NOTICES.** All notices under this Sublease shall be in writing and effective (i) when delivered in person or via overnight courier to the other party, or (ii) three (3) days after being sent by registered or certified mail to the other party at the addresses set forth in Section 1. The addresses for notices and payment of Rent set forth in

Section 1 may be modified by either party only by written notice delivered in conformance with this Section.

17. **ESTOPPEL CERTIFICATES.** Upon the written request of Tenant, Subtenant shall execute and deliver to Tenant and/or Landlord or their designee a written estoppel certificate on the same terms and conditions as required of Tenant under the Master Lease.

18. **GENERAL.**

- a. **Heirs and Assigns.** This Sublease shall apply to and be binding upon Tenant and Subtenant and their respective heirs, executors, administrators, successors and assigns.
- b. **Brokers' Fees.** Subtenant represents and warrants to Tenant that except for Subtenant's Broker, if any, described and disclosed in Section 20 of this Sublease, it has not engaged any firm, finder or other person who would be entitled to any commission or fees for the negotiation, execution or delivery of this Sublease and shall indemnify and hold harmless Tenant against any loss, cost, liability or expense incurred by Tenant as a result of any claim asserted by any such firm, finder or other person on the basis of any arrangements or agreements made or alleged to have been made by or on behalf of Subtenant. Tenant represents and warrants to Subtenant that except for Tenant's Broker, if any, described and disclosed in Section 20, it has not engaged any firm, finder or other person who would be entitled to any commission or fees for the negotiation, execution or delivery of this Sublease and shall indemnify and hold harmless Subtenant against any loss, cost, liability or expense incurred by Subtenant as a result of any claim asserted by any such firm, finder or other person on the basis of any arrangements or agreements made or alleged to have been made by or on behalf of Tenant.
- c. **Entire Agreement.** This Sublease, which incorporates portions of the Master Lease, contains all of the covenants and agreements between Tenant and Subtenant relating to the Subleased Premises. No prior or contemporaneous agreements or understandings pertaining to the Sublease shall be valid or of any force or effect and the covenants and agreements of this Sublease shall not be altered, modified, or amended to except in writing signed by Tenant and Subtenant.
- d. **Severability.** Any provision of this Sublease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision of this Sublease.
- e. **Governing Law.** This Sublease shall be governed by and construed in accordance with the laws of the State of Washington.
- f. **Memorandum of Sublease.** Neither this Sublease nor any memorandum or "short form" thereof shall be recorded without Tenant's prior consent.
- g. **Submission of Sublease Form Not an Offer.** One party's submission of this Sublease to the other for review shall not constitute an offer to sublease the Subleased Premises. This Sublease shall not become effective and binding upon Tenant and Subtenant until it has been fully executed by both Tenant and Subtenant, and consented to by Landlord (if required by the Master Lease).
- h. **Authority of Parties.** Each party to this Sublease represents and warrants to the other that the person executing this Sublease on behalf of such party has the authority to enter into this Sublease on behalf of this Sublease, that the execution and delivery of this Sublease has been duly authorized, and that upon such execution and delivery this Sublease shall be binding upon and enforceable against such party upon execution and delivery.
- i. **TENANT'S REPRESENTATIONS AND WARRANTIES.** TENANT REPRESENTS AND WARRANTS TO SUBTENANT THAT (i) NO KNOWN EVENT HAS OCCURRED AND NO CONDITION EXISTS WHICH, WITH THE GIVING OF NOTICE OR THE PASSAGE OF TIME OR BOTH WILL CONSTITUTE A DEFAULT UNDER THE MASTER LEASE OR THE EXISTING SUBLEASE, (ii) ALL CURRENT OBLIGATIONS AND CONDITIONS UNDER THE MASTER LEASE AND THE EXISTING SUBLEASE TO BE PERFORMED BY TENANT HAVE BEEN SATISFIED; (iii) THE MASTER LEASE AND THE EXISTING SUBLEASE ARE IN FULL

FORCE AND EFFECT; (iv) NO ACTIONS, WHETHER VOLUNTARY OR OTHERWISE, ARE PENDING AGAINST TENANT UNDER THE BANKRUPTCY LAWS OF THE UNITED STATES OR ANY STATE THEREOF; AND (v) TENANT HAS NO KNOWLEDGE OF ANY CLAIMS, ACTIONS, OR CAUSES OF ACTION AGAINST THE MASTER LANDLORD UNDER THE

MASTER LEASE OR AGAINST NELSON UNDER THE EXISTING SUBLEASE FOR FAILURE OF MASTER LANDLORD OR NELSON TO FULLY AND COMPLETELY PERFORM AND SATISFY THEIR RESPECTIVE DUTIES AND OBLIGATIONS UNDER THE MASTER LEASE OR THE EXISTING SUBLEASE, AND TENANT HAS NO KNOWLEDGE OF ANY DEFENSES, COUNTERCLAIMS, OR SETOFFS AGAINST ENFORCEMENT OF THE MASTER LEASE OR EXISTING SUBLEASE OR ANY OF THE TERMS, COVENANTS, CONDITIONS, AGREEMENTS, REQUIREMENTS, RESTRICTIONS, OR PROVISIONS OF THE MASTER LEASE OR EXISTING SUBLEASE TO BE KEPT, OBSERVED, PERFORMED, SATISFIED, OR COMPLIED WITH BY TENANT.

19. **EXHIBITS AND RIDERS.** The following exhibits and riders are made a part of this Sublease: Exhibit 1:

Legal Description of the Master Premises or Property

Exhibit 2: Master Lease

Exhibit 3: Outline of Subleased Premises Exhibit 4:

Work Letter

Other: FF&E

20. **AGENCY DISCLOSURE.** Tenant is represented by Derek Pedersen (insert the name of the Broker) ("Tenant's Broker") and Hughes Seattle, Inc. (insert name of the Firm as licensed) ("Tenant's Brokerage Firm"); and Subtenant is represented by Owen Rice (insert the name of the Broker) ("Subtenant's Broker") and Hughes Seattle, Inc. (insert name of the Firm as licensed) ("Subtenant's Brokerage Firm").

Subtenant's Brokerage Firm, its Designated Broker, Branch Manager (if any) and any of its Managing Brokers who supervise Subtenant's Broker represent Subtenant. Tenant's Brokerage Firm, its Designated Broker, Branch Manager (if any), and any of its Managing Brokers who supervise Tenant's Broker represent the Tenant.

Tenant and Subtenant confirm receipt of the pamphlet entitled "Real Estate Brokerage in Washington."

