

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2023

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

Commission File Number: 001-40464



ZETA GLOBAL HOLDINGS CORP.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

80-0814458

(I.R.S. Employer
Identification Number)

3 Park Ave, 33rd Floor

New York, NY 10016

(Address of principal executive offices) (Zip Code)

(212) 967-5055

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, par value \$0.001 per share	ZETA	The New York Stock Exchange

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

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

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

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

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

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

As of October 27, 2023, 184,418,210 shares of the registrant's Class A common stock and 29,859,321 shares of the registrant's Class B common stock were outstanding.

ZETA GLOBAL HOLDINGS CORP.
Quarterly Report on Form 10-Q

For the Quarterly Period Ended September 30, 2023

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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 (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), which statements involve substantial risks and uncertainties. All statements made in this Quarterly Report on Form 10-Q that are not statements of historical fact, including statements about our beliefs and expectations and regarding future events or our future results of operations, financial condition, business, strategies, financial needs, and the plans and objectives of management, are forward-looking statements and should be evaluated as such. These statements often include words such as “anticipate,” “expect,” “suggests,” “plan,” “believe,” “intend,” “estimates,” “targets,” “projects,” “should,” “could,” “would,” “may,” “will,” “forecast” and other similar expressions or the negative of those terms. We base these forward-looking statements on our current expectations, plans and assumptions that we have made in light of our experience in the industry, as well as our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances at such time. As you read this Quarterly Report on Form 10-Q, you should understand that these statements are not guarantees of future performance or results. The forward-looking statements are subject to and involve risks, uncertainties and assumptions, and you should not place undue reliance on these forward-looking statements. Although we believe that these forward-looking statements are based on reasonable assumptions at the time they are made, you should be aware that many factors could affect our business, results of operations and financial condition and could cause actual results to differ materially from those expressed in the forward-looking statements. The following important factors, along with the factors discussed in “Risk Factors” in this Quarterly Report on Form 10-Q and in the Company’s Annual Report on Form 10-K for the year ended December 31, 2022 (“2022 Annual Report”), may materially affect such forward-looking statements:

- We may experience fluctuations in our operating results, which could make our future operating results difficult to predict;
- If we fail to innovate and make the right investment decisions in our product offerings and platform, we may not attract and retain customers and our revenue and results of operations may decline;
- Our success and revenue growth depends on our ability to add and retain scaled customers, which we define as customers from which we have generated trailing-12-month revenues of at least \$100,000, and grow our super-scaled customer base, which is a subset of scaled customers and defined as customers from which we have generated trailing-12-month revenues of at least \$1,000,000;
- If we do not manage our growth effectively, the quality of our platform and solutions may suffer and our business, results of operations and financial condition may be adversely affected;
- Our business and the effectiveness of our platform depends on our ability to collect and use data online. New consumer tools, regulatory restrictions and potential changes to web browsers and mobile operating systems all threaten our ability to collect such data, which could harm our operating results and financial condition and adversely affect the demand for our products and solutions;
- The standards that private entities and inbox service providers adopt in the future to regulate the use and delivery of email may interfere with the effectiveness of our platform and our ability to conduct business;
- A significant inadvertent disclosure or breach of confidential and/or personal information we process, or a security breach of our or our customers’, suppliers’ or other partners’ computer systems could be detrimental to our business, reputation, financial performance and results of operations;
- Our infrastructure depends on third-party data centers, systems and technologies to operate our business, the disruption of which could adversely affect our business, results of operations and financial condition;
- The impact of the COVID-19 pandemic, or effect of any future epidemics, pandemics or public health crises on the global economy, our customers, employees and business; or
- Other factors discussed in other sections of this Quarterly Report on Form 10-Q, including the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

You should not place undue reliance on our forward-looking statements and you should not rely on forward-looking statements as predictions of future events. The results, events, and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results, events, or circumstances could differ materially from those described in the forward-looking statements. The forward-looking statements made in this Quarterly Report on Form 10-Q should not be construed by you to be exhaustive and speak only as of the date of this report. We undertake no obligation to update any forward-looking statements made in this report to reflect events or circumstances after the date of this report or to reflect new information or the occurrence of unanticipated events, except as required by law. If we update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements.

Unless the context otherwise requires, references in this Quarterly Report on Form 10-Q to “Zeta,” “Zeta Global,” “we,” “us,” “our” or “the Company” refer to Zeta Global Holdings Corp.

WHERE YOU CAN FIND MORE INFORMATION

The Company maintains a website at the following address: <https://zetaglobal.com>. The information on the Company’s website is not incorporated by reference in, or otherwise to be regarded as part of, this Quarterly Report on Form 10-Q.

We make available on or through our website certain reports and amendments to those reports we file with or furnish to the Securities and Exchange Commission (“SEC”) pursuant to Section 13(a) or 15(d) of the Exchange Act. These include our annual reports on Form 10-K, our quarterly reports on Form 10-Q, and our current reports on Form 8-K. We make this information available on our website free of charge as soon as reasonably practicable after we electronically file the information with, or furnish it to, the SEC.

Investors and others should note that we routinely announce material information to investors and the marketplace using SEC filings, press releases, public conference calls, webcasts, and the Zeta Global Investor Relations website at <https://investors.zetaglobal.com>. We use these channels as well as social media channels (e.g., the Zeta Facebook account (facebook.com/ZetaGlobal); the Zeta Instagram account (instagram.com/zetaglobal); the Zeta X account (twitter.com/zetaglobal); and the Zeta LinkedIn account (linkedin.com/company/zetaglobal)) as a means of disclosing information about our business to our customers, colleagues, investors, and the public. While not all of the information that we post to the Zeta Global Investor Relations website or on our social media channels is of a material nature, some information could be deemed to be material. Accordingly, we encourage investors, the media, and others interested in Zeta to review the information that we share on the Zeta Global Investor Relations website and on our social media channels. The information on the Zeta Global Investor Relations website and the Company’s social media channels is not incorporated by reference in, or otherwise to be regarded as part of, this Quarterly Report on Form 10-Q.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

**Condensed Unaudited Consolidated Balance Sheets
(In thousands, except shares, per share and par values)**

	As of	
	September 30, 2023	December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 120,796	\$ 121,110
Accounts receivable, net of allowance of \$3,271 and \$1,882 as of September 30, 2023 and December 31, 2022, respectively	140,408	106,322
Prepaid expenses	6,493	7,150
Other current assets	1,835	1,866
Total current assets	\$ 269,532	\$ 236,448
Non-current assets:		
Property and equipment, net	\$ 7,456	\$ 5,981
Website and software development costs, net	33,183	36,713
Right-to-use assets - operating leases, net	5,943	7,388
Intangible assets, net	50,099	44,358
Goodwill	140,894	133,069
Deferred tax assets, net	835	745
Other non-current assets	3,403	1,800
Total non-current assets	\$ 241,813	\$ 230,054
Total assets	\$ 511,345	\$ 466,502
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 59,173	\$ 33,668
Accrued expenses	73,135	72,364
Acquisition-related liabilities	21,812	14,743
Deferred revenue	2,332	2,228
Other current liabilities	6,086	5,707
Total current liabilities	\$ 162,538	\$ 128,710
Non-current liabilities:		
Long-term borrowings	\$ 184,044	\$ 183,953
Acquisition-related liabilities	8,481	17,932
Other non-current liabilities	6,504	7,877
Total non-current liabilities	\$ 199,029	\$ 209,762
Total liabilities	\$ 361,567	\$ 338,472
Commitments and contingencies (See Note 8)		
Stockholders' equity:		
Class A common stock \$ 0.001 per share par value, up to 3,750,000,000 shares authorized, 184,189,613 and 175,266,917 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively	\$ 184	\$ 175
Class B common stock \$ 0.001 per share par value, up to 50,000,000 shares authorized, 29,859,321 and 32,099,302 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively	30	32
Additional paid-in capital	1,074,943	900,924
Accumulated deficit	(923,256)	(771,056)
Accumulated other comprehensive loss	(2,123)	(2,045)
Total stockholders' equity	\$ 149,778	\$ 128,030
Total liabilities and stockholders' equity	\$ 511,345	\$ 466,502

See accompanying notes to condensed unaudited consolidated financial statements.

Condensed Unaudited Consolidated Statements of Operations and Comprehensive Loss
(In thousands, except share and per share amounts)

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Revenues	\$ 188,984	\$ 152,252	\$ 518,403	\$ 415,821
Operating expenses:				
Cost of revenues (excluding depreciation and amortization)	73,480	57,529	189,867	149,487
General and administrative expenses	50,706	53,584	154,022	162,598
Selling and marketing expenses	70,669	76,987	215,714	223,044
Research and development expenses	18,062	16,954	53,924	52,223
Depreciation and amortization	13,233	13,367	37,654	39,448
Acquisition-related expenses	—	—	203	344
Restructuring expenses	—	—	2,845	—
Total operating expenses	\$ 226,150	\$ 218,421	\$ 654,229	\$ 627,144
Loss from operations	(37,166)	(66,169)	(135,826)	(211,323)
Interest expense	2,894	2,038	8,139	5,002
Other expenses	2,436	1,142	7,138	12,111
Change in fair value of warrants and derivative liabilities	—	(805)	—	410
Total other expenses	\$ 5,330	\$ 2,375	\$ 15,277	\$ 17,523
Loss before income taxes	(42,496)	(68,544)	(151,103)	(228,846)
Income tax provision/(benefit)	590	896	1,097	(1,360)
Net loss	\$ (43,086)	\$ (69,440)	\$ (152,200)	\$ (227,486)
Other comprehensive loss:				
Foreign currency translation adjustment	283	774	78	1,421
Total comprehensive loss	\$ (43,369)	\$ (70,214)	\$ (152,278)	\$ (228,907)
Net loss per share				
Net loss available to common stockholders	\$ (43,086)	\$ (69,440)	\$ (152,200)	\$ (227,486)
Basic loss per share	\$ (0.27)	\$ (0.49)	\$ (0.99)	\$ (1.66)
Diluted loss per share	\$ (0.27)	\$ (0.49)	\$ (0.99)	\$ (1.66)
Weighted average number of shares used to compute net loss per share				
Basic	158,055,789	140,594,128	154,262,386	136,793,272
Diluted	158,055,789	140,594,128	154,262,386	136,793,272

The Company recorded stock-based compensation under respective lines of the above condensed unaudited consolidated statements of operations and comprehensive loss:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Cost of revenues (excluding depreciation and amortization)	\$ 546	\$ 1,536	\$ 2,098	\$ 4,436
General and administrative expenses	21,223	28,193	66,221	88,873
Selling and marketing expenses	29,266	38,868	92,933	117,765
Research and development expenses	6,637	6,621	18,494	20,215
Total	\$ 57,672	\$ 75,218	\$ 179,746	\$ 231,289

See accompanying notes to condensed unaudited consolidated financial statements.