21. **CONSENT BY LANDLORD.** This Sublease shall be of no force or effect unless consented to by Landlord within 10 days of execution, if such consent is required under the Master Lease. Tenant and Subtenant agree for the benefit of Landlord that this Sublease and Landlord's consent shall not (a) create privity of contract between Landlord and Subtenant; (b) be deemed to have amended the Master Lease in any regard (unless Landlord shall have expressly agreed in writing to such amendment); or (c) be construed as a consent by Landlord to any future assignment or subletting. Landlord's consent shall, however, be deemed evidence of Landlord's agreement that Subtenant may use the Subleased Premises for the purpose set forth in Section 1(g) and that Subtenant shall be entitled to the waiver of claims and of the right of subrogation as provided in Section 12, Insurance, above.

22. **COMPENSATION DISCLOSURE AND AGREEMENT.**

- a. Compensation to Tenant's Brokerage Firm. If Tenant has not entered into a listing agreement (or other compensation agreement with Tenant's Brokerage Firm), Tenant agrees to pay compensation to Tenant's Brokerage Firm (as identified in the Agency Disclosure paragraph above) as follows: \$1.00 per rentable square foot subleased per year

Tenant's Brokerage Firm ☐ shall ☐ shall not (shall not if not filled in) be entitled to compensation upon the extension by Subtenant of the Term pursuant to any right reserved to Subtenant under the Lease calculated ☐ as provided above or ☐ as follows ____ (if no box is checked, as provided above).

Tenant's Brokerage Firm ☐ shall ☐ shall not (shall not if not filled in) be entitled to compensation upon any expansion of Premises pursuant to any right reserved to Subtenant under the Lease, calculated ☐ as provided above or ☐ as follows ____ (if no box is checked, as provided above).

With respect to any compensation earned upon execution of this Lease or pursuant to any expansion of

the Premises, Tenant shall pay one-half upon execution of the Lease or any amendment/addenda thereto expanding the Premises, and one-half upon occupancy of the Premises by Subtenant. With respect to any compensation earned upon extension of the Term of this Lease, Landlord shall pay one-half upon execution of any amendment/addenda to the Lease extending the Term and one-half upon the commencement date of such extended term.

If any other lease or sale is entered into between Tenant and Subtenant pursuant to a right reserved to Subtenant under the Lease, Tenant ☐ shall ☐ shall not (shall not if not filled in) pay additional compensation according to any compensation agreement. Tenant's successor shall be obligated to pay

any unpaid compensation upon any transfer of this Lease and any such transfer shall not release the transferor from liability to pay such compensation.

b. Compensation to Subtenant's Brokerage Firm.

i. Compensation from Tenant.

- a. The compensation to be paid to Tenant's Brokerage Firm by Landlord's Brokerage Firm shall be paid within five (5) days after receipt by Landlord's Brokerage Firm. ____
- b. Amount to be paid by Tenant, if any: \$2.00 per rentable square foot subleased per year
- c. The compensation to be paid to Subtenant's Brokerage Firm by Tenant shall be paid upon ____

ii. Compensation from Tenant's Brokerage Firm.

- a. Tenant's Brokerage Firm's offer of compensation, if any: ____
- b. Amount to be paid by Tenant's Brokerage Firm, if any: ____
- c. The compensation to be paid to Subtenant's Brokerage Firm by Tenant's Brokerage Firm shall be paid within five (5) days after receipt by Tenant's Brokerage Firm.

23. **BROKER PROVISIONS.**

TENANT'S BROKER AND SUBTENANT'S BROKER HAVE MADE NO REPRESENTATIONS OR WARRANTIES CONCERNING THE SUBLEASED PREMISES; THE MEANING OF THE TERMS AND CONDITIONS OF THIS SUBLEASE; LANDLORD'S, TENANT'S OR SUBTENANT'S FINANCIAL STANDING; ZONING; COMPLIANCE OF THE SUBLEASED PREMISES WITH APPLICABLE LAWS; SERVICE OR CAPACITY OF UTILITIES; OPERATING COSTS; OR HAZARDOUS MATERIALS. LANDLORD, TENANT AND SUBTENANT ARE EACH ADVISED TO SEEK INDEPENDENT LEGAL ADVICE ON THESE AND OTHER MATTERS ARISING UNDER THIS SUBLEASE.

Marchex, Inc.

TENANT: SUBTENANT:

Frank Feeney

Kevin Frank

TENANT:

SUBTENANT:

/s/ FRANCIS J. FEENEY

/s/ KEVIN FRANK

COO/CLO

CPO

Its: Its:

24. LANDLORD'S CONSENT.

Landlord consents to the foregoing Sublease without waiver of any restriction in the Master Lease concerning further assignment, subletting or transfer, nor shall its consent to the Sublease constitute a consent to any amendment or modification of the Sublease, without Landlord's prior written consent. The execution of this Sublease by Subtenant and Tenant shall indicate the joint and several confirmation by Tenant and Subtenant of the foregoing terms and conditions and of Tenant's and Subtenant's agreement to be bound thereby, and shall constitute Subtenant's acknowledgment it has received a copy of the Master Lease from Tenant.

LANDLORD:

LANDLORD:

By:

Its:

Note: Acknowledgment is required only if the lease or a memorandum thereof will be recorded.

STATE OF WASHINGTON

COUNTY OF ____

This record was acknowledged before me on ____, 20 ____, by ____ as
____ of ____.

Notary Public for the State of Washington

My commission expires: ____

STATE OF WASHINGTON

COUNTY OF ____

This record was acknowledged before me on ____, 20 ____, by ____ as
____ of ____.

Notary Public for the State of Washington

My commission expires: ____

Note: Acknowledgment is required only if the lease or a memorandum thereof will be recorded.

STATE OF WASHINGTON

COUNTY OF ____

This record was acknowledged before me on ____, 20 ____, by ____ as
____ of ____.

Notary Public for the State of Washington

My commission expires: ____

STATE OF WASHINGTON

COUNTY OF ____

This record was acknowledged before me on ____, 20 ____, by ____ as
____ of ____.

Notary Public for the State of Washington

My commission expires: ____

EXHIBIT 1

[Legal Description of Master Premises or Property]

[Master Lease]

EXHIBIT 3

[Outline of the Subleased Premises]

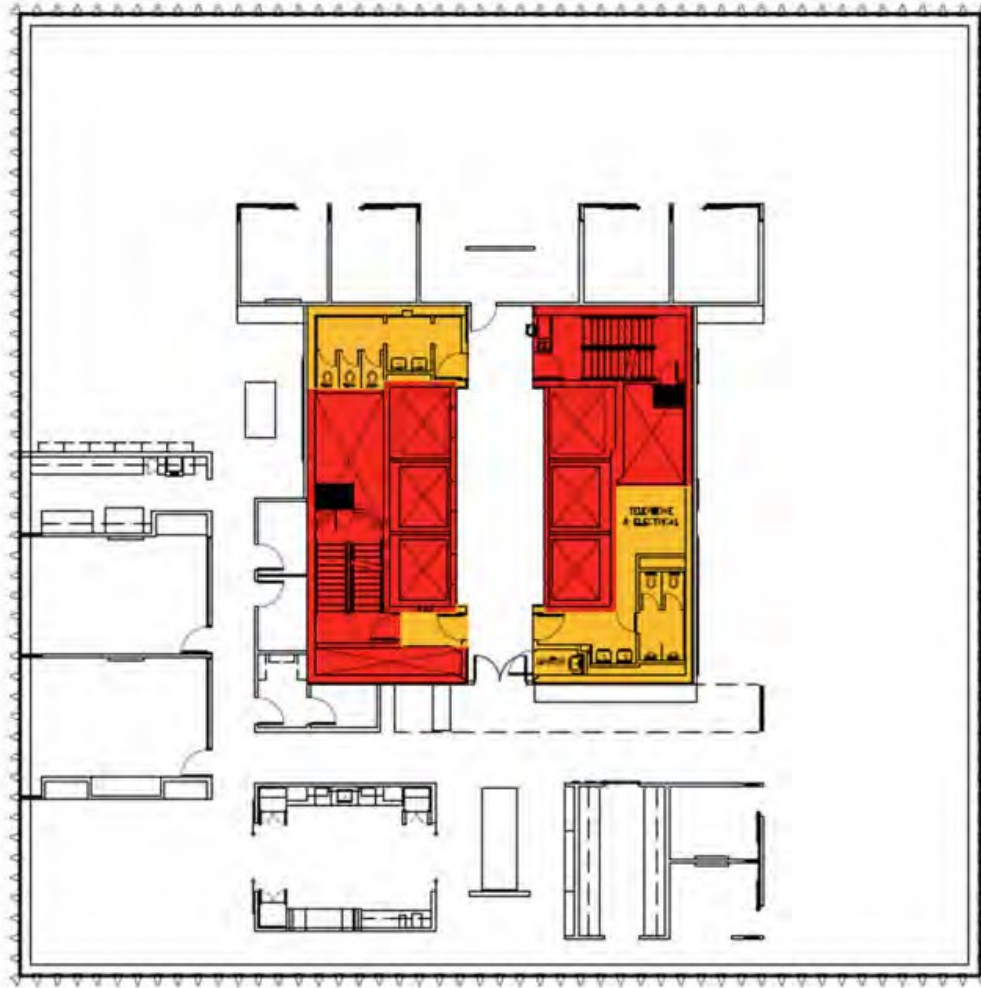


EXHIBIT 4
[Work Letter]

CHECK IF APPLICABLE:

1. ☐ **Improvements to be Completed by Tenant**

- A. Performance of Improvements. Subject to the terms and conditions of this Sublease, the Master Lease, and any Improvement Allowance provided herein, Tenant's obligations to improve the Subleased Premises shall be limited to the work ("Tenant's Work") described below. All other work shall be performed by Subtenant at its sole expense or, if performed by Tenant, shall be promptly reimbursed by Subtenant. Tenant's Work shall be deemed to be "substantially complete" on the date that Tenant notifies Subtenant that Tenant's Work is complete, except for punch list items that do not impair the use or operations thereof, would not prevent Subtenant from occupancy and/or performing Subtenant's Work, and except for that portion of Tenant's Work, if any, which cannot be feasibly performed before Subtenant completes Subtenant's Work, fixturing, or decorating.

The work to be done by Tenant in satisfying its obligation to complete Tenant's Work under the Sublease shall be limited to the following (check one):

☐ As identified below (check and describe all that apply);

☐ FLOOR: __

- ☐ WALLS: __
- ☐ CEILING: __
- ☐ LIGHTING: __
- ☐ WASHROOM(S): __
- ☐ ELECTRICAL: __
- ☐ HVAC: __
- ☐ OTHER: __

☐ As mutually agreed upon between Tenant and Subtenant as follows:

- a. Within __days (ten (10) days if not filled in) after mutual acceptance of the Sublease, Subtenant shall prepare and submit for Tenant's review a preliminary sketch of the improvements to be performed by Tenant ("Preliminary Tenant Plan"). Tenant and Subtenant shall cooperate in good faith to adopt a mutually acceptable Preliminary Tenant Plan. Subtenant acknowledges that the timelines set forth in this Section 1 with respect to Tenant's promulgation and approval of the Tenant Improvement Plans (as such term is defined herein) may be subject to reasonable extensions to the extent additional time is necessary to obtain any consent of Landlord that may be required under the Master Lease.
- b. Upon Tenant's approval of the Preliminary Tenant Plan, Tenant shall promptly prepare (or cause to be prepared) construction documents (i.e., those plans used for submittal to the appropriate governmental bodies for all necessary permits and approvals for Tenant's Work, if any) for Subtenant's review and approval, which approval shall not be unreasonably withheld, conditioned or delayed. The construction documents, once approved, shall then constitute "Tenant's Improvement Plans."
- c. Tenant shall submit the Tenant's Improvement Plans to the appropriate governmental body for plan checking and issuance of necessary permits and approvals, as applicable. Tenant and Subtenant shall cooperate and use commercially reasonable efforts to cause to be made any changes in the Tenant's Improvement Plans necessary to obtain such permits and approvals; provided, however, any costs and expenses resulting from the foregoing changes to Tenant's

Work that exceed the Improvement Allowance shall be borne at Subtenant's sole cost and expense.

- B. Defects in Tenant's Work. If Subtenant fails to notify Tenant of any defects in the Tenant's Work within 30 days of delivery of possession of the Premises to Subtenant, Subtenant shall be deemed to have accepted the Subleased Premises in their then-existing condition. If Subtenant discovers any major defects in the Tenant's Work during this 30-day period that would prevent Subtenant from using the Subleased Premises for the Permitted Use, Subtenant shall notify Tenant and the Sublease Commencement Date shall be delayed until after Tenant has notified Subtenant that Tenant has corrected the major defects and Subtenant has had five (5) days to inspect and approve the Subleased Premises. The Sublease Commencement Date shall not be delayed if Subtenant's inspection reveals minor defects in the Tenant's Work that will not prevent Subtenant from using the Subleased Premises for the Permitted Use. Subtenant shall prepare a punch list of all minor defects in Tenant's Work and provide the punch list to Tenant, which Tenant shall promptly correct.