Condensed Unaudited Consolidated Statements of Stockholders' Equity
(In thousands, except shares)

	Class A common stock		Class B common stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
	Shares	Amount	Shares	Amount				
Balance as of January 1, 2023¹	175,266,917	\$175	32,099,302	\$32	\$900,924	\$(771,056)	\$(2,045)	\$128,030
Restricted stock grants	814,177	1	—	—	(1)	—	—	—
Shares repurchased	(329,474)	—	(325,923)	—	(6,551)	—	—	(6,551)
Restricted stock forfeitures	(208,969)	—	—	—	—	—	—	—
Class B common stock transferred to Class A common stock	50,000	—	(50,000)	—	—	—	—	—
Options exercised	8,500	—	—	—	41	—	—	41
Stock-based compensation	—	—	—	—	65,214	—	—	65,214
Restricted stock units vesting	123,241	—	—	—	—	—	—	—
Foreign currency translation adjustment	—	—	—	—	—	—	147	147
Net loss	—	—	—	—	—	(56,955)	—	(56,955)
Balance as of March 31, 2023²	175,724,392	\$176	31,723,379	\$32	\$959,627	\$(828,011)	\$(1,898)	\$129,926
Shares issued in connection with certain agreements	96,610	—	—	—	843	—	—	843
Restricted stock grants	6,306,051	6	—	—	(6)	—	—	—
Shares issued with connection with employee stock purchase plan	210,096	—	—	—	1,567	—	—	1,567
Shares repurchased	(135,461)	—	—	—	(1,419)	—	—	(1,419)
Restricted stock forfeitures	(461,101)	—	—	—	—	—	—	—
Performance stock units vested	142,500	—	—	—	—	—	—	—
Options exercised	16,500	—	—	—	41	—	—	41
Stock-based compensation	—	—	—	—	58,491	—	—	58,491
Restricted stock units vested	130,990	—	—	—	—	—	—	—
Foreign currency translation adjustment	—	—	—	—	—	—	58	58
Net loss	—	—	—	—	—	(52,159)	—	(52,159)
Balance as of June 30, 2023³	182,030,577	\$182	31,723,379	\$32	\$1,019,144	\$(880,170)	\$(1,840)	\$137,348
Shares issued in connection with certain agreements	57,515	—	—	—	500	—	—	500
Restricted stock grants	984,158	1	—	—	(1)	—	—	—
Shares repurchased	(446,185)	—	—	—	(3,517)	—	—	(3,517)
Restricted stock forfeitures	(456,405)	—	—	—	1	—	—	1
Class B common stock transferred to Class A common stock	1,864,058	2	(1,864,058)	(2)	—	—	—	—
Options exercised	32,000	—	—	—	141	—	—	141
Stock-based compensation	—	—	—	—	58,675	—	—	58,675
Restricted stock units vested	123,895	(1)	—	—	—	—	—	(1)
Foreign currency translation adjustment	—	—	—	—	—	—	(283)	(283)
Net loss	—	—	—	—	—	(43,086)	—	(43,086)
Balance as of September 30, 2023⁴	184,189,613	\$184	29,859,321	\$30	\$1,074,943	\$(923,256)	\$(2,123)	\$149,778

1. Includes 132,909,894 outstanding Class A common stock, 15,512,217 outstanding Class B common stock, 42,357,023 unvested Class A restricted stock and 16,587,085 unvested Class B restricted stock.

2. Includes 137,203,338 outstanding Class A common stock, 16,105,977 outstanding Class B common stock, 38,521,054 unvested Class A restricted stock and 15,617,402 unvested Class B restricted stock.

3. Includes 141,053,113 outstanding Class A common stock, 16,105,977 outstanding Class B common stock, 40,977,464 unvested Class A restricted stock and 15,617,402 unvested Class B restricted stock.

4. Includes 143,905,554 outstanding Class A common stock, 15,958,447 outstanding Class B common stock, 40,284,059 unvested Class A restricted stock and 13,900,874 unvested Class B restricted stock.

	Class A common stock		Class B common stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
	Shares	Amount	Shares	Amount				
Balance as of January 1, 2022¹	159,974,847	\$160	37,856,095	\$38	\$584,208	\$(491,817)	\$(2,101)	\$90,488
Shares issued in connection with certain agreements	1,026,785	1	—	—	11,082	—	—	11,083
Restricted stock grants	4,162,159	4	—	—	(4)	—	—	—
Restricted stock forfeitures	(717,505)	(1)	—	—	1	—	—	—
Class B common stock transferred to Class A common stock	1,000,000	1	(1,000,000)	(1)	—	—	—	—
Stock-based compensation	—	—	—	—	74,990	—	—	74,990
Options exercised	15,500	—	—	—	65	—	—	65
Foreign currency translation adjustment	—	—	—	—	—	—	(244)	(244)
Net loss	—	—	—	—	—	(72,037)	—	(72,037)
Balance as of March 31, 2022²	165,461,786	\$165	36,856,095	\$37	\$670,342	\$(563,854)	\$(2,345)	\$104,345
Shares issued in connection with certain agreements	434,237	—	—	—	3,853	—	—	3,853
Restricted stock grants	2,568,346	3	—	—	(3)	—	—	—
Restricted stock forfeitures	(184,342)	—	—	—	—	—	—	—
Class B common stock transferred to Class A common stock	1,787,043	2	(1,787,043)	(2)	—	—	—	—
Stock-based compensation	—	—	—	—	83,734	—	—	83,734
Options exercised	221,530	—	—	—	65	—	—	65
Foreign currency translation adjustment	—	—	—	—	—	—	(403)	(403)
Restricted stock units vesting	26,932	—	—	—	—	—	—	—
Shares issued with connection with employee stock purchase plan	196,385	—	—	—	1,320	—	—	1,320
Net loss	—	—	—	—	—	(86,009)	—	(86,009)
Balance as of June 30, 2022³	170,511,917	\$170	35,069,052	\$35	\$759,311	\$(649,863)	\$(2,748)	\$106,905
Restricted stock grants	1,481,585	2	—	—	(2)	—	—	—
Restricted stock forfeitures	(208,367)	—	—	—	—	—	—	—
Class B common stock transferred to Class A common stock	2,604,622	3	(2,604,622)	(3)	—	—	—	—
Stock-based compensation	—	—	—	—	76,696	—	—	76,696
Options exercised	41,500	—	—	—	35	—	—	35
Foreign currency translation adjustment	—	—	—	—	—	—	(774)	(774)
Restricted stock units vesting	96,627	—	—	—	—	—	—	—
Shares repurchased	(569,953)	(1)	—	—	(4,309)	—	—	(4,310)
Net loss	—	—	—	—	—	(69,440)	—	(69,440)
Balance as of September 30, 2022⁴	173,957,931	\$174	32,464,430	\$32	\$831,731	\$(719,303)	\$(3,522)	\$109,112

1. Includes 115,456,543 outstanding Class A common stock, 18,419,260 outstanding Class B common stock, 44,518,304 unvested Class A restricted stock and 19,436,835 unvested Class B restricted stock.

2. Includes 117,498,828 outstanding Class A common stock, 17,419,260 outstanding Class B common stock, 47,962,958 unvested Class A restricted stock and 19,436,835 unvested Class B restricted stock.

3. Includes 122,895,336 outstanding Class A common stock, 15,807,217 outstanding Class B common stock, 47,616,581 unvested Class A restricted stock and 19,261,835 unvested Class B restricted stock.

4. Includes 127,679,117 outstanding Class A common stock, 15,632,217 outstanding Class B common stock, 46,278,814 unvested Class A restricted stock and 16,832,213 unvested Class B restricted stock.

See accompanying notes to condensed unaudited consolidated financial statements.

Condensed Unaudited Consolidated Statements of Cash Flows
(In thousands)

	Nine months ended September 30,	
	2023	2022
Cash flows from operating activities:		
Net loss	\$ (152,200)	\$ (227,486)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	37,654	39,448
Stock-based compensation	179,746	231,289
Deferred income taxes	(96)	(3,114)
Change in fair value of warrant and derivative liabilities	—	410
Change in fair value of acquisition-related liabilities	6,681	12,234
Others, net	1,186	(216)
Change in non-cash working capital (net of acquisitions):		
Accounts receivable	(33,306)	(4,595)
Prepaid expenses	872	(489)
Other current assets	31	(241)
Other non-current assets	(607)	150
Deferred revenue	(311)	(765)
Accounts payable	22,614	7,253
Accrued expenses and other current liabilities	1,225	1,778
Other non-current liabilities	72	(267)
Net cash provided by operating activities	63,561	55,389
Cash flows from investing activities:		
Capital expenditures	(14,886)	(17,165)
Website and software development costs	(12,344)	(12,820)
Acquisitions and other investments, net of cash acquired	(18,246)	(9,209)
Net cash used for investing activities	(45,476)	(39,194)
Cash flows from financing activities:		
Cash paid for acquisition-related liabilities	(8,710)	(2,292)
Proceeds from credit facilities, net of issuance cost	11,250	5,625
Issuance under employee stock purchase plan	1,567	1,320
Exercise of options	224	165
Repurchase of shares	(11,487)	(4,310)
Repayments against the credit facilities	(11,250)	(5,625)
Net cash used for financing activities	(18,406)	(5,117)
Effect of exchange rate changes on cash and cash equivalents	7	(129)
Net (decrease) / increase in cash and cash equivalents	(314)	10,949
Cash and cash equivalents, beginning of period	121,110	103,859
Cash and cash equivalents, end of period	\$ 120,796	\$ 114,808
Supplemental cash flow disclosures including non-cash activities:		
Cash paid for interest, net	\$ 7,685	\$ 4,003
Cash paid for income taxes, net	\$ 1,274	\$ 1,114
Liability established in connection with acquisitions	\$ 7,670	\$ 19,773
Capitalized stock-based compensation as website and software development costs	\$ 2,634	\$ 4,131
Shares issued in connection with acquisitions and other agreements	\$ 1,343	\$ 14,936
Non-cash consideration for website and software development costs	\$ 784	\$ 981

See accompanying notes to condensed unaudited consolidated financial statements.

Notes to Condensed Unaudited Consolidated Financial Statements

(In thousands, except share and per share amounts)

1. Organization and Background

(a) Nature of Business

Zeta Global Holdings Corp., a Delaware Corporation ("Zeta" or "Zeta Global Holdings") and Zeta Global Corp., a Delaware Corporation and the operating company ("Zeta Global" individually, or collectively with Zeta Global Holdings Corp. and its consolidated entities, as context dictates, the "Company"), is a marketing technology company that uses proprietary data, artificial intelligence and software to create a technology platform that enables marketers to acquire, retain and grow customer relationships. The Company's technology platform powers data-driven marketing programs for enterprises across a wide range of industries and utilizes all digital distribution channels including email, search, social, mobile, display and connected TV. Zeta Global was incorporated and began operations in October 2007.

2. Basis of Presentation and Summary of Significant Accounting Policies

(a) Principles of Consolidation

The accompanying condensed unaudited consolidated financial statements have been prepared by the Company in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial reporting and as required by Rule 10-01 of Regulation S-X. Accordingly, the condensed unaudited consolidated financial statements may not include all of the information and notes required by GAAP for audited financial statements. The year-end December 31, 2022 consolidated financial statements data included herein was derived from audited financial statements but does not include all disclosures required by GAAP for complete financial statements. In the opinion of the Company's management, the accompanying condensed unaudited consolidated financial statements contain all adjustments, consisting of items of a normal and recurring nature, necessary to present fairly the Company's financial position as of September 30, 2023, the results of operations, comprehensive loss and stockholders' equity for the three and nine-months ended September 30, 2023 and 2022, respectively, and cash flows for the nine-months ended September 30, 2023, and 2022, respectively. The results of operations for the three and nine-months ended September 30, 2023 and 2022, respectively, are not necessarily indicative of the results to be expected for the full year. The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts of assets and liabilities, and related disclosures, as of the date of the financial statements, and the amounts of revenues and expenses reported during the period. Actual results could differ from estimates. The accompanying condensed unaudited consolidated financial statements should be read in conjunction with the Company's audited financial statements and the accompanying notes for the year ended December 31, 2022, which was included in Form 10-K filed with the SEC on February 24, 2023.

The accompanying condensed unaudited consolidated financial statements include the accounts of Zeta and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

The Company's management considers events or transactions that occur after the balance sheet date but before the financial statements are issued to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. Subsequent events have been evaluated through the date of issuance of these financial statements. Certain reclassifications have been made to amounts presented in our condensed unaudited consolidated statement of cash flows for the nine months ended September 30, 2022 to conform to the presentation for the nine months ended September 30, 2023.

(b) Revenue Recognition

Revenue arises primarily from the Company's technology platform via subscription fees, volume-based utilization fees and fees for professional services designed to maximize the customer usage of technology.

Revenues are recognized when control of these services is transferred to the customers, in an amount that reflects the consideration we expect to be entitled to an exchange for those services. Sales and other taxes collected by the Company concurrent with revenue-producing activities are excluded from revenues.

When the Company enters into contracts with third parties in which the Company is acting as both a vendor and a customer, the Company performs an assessment of the goods or services transferred and presents the revenue and expense based on the fair value of the goods or services provided or received.

Contract assets and liabilities

Contract assets represent revenue recognized for contracts that have not been invoiced to customers. Total contract assets were \$8,019 and \$2,325 as of September 30, 2023 and December 31, 2022, respectively, and are included in the account receivables, net, in the condensed unaudited consolidated balance sheets.

Contract liabilities consists of deferred revenues that represent amounts billed to the customers in excess of the revenue recognized. Deferred revenues are subsequently recorded as revenues when earned in accordance with the Company's revenue recognition policies. During the nine months ended September 30, 2023 and 2022, the Company billed and collected \$4,724 and \$13,926 in advance, respectively, and recognized \$4,620 and \$14,688, respectively, as revenues. As of September 30, 2023 and December 31, 2022, the deferred revenues were \$2,332 and \$2,228, respectively.

Remaining Performance Obligations

Remaining performance obligations represents contractual obligations that are not yet fulfilled. Revenues for such contractual obligations will be recognized in future periods. The remaining performance obligations are influenced by several factors, including seasonality, the timing of renewals, average contract terms and foreign currency exchange rates. The remaining performance obligations are subject to future economic risks including counterparty risks, bankruptcies, regulatory changes and other market factors.

As of September 30, 2023, the Company's remaining performance obligations for the next twelve months and thereafter were approximately \$84,500 and \$127,500, respectively.

Disaggregation of revenues from contract with customers

The Company reports disaggregation of revenues based on primary geographical markets and delivery channels / platforms. Revenues by delivery channels / platforms are based on whether the customer requirements necessitate integration with platforms or delivery channels not owned by the Company. When the Company generates revenues entirely through the Company platform, the Company considers it to be Direct Platform Revenues. When the Company generates revenue by leveraging its platform's integration with third parties, it is considered Integrated Platform Revenues.

The following table summarizes disaggregation for the three and nine months ended September 30, 2023 and 2022, respectively.

	<u>Three months ended September 30,</u>		<u>Nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Direct platform revenues	70%	74%	72%	78%
Integrated platform revenues	30%	26%	28%	22%

Refer to the Company's accounting policy on "Segments" below for more information about disaggregation based on primary geographical markets.

(c) *Stock-based compensation and other stock-based payments:*

The measurement of stock-based compensation for all stock-based payment awards, including restricted stock, performance stock units ("PSUs"), shares purchased under its employee stock purchase plan and stock options granted to the employees, consultants or advisors and non-employee directors, is based on the estimated fair value of the awards on the date of grant or date of modification of such grants. The Company accounts for the modification to already issued awards as per guidance in ASC 718-20-35-3 (Refer to "Note 9. Stock-Based Compensation").

The Company accounts for all stock options and restricted shares granted prior to the IPO using a fair value-based method. The fair value of each stock option granted to employees is estimated on the date of the grant using the Black-Scholes-Merton option pricing model, and the related stock-based compensation is recognized over the expected life of the option. The fair value of the restricted shares granted prior to the IPO was determined using the Monte-Carlo simulation method and for the restricted shares granted post-IPO is based on the Company's closing stock price as of the day prior to the date of the grants. The Company accounts for the forfeitures, as they occur. The Company uses the graded vesting attribution method to recognize the stock-based compensation.

The Company accounts for its PSU awards based on the fair value determined using the Monte Carlo simulation method and for its ESPP using the Black-Scholes-Merton model, by a third-party valuation firm engaged by the Company. The Company

recognizes the stock-based compensation related to these plans on a straight-line basis over the vesting terms associated with these plans.

(d) Segments

The Company operates as one operating segment. Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the Chief Operating Decision Maker (“CODM”) in deciding how to allocate resources and in assessing performance. The Company’s CODM is the Chief Executive Officer. Since it operates as one operating segment, all required financial segment information can be found in the condensed unaudited consolidated financial statements. Revenues and long-lived assets by geographic region are based on the physical location of the customers being served or the assets and are as follows:

Revenues by geographical region consisted of the following:

	Three months ended September 30,		Six months ended September 30,	
	2023	2022	2023	2022
US	\$ 182,231	\$ 146,488	\$ 496,551	\$ 398,418
International	6,753	5,764	21,852	17,403
Total revenues	\$ 188,984	\$ 152,252	\$ 518,403	\$ 415,821

Total long-lived assets (including right-to-use assets) by geographical region consisted of the following:

	As of	
	September 30, 2023	December 31, 2022
US	\$ 44,692	\$ 47,858
International	1,890	2,224
Total long-lived assets	\$ 46,582	\$ 50,082

(e) Concentration of Credit Risk

No customer accounted for more than 10% of the Company’s total revenues during the nine months ended September 30, 2023 and 2022.

Financial instruments that potentially subject the Company to concentration risk consist primarily of accounts receivable from customers. As of September 30, 2023, there was one customer who represented more than 10% of the accounts receivables. As of December 31, 2022 there was no customer that represented more than 10% of accounts receivables balance. The Company continuously monitors whether there is an expected credit loss arising from customers and accordingly makes provisions as warranted.

(f) Operating leases:

On January 1, 2022, the Company adopted ASC 842, Leases, and recognized right to use assets and operating lease liabilities in its consolidated balance sheets. The Company held an emerging growth company status for 2022, therefore it elected the option to present the impact of adoption within the annual financial statements for the year ended December 31, 2022 and interim statements thereafter.

The Company determines if an arrangement is, or contains, a lease at inception, and whether lease and non-lease components are combined or not. A contract is or contains a lease when, (1) the contract contains an identified asset and (2) the customer obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract in exchange for consideration.

Right-to-use assets and lease liabilities are initially recorded based on the present value of lease payments over the lease term, which includes the minimum unconditional term of the lease, and may include options to extend or terminate the lease when it is reasonably certain at the commencement date that such options will be exercised. Operating leases with a duration of one year or less are excluded from right-to-use assets and lease liabilities and related expense is recorded as incurred.

As the rate implicit for each of the Company's leases is not readily determinable, the Company uses its incremental borrowing rate at commencement date in determining the present value of lease payments. Right-to-use assets also include any initial direct costs and any lease payments made prior to the lease commencement date and are reduced by any lease incentives received. Lease expense is recognized on a straight-line basis over the term of the lease. Lease expense is a combination of interest on lease liability and amortization of right-to-use assets. Operating lease expenses are included in general and administrative expenses in the

condensed unaudited consolidated statements of operations and comprehensive loss. Refer to "Note 10 - Leases" for additional information.

New accounting pronouncements

In October 2021, the FASB released ASU No. 2021-08, Business Combinations (Topic 805)- Accounting for Contract Assets and Contract Liabilities from Contracts with Customers. The amendments in this update require that an entity (acquirer) recognize, and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606. At the acquisition date, an acquirer should account for the related revenue contracts in accordance with Topic 606 as if it had originated the contracts. For public business entities, the amendments in this update are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years and require application of the new accounting guidance at the beginning of the earliest comparative period presented in the year of adoption, however early adoption is permitted. The guidance is applicable and as such adopted by the Company beginning from January 1, 2023. However, the adoption of ASU 2021-08 did not have any material impact on the Company's condensed unaudited consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments," which was subsequently amended in November 2018 through ASU No. 2018-19, "Codification Improvements to Topic 326, Financial Instruments—Credit Losses." ASU No. 2016-13 requires entities to estimate lifetime expected credit losses for trade and other receivables, net investments in leases, financing receivables, debt securities and other instruments, which will result in earlier recognition of credit losses. Further, the new credit loss model affects how entities in all industries estimate their allowance for losses for receivables that are current with respect to their payment terms. ASU No. 2018-19 further clarifies that receivables arising from operating leases are not within the scope of Topic 326. Instead, impairment from receivables of operating leases should be accounted for in accordance with Topic 842, Leases. As per the latest ASU 2020-02, FASB deferred the timelines for certain small public and private entities, thus the Company adopted the new guidance for the annual reporting period beginning January 1, 2023 and interim periods within that reporting period. The standard applied as a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is adopted. The adoption of new ASU did not have any material impact on the Company's condensed unaudited consolidated financial statements.

3. Intangible Assets

The details of intangible assets and related accumulated amortization are set forth below:

	As of September 30, 2023			As of December 31, 2022		
	Gross value	Accumulated amortization	Net value	Gross value	Accumulated amortization	Net value
Data supply relationships	\$ 38,252	\$ 16,727	\$ 21,525	\$ 25,314	\$ 8,242	\$ 17,072
Tradenames	2,720	2,692	28	2,720	2,650	70
Completed technologies	34,932	25,117	9,815	28,792	22,320	6,472
Customer relationships	74,453	55,722	18,731	71,099	50,355	20,744
Total intangible assets	\$ 150,357	\$ 100,258	\$ 50,099	\$ 127,925	\$ 83,567	\$ 44,358

Amortization expense of intangibles for the three and nine months ended September 30, 2023 was \$6,243 and \$16,692 respectively and for the three and nine months ended September 30, 2022 was \$6,348 and \$18,585, respectively.

Weighted average useful life of the unamortized intangibles as of September 30, 2023 was 2.90 years. Based on the amount of intangible assets subject to amortization, the Company's estimated future amortization expense over the next five years and beyond are as follows:

	As of September 30, 2023
Year ended December 31,	
Remaining three months of 2023	\$ 6,114
2024	19,995
2025	13,994
2026	5,972
2027	2,542
2028 and thereafter	1,482
Total	\$ 50,099

4. Goodwill

Following is a summary of the carrying value of goodwill:

Balance as of January 1, 2023	\$	133,069
Acquisition of WhatCounts		7,824
Foreign currency translation		1
Balance as of September 30, 2023	\$	140,894

There were no events during the nine months ended September 30, 2023 to which an impairment analysis would be warranted.

5. Acquisitions

The Company uses the purchase method of accounting in accordance with ASC 805, Business Combinations. This standard requires that the total cost of an acquisition be allocated to the tangible and intangible assets acquired and liabilities assumed based on the fair value of the tangible and intangible assets acquired and liabilities assumed at the acquisition date. The Company's estimates and assumptions used in assessing fair value are inherently uncertain and subject to refinement. During the measurement period, which may be up to one year from the acquisition date, the Company may record adjustments to the fair value of these tangible and intangible assets acquired and liabilities assumed, with the corresponding offset to goodwill. In addition, uncertain tax positions and tax-related valuation allowances are initially recorded in connection with a business combination as of the acquisition date. Acquisition-related expenses are expensed when incurred.

The Company may also agree to pay a portion of the purchase price for certain acquisitions in the form of contingent consideration. The unpaid amounts of these liabilities are included in the acquisition-related liabilities on the condensed unaudited consolidated balance sheets as of September 30, 2023 and December 31, 2022.

(a) *WhatCounts, Inc.*

On March 1, 2023, the Company entered into an asset purchase agreement with the Output Services Group, Inc. to purchase certain assets of WhatCounts, Inc. ("WhatCounts"), including customer contracts, technology assets and certain employees who were engaged in these businesses.

The Company concluded the transaction represents an acquisition of a business under ASC 805, Business Combinations. The total consideration of WhatCounts acquisition is \$15,990, including \$1,011 as estimated earn-outs based on the achievement of certain operating targets of the acquired businesses, and \$128 as working capital adjustment. During the three months ended September 30, 2023 the Company finalized the purchase price allocations for its WhatCounts acquisition. Accordingly, the Company has recognized \$960 as customer relationships intangibles, \$6,140 as completed technologies, \$7,824 as goodwill and \$1,066 as other net assets associated with this acquisition. The Company amortizes the intangible assets over the weighted average life of 3.0 years.

Prior to the acquisition, WhatCounts' technology asset was being used as an Email Service Provider ("ESP"). Therefore, the Company paid a premium to acquire these assets, which is represented as Goodwill in the above purchase price allocation. The Company incurred \$203 as acquisition-related expenses related to this acquisition.

Goodwill acquired by the Company in its WhatCounts acquisition is deductible for tax purposes.