2. ☐ Improvements to be Completed by Subtenant

- A. Performance of Improvements. Subject to the terms and conditions of the Sublease, the Master Lease, and any Improvement Allowance provided herein, Subtenant shall complete, at its sole cost and expense, the work identified in the Subtenant Improvement Plans (as such term is defined below) adopted by Tenant and Subtenant in accordance with the provisions below ("Subtenant's Work"). Subtenant's Work shall be performed lien free and in a workmanlike manner, without interference with other work, if any, being done in the Subleased Premises, Master Premises, or Property, including any of Tenant's Work, and in compliance with all laws and reasonable rules promulgated from time to time by Tenant, its architect and contractors, Landlord or its property manager. The work to be done by Subtenant in satisfying its obligation to complete Subtenant's Work under the Sublease shall be limited to the following (check one):

☐ As identified below (check and describe all that apply);

☐ FLOOR: __

- ☐ WALLS: __
- ☐ CEILING: _
- ☐ LIGHTING: ____
- ☐ WASHROOM(S): __
- ☐ ELECTRICAL: _
- ☐ HVAC: ____
- ☐ OTHER: __

☐ As mutually agreed upon between Tenant and Subtenant as follows:

- a. Within __days (ten (10) days if not filled in) after mutual acceptance of the Sublease, Subtenant shall prepare and submit for Tenant's review a preliminary sketch of the Subtenant Improvements ("Preliminary Subtenant Plan"). Tenant and Subtenant shall cooperate in good faith to adopt a mutually acceptable Preliminary Subtenant Plan. Subtenant acknowledges that the timelines set forth in this Section 2 with respect to Tenant's promulgation and approval of the Subtenant Improvement Plans (as such term is defined herein) may be subject to reasonable extensions to the extent additional time is necessary to obtain any consent of Landlord that may be required under the Master Lease.
- b. Upon approval of the Preliminary Subtenant Plan by Tenant, Subtenant shall promptly prepare construction documents (i.e., those plans used for submittal to the appropriate governmental bodies for all necessary permits and approvals for the Subtenant's Work, if any) for Tenant's review and approval. The construction documents, once approved, shall then constitute the

"Subtenant Improvement Plans."

- c. Upon approval by Tenant, Subtenant shall submit the Subtenant Improvements Plans to the appropriate governmental body for plan checking and issuance of necessary permits and approvals. Subtenant, with Tenant's approval, shall cause to be made any changes in the Subtenant Improvements Plans necessary to obtain such permits and approvals.
- d. Tenant makes no warranty or representation of any type or nature with respect to the adequacy or sufficiency of the Subtenant Improvements Plans for any purpose. Tenant makes no warranty or representation of any type or nature with respect to the quality, suitability, or ability of contractor or the quality of the work or materials supplied or performed with respect to the Subtenant Improvements by contractor, the subcontractors, Subtenant's agents, or any other person or entity.

B. General Requirements. Subtenant shall submit to Tenant, prior to the commencement of the construction of Subtenant's Work, the following information for Tenant's review and approval (check all that apply):

☐ The names, contact names, addresses, and license numbers of all general contractors and subcontractors Subtenant intends to use in the construction of Subtenant's Work.

☐ A reasonably detailed schedule for Subtenant's performance of Subtenant's Work (including, without limitation, the date on which Subtenant's Work will commence, the estimated date of completion of Subtenant's Work, and the date on which Subtenant expects to open for business in the Premises).

☐ Evidence of insurance as required in the Sublease and Master Lease and any other insurance usual and customary for performance of Subtenant's Work and requested by Tenant.

☐ Copies of all required governmental permits.

C. Contractor Qualifications. All contractors and subcontractors to perform Subtenant's Work shall be licensed contractors, capable of performing quality workmanship and working in harmony with Tenant's general contractor in the Building. Upon notice from Tenant, Subtenant shall stop using (or cause contractor or any subcontractor to stop using) any person or entity disturbing labor harmony with any work force or trade engaged in performing Subtenant's Work or other work, labor, or services in or about the Building. All work shall be coordinated with any on-going construction work on the Building. Tenant shall have the right to disapprove, in Tenant's reasonable discretion, any contractor or subcontractor which Subtenant desires to engage for Subtenant's Work.

3. Improvement Allowance

Provided there is no uncured Event of Default by Subtenant under the Sublease, upon completion of Tenant's Work or Subtenant's Work, as applicable, Tenant shall provide an allowance ("Improvement Allowance") toward the costs and expenses associated with improvements to the Premises in accordance with the following (check one):

- ☐ \$ ____per rentable square foot of the Premises. The Improvement Allowance shall be used only for (choose one): ☐ Tenant's Work, or ☐ Subtenant's Work, excepting _____. If costs associated with completing Subtenant's Work exceed the Improvement Allowance, or if any costs of Subtenant's Work are not to be paid out of the Improvement Allowance, then the excess or excluded amount shall be paid directly by Subtenant.
- ☐ None; Subtenant shall be obligated to pay all costs, expenses and fees associated with completing the Subtenant's Work in accordance with the Subtenant Improvement Plans.
- ☐ None; Tenant shall be obligated to pay all costs, expenses and fees associated with completing the

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SUBLEASE AGREEMENT

Tenant's Work in accordance with the Tenant Improvement Plans, however, excepting any costs related to Subtenants' furniture, cabling, fixtures and equipment, design services, and _____, and in no event in an amount exceeding \$ ____.

4. ☐ Removal of Improvements/Surrender. Subtenant's Work shall (check one):

- ☐ become the property of Tenant
- ☐ be removed by Subtenant at its sole cost and expense

upon the expiration or earlier termination of the Sublease Term: _____.

SUBLEASE AGREEMENT

EXHIBIT 5
FF&E

Subtenant shall have the ability to use all the furniture identified in Exhibit 5 that is not labeled as owned by Tenant for the duration of the term. Tenant shall remove any pieces of furniture or items from the premises that are labeled as owned by Tenant prior to the Sublease Commencement Date unless Tenant and Subtenant mutually agree otherwise in writing with respect to any specific item(s).