(b) *ArcaMax Publishing, Inc.*

On March 11, 2022, the Company entered into a stock purchase agreement with the seller of ArcaMax Publishing, Inc., ("ArcaMax") to purchase all of its issued and outstanding shares of common stock. The stock purchase agreement was effective March 1, 2022. The fair value of the aggregate purchase consideration for the ArcaMax acquisition was \$26,925. The Company paid cash consideration of \$9,386 (including a working capital adjustment of \$386), issued 926,785 shares of Class A common stock with a fair value of \$10,000, and agreed to pay certain earn-outs valued at \$6,577 based on the operating performance of the acquired business after the closing date in cash and in shares of the Company, \$962 in cash holdback. During the year ended December 31, 2022, the Company finalized the purchase price allocation for its ArcaMax acquisition. Accordingly, the Company has recognized \$5,100 as customer relationships intangibles, \$5,700 as completed technologies, \$18,588 as goodwill, \$2,850 as deferred tax liability

and \$387 as other net assets associated with this acquisition. The Company amortizes the intangible assets over the weighted average life of 5 years.

Prior to the acquisition, ArcaMax was a leader in the development and distribution of more than 400 interest-based newsletters to consumers in the United States, distributing news and syndicating features to a growing opted-in subscriber audience of four million readers. Therefore, the Company paid a premium to acquire ArcaMax assets, which is represented as Goodwill in the above purchase price allocation. The Company incurred \$344 as acquisition-related expenses related to this acquisition.

Goodwill acquired by the Company in its ArcaMax acquisition is not deductible for tax purposes.

6. Acquisition-Related Liabilities

The following is a summary of acquisition-related liabilities:

	eBay CRM	IgnitionOne	Kinetic	Vital	Apptness	ArcaMax	What Counts	Total
Balance as of January 1, 2023	\$ 8,000	\$ 1,360	\$ 892	\$ 2,300	\$ 10,301	\$ 9,822	\$ -	\$ 32,675
Additions	-	-	-	-	-	-	1,139	1,139
Payments made during the period	(2,112)	(210)	(473)	(1,495)	(1,449)	(4,313)	-	(10,052)
Change in fair value of earn-out	450	(244)	(32)	195	3,963	709	1,490	6,531
Balance as of September 30, 2023	\$ 6,338	\$ 906	\$ 387	\$ 1,000	\$ 12,815	\$ 6,218	\$ 2,629	\$ 30,293

During the nine months ended September 30, 2023, the businesses acquired by the Company in its Apptness, ArcaMax and WhatCounts acquisitions have performed better than the estimates used for the initial purchase price allocation, as such the Company recorded the changes in the fair value of the earn-outs, which are included in "other expenses" on the condensed unaudited consolidated statements of operations and comprehensive loss.

The Company has been a party to a litigation matter in relation to certain acquisition-related liabilities for its eBay CRM acquisition dated November 2, 2015. During the three months ended September 30, 2023, the Company settled the litigation and recorded an additional liability of \$450 and paid \$2,113. The Company expects to pay the remaining amount of \$6,338 within the next 12 months and included this amount in acquisition-related liabilities (current) in the condensed unaudited consolidated balance sheets.

7. Credit Facilities

The Company's long-term borrowings are as follows:

	As of September 30, 2023	As of December 31, 2022
Credit facility	\$ 185,000	\$ 185,000
Less: unamortized deferred financing cost	(956)	(1,047)
Long-term borrowings	\$ 184,044	\$ 183,953

On February 3, 2021, the Company entered into a \$222,500 Senior Secured Credit Facility ("Senior Secured Credit Facility") with a syndicate of financial institutions and institutional lenders, which consists of (i) a \$73,750 initial revolving facility, (ii) a \$111,250 term loan facility, and (iii) a \$37,500 in incremental revolving facility commitment. On March 23, 2023, the Company entered into a \$25,000 incremental revolving facility commitment (the "2023 Incremental Revolving Commitment"), thereby increasing the total credit facility of the Company to \$247,500. Out of the total credit facility, \$45,625 remains undrawn as of September 30, 2023. The Company has an outstanding letter of credit amounting to \$1,244 against the available revolving credit facility. The credit facility was fully secured by the financial institution with a first lien on the Company's assets.

Interest on the current outstanding balances is payable quarterly and calculated using a SOFR rate of no lower than SOFR+2.125% and no higher than SOFR+2.625% based on the Company's consolidated net leverage ratio stated in the credit agreement. The effective interest rate on this debt for the nine months ended September 30, 2023 was 7.2%. The extensions of credit may be used solely (a) to refinance existing indebtedness, (b) to pay any expenses associated with this line of credit agreement, (c) for acquisitions, and (d) for other general corporate purposes. The Company is required to repay the principal balance and any unpaid accrued interest on the Senior Secured Credit Facility on February 3, 2026. During the nine months ended September 30, 2023, the Company borrowed \$11,250 against the revolver facility and repaid the same amount against the term loan under the credit facility.

The Senior Secured Credit Facility contains certain financial maintenance covenants including consolidated net leverage ratio and consolidated fixed charge coverage ratio. In addition, this agreement contains restrictive covenants that may limit the

Company's ability to, among other things, acquire equity interests of the Company from its stockholders, repurchase / retire any of the Company's securities, and pay dividends or distribute excess cash flow. Additionally, the Company is required to submit periodic financial covenant letters that would include current net leverage ratio and fixed charge coverage ratio, among others. As of September 30, 2023, the applicable total leverage ratio and fixed charge coverage ratio were 2.75 and 1.25, respectively, and the Company was in compliance with these covenants.

As of September 30, 2023, the repayment schedule for the long-term borrowings was as follows:

Year ended December 31,	As of September 30, 2023
Remaining three months of 2023	\$ —
2024	11,250
2025	16,875
2026	156,875
Total*	\$ 185,000

*Includes \$8,438 repayable against the term loan facility within the twelve-month period ending September 30, 2024. The Company intends to draw against the available revolving facility to pay off term loan installments and therefore the total borrowings are included in "Long-term borrowings" on the condensed unaudited consolidated balance sheet as of September 30, 2023.

8. Commitments and Contingencies

(a) Purchase obligations

The Company entered into non-cancellable vendor agreements to purchase services. As of September 30, 2023, the Company was party to outstanding purchase contracts as follows:

Year Ended December 31,	As of September 30, 2023
Remaining three months of 2023	\$ 7,127
2024	31,427
2025	13,066
2026	4,157
2027	620
Total	\$ 56,397

(b) Lease commitments

Refer to "Note 10. Leases" for Company's future lease commitments.

(c) Other contingencies

The Company is a party to various litigations and administrative proceedings related to claims arising from its operations in the ordinary course of business including in relation to certain contingent purchase price obligations noted above. The Company records provisions for losses when claims become probable, and the amounts are estimable. Although the outcome of these matters cannot be predicted with certainty, the Company's management believes that the resolution of the matters will not have a material effect on the Company's business, results of operations, financial condition, or cash flows. See "Note 6. Acquisition-Related Liabilities" for additional information.

9. Stock-Based Compensation

Stock-based compensation plan

In 2008, the Company adopted its 2008 Stock Option/Stock Issuance Plan and, in 2017, the Company adopted the Zeta Global Holdings Corp. 2017 Incentive Plan (collectively, the "Plans").

The Plans permitted the issuance of stock options, restricted stock and restricted stock units to employees, directors and officers, consultants or advisors and non-employee directors of the Company. Options granted under the Plans expire no later than ten years from the grant date. Prior to the IPO, the restricted stock and restricted stock units granted under the Plans generally did not vest

until a change in control. Upon a change in control, restricted stock and restricted stock units vest as to 25% of the shares with the balance of the shares vesting in equal quarterly installments following the change in control over the remainder of a five-year term from the original date of grant. The restricted stock and restricted stock units fully vest upon a change in control to the extent five years has passed from the original date of grant of the restricted stock or restricted stock units. Since the vesting of these awards was contingent upon the change of control event, which was not considered probable until it occurred, the Company did not record any stock-based compensation for such awards prior to the IPO, a change in control event. The stock-based compensation has been recognized following the vesting of restricted stock, restricted stock units and options as described below.

In connection with the IPO, the Company adopted the Zeta Global Holdings Corp. 2021 Incentive Award Plan (the “2021 Plan”), which was effective as of the day prior to the first public trading date of our Class A common stock, and under which restricted stock, restricted stock units and options have been granted to service providers. With certain exceptions, the equity awards granted under the 2021 Plan generally vest over four years, with 25% of the shares vesting upon the first anniversary of the grant date and the remainder of the shares vesting in equal quarterly installments thereafter.

During the three months ended September 30, 2023 and 2022, the Company recognized stock-based compensation expense of \$57,672 and \$75,218, respectively. During the nine months ended September 30, 2023 and 2022, the Company recognized stock-based compensation expense of \$179,746 and \$231,289, respectively.

Restricted Stock and Restricted Stock Units

As noted above, the Company’s restricted stock and restricted stock units granted prior to the IPO did not vest until a change of control. On March 24, 2021, the Company’s board of directors approved a modification in the vesting terms of its restricted stock and restricted stock unit awards. This modification was accounted for under the guidance in ASC 718-20-35-3. Given the vesting of the modified awards contained a performance condition associated with the IPO, the Company had determined that the modification was considered improbable-to-improbable under ASC 718-20-55-118 through 119. The Company recognized compensation expense over the modified vesting terms, based on the fair value as of the date of modification.

During the nine months ended September 30, 2023, the Company's board of directors approved the modification of the vesting schedule of certain awards, such that the modification accelerated the vesting of those grants. These modifications were accounted for in accordance with ASC 718-20-35-3 and did not have any material impact on the stock-based compensation during the nine months ended September 30, 2023.

Following is the activity of restricted stock and restricted stock units granted by the Company:

	Shares	Weighted Average Grant Date Fair Value
Non-vested as of January 1, 2023	60,107,275	\$ 10.72
Granted ⁽¹⁾	8,310,561	9.63
Vested	(12,115,212)	10.12
Forfeited ⁽²⁾	(1,151,286)	9.01
Non-vested as of September 30, 2023 ⁽³⁾	55,151,338	\$ 10.72

(1) During the nine months ended September 30, 2023, the Company granted 8,104,386 restricted stock and 206,175 restricted stock units to its employees, advisors and non-employee directors.

(2) During the nine months ended September 30, 2023, 1,126,475 restricted stock and 24,811 restricted stock units were forfeited.

(3) Includes 40,284,059 unvested Class A restricted stock, 13,900,874 unvested Class B restricted stock and 966,405 unvested restricted stock units as of September 30, 2023.

Stock options

Following is the summary of transactions under the Company's stock option plan:

	Number of options	Weighted average exercise price	Weighted average remaining contractual life (years)	Aggregate intrinsic value
Outstanding options as of January 1, 2022	887,662	\$ 3.53	4.19	\$ 5.28
Granted	575,250	10.82	—	—
Exercised	(315,430)	0.63	—	—
Forfeited	(30,990)	10.83	—	—
Outstanding options as of December 31, 2022	1,116,492	\$ 7.90	6.67	\$ 0.59
Granted	1,714,555	8.63	—	—
Exercised	(57,000)	3.92	—	—
Forfeited	(90,562)	7.08	—	—
Outstanding options as of September 30, 2023	2,683,485	\$ 8.48	5.06	\$ 0.10

As of September 30, 2023, the Company had 669,211 outstanding exercisable options with a weighted-average exercise price of \$2.30. Options granted by the Company expire no later than ten years from the grant date.

The company granted 1,714,555 options during the nine months ended September 30, 2023. The Company engaged a third-party valuation firm to determine the estimated fair value of the options using the Black-Scholes-Merton method, which was determined as \$4.57 for the options issued during the nine months ended September 30, 2023 using the following assumptions:

	As of September 30, 2023
Dividend yield	0.0%
Volatility	51.0%
Risk-free rate of interest	3.6%

Performance Stock Unit ("PSU") Award

On April 19, 2023, the Compensation Committee of the Board of Directors approved the grant of 1,538,925 PSUs under the Company's 2021 Plan. Upon achievement of the conditions described below, the PSUs could result in the issuance of up to 4,616,775 shares of Class A common stock. Each PSU represents the right to receive shares of Class A common stock as set forth in the PSU grant agreement or, at the option of the Company, an equivalent amount of cash. Participants have no right to the distribution of any shares or payment of any cash until the time (if ever) the PSUs are earned and have vested. Each PSU provides for the right to receive a dividend equivalent to the value of any ordinary cash dividends paid on substantially all the outstanding shares of Class A common stock if the PSUs are earned and vested. The PSUs may be earned at the end of each fiscal quarter beginning with the three-month period ending on December 31, 2023 and ending with, and including, the three month period ending on December 31, 2027. The PSUs shall be earned as a percentage of the PSUs granted, as set forth in the table below, based on the 20-day volume-weighted average closing price per share ("VWAP") for such quarter. The number of PSUs earned for such quarter shall be reduced by the number of PSUs, if any, earned in any prior quarter.