Marchex IBM Building Suite 1300 Furniture Inventory

Item/description	Description/Photo	Quantity	Location
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Art Deco Chair & Tables		2 sets	1 set facing east windows/ 1 set inside of entry door- West side
Large gathering table and 8 tall chairs		1	Entry Area
Sitting Booth and Table		1	Kitchen

Marchex IBM Building Suite 1300 Furniture Inventory

Long cushioned bench and Wall Art		1	Front Reception Area
High Top faux wood long tables + high chairs with backs		2 tables together / 10 chairs	Kitchen
Microwave		2	Kitchen

Marchex IBM Building Suite 1300 Furniture Inventory

Refrigerator		2	Kitchen
Banquet tables pushed together with matching chairs		8 tables / 24 chairs	Large Meting space off kitchen

Marchex IBM Building Suite 1300 Furniture Inventory

Beverage Refrigerator		1	Kitchen
Conference Table and Matching rolling Chairs + Large Mounted TV		1 table / 10 chairs / 1 TV	Conference Room

Marchex IBM Building Suite 1300 Furniture Inventory

Large Glass Whiteboards		2	Conference Room
Tall Table/Desk with one rounded end		2	One in IT room on West Side across from Conf. Room / One in open room on South Side
Lounge Chair, Side Table, Book Case		1 of Each	Quiet Room – West Side Interior Soundproof Room

Marchex IBM Building Suite 1300 Furniture Inventory

Drafting Table + Tall Chairs		2 Tables/ 5 chairs	Open Space East Side
Sliding White Board		3	1 West Side Open Area / 2 East Side open area
Multi Level Chair – for standing or sitting desks		14	Various Locations

Marchex IBM Building Suite 1300 Furniture Inventory

Long Bookshelf		1	West Side near workstations
Herman Miller Task Chair		45	Various Locations

Marchex IBM Building Suite 1300 Furniture Inventory

Long Desk		1	Outside of Western mots office MARCHEX OWNS
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Desk, book case, mounted TV		1 each	Interior Office
Conference Table & Rolling Chairs		1 table / 8 chairs	In open work space – North Side
Desk, Bookshelf, Side Table, Bench		1 each	Interior Office

Marchex IBM Building Suite 1300 Furniture Inventory

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Tall Conference Table & Chairs		1 Table /5 chairs	Open Area East Side
Modern Side Chair		1	Southwest corner in workstation sections

Marchex IBM Building Suite 1300 Furniture Inventory

Desk Lamp		45+	One on each workstation
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Desk and file cabinet		1 each	Interior Office (Marchex owns the white boards)
Standard Workstation		67	West, North & East sides of space MARCHEX OWNS MONITORS, KEYBOARD, DOCKING STATION
Rolling White Boards		7	Open Space on East Side MARCHEX OWNS

Marchex IBM Building Suite 1300 Furniture Inventory

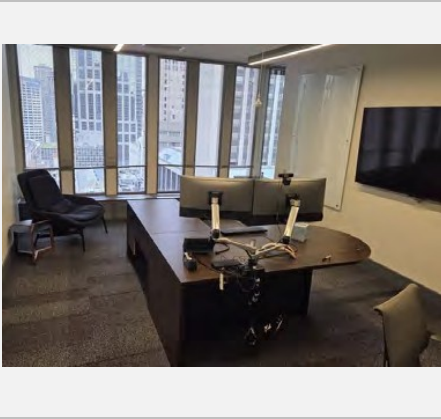
Desk, chairs, small round table, bench seating/files		1 each	Interior Office
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Book Case		1	Interior Office (same as above)
Tall Locker Cabinet		1	West Side of suite MARCHEX OWNS

Marchex IBM Building Suite 1300 Furniture Inventory

Ricoh Copier/Scanner		1	Copy Room – West Side MARCHEX OWNS
Large Wall Mounted TV and table		1	East Side of Suite / open area
Long White Bookshelves, desk, chair, mounted TV		1 each	Interior Office Southeast Corner of Suite

Marchex IBM Building Suite 1300 Furniture Inventory

Round Table & rolling chairs		1 table/ 4 chairs	Executive Office
Large Desk, Lounge Chair, Side Table, Mounted TV, Glass Whiteboard		1 each	Executive Office MARCHEX OWNS DESK , PHONE, MONITORS, KEYBOARD, AND DOCKING STATION.

SETTLEMENT AGREEMENT

This **Settlement Agreement and Mutual Release** (the "Agreement") is entered into as of April 14, 2026 (the "Effective Date"), by and among:

Chris Barnard and Sine McEvenue, solely in their capacity as the Shareholder Representatives for the former shareholders of Telmetrics Inc. (collectively, the "Shareholder Representatives" or "Plaintiffs"), Chris Barnard (in his personal capacity), Sine McEvenue (in his personal capacity), Andrew Osmak, and Richard Zurawski, on the one hand, and Marchex, Inc., a Delaware corporation ("Marchex" or "Defendant") and Telmetrics Corp., on the other hand. Plaintiffs and Defendant may be referred to individually as a "Party" and collectively as the "Parties."

RECITALS

WHEREAS, on November 5, 2018, Marchex acquired Telmetrics Inc. pursuant to a Share Purchase Agreement (the "SPA");

WHEREAS, Plaintiffs, in their capacity as Shareholder Representatives of the former shareholders of Telmetrics, commenced an action on October 21, 2022, against Marchex captioned *Chris Barnard and Sine McEvenue v. Marchex, Inc.*, C.A. No. 1:22-cv-01382-RGA, in the United States District Court for the District of Delaware (the "Delaware Action"), asserting claims relating to alleged breaches of the SPA and Escrow Agreement;

WHEREAS, Marchex previously commenced a separate action in Canada on December 22, 2021, captioned *Te/metrics Corp. and Marchex, Inc. v. Andrew Osmak, Christopher Barnard, Sine McEvenue and Richard Zurawski*, No. CV-21-00674206-000, in the Superior Court of Justice, Ontario, Canada (the "Canadian Action");

WHEREAS, the Parties now desire to fully and finally resolve all claims and disputes between them, including those asserted in the Delaware Action and the Canadian Action.

NOW, THEREFORE, in consideration of the mutual covenants set forth herein, the Parties agree as follows.

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, the parties, by their execution hereof, intend to be legally bound and agree as follows:

1. **Incorporation of Recitals**. The Recitals set forth above are incorporated into this Agreement by reference as if set forth in the text thereof.

2. **Settlement Payment**

In full and final settlement of all claims between the Parties, Marchex agrees to pay Plaintiffs a total settlement amount of Two Million Dollars U.S. dollars (\$2,000,000.00) (the

"Settlement Amount"). The Settlement Amount shall be paid as follows:

(a) Initial Payment

Marchex shall pay USD \$1,000,000.00 on or before May 14, 2026, USD \$250,000 of which shall be paid from the Escrow Deposit (as defined in the Escrow Agreement) ("Initial Payment"). To the extent that there is any interest in the escrow account, the interest shall be paid to the Shareholder Representatives, and the remaining cash paid by Marchex for the initial payment shall be reciprocally reduced. To be clear, the Initial Payment totals USD \$1,000,000. Simultaneous to the execution of the Agreement, the Shareholder Representatives (as defined in the Escrow Agreement) and Marchex shall execute the Joint Instructions substantially in the form attached as Exhibit A. No later than three business days after the Effective Date and the execution of the Joint Instructions, Marchex shall deliver the Joint Instructions to the Escrow Agent (as defined in the Escrow Agreement) via e-mail and overnight delivery service with copy to Plaintiffs' counsel.

Payments shall be made by wire transfer. Wire instructions to be communicated by Plaintiffs' counsel to Marchex's Delaware counsel via email.

(b) Second Payment

Marchex shall pay USD \$500,000 on or before November 16, 2026.

(c) Third Payment

Marchex shall pay USD \$500,000 on or before May 17, 2027.

3. DISMISSAL OF ACTIONS

Within 7 days after receipt of the Initial Payment:

- a. Plaintiffs shall file the stipulation of dismissal with prejudice in the Delaware Action substantially in the form attached as Exhibit B; and,
- b. Marchex and Telmetrics shall, through their Canadian Counsel, file a motion seeking to dismiss the Canadian Action on a without-costs basis, and Chris Barnard, Sine McEvenue, Andrew Osmak, and Richard Zurawski hereby expressly authorize Canadian Counsel for Marchex and Telmetrics to sign the Consent attached as Exhibit Con behalf of their Canadian Counsel. A copy of the form of order is also attached as Exhibit D. Canadian Counsel for Marchex and Telmetrics will file the Dismissal Order attached as Exhibit C.

Each Party shall bear its own attorneys' fees and costs except as otherwise provided herein.

4. Mutual Releases. Except as set forth in this Agreement, Plaintiffs, Chris Barnard and Sine McEvenue, in their personal capacity and capacity as Shareholder Representatives for the former shareholders of Telmetrics Inc., Andrew Osmak, and Richard Zurawski, on the one

hand, and Defendant Marchex, Inc. and Telmetrics Corp., on the other hand, hereby mutually release and forever discharge one another from any and all past or current complaints, causes of action, suits, liabilities, debts, damages, controversies, and claims of any nature whatsoever, including but not limited to counterclaims, cross-claims, third-party claims, rights, defenses, and setoffs, whether known or unknown and whether arising in law or equity, which they may have against one another, including but not limited to any claims arising out of or relating to the Share Purchase Agreement, the Escrow Agreement, the transactions described therein, the Delaware Action,, and the Canadian Action or any matters that could have been raised in the Delaware Action or the Canadian Action.

The releases provided for above shall not become effective until Plaintiffs receive the Initial Payment. Until such time, all parties' claims, defenses, or otherwise in the Delaware Action and in the Canadian Action shall remain preserved.

Notwithstanding the foregoing, the releases above shall not extend to the action styled as *Andrew Osmak v. Te/metrics Corp. and Marchex, Inc.*, CV-20-00640994-0000 in the Ontario Superior Court of Justice ("Osmak Canadian Litigation"). All parties' claims, defenses, or otherwise in the Osmak Canadian Litigation shall remain preserved.

5. **Representations.**

- a. Each party warrants and represents that it and its representative, respectively, is duly authorized to enter into and execute this Agreement on behalf of such party.
- b. No Bankruptcy Contemplated. Marchex represents and warrants that it is solvent and is not currently contemplating, preparing for, or the subject of any bankruptcy, insolvency, receivership, assignment for the benefit of creditors, or similar proceeding under any federal or state law. Marchex further represents that it has no present intention of filing or causing to be filed any such proceeding, and that the execution and performance of this Agreement will not render it insolvent.

6. **Binding Effect; Successors and Assigns.**

This Agreement shall be binding upon and inure to the benefit of the Parties and their respective past, present, and future parents, subsidiaries, affiliates, officers, directors, employees, agents, representatives, insurers, successors, assigns, heirs, executors, administrators, and any other persons or entities acting on their behalf or claiming through them. The releases and obligations set forth in this Agreement shall apply equally to and be enforceable by such persons and entities to the fullest extent permitted by law.

7. **Severability.** If any portions of this Agreement are held invalid and unenforceable, all remaining portions shall nevertheless remain valid and enforceable, to the extent they can be given effect without the invalid portions.

8. **No Waiver.** Any waiver by a party of a breach of any provision of this Agreement shall not operate as or be construed to be a waiver of any other breach of such provision or of any breach of any other provision of this Agreement. The failure of a party to insist upon strict adherence to any term of this Agreement on one or more occasions shall not be considered a waiver or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.

9. **Amendment.** No amendment, modification, rescission, waiver or release of any provision of this Agreement shall be effective unless the same shall be in writing and signed by all parties hereto.

10. **Counsel.** This Agreement is a compromise and settlement of disputed claims and the product of arms-length negotiations. Each party acknowledges and represents that it has been represented by counsel of its own choice throughout the arm's-length negotiations that preceded the execution of this Agreement and in connection with the preparation and execution of this Agreement. Each party further acknowledges and represents that it has reviewed this Agreement with its counsel and that each party understands the terms of this Agreement.

11. **Entire Agreement.** This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes any prior understanding, agreements or representations by or between the parties, whether written or oral, to the extent they relate in any way to the subject matter hereof.

12. **Construction.** The parties expressly agree that the language of this Agreement shall be construed, in all cases, according to its fair meaning and shall not be construed against any of the parties as drafter of this Agreement.

13. **Governing Law, Jurisdiction, Venue.** This Agreement and any dispute arising out of or relating to it or the terms and obligations contained herein or the parties' dealings with each other shall be governed by and enforced in accordance with the laws of the State of Delaware. Any judicial proceeding brought with respect to this Agreement shall be brought exclusively in the United States District Court, District of Delaware. In the event that federal jurisdiction is unavailable or the jurisdictional requirements of the United States District Court for the District of Delaware are not satisfied, any such action shall instead be brought exclusively in the Superior Court of the State of Delaware for New Castle County. By execution and delivery of this Agreement, each Party accepts, generally and unconditionally, the exclusive jurisdiction of the aforesaid court, and irrevocably agrees to be bound by any judgment rendered thereby in connection with this Agreement. Each Party waives any defense based on lack of jurisdiction or venue or based upon *forum non conveniens*.