20 Day VWAP of Class A common stock	Below \$13.66	\$ 13.66	\$ 16.13	\$ 18.60	\$ 22.05	\$ 25.01	\$ 37.60
Percentage of target PSUs	0%	25%	50%	100%	150%	200%	300%

Earned PSUs vest in three equal annual installments, with the first installment vesting on the date the Company determines the number of PSUs that are eligible to vest for such quarter, and the second and third installments vesting on the first and second anniversaries of such determination date, subject to accelerated vesting in connection with certain qualifying terminations of employment or a change in control.

Following is the summary of PSUs under the Company's 2021 Plan:

	Number of PSUs	Weighted Average Grant Date Fair Value
Outstanding as of January 1, 2023	3,479,500	\$ 12.38
Granted	1,538,925	21.04
Vested	(142,500)	5.17
Forfeited	(120,250)	14.76
Outstanding as of September 30, 2023	4,755,675	\$ 15.34

As of September 30, 2023, the Company had 275,500 performance stock units with a fair value of \$5.17, that are expected to vest over term.

The Company engaged a third-party valuation firm to determine the estimated fair value of the PSUs using the Monte Carlo simulation method, which was determined as \$21.04 per PSU issued during the nine months ended September 30, 2023 using the following assumptions:

	As of September 30, 2023
Dividend yield	0.0%
Volatility	55.0%
Risk-free rate of interest	3.6%

2021 Employee Stock Purchase Plan (“ESPP”)

On July 28, 2021, the Compensation Committee of the Board of Directors approved the Company’s first offering period under the ESPP, which commenced on August 1, 2021 and ended November 30, 2021. Following the end of the first offering period, the ESPP shall have consecutive offering periods of approximately six months in length commencing each year on December 1 and June 1 and ending on each May 31 and November 30, as applicable.

During the nine months ended September 30, 2023, the Company issued 210,096 shares of Class A common stock related to the ESPP offering that ended on May 31, 2023.

The fair value of the offering that commenced on June 1, 2023 was estimated at \$2.54 per share, and expected to result in an issuance of approximately 216,847 shares of Class A common stock under this offering that will end on November 30, 2023.

Unrecognized compensation expense

The Company has \$288,196 of unrecognized compensation expense related to its 55,151,338 unvested restricted stock and restricted stock units, 4,898,175 performance stock units, 2,014,274 unvested options and approximately 216,847 shares of Class A common stock to be issued under the ESPP. This unrecognized stock-based compensation will be recognized over a weighted average period of 1.12 years.

10. Leases

The Company maintains leased offices in the United States of America, United Kingdom, India, Belgium and France.

The balances for right-to-use asset and lease liabilities are as follows:

	As of September 30, 2023	As of December 31, 2022
Operating Leases		
Right-to-use assets, net	\$ 5,943	\$ 7,388
Current liabilities	\$ 1,873	\$ 2,137
Non-Current liabilities	\$ 6,504	\$ 7,877

Minimum lease obligations - Future minimum payments under all operating leases (including leases with a duration of one year or less) as of September 30, 2023 are as follows:

Year Ended December 31,	As of September 30, 2023	
Remaining three months of 2023	\$	663
2024		2,297
2025		2,028
2026		1,843
2027 and thereafter		3,525
Total undiscounted lease commitments	\$	10,356
Less: Short term leases and interest component		(1,979)
Total discounted operating lease liabilities	\$	8,377

11. Stockholders' Equity

Share repurchase plan

On August 3, 2022, the Company's Board of Directors authorized a stock repurchase and withholding program of up to \$50,000 in the aggregate for (i) repurchases of the Company's outstanding Class A common stock through December 31, 2024 (the "2022 SRP") and (ii) the withholding of shares as an alternative to market sales by certain executives to satisfy tax withholding requirements upon vesting of restricted stock awards (the "RSA Withholding Program").

During the three and nine months ended September 30, 2023, the Company repurchased 446,185 and 1,237,043 shares for a value of \$3,517 and \$11,487, respectively, including shares repurchased in conjunction with tax withholdings for the executives. As of September 30, 2023, \$28,915 worth of shares remained available for purchase under this discretionary plan.

Conversion of Common Class B to Class A

During the nine months ended September 30, 2023, 1,914,058 shares of Class B common stock were converted into shares of Class A common stock upon transfer pursuant to the terms of our amended and restated certificate of incorporation.

Issuance of Class A common stock

During the nine months ended September 30, 2023, the Company issued 76,627 shares of Class A common stock valued at \$667, 19,983 shares of Class A common stock valued at \$176, and 57,515 shares of Class A common stock valued at \$500 for the earnout payments related to its ArcaMax, Kinetic and Vital acquisitions, respectively.

12. Fair Value Disclosures

Fair value is the price that would be received from the sale of an asset or paid to transfer a liability assuming an orderly transaction in the most advantageous market at the measurement date. U.S. GAAP establishes a hierarchical disclosure framework which prioritizes and ranks the level of observability of inputs used in measuring fair value. These tiers include Level 1, Level 2 and Level 3.

Level 1 is defined as observable inputs such as quoted prices in active markets for identical assets;

Level 2 is defined as observable inputs other than Level 1 prices such as quoted prices for similar assets; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and

Level 3 is defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

The following table represents the fair value of the financial instruments measured at fair value on a recurring basis:

	As of September 30, 2023			
	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents*	\$ 106,506	\$ —	\$ —	\$ 106,506
Total assets measured at fair value	\$ 106,506	\$ —	\$ —	\$ 106,506
Liabilities				
Acquisition-related liabilities	\$ —	\$ —	\$ 30,293	\$ 30,293
Total liabilities measured at fair value	\$ —	\$ —	\$ 30,293	\$ 30,293

	As of December 31, 2022			
	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents*	\$ 107,354	\$ —	\$ —	\$ 107,354
Total assets measured at fair value	\$ 107,354	\$ —	\$ —	\$ 107,354
Liabilities				
Acquisition-related liabilities	\$ —	\$ —	\$ 32,675	\$ 32,675
Total liabilities measured at fair value	\$ —	\$ —	\$ 32,675	\$ 32,675

* Includes cash invested by the Company in certain money market accounts with a financial institution.

The following table reconciles the changes in the fair value of the liabilities categorized within Level 3 of the fair value hierarchy for the nine months ended September 30, 2023:

	Acquisition related liabilities
Balance as of January 1, 2023	\$ 32,675
Additions, net of payments	(8,913)
Change in fair value	6,531
Balance as of September 30, 2023	\$ 30,293

In connection with certain business combinations, the Company may owe additional purchase consideration (contingent consideration included in the acquisition-related liabilities) based on the financial performance of the acquired entities after their acquisition. The fair value of the contingent consideration was determined using an unobservable input such as projected revenues, collections of accounts receivables, etc. Changes in any of the assumptions related to the unobservable inputs identified above may change the fair value of the contingent consideration.

13. Related Party Transactions

Casting Made Simple Corp. (“CMS”) is an entity owned by the Caivis Group (the Company's Chief Executive Officer owns a controlling interest in the Caivis Group) and the Chief Executive Officer's spouse. On December 28, 2018, the Company entered into an agreement with CMS to monetize traffic generated through websites owned by CMS and give a profit share to CMS. The profit shared by the Company with CMS, amounted to \$45 and \$175 for the three and nine months ended September 30, 2023, respectively, and \$55 and \$166 for the three and nine months ended September 30, 2022, respectively, was recognized as direct cost of revenues in the condensed unaudited consolidated statements of operations and comprehensive loss. As of September 30, 2023 and December 31, 2022, the Company had outstanding payables of \$60 and \$25, respectively, to CMS and included in the “accounts payable and accrued expenses” in the condensed unaudited consolidated balance sheets.

14. Income Taxes

The Company's income tax provision consists of federal, foreign, and state taxes necessary to align the Company's year-to-date tax provision with the annual effective rate that it expects to achieve for the full year. At each interim period, the Company updates its estimate of the annual effective tax rate and records cumulative adjustments as necessary.

For the three and nine months ended September 30, 2023, the Company recorded an income tax provision of \$590 and \$1,097, respectively. The effective tax rate for the three months ended September 30, 2023 was negative 1.4% on a pre-tax loss of \$42,496 and negative 0.7% on a pre-tax loss of \$151,103 for the nine months ended September 30, 2023.

For the three and nine months ended September 30, 2022, the Company recorded an income tax provision of \$896 and income tax benefit of \$1,360, respectively. The effective tax rate for the three months ended September 30, 2022 was negative 1.3% on a pre-tax loss of \$68,544 and 0.6% on a pre-tax loss of \$228,846 for the nine months ended September 30, 2022.

The effective tax rate differs from the U.S. statutory rate primarily related to limited tax benefit recorded for U.S. operating losses as the Company maintains a full valuation allowance against its U.S. deferred tax assets.

15. Net Loss Per Share Attributable to Common Stockholders

Basic net loss per share is computed using the two-class method, by dividing the net loss by the weighted-average number of shares of common stock of the Company outstanding during the period. Diluted net loss per share is computed by giving

effect to all potential shares of common stock of the Company, outstanding stock options, warrants, to the extent dilutive. However, the unvested restricted stock, restricted stock units and performance stock units as of September 30, 2023 and 2022 of 59,907,013 and 67,857,929 respectively, are not considered as participating securities and are anti-dilutive and as such are excluded from the weighted average number of shares used for calculating basic and diluted net loss per share. Basic and diluted net loss per share was the same for each period presented as the inclusion of all potential shares of common stock of the Company outstanding would have been anti-dilutive.

The following table sets forth the calculation of basic and diluted net loss per share attributable to common stockholders during the periods presented:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Numerator:				
Net loss	\$(43,086)	\$(69,440)	\$(152,200)	\$(227,486)
Denominator:				
Class A common stock	141,996,316	124,920,063	138,330,485	119,953,034
Class B common stock	16,059,473	15,674,065	15,931,901	16,840,238
Denominator for Basic and Dilutive loss per share – weighted-average common stock	158,055,789	140,594,128	154,262,386	136,793,272
Basic loss per share	\$(0.27)	\$(0.49)	\$(0.99)	\$(1.66)
Dilutive loss per share	\$(0.27)	\$(0.49)	\$(0.99)	\$(1.66)

Since the Company was in a net loss position for all periods presented, the inclusion of all potential common equivalent shares outstanding would have been anti-dilutive. Therefore, net loss per share attributable to common stockholders was the same on a basic and diluted basis.

Anti-dilutive weighted-average common equivalent shares were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Options	2,729,037	1,201,964	1,861,620	1,081,654
Restricted stock and restricted stock units	57,220,265	67,303,354	58,079,321	67,329,282
Performance stock units	4,755,675	3,479,500	4,240,755	3,087,951

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our condensed unaudited consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q. In addition to historical financial information, the following discussion contains forward-looking statements that are based upon current plans, expectations and beliefs that involve risks and uncertainties. Our actual results and the timing of events may differ materially from those anticipated and discussed in the forward-looking statements as a result of various factors, including those set forth in Part I, Item 1A “Risk Factors” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2022 (“2022 Annual Report”), and in Part II, Item 1A “Risk Factors” included in this Quarterly Report on Form 10-Q.

Overview

Zeta is a leading omnichannel data-driven cloud platform that provides enterprises with consumer intelligence and marketing automation software. We empower our customers to target, connect and engage consumers through software that delivers personalized marketing across all addressable channels, including email, social media, web, chat, Connected TV (“CTV”) and video, among others. We believe our actionable insights derived from consumer intent enable our customers to acquire, grow and retain consumer relationships more efficiently and effectively than the alternative solutions available in the market.

Our Zeta Marketing Platform, or ZMP, is the largest omnichannel marketing platform with identity data at its core. The ZMP can analyze billions of structured and unstructured data points to predict consumer intent by leveraging sophisticated machine learning algorithms and the industry’s largest opted-in data set for omnichannel marketing. The ZMP acts on these insights by connecting with consumers through native integration of marketing channels and application programming interface (“API”) integration with third parties. The ZMP’s data-driven algorithms and processes learn and optimize each customer’s marketing program in real time, producing a ‘flywheel effect’ that enables our customers to test, learn and improve their marketing programs in real time.

The ZMP empowers our customers to personalize consumer experiences at scale across multiple touchpoints. Marketing programs are created and orchestrated by our customers through automated workflows and sophisticated dashboards. Our Consumer Data Platform, or CDP+, ingests, analyzes and distills disparate data points to generate a single view of a consumer, encompassing identity, profile characteristics, behaviors and purchase intent, which is then made accessible through a single console. Our Opportunity Explorer synthesizes Zeta’s proprietary data and data generated by our customers to uncover consumer insights that are translated into marketing programs designed for highly targeted audiences across digital channels, including email, SMS, websites, applications, social media, CTV and chat.

Factors Affecting Results of Operations

For a discussion of the factors affecting our results of operations, please see “Factors Affecting Results of Operations” in Part II, Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and Part I, Item 1A “Risk Factors” of our 2022 Annual Report as well as in Part II, Item 1A “Risk Factors” included in this Quarterly Report on Form 10-Q.

Key Business Metrics

We review several key performance metrics, discussed below, to evaluate our business, track performance, identify trends, formulate plans and make strategic decisions. We believe that the presentation of such metrics provides investors with effective ways to measure and model the performance of companies such as ours, with recurring revenue streams.

Scaled customers increased 13%, to 440 as of September 30, 2023 compared to 389 as of September 30, 2022. Of our scaled customers, 124 and 106 were super-scaled customers as of September 30, 2023 and September 30, 2022, respectively.

Scaled customer ARPU increased 10%, to \$418,373 for the three months ended September 30, 2023 compared to \$381,734 for the three months ended September 30, 2022, primarily due to higher usage of our platform among scaled customers.

ARPU for our super-scaled customers increased 8%, to \$1.2 million (across 124 customers) for the three months ended September 30, 2023 compared to \$1.1 million (across 106 customers) for the three months ended September 30, 2022.

Description of Certain Components of Financial Data

Revenues

Our revenue primarily arises from use of our technology platform via subscription fees, volume-based utilization fees and fees for professional services. Our platform revenue is comprised of a mix of direct platform revenue and integrated platform revenue, which leverages API integrations with third parties. For the nine months ended September 30, 2023 and 2022, we derived 72% and 78% of our revenues from direct platforms, respectively, and 28% and 22% of our revenues from integrated platforms, respectively. Revenues are recognized when control of these services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those services. Sales and other taxes collected by us are excluded from revenue. Our revenue recognition policies are discussed in more detail under "Critical Accounting Policies and Estimates" in our "Management's Discussion and Analysis of Financial Condition and Results of Operations" set forth in our 2022 Annual Report and which is also incorporated by reference further below.

Cost of revenues (excluding depreciation and amortization)

Cost of revenue excludes depreciation and amortization and consists primarily of media and marketing costs and certain employee-related costs. Media and marketing costs consist primarily of fees paid to third-party publishers, media owners or managers, and strategic partners that are directly related to revenue-generating events. We pay these third-party publishers, media owners or managers and strategic partners on a revenue-share, a cost-per-lead, cost-per-click, or cost-per-thousand-impressions basis. Expenses related to "internet traffic" associated with the viewing of available impressions or queries per second and costs of providing support to our customers are also included in the cost of revenues. Employee-related costs included in cost of revenues include salaries, bonuses, commissions, stock-based compensation and employee benefit costs primarily related to individuals directly associated with providing services to our customers. Our cost of revenues are dependent on the revenue mix and therefore can slightly increase or decrease in the future as a percentage of revenue over the long term.

General and administrative expenses

General and administrative expenses primarily consist of computer and telecom expenses, employee-related costs, including salaries, bonuses, stock-based compensation and employee benefits costs associated with our executives, finance, legal, human resources and other administrative personnel, as well as accounting and legal professional services fees and platform and related infrastructure costs. We expect general and administrative expenses to increase in absolute dollars in future periods. We expect that general and administrative expenses to decrease as a percentage of revenue over the long term.

Selling and marketing expenses

Selling and marketing expenses primarily consist of employee-related costs, including salaries, bonuses, employee benefits costs, stock-based compensation and commission costs for our sales and marketing personnel. Selling and marketing expenses also include costs for market development programs, advertising, promotional and other marketing activities. We intend to continue to invest in marketing initiatives and as a result we expect selling and marketing expenses to increase in absolute dollars in future periods. Selling and marketing expenses as a percentage of revenue may fluctuate from period to period based on revenue levels and the timing of our investments in these functions over the long term.

Research and development expenses

Research and development expenses primarily consist of employee-related costs, including salaries, bonuses and employee benefit costs, stock-based compensation associated with engineering and IT services associated with the ongoing research and maintenance of internal use software. We expect to continue to invest in research and development in order to develop our technology platform to drive incremental value and growth and as a result we expect that research and development expenses may fluctuate from period to period as a percentage of revenue over the long term.

Depreciation and amortization

Depreciation and amortization relate to property and equipment, website and software development costs as well as acquisition-related and other acquired intangible assets. We record depreciation and amortization using straight-line method over the estimated useful life of the assets.

Acquisition-related expenses

Acquisition-related expenses primarily consist of legal fees associated with certain business combinations and address disputes related to those transactions. It also includes retention bonuses agreed to be paid to employees related to one-time events such as an acquisition or a significant transaction. We expect that acquisition-related expenses will be correlated with future acquisitions (if any), which could be greater than or less than our historic levels.

Restructuring expenses

Restructuring expenses consists primarily of employee termination costs due to internal restructuring. We expect that restructuring expenses will be correlated with future restructuring activities (if any), which could be greater than or less than our historic levels. During the nine months ended September 30, 2023, we recognized \$2.8 million of restructuring expenses.

Interest expense

Interest expense primarily consists of interest payable on our long-term borrowings, net of interest earned on our short term investments in money market accounts and other short term deposits. We anticipate interest expense to be impacted by changes in variable interest rates.

Other expenses

Other expense primarily consists of changes in fair value of acquisition-related liabilities, gains and losses on sale of assets and foreign exchange gains and losses. We expect that the magnitude of other income and expenses will depend on external factors such as foreign exchange rate and the remeasurement of acquisition-related liabilities, which depends on the performance of our acquisitions and could be greater than or less than our historic levels.

Change in fair value of warrants and derivative liabilities

Change in fair value of warrants and derivative liabilities primarily relates to warrants to purchase shares of our common stock that we issued in connection with previous financing rounds. The change in fair value of warrants and derivative liabilities depends on external valuation-related factors. As of September 30, 2023 and 2022, the Company did not have any warrants and derivative liabilities on its condensed unaudited consolidated balance sheets.

Income tax provision / (benefit)

The Company's income tax provision / (benefit) consists of federal, foreign, and state taxes necessary to align the Company's year-to-date tax provision with the annual effective rate that it expects to achieve for the full year. At each interim period, the Company updates its estimate of the annual effective tax rate and records cumulative adjustments as necessary.

Stock-based compensation

The measurement of stock-based compensation for all stock-based payment awards, including restricted stock, shares purchased under the ESPP, PSUs and stock options granted to employees, consultants or advisors and non-employee directors, is based on the estimated fair value of the awards on the date of grant or date of modification of such grants. See "Note 9. Stock-Based Compensation" of our condensed unaudited consolidated financial statements for further details.

We estimate the recognition of unrecognized stock-based compensation as follows, subject to future forfeitures:

Remaining period of 2023	Year ended December 31,					Total
	2024	2025	2026	2027		
\$ 52,789	\$ 137,880	\$ 65,222	\$ 24,870	\$ 7,435	\$ 288,196	

Results of Operations

We operate as a single reportable segment to reflect the way our Chief Operating Decision Officer (“CODM”) reviews and assesses the performance of the business. The Company’s CODM is the Chief Executive Officer.

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Revenues	\$ 188,984	\$ 152,252	\$ 518,403	\$ 415,821
Operating expenses:				
Cost of revenues (excluding depreciation and amortization)	73,480	57,529	189,867	149,487
General and administrative expenses	50,706	53,584	154,022	162,598
Selling and marketing expenses	70,669	76,987	215,714	223,044
Research and development expenses	18,062	16,954	53,924	52,223
Depreciation and amortization	13,233	13,367	37,654	39,448
Acquisition - related expenses	—	—	203	344
Restructuring expenses	—	—	2,845	—
Total operating expenses	\$ 226,150	\$ 218,421	\$ 654,229	\$ 627,144
Loss from operations	(37,166)	(66,169)	(135,826)	(211,323)
Interest expense	2,894	2,038	8,139	5,002
Other expenses	2,436	1,142	7,138	12,111
Change in fair value of warrants and derivative liabilities	—	(805)	—	410
Total other expenses	\$ 5,330	\$ 2,375	\$ 15,277	\$ 17,523
Loss before income taxes	(42,496)	(68,544)	(151,103)	(228,846)
Income tax provision/(benefit)	590	896	1,097	(1,360)
Net loss	\$ (43,086)	\$ (69,440)	\$ (152,200)	\$ (227,486)

Comparison of the Three Months Ended September 30, 2023 and 2022

Revenues

	Three months ended September 30,		Change	
	2023	2022	Amount	%
Revenues	\$ 188,984	\$ 152,252	\$ 36,732	24.1%

Revenues increased by \$36.7 million, or 24.1%, for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022. The increase in revenues is attributable to incremental revenues of \$1.6 million from existing customers and \$35.1 million from new customers.

Cost of revenues (excluding depreciation and amortization)

	Three months ended September 30,		Change	
	2023	2022	Amount	%
Cost of revenues (excluding depreciation and amortization)	\$ 73,480	\$ 57,529	\$ 15,951	27.7%

Cost of revenues (excluding depreciation and amortization) increased by \$16.0 million, or 27.7%, for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022. This increase was primarily driven by \$16.4 million in incremental media costs and other employee related costs of \$0.6 million. This increase was partially offset by lower stock-based compensation of \$1.0 million.

General and administrative expenses

	Three months ended September 30,		Change	
	2023	2022	Amount	%
General and administrative expenses	\$ 50,706	\$ 53,584	\$ (2,878)	(5.4)%

General and administrative expenses decreased by \$2.9 million, or 5.4%, for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022. This decrease was primarily driven by lower stock-based compensation of \$7.0 million and other employee related costs of \$0.2 million, which was partially offset by higher professional services fees of \$2.3 million and computer and telecom related expenses of \$2.0 million.

Selling and marketing expenses

	Three months ended September 30,		Change	
	2023	2022	Amount	%
Selling and marketing expenses	\$ 70,669	\$ 76,987	\$ (6,318)	(8.2)%

Selling and marketing expenses decreased by \$6.3 million, or 8.2%, for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022. This decrease was primarily driven by lower stock-based compensation of \$9.6 million, which was partially offset by higher employee-related costs of \$2.9 million and other sales and marketing-related expenses of \$0.4 million.

Research and development expenses

	Three months ended September 30,		Change	
	2023	2022	Amount	%
Research and development expenses	\$ 18,062	\$ 16,954	\$ 1,108	6.5%

Research and development expenses increased by \$1.1 million, or 6.5%, for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022. This increase was primarily driven by \$1.0 million in incremental employee related costs.

Depreciation and amortization

	Three months ended September 30,		Change	
	2023	2022	Amount	%
Depreciation and amortization	\$ 13,233	\$ 13,367	\$ (134)	(1.0)%

Depreciation and amortization decreased by \$0.1 million, or 1%, for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022. This decrease was driven by lower amortization expense related to intangible assets.

Interest expense

	Three months ended September 30,		Change	
	2023	2022	Amount	%
Interest expense	\$ 2,894	\$ 2,038	\$ 856	42.0%

Interest expense increased by \$0.9 million, or 42.0%, for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022, primarily as a result of increases in interest rates in recent periods. This increase was partially offset by higher income earned on our money market accounts and short term deposits.