14. **Attorneys' Fees.** In the event that any action, motion, or proceeding is brought to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to recover its reasonable attorneys' fees, costs, and expenses incurred in connection with such enforcement or interpretation, in addition to any other relief to which such party may be entitled.

15. **Notices.** All notices required or desired to be sent in connection with this Agreement shall be deemed given if delivered by certified mail (return receipt requested) and by first class mail (postage prepaid) to the following addresses (with a copy by email in all cases). Notices shall also be deemed given upon actual receipt by the intended recipient. Either Party may change its notice address by providing written notice to the other Party in accordance with this provision:

To Plaintiffs:

Christopher Barnard 57
Roxborough St W
Toronto, ON M5R 1T9

With a copy to:

Garibian Law Offices, P.C.
Brandywine Plaza East
1523 Concord Pike, Suite 400
Wilmington DE, 19803
Attention: Antranig Garibian, Esq. To

Defendant:

Marchex, Inc.
520 Pike Street, Suite 200
Seattle, WA 98101

Attention: Francis J. Feeney, Chief Operating Officer and CLO With a copy

to:

McCollom D'Emilio Smith Uebler LLC 2751
Centerville Road, Suite 401
Wilmington, DE 19808 Attention:
Adam Waskie, Esq.

It is each party's own responsibility to keep all informed/updated in writing of any changes in the notice information above.

16. **Counterparts; Telecopied Signatures.** This Agreement may be signed in separate counterparts and the counterparts, together, shall form a single original agreement as if it had been signed by each of the parties at one time. This Agreement will become effective when, and only when, each party delivers a counterpart hereof to the other parties but thereupon shall be deemed effective as of the date hereof. In the event that any signature is delivered by "pdf" format data file, such signature shall create a valid and binding obligation of the party so executing (or on whose behalf such signature is executed) with the same force and effect as if such "pdf" signature page were the original thereof.

17. **No Admission of Liability.** Each of Plaintiffs, Defendant, Andrew Osmak, Richard Zurawski, and Telmetrics, Corp. expressly denies and disclaims any and all allegations of wrongdoing and liability made by any other Party or its attorneys. The Parties enter into this Agreement as a settlement and compromise of disputed claims. It is expressly understood and agreed that neither execution of this Agreement, nor the tender or receipt of any payment, nor the performance of any obligations recited herein is intended or shall be understood as an acknowledgement of responsibility, admission of liability, or other expressions reflecting upon the merits of any dispute or claim among Plaintiffs, Defendant, Andrew Osmak, Richard Zurawski, and Telmetrics, Corp.; and any such responsibility or liability is expressly denied. Nothing in this Agreement shall be admissible into evidence in any proceeding, except to the extent arising from a breach of its terms and/or conditions.

IN WITNESS WHEREOF, the parties below have executed this Agreement as of the date written above.

MARCHEX, INC.

By: /s/ FRANCIS J. FEENEY

Name: Francis J. Feeney

Title: COO/CLO

Date: 4/14/2026

TELMETRICS CORP.

By: /s/ FRANCIS J. FEENEY

Name: Francis J. Feeney

Title: Secretary

Date: 4/14/2026

By: /s/ CHRISTOPHER BARNARD

Print Name: Christopher Barnard, in his personal capacity and capacity as Shareholder Representative

Date: 4/14/2026

By: /s/ SINE MCEVENUE

Print Name: Sine McEvenue, in his personal capacity and capacity as Shareholder Representative

Date: 4/14/2026

By: /s/ ANDREW OSMAC

Print Name: Andrew Osmak

Date: 4/14/2026

By: /s/ RICHARD ZURAWSKI

Print Name: Richard Zurawski

Date: 4/14/2026

Exhibit "A"

JOINT INSTRUCTION

VIA OVERNIGHT COURIER

U.S. Bank National Association
1420 5th Avenue
Seattle, WA 98101
Attention: Scott Kjar
Phone: (206) 344-4686

April __, 2026

Re: Marchex Inc. and Telmetrics Inc. Share Purchase Agreement dated as of November 5, 2018-
Escrow Agreement dated November 5, 2018

Dear Scott:

We refer to an escrow agreement dated November 5, 2018 (the "Escrow Agreement"), by and among Marchex, Inc. ("Marchex"), Marchex CA Corporation ("Marchex CA," together with Marchex, "Buyer"), Andrew Osmak, Chris Barnard, Sine McEvenue (Osmak, Barnard, and McEvenue collectively, "Shareholder Representatives") (Shareholder Representatives together with Marchex, the "Parties") and U.S Bank National Association ("Escrow Agent"). Capitalized terms in this letter that are not otherwise defined shall have their meanings sets forth in the Escrow Agreement.

Pursuant to Section 3.9 of the Escrow Agreement, the Parties jointly instruct Escrow Agent to release from the Escrow Deposit, \$250,000 plus any interest accrued, to the Shareholder Representatives as instructed below.

Amount: \$250,000 plus any interest accrued to Shareholder Representatives Beneficiary:

City:

Country:

US

Instructions:

Bank Name:

Bank

Address:

ABANumber:

Credit A/C Name:

Credit A/C #:

Credit A/C

Address:

**IN THE UNITED STATES DISTRICT COURT FOR
THE DISTRICT OF DELAWARE**

CHRIS BARNARD and SINC

MCEVENUE, in their capacity as the Shareholder Representatives for the former shareholders of Telmetrics Inc.,
Plaintiffs,

v.

MARCHEX, INC.,

Defendant.C.A. No. 1:22-cv-01382-RGA

STIPULATION OF DISMISSAL

Pursuant to Federal Rule of Civil Procedure 41(a)(1)(A)(ii), the parties stipulate to dismiss any and all claims and defenses with prejudice. Each party will bear his or its own costs, expenses, and attorneys' fees.

GARIBIAN LAW OFFICES, P.C.

Isl Antranig Garibian Antranig Garibian (#4962) Brandywine Plaza East
1523 Concord Pike, Suite 400
Wilmington, DE 19803
(302) 722-6885
ag@garibianlaw.com

Attorney for Plaintiffs

MCCOLLOM D'EMILIO SMITH UEHLERLLC

Isl Adam J Waskie Thomas A. Uebler (#5074) Adam J. Waskie (#6217) Sarah P.
Kaboly (#6673)
2751 Centerville Road, Suite 401
Wilmington, DE 19808
(302) 468-5960
tuebler@mdsulaw.com awaskie@mdsulaw.com skaboly@mdsulaw.com

Attorneys for Defendant

April _ , 2026

**ONTARIO
SUPERIOR COURT OF JUSTICE**

BETWEEN:

TELMETRICS CORP. and MARCHEX, INC.