Other expenses

	Three months ended September 30,		Change	
	2023	2022	Amount	%
Other expenses	\$ 2,436	\$ 1,142	\$ 1,294	113.3%

Other expenses increased by \$1.3 million, or 113.3%, for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022. This increase was primarily driven by changes in fair value of acquisition-related liabilities recorded during the three months ended September 30, 2023 as compared to the three months ended September 30, 2022.

Change in fair value of warrants and derivative liabilities

	Three months ended September 30,		Change	
	2023	2022	Amount	%
Change in fair value of warrants and derivative liabilities	\$ —	\$ (805)	\$ 805	(100.0)%

We did not record any change in fair value of warrants and derivative liabilities during the three months ended September 30, 2023. The change in fair value of warrants and derivative liabilities during the three months ended September 30, 2022 was primarily due to the change in fair value of certain derivative instruments issued by the Company.

Income tax provision / (benefit)

	Three months ended September 30,		Change	
	2023	2022	Amount	%
Income tax provision	\$ 590	\$ 896	\$ (306)	(34.2)%

For the three months ended September 30, 2023, the income tax provision decreased by \$0.3 million, or 34.2%. The effective tax rate for the three months ended September 30, 2023 and 2022 was negative 1.4% and 1.3%, respectively. The effective tax rate for both interim periods was different than the U.S. statutory rate primarily related to limited tax benefit being recorded for U.S. operating losses as the Company maintains a full valuation allowance against its U.S. deferred tax assets.

Comparison of the Nine Months Ended September 30, 2023 and 2022

Revenues

	Nine months ended September 30,		Change	
	2023	2022	Amount	%
Revenues	\$ 518,403	\$ 415,821	\$ 102,582	24.7%

Revenues increased by \$102.6 million, or 24.7%, for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022. The increase in revenues is attributable to incremental revenues of \$35.5 million from existing customers and \$67.1 million from new customers.

Cost of revenues (excluding depreciation and amortization)

	Nine months ended September 30,		Change	
	2023	2022	Amount	%
Cost of revenues (excluding depreciation and amortization)	\$ 189,867	\$ 149,487	\$ 40,380	27.0%

Cost of revenues (excluding depreciation and amortization) increased by \$40.4 million, or 27.0%, for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022. This increase was primarily driven by \$41.1 million in incremental media costs and other employee related costs of \$1.6 million. This increase was partially offset by lower stock-based compensation of \$2.3 million.

General and administrative expenses

	Nine months ended September 30,		Change	
	2023	2022	Amount	%
General and administrative expenses	\$ 154,022	\$ 162,598	\$ (8,576)	(5.3)%

General and administrative expenses decreased by \$8.6 million, or 5.3%, for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022. This decrease was primarily driven by lower stock-based compensation of \$22.7 million, which was partially offset by higher professional services fees of \$6.1 million, computer and telecom related expenses of \$5.8 million, other employee related costs of \$1.8 million and an incremental provision for doubtful debt of \$0.9 million.

Selling and marketing expenses

	Nine months ended September 30,		Change	
	2023	2022	Amount	%
Selling and marketing expenses	\$ 215,714	\$ 223,044	\$ (7,330)	(3.3)%

Selling and marketing expenses decreased by \$7.3 million, or 3.3%, for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022. This decrease was primarily driven by lower stock-based compensation of

\$24.8 million, which was partially offset by higher employee-related costs of \$16.5 million and other sales and marketing-related expenses of \$1.0 million.

Research and development expenses

	Nine months ended September 30,		Change	
	2023	2022	Amount	%
Research and development expenses	\$ 53,924	\$ 52,223	\$ 1,701	3.3%

Research and development expenses increased by \$1.7 million, or 3.3%, for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022. This increase was primarily driven by an increase in employee-related costs of \$2.5 million and consulting fees of \$0.9 million, which was partially offset by lower stock-based compensation of \$1.7 million.

Depreciation and amortization

	Nine months ended September 30,		Change	
	2023	2022	Amount	%
Depreciation and amortization	\$ 37,654	\$ 39,448	\$ (1,794)	(4.5)%

Depreciation and amortization decreased by \$1.8 million, or 4.5%, for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022. This decrease was driven by lower amortization expense of \$1.9 million related to intangible assets.

Restructuring expenses

	Nine months ended September 30,		Change	
	2023	2022	Amount	%
Restructuring expenses	\$ 2,845	\$ —	\$ 2,845	100.0%

We recorded restructuring expenses of \$2.8 million during the nine months ended September 30, 2023 related to employee termination cost due to internal restructuring. We did not have any such restructuring expenses during the nine months ended September 30, 2022.

Acquisition-related expenses

	Nine months ended September 30,		Change	
	2023	2022	Amount	%
Acquisition related expenses	\$ 203	\$ 344	\$ (141)	(41.0)%

Acquisition-related expenses decreased by \$0.1 million, or 41.0%, for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022, primarily driven by lower legal and professional fees incurred for our business combinations.

Interest expense

	Nine months ended September 30,		Change	
	2023	2022	Amount	%
Interest expense	\$ 8,139	\$ 5,002	\$ 3,137	62.7%

Interest expense increased by \$3.1 million, or 62.7%, for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022, primarily as a result of increases in interest rates in recent periods. This increase was partially offset by higher income earned on our money market accounts and short term deposits.

Other expenses

	Nine months ended September 30,		Change	
	2023	2022	Amount	%
Other expenses	\$ 7,138	\$ 12,111	\$ (4,973)	(41.1)%

Other expenses decreased by \$5.0 million, or 41.1%, for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022. This decrease was primarily driven by lower changes in fair value of acquisition-related liabilities recorded during the nine months ended September, 2023 as compared to the nine months ended September 30, 2022.

Change in fair value of warrants and derivative liabilities

	Nine months ended September 30,		Change	
	2023	2022	Amount	%
Change in fair value of warrants and derivative liabilities	\$ —	\$ 410	\$ (410)	(100.0)%

We did not record any change in fair value of warrants and derivative liabilities during the nine months ended September 30, 2023. The change in fair value of warrants and derivative liabilities during the nine months ended September 30, 2022 was primarily due to the change in fair value of certain derivative instruments issued by the Company.

Income tax provision / (benefit)

	Nine months ended September 30,		Change	
	2023	2022	Amount	%
Income tax provision/(benefit)	\$ 1,097	\$ (1,360)	\$ 2,457	180.7%

For the nine months ended September 30, 2023, the income tax provision increased by \$2.5 million, or 180.7%. The effective tax rate for the nine months ended September 30, 2023 and 2022 was negative 0.7% and 0.6%, respectively. The effective tax rate for both interim periods was different than the U.S. statutory rate primarily related to limited tax benefit being recorded for U.S. operating losses as the Company maintains a full valuation allowance against its U.S. deferred tax assets.

Non-GAAP Financial Measures

We use the following non-GAAP financial information, collectively, to evaluate our ongoing operations and for internal planning and forecasting purposes. Non-GAAP financial information is presented for supplemental informational purposes only, should not be considered a substitute for financial information presented in accordance with generally accepted accounting principles, and may be different from similarly titled non-GAAP measures used by other companies. Whenever we use a non-GAAP financial measure, a reconciliation is provided to the most closely applicable financial measure stated in accordance with generally accepted accounting principles. We believe that these non-GAAP financial measures may be useful to investors in analyzing our financial and operational performance.

Adjusted EBITDA and adjusted EBITDA margin

Adjusted EBITDA is a non-GAAP financial measure defined as net loss adjusted for interest expense, depreciation and amortization, stock-based compensation, income tax (benefit) / provision, acquisition-related expenses, restructuring expenses, change in fair value of warrants and derivative liabilities, certain dispute settlement expenses, gain on extinguishment of debt, certain non-recurring IPO related expenses, including the payroll taxes related to vesting of restricted stock and restricted stock units upon the completion of our IPO, and other expenses. Acquisition-related expenses primarily consist of legal fees associated with certain business combinations and restructuring expenses are severance and other employee-related costs which we do not expect to incur in the future, which may distort the comparability of the results of operations. Change in fair value of warrants and derivative liabilities is a non-cash expense related to periodically recording “mark-to-market” changes in the valuation of derivatives and warrants. Other (income) / expenses consists of non-cash expenses such as changes in fair value of acquisition-related liabilities, gains and losses on sales of assets and foreign exchange gains and losses. In particular, we believe that the exclusion of stock-based compensation, certain dispute settlement expenses and non-recurring IPO related expenses that are not related to our core operations provides measures for period-to-period comparisons of our business and provides additional insight into our core controllable costs. Adjusted EBITDA margin is a non-GAAP metric defined as adjusted EBITDA divided by the total revenues for the same period. Adjusted EBITDA and adjusted EBITDA margin provide us with a useful measure for period-to-period comparisons of our business as well as comparison to our peers. Our use of adjusted EBITDA and adjusted EBITDA margin has limitations as an analytical tool, and you should not consider these measures in isolation or as a substitute for analysis of our financial results as reported under GAAP. Because of these and other limitations, you should consider our non-GAAP measures only as supplemental to other GAAP-based financial performance measures, including revenues and net loss.

The following table reconciles adjusted EBITDA and adjusted EBITDA margin to net loss and net loss margin, the most directly comparable financial measure calculated and presented in accordance with GAAP.

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Net loss	\$ (43,086)	\$ (69,440)	\$ (152,200)	\$ (227,486)
Net loss margin	22.8 %	45.6 %	29.4 %	54.7 %
Add back:				
Depreciation and amortization	13,233	13,367	37,654	39,448
Restructuring expenses	-	-	2,845	-
Acquisition related expenses	-	-	203	344
Stock-based compensation	57,672	75,218	179,746	231,289
Other expenses	2,436	1,142	7,138	12,111
Change in fair value of warrants and derivative liabilities	-	(805)	-	410
Interest expense	2,894	2,038	8,139	5,002
Income tax provision / (benefit)	590	896	1,097	(1,360)
Adjusted EBITDA	\$ 33,739	\$ 22,416	\$ 84,622	\$ 59,758
Adjusted EBITDA margin	17.9 %	14.7 %	16.3 %	14.4 %

Liquidity and Capital Resources

We have financed our operations and capital expenditures primarily through utilization of cash generated from operations, as well as borrowings under our credit facilities. As of September 30, 2023, we had cash and cash equivalents of \$120.8 million and net working capital, consisting of current assets less current liabilities, of \$107.0 million. As of September 30, 2022, we had an accumulated deficit of \$923.3 million.

We believe our existing cash and anticipated net cash provided by operating activities, together with available borrowings under our credit facility, will be sufficient to meet our working capital requirements for at least the next 12 months and thereafter for the foreseeable future. However, if our operating performance during the next 12 months is below our expectations, our liquidity and ability to operate our business could be adversely affected. Our future capital requirements and the adequacy of available funds will depend on many factors, including those set forth under "Risk Factors" in our 2022 Annual Report. In the future, we may attempt to raise additional capital through sales of equity securities or through equity-linked or debt financing arrangements. Any future indebtedness we incur may result in terms that could be unfavorable to our equity investors. We cannot guarantee that we will be able to raise additional capital in the future on favorable terms, or at all. Any inability to raise capital could adversely affect our ability to achieve our business objectives.

Cash flows

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

	Nine months ended September 30,	
	2023	2022
Net cash provided by / (used for):		
Cash provided by operating activities	\$ 63,561	\$ 55,389
Cash used for investing activities	(45,476)	(39,194)
Cash used for financing activities	(18,406)	(5,117)
Effect of exchange rate changes on cash and cash equivalents	7	(129)
Net (decrease) / increase in cash and cash equivalents	\$ (314)	\$ 10,949

Cash Flows from Operating Activities

For the nine months ended September 30, 2023, net cash provided by operating activities of \$63.6 million resulted primarily from adjusted non-cash items of \$225.2 million, an amount in excess of our net loss of \$152.2 million. Non-cash items include stock-based compensation of \$179.7 million, depreciation and amortization of \$37.7 million, and a change in fair value of acquisition-related liabilities of \$6.7 million. Changes in working capital were primarily driven by an increase in accounts receivable of \$33.3 million, other assets of \$0.6 million and a decrease in deferred revenue of \$0.3 million, partially offset by an increase in accounts payable of \$22.6 million, accrued expenses and other current liabilities of \$1.2 million and a decrease in prepaid expenses of \$0.9 million.

For the nine months ended September 30, 2022, net cash provided by operating activities of \$55.4 million resulted primarily from adjusted noncash items of \$280.1 million, more than offsetting our net loss of \$227.5 million. Changes in working capital were primarily driven by an increase in accounts payable of \$7.3 million and increase in accrued expenses and other current liabilities of \$1.8 million, partially offset by an increase in accounts receivable of \$4.6 million, prepaid and other current assets of \$0.7 million and a decrease in deferred revenues of \$0.8 million.

Cash Flows from Investing Activities

For the nine months ended September 30, 2023, we used \$45.5 million of cash in investing activities, primarily consisting of capital expenditures of \$14.9 million (including a \$11.7 million investment in data and partnership agreements), acquisitions and other investments, net of cash acquired of \$18.3 million and website and software development costs of \$12.3 million.

For the nine months ended September, 2022, we used \$39.2 million of cash in investing activities, primarily consisting of capital expenditures of \$17.2 million (including a \$14.4 million investment in data and partnership agreements), business and asset acquisitions of \$9.2 million and website and software development costs of \$12.8 million.

Cash Flows from Financing Activities

For the nine months ended September 30, 2023, we used \$18.4 million of cash in financing activities, primarily due to the repurchase of \$11.5 million of our common stock under our share repurchase and RSA withholdings program and payment of

acquisition related liabilities of \$8.7 million, partially offset by \$1.6 million paid by certain employees under the Company's employee stock purchase plan.

For the nine months ended September 30, 2022, we used \$5.1 million of cash in financing activities, primarily due to the repurchase of \$4.3 million of common stock under our repurchase and RSA withholdings program and payment of acquisition related liabilities of \$2.3 million, partially offset by \$1.3 million paid by certain employees under the Company's employee stock purchase plan.

Debt

As of September 30, 2023, we have \$184.0 million (net of \$1.0 million of unamortized debt acquisition costs) of outstanding long-term borrowings.

On February 3, 2021, we entered into a \$222.5 million Senior Secured Credit Facility, which was used to fully repay and terminate our previous credit agreement. On March 23, 2023, we entered into a \$25.0 million incremental revolving facility commitment (the "2023 Incremental Revolving Commitment"), thereby increasing our total credit facility to \$247.5 million. Borrowings under the debt are \$185 million and bear interest payable quarterly ranging from SOFR plus 2.125% to SOFR plus 2.625% based on our consolidated net leverage ratio stated in the credit agreement. We are required to repay the principal balance and any unpaid accrued interest on the Senior Secured Credit Facility on February 3, 2026.

We are currently in compliance with our financial maintenance covenants under the Senior Secured Credit Facility and, based upon our current expectations, believe that we will continue to comply with our financial maintenance covenants for the next 12 months. The Senior Secured Credit Facility contains restrictive covenants that place restrictions on us and may limit our ability to, among other things, incur additional debt and liens, purchase our securities, undertake transactions with affiliates, make other investments, pay dividends or distribute excess cash flow.

During the three and nine months ended September 30, 2023, we borrowed nil and \$11.3 million, respectively, against the revolver facility and repaid the same amount against the term loan under the credit facility.

Contractual obligations

There have been no material changes to our contractual obligations as compared to the contractual obligations described in our "Management's Discussion and Analysis of Financial Condition and Results of Operations" set forth in our 2022 Annual Report.

Share Repurchase and RSA Withholding Program

In August 2022, the Company's Board of Directors authorized a share repurchase and withholding program (the "2022 SRP") authorizing the repurchase up to \$50 million of our outstanding Class A common stock through December 31, 2024 and authorizing withholding as an alternative to market sales by executives to satisfy tax withholding requirements upon vesting of restricted stock awards ("RSAs"). As such, we may use corporate cash to make required tax payments associated with the vesting of certain executive RSAs and withhold a corresponding number of shares from such executives. The actual timing, number and value of shares repurchased will be determined by the Company at its discretion and will depend on a number of factors, including market conditions, applicable legal requirements, our capital needs, and whether there is a better alternative use of capital. Repurchases and withholdings during any given fiscal period under the 2022 SRP will reduce the number of weighted-average common shares outstanding for the period. Refer to Part II, Item 2 for details of repurchases made under the 2022 SRP during the three month ended September 30, 2023.

Critical Accounting Policies and Estimates

Our financial statements are prepared in accordance with U.S. GAAP. The preparation of our financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions that affect reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates are based on management's judgment and the best available information, and as such actual results could differ from those estimates.

There have been no material changes to our critical accounting policies and estimates as compared to the critical accounting policies and estimates described in our "Management's Discussion and Analysis of Financial Condition and Results of Operations" set forth in our 2022 Annual Report.

JOBS Act Accounting Election

We are an emerging growth company, as defined in the JOBS Act. Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until those standards apply to private companies. We have elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date we (i) are no longer an emerging growth company or (ii) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, our financial statements may not be comparable to companies that comply with new or revised accounting pronouncements as of public company effective dates.

Off-Balance Sheet Arrangements

We have not entered into any off-balance sheet arrangements and do not have any holdings in variable interest entities.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risk in the ordinary course of business. Market risk represents the risk of loss that may impact our financial condition due to adverse changes in financial market prices and rates. Our market risk exposure is primarily a result of fluctuations in interest rates and foreign currency exchange risks. We do not hold or issue financial instruments for speculative or trading purposes.

Interest Rate Risk

We are exposed to market risk from changes in interest rates on our loan term borrowings, which accrue interest at a variable rate. As of September 30, 2023, we have not entered into any derivative financial instrument contracts to mitigate the interest rate risk on our \$185.0 million debt, and as a result, we are subject to the potential impact of rising interest rates, which could negatively impact our profitability and cash flows. Based upon the principal balance owed on our long-term borrowings as of September 30, 2023, a hypothetical one percentage point increase or decrease in the interest would increase or decrease our annual interest expenses by \$1.9 million. There were no material changes in market risk exposures as of September 30, 2023.

Foreign Currency Risk

We have foreign currency risks related to a certain number of our foreign subsidiaries in the UK, France, Belgium and India. We do not believe that a 10% change in the relative value of the U.S. dollar to other foreign currencies would have a material effect on our cash flows and operating results in currencies other than the U.S. dollar.

Inflation Risk

In 2022, inflation increased significantly in the United States and overseas, resulting in rising wages and other costs. We do not believe that inflation has had a material effect on our business, financial condition or results of operations. However, if our costs were to become subject to significant inflationary pressures, we may not be able to fully offset higher costs through price increases and our inability or failure to do so could potentially harm our business, financial condition, and results of operations.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), evaluated the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), as of the end of the period covered by this Quarterly Report on Form 10-Q.

Our disclosure controls and procedures are designed to provide reasonable assurance that information we are required to disclose in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosures, and is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms. Based on this evaluation, our CEO and CFO have concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of September 30, 2023.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting in connection with the evaluation required by Rules 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the period covered by this Quarterly Report on Form 10-Q that has materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we are involved in various legal proceedings arising from the normal course of business activities. We are not currently a party to any litigation the outcome of which, we believe, if determined adversely to us, would individually or taken together have a material adverse effect on our business, operating results, cash flows, or financial condition. Defending any such proceedings is costly and can impose a significant burden on management and employees. The results of any current or future litigation cannot be predicted with certainty, and regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources, and other factors.

We and members of our senior executive team have received subpoenas from the Securities and Exchange Commission in connection with an investigation into Kubient, Inc., a company we worked with prior to our initial public offering, and from the United States Attorney’s Office for the Southern District of New York, which is conducting a parallel investigation. The amount of business that we conducted with Kubient was quantitatively insignificant to Zeta and we have not worked with Kubient since 2020. We are cooperating with the investigation.

Item 1A. Risk Factors

There have been no material changes to the risk factors previously disclosed in Part 1, Item 1A “Risk Factors” in our 2022 Annual Report.

Item 2. Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Purchases of Equity Securities

Recent Sales of Unregistered Securities

On July 28, 2023, the Company issued 57,515 shares of Class A common stock valued at \$8.69 per share, for an aggregate value of \$0.5 million, to former shareholders of Vital in connection with the Vital acquisition. We did not receive any proceeds from such issuance.

The securities described above were issued in reliance on the exemption from registration provided in Section 4(a)(2) of the Securities Act of 1933, as amended, for transactions by an issuer not involving a public offering. The acquirer of our securities in such transactions confirmed that it was an accredited investor and acknowledged that the securities must be acquired and held for investment.

Stock Repurchase and Withholding Program

Common stock repurchases during the quarter ended September 30, 2023 were as follows:

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs ⁽¹⁾	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs (in millions) ⁽¹⁾
July 1, 2023 – July 31, 2023	60,328	\$ 8.51	60,328	\$ 31.9
August 1, 2023 – August 31, 2023	576	\$ 7.74	576	\$ 31.9
September 1, 2023 – September 30, 2023	385,281	\$ 7.77	385,281	\$ 28.9
Total	446,185		446,185	

(1) On August 3, 2022, the Company’s Board of Directors authorized a stock repurchase and withholding program of up to \$50 million in the aggregate for (i) repurchases of the Company’s outstanding Class A common stock through December 31, 2024 and (ii) the withholding of shares as an alternative to market sales by certain executives to satisfy tax withholding requirements upon vesting of restricted stock awards.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith	Furnished Herewith
		Form	File No.	Exhibit	Filing Date		
3.1	Amended and Restated Certificate of Incorporation of Zeta Global Holdings Corp.	8-K	001-40464	3.1	6/15/2021		
3.2	Amended and Restated Bylaws of Zeta Global Holdings Corp.	8-K	001-40464	3.2	6/15/2021		
31.1	Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X	
31.2	Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X	
32.1*	Certification of Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002						X
32.2*	Certification of Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002						X
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.					X	
101.SCH	Inline XBRL Taxonomy Extension Schema Document					X	
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					X	
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					X	
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					X	
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					X	
104	Cover Page Interactive Data File (formatted as Inline XBRL And contained in Exhibit 101)						

* The certifications attached as Exhibit 32.1 and Exhibit 32.2 that accompany this Quarterly Report on Form 10-Q are deemed furnished and not filed with the SEC and are not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act whether made before or after the date of this Quarterly Report on Form 10-Q, irrespective of any general incorporation language contained in such filing.

SIGNATURES

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

Zeta Global Holdings Corp.

Date: November 2, 2023

By: /s/ David A. Steinberg

David A. Steinberg
President, Chief Executive Officer
(Principal Executive Officer)

Date: November 2, 2023

By: /s/ Christopher Greiner

Christopher Greiner
Chief Financial Officer
(Principal Financial Officer)

**Certification of Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, David A. Steinberg, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Zeta Global Holdings Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 2, 2023

By: /s/ David A. Steinberg

David A. Steinberg
Chief Executive Officer
(Principal Executive Officer)

**Certification of Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Christopher Greiner, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Zeta Global Holdings Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 2, 2023

By: /s/ Christopher Greiner

Christopher Greiner
Chief Financial Officer
(Principal Financial Officer)

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

Pursuant to 18 U.S.C. § 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Zeta Global Holdings Corp. (the "Company") hereby certifies, to such officer's knowledge, that:

- (1) the accompanying Quarterly Report on Form 10-Q of the Company for the quarterly period ended September 30, 2023 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 2, 2023

/s/ David A. Steinberg

David A. Steinberg
Chief Executive Officer
(Principal Executive Officer)

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

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

Pursuant to 18 U.S.C. § 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Zeta Global Holdings Corp. (the “Company”) hereby certifies, to such officer’s knowledge, that:

- (1) the accompanying Quarterly Report on Form 10-Q of the Company for the quarterly period ended September 30, 2023 (the “Report”) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 2, 2023

/s/ Christopher Greiner

Christopher Greiner
Chief Financial Officer
(Principal Financial Officer)

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.