Plaintiffs

- and -

ANDREW OSMAK, CHRISTOPHER BARNARD, SINC MCEVENUE and RICHARD ZURAWSKI

Defendants

CONSENT

THE PARTIES, by their respective lawyers, hereby consent to an Order dismissing the action without costs and certify that the Order being consented to does not affect the rights of any person under disability.

DATED AT TORONTO, ONTARIO this day of , 2026

DLA PIPER (CANADA) LLP

Barristers & Solicitors
Bay Adelaide West
Tower Suite 5100 333
Bay Street Toronto ON
M5H 2R2

Michael S. Richards (LSO# 44929D)

Tel: 416-786-4995

Email: Michael.Richards@ca.dlapiper.com

Stephen F. Gleave (LSO# 306681)

Tel: 416-862-3394

Email: stephen.gleave@dlapiper.com

Lawyers for the Plaintiffs, Telmetrics
Corp. and Marchex, Inc.

DATED AT TORONTO, ONTARIO this day of , 2026

PRW Law Professional Corporation 65
Queen Street West, Suite 615 Toronto, ON
M5H 2M5

Philip R. White (LSO#53893O)
Tel: 647-794-8050
Email: pwhite@prwlaw.ca

Lawyers for the Defendant, Andrew Osmak

DATED AT TORONTO, ONTARIO this day of March, 2026

OSLER, HOSKIN & HARCOURT LLP
100 King Street West
1 First Canadian Place Suite
6200, P.O. Box 50 Toronto,
ON M5X 1B8

Lauren Tomasich (LSO# 55400E)
Tel: 416-862-6434
Email: ltomasich@osler.com

Simon Cameron (LSO# 74482U) Tel:
416-862-6430
Email: scameron@osler.com

Lawyers for the Defendants, Christopher Barnard, Sine
McEvenue and Richard Zurawski

**ONTARIO
SUPERIOR COURT OF JUSTICE**

REGISTRAR)

)

)

....., THE DAY OF , 2026

BETWEEN:

TELMETRICS CORP. and MARCHEX, INC.

Plaintiffs

- and -

**ANDREW OSMAK, CHRISTOPHER BARNARD, SINC MCEVENUE and
RICHARD ZURAWSKI**

Defendants

ORDER

THIS MOTION, made by the Defendant for dismissal without costs, was read this day at the court house, 330 University Avenue, Toronto ON *MSG* 1R8.

ON READING the Consent of the parties filed,

1. **THIS COURT ORDERS** that the action is hereby dismissed without costs.
-

TELMETRICS CORP. and MARCHEX, INC. -and- ANDREW OSMAC et al.

Plaintiffs Defendants

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at TORONTO

ORDER

DLA PIPER (CANADA) LLP
Barristers & Solicitors Bay Adelaide
West Tower Suite 5100 333 Bay
Street Toronto ON M5H 2R2

Michael S. Richards (LSO# 44929D) Tel:
416-786-4995
Email: Michael.Richards@ca.dlapiper.com

Stephen F. Gleave (LSO# 306681) Tel:
416-862-3394
E-mail: stephen.gleave@dlapiper.com

Lawyers for the Plaintiffs, Telmetrics
Corp. and Marchex, Inc.

TELMETRICS CORP. and MARCHEX, INC. -and- ANDREW OSMAC et al.

Plaintiffs Defendants

ONTARIO
SUPERIOR COURT OF JUSTICE

Proceeding commenced at TORONTO

CONSENT

DLA PIPER (CANADA) LLP
Barristers & Solicitors Bay Adelaide
West Tower Suite 5100 333 Bay
Street Toronto ON M5H 2R2

Stephen F. Gleave

Tel: 416-862-3394

LSO No.: 306681

E-mail: stephen.gleave@dlapiper.com

Michael S. Richards (LSO# 44929D) Tel:
416-786-4995

Email: Michael.Richards@ca.dlapiper.com

Lawyers for the Plaintiffs, Telmetrics
Corp. and Marchex, Inc.

**ONTARIO
SUPERIOR COURT OF JUSTICE**

REGISTRAR)

)
)

....., THE DAY OF , 2026

BETWEEN:

TELMETRICS CORP. and MARCHEX, INC.

Plaintiffs

- and -

**ANDREW OSMAK, CHRISTOPHER BARNARD, SINC MCEVENUE and RICHARD
ZURAWSKI**

Defendants

ORDER

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TELMETRICS CORP. and MARCHEX, INC. -and- ANDREW OSMAC et al.

Plaintiffs Defendants

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at TORONTO

ORDER

DLA PIPER (CANADA) LLP
Barristers & Solicitors Bay Adelaide
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416-862-3394
LSO No.:
E-mail: stephen.gleave@dlapiper.com

Lawyers for the Plaintiffs, Telmetrics
Corp. and Marchex, Inc.

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

Each, Troy Hartless, and Francis J. Feeney, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Marchex, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers 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 officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 13, 2026

/s/ TROY HARTLESS

Troy Hartless
President & Chief Revenue Officer ("CRO")
(Co-Principal Executive Officer)

/s/ FRANCIS J. FEENEY

Francis J. Feeney
Chief Operating Officer ("COO") & Chief Legal Officer
("CLO"), Corporate Secretary
(Co-Principal Executive Officer)

1. I have reviewed this Quarterly Report on Form 10-Q of Marchex, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers 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 officers 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/ BRIAN NAGLE
Brian Nagle
CFO
(Principal Financial Officer and Principal Accounting Officer)

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

In connection with the Quarterly Report on Form 10-Q of Marchex, Inc. for the three months ended June 30, 2026 as filed with the SEC on the date hereof, each of Troy Hartless, as Co-Principal Executive Officer, Francis J. Feeney, as Co-Principal Executive Officer, and Brian Nagle, as Principal Financial Officer and Principal Accounting Officer, of the Company hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, to the best of his or her knowledge, 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.

Date: August 13, 2026	By:	_____/s/ TROY HARTLESS
	Name:	Troy Hartless
	Title:	President & CRO (Co-Principal Executive Officer)

Date: August 13, 2026	By:	_____/s/ FRANCIS J. FEENEY
	Name:	Francis J. Feeney
	Title:	COO & CLO, Corporate Secretary (Co-Principal Executive Officer)

Date: August 13, 2026	By:	_____/s/ BRIAN NAGLE
	Name:	Brian Nagle
	Title:	CFO (Principal Financial Officer and Principal Accounting Officer)
